

CARLSTADT BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Carlstadt, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
Carlstadt Board of Education
Carlstadt, New Jersey
For The Fiscal Year Ended June 30, 2022**

**Prepared by
Business Office**

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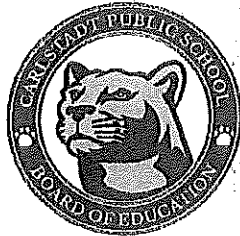
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INTRODUCTORY SECTION



550 Washington Street, Carlstadt, NJ 07072

Phone (201)672-3000 Fax (201)672-9845

February 6, 2023

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

Dear Board Members:

The comprehensive annual financial report of the Carlstadt Board of Education for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Carlstadt Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2020-2021 fiscal year with an average daily enrollment of 524 students, which is 13 students more than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

<u>Average Fiscal Year</u>	<u>Daily Enrollment</u>	<u>Percent Change</u>
2021-22	524	2.54%
2020-21	511	(5.19)%
2019-20	539	(1.82)%
2018-19	549	1.47%
2017-18	541	1.12%
2016-17	535	(5.14)%
2015-16	559	(1.74)%
2014-15	574	(3.04)%
2013-14	592	(1.17)%
2012-13	599	3.28%

2) ECONOMIC CONDITION AND OUTLOOK: Developmentally the Carlstadt area in general has leveled off and industrial growth is rather minimal. The District does not anticipate any real change in the student population as a result of commercial ventures.

3) MAJOR INITIATIVES:

During the 2021-2022 school year several major initiatives were planned and scheduled for completion during the 2022-2023 school year. A drainage improvement project to prevent water penetration into the lower levels of the building, replacement of the building's boiler system, and renovations to the media center to make better use of the space by incorporating a STEAM lab. We anticipate lighting upgrades/replacements in several areas of the building, and upgrade of the main playground, and a boiler room update in coming budget cycles, once normal operations resume.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2022.

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

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

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

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

10) ACKNOWLEDGMENTS:

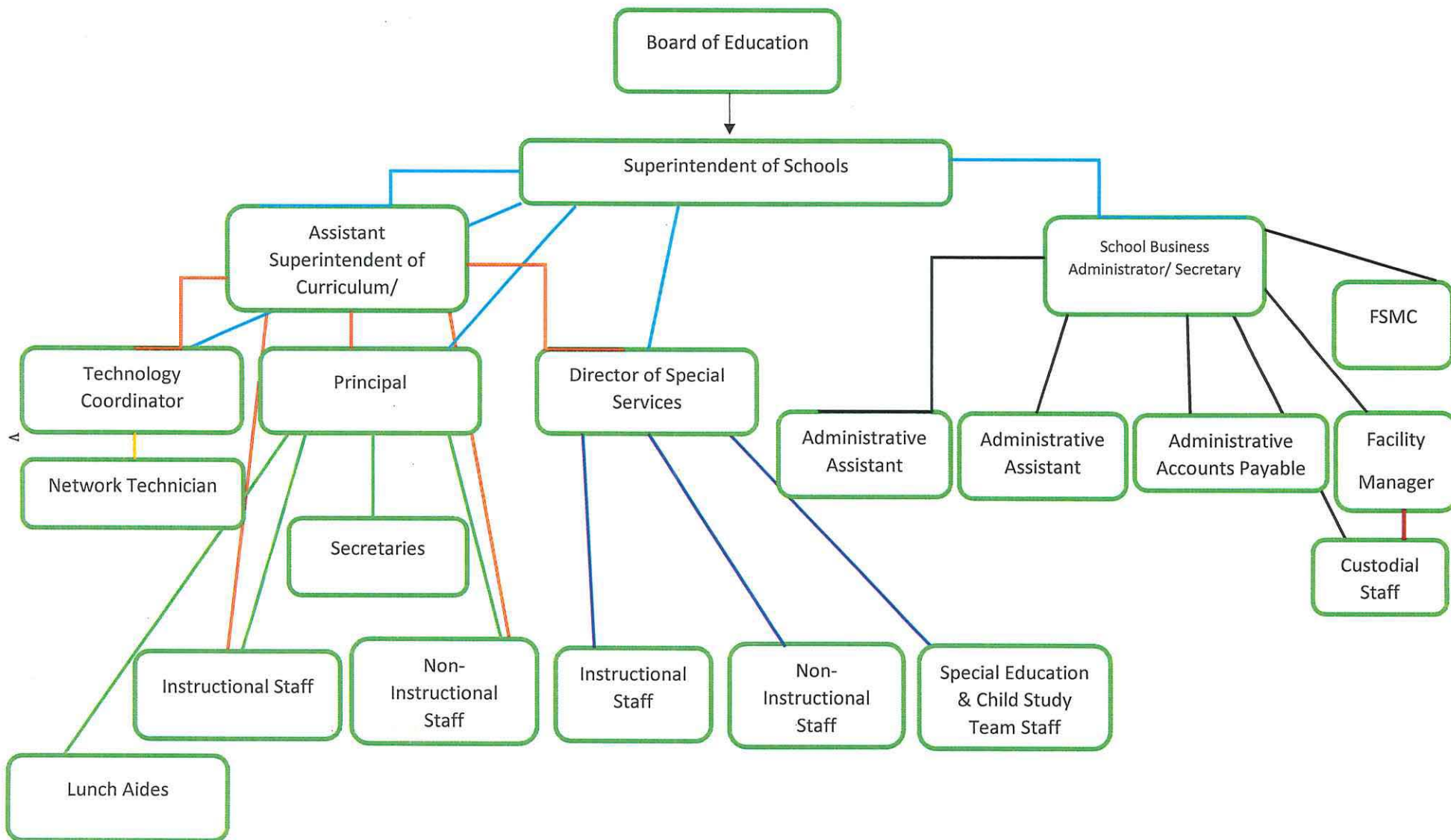
We would like to express our appreciation to the members of the Carlstadt School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The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

Respectfully submitted,

Paul Roth

Paul Roth
Interim Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Frank Ficetola, President	2022
Massimo Offreda, Vice President	2022
Maria McNeill	2024
Lori Nunziato	2024
Jose Figueroa	2022
Jeffrey Hagen	2024
Leslie Molnar	2023
Walter Beese	2023
Robert Biamonte	2023

Other Officials

Allison Evans, Superintendent of Schools

Megan S. Slamb, Business Administrator/Board Secretary

Jeff Merlino, Board Attorney

**CARLSTADT BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

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

Insurance Counselor

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

Official Depository

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

FINANCIAL SECTION

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2022 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.

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 and each major fund of the Carlstadt Board of Education as of June 30, 2022, 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.

Basis for Opinions

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 Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Carlstadt Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carlstadt Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carlstadt Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carlstadt Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt Board of Education. Such information is the responsibility of management and was derived from and relate 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 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

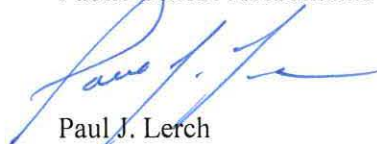
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 6, 2023 on our consideration of the Carlstadt Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carlstadt Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 6, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

This discussion and analysis of the Carlstadt School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2022. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2021-2022 fiscal year include the following:

- The assets and deferred outflows of resources of the Carlstadt Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$16,707,398 (net position).
- General revenues accounted for \$13,546,714 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,982,234 or 23 percent of total revenues of \$17,528,948.
- The School District had \$14,962,887 in expenses; only \$3,982,234 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,546,714 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$14,965,052 in revenues and \$14,379,597 in expenditures. The General Fund's fund balance increased by \$941,189 from \$6,450,532 at June 30, 2021 to \$7,391,721 at June 30, 2022.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$7,437,456. The combined fund balance increased by \$941,523 from the prior year.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

Enterprise Fund

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

The District as a Whole

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

The following provides a summary of the District's net position as of June 30, 2022 and 2021, respectively.

Statement of Net Position
as of June 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	\$ 7,851,371	\$ 6,796,214	\$ 98,347	\$ 60,199	\$ 7,949,718	\$ 6,856,413
Capital Assets, net of accumulated depreciation	22,591,055	22,519,906	9,143	8,560	22,600,198	22,528,466
Total Assets	<u>30,442,426</u>	<u>29,316,120</u>	<u>107,490</u>	<u>68,759</u>	<u>30,549,916</u>	<u>29,384,879</u>
Deferred Outflows of Resources	<u>359,024</u>	<u>574,929</u>	<u>-</u>	<u>-</u>	<u>359,024</u>	<u>574,929</u>
Liabilities						
Long-Term liabilities	12,559,092	14,395,427			12,559,092	14,395,427
Other Liabilities	489,088	384,174	39,258	13,388	528,346	397,562
Total Liabilities	<u>13,048,180</u>	<u>14,779,601</u>	<u>39,258</u>	<u>13,388</u>	<u>13,087,438</u>	<u>14,792,989</u>
Deferred Inflows of Resources	<u>1,114,104</u>	<u>1,024,113</u>	<u>-</u>	<u>1,369</u>	<u>1,114,104</u>	<u>1,025,482</u>
Net Position						
Net Investment in Capital Assets	11,780,812	10,577,804	9,143	8,560	11,789,955	10,586,364
Restricted	2,991,549	3,144,225			2,991,549	3,144,225
Unrestricted	1,866,805	365,306	59,089	45,442	1,925,894	410,748
Total Net Position	<u>\$ 16,639,166</u>	<u>\$ 14,087,335</u>	<u>\$ 68,232</u>	<u>\$ 54,002</u>	<u>\$ 16,707,398</u>	<u>\$ 14,141,337</u>

The District's combined net position as of June 30, 2022 and 2021 were \$16,707,398 and \$14,141,337, respectively.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

The following shows changes in net position for fiscal years ended June 30, 2022 and 2021.

**Change in Net Position
For The Fiscal Years Ended June 30, 2022 and 2021**

	Governmental Activities		Business- Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for Services	\$ 139,827	\$ 88,849	\$ 47,194	\$ 4,639	\$ 187,021	\$ 93,488
Operating Grants and Contributions	3,436,494	4,182,919	358,719	205,577	3,795,213	4,388,496
General Revenues						
Property Taxes	12,766,396	12,556,714			12,766,396	12,556,714
Other	780,309	19,566	9	16	780,318	19,582
Total Revenues	<u>17,123,026</u>	<u>16,848,048</u>	<u>405,922</u>	<u>210,232</u>	<u>17,528,948</u>	<u>17,058,280</u>
Expenses						
Instruction						
Regular	6,612,485	7,425,353			6,612,485	7,425,353
Special Education	1,850,471	2,088,618			1,850,471	2,088,618
Other Instruction	390,841	569,061			390,841	569,061
School Sponsored Activities and Athletics	129,628	41,720			129,628	41,720
Support Services						
Student and Instruction Related Services	1,689,416	1,638,783			1,689,416	1,638,783
School Administrative Services	404,640	460,403			404,640	460,403
General Administrative Services	488,991	626,877			488,991	626,877
Plant Operations and Maintenance	1,905,878	1,795,742			1,905,878	1,795,742
Pupil Transportation	160,901	155,647			160,901	155,647
Business Svcs/Central Services/Admin. Info Tech.	524,985	518,827			524,985	518,827
Interest on Long-Term Debt	412,959	458,565			412,959	458,565
Food Services	-	-	391,692	239,626	391,692	239,626
Total Expenses	<u>14,571,195</u>	<u>15,779,596</u>	<u>391,692</u>	<u>239,626</u>	<u>14,962,887</u>	<u>16,019,222</u>
Change in Net Position	2,551,831	1,068,452	14,230	(29,394)	2,566,061	1,039,058
Net Position, Beginning of Year	<u>14,087,335</u>	<u>13,018,883</u>	<u>54,002</u>	<u>83,396</u>	<u>14,141,337</u>	<u>13,102,279</u>
Net Position, End of Year	<u>\$ 16,639,166</u>	<u>\$ 14,087,335</u>	<u>\$ 68,232</u>	<u>\$ 54,002</u>	<u>\$ 16,707,398</u>	<u>\$ 14,141,337</u>

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 75 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2022. The District's governmental activities total revenues were \$17,123,026 for the fiscal year ended June 30, 2022, a decrease of \$274,978 from the previous year. Federal, state, and local grants/aid accounted for 20 percent of revenue. The balance of revenues is charges for services (tuition and rental fees) and miscellaneous income which includes investment earnings.

The total cost of all governmental activities programs and services was \$14,571,195. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$8,983,425 (61%) of total expenses. Student and other support services, exclusive of administration and interest on long-term debt, totaled \$3,756,195 or (26%) of total expenses. Total administrative expenses of \$1,418,616 accounted for (10%) of total expenses. The balance of expenses \$412,959 (3%) relate to interest and other charges on long-term debt. The District's total governmental activities expenses decreased \$1,208,401 over the amount of 2020/2021 expenses largely due to the decrease in on-behalf TPAF expenses.

Business-Type Activities

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

- Food service revenues exceeded expenses by \$14,230.
- Charges for services represent 12 percent of revenue. This represents amounts paid for daily lunch service.
- State and Federal reimbursement for school breakfast and lunch was \$358,719 or 88 percent of total revenues.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

Total and Net Cost of Governmental Activities

The District's total cost of services was \$14,571,195 for the fiscal year ended June 30, 2022. After applying program revenues derived from charges for services of \$139,827 and operating grants and contributions of \$3,436,494 the net cost of services of the District is \$10,994,874.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2022 and 2021**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction				
Regular	6,612,485	7,425,353	\$ 4,933,030	\$ 4,845,414
Special Education	1,850,471	2,088,618	974,791	1,195,700
Other Instruction	390,841	569,061	242,332	303,905
School Sponsored Activities and Athletics	129,628	41,720	40,187	28,639
Support Services				
Student and Instruction Related Services	1,689,416	1,638,783	1,368,889	1,514,228
School Administrative Services	404,640	460,403	322,907	330,316
General Administrative Services	488,991	626,877	456,906	592,034
Plant Operations and Maintenance	1,905,878	1,795,742	1,647,283	1,648,360
Pupil Transportation	160,901	155,647	116,669	112,838
Business Services/Central Svcs./Admin. Info.	524,985	518,827	478,921	477,829
Interest on Long-Term Debt	412,959	458,565	412,959	458,565
Total	<u>\$ 14,571,195</u>	<u>\$ 15,779,596</u>	<u>\$ 10,994,874</u>	<u>\$ 11,507,828</u>

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

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

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

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

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

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,437,456. For the fiscal year ended June 30, 2021, the fund balance was \$6,495,933.

Revenues for the District's governmental funds were \$17,193,611 while total expenses were \$16,607,822.

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

The following schedule presents a summary of General Fund Revenues for the fiscal year ended June 30, 2022 and 2021.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 11,212,859	\$ 11,008,426	\$ 204,433	2%
Interest	7,746	5,667	2,079	37%
State/Federal Sources	3,377,169	2,497,570	879,599	35%
Miscellaneous	<u>367,278</u>	<u>102,748</u>	<u>264,530</u>	257%
Total General Fund Revenues	<u>\$ 14,965,052</u>	<u>\$ 13,614,411</u>	<u>\$ 1,350,641</u>	10%

Total General Fund Revenues increased by \$1,350,641 or 10% over the previous year.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

General Fund (Continued)

Local property taxes increased \$204,433 or 2% over the previous year.

State/federal revenues increased \$879,599 or 35% from the previous year largely attributable to an increase in the State of New Jersey's contribution to pension costs and post retirement medical benefits on behalf of the Carlstadt School District.

Interest earning increased by \$2,079 or 37%.

Miscellaneous revenues increased \$264,530.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2022 and 2021.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 9,100,656	\$ 8,578,792	\$ 521,864	6%
Support Services	4,442,544	4,440,328	2,216	0%
Capital Outlay	<u>836,397</u>	<u>861,154</u>	<u>(24,757)</u>	-3%
Total Expenditures	<u>\$ 14,379,597</u>	<u>\$ 13,880,274</u>	<u>\$ 499,323</u>	4%

Total General Fund expenditures increased \$499,323 or 4% over the previous year. The increase was attributable to increases in instructional costs.

In 2021-2022 General Fund revenues and other financing sources exceeded expenses by \$941,189. As a result, total fund balance increased to \$7,391,721 at June 30, 2022. After deducting restrictions and assignments, the unassigned fund balance increased from \$454,732 at June 30, 2021 to \$625,706 at June 30, 2022.

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

Revenues of the Special Revenue Fund were \$675,022, for the year ended June 30, 2022. Federal sources accounted for 88% of the Special Revenue Fund's revenue. The remaining 12% or \$77,895 was revenues in the from Local Sources in the Student Activity account.

Total Special Revenue Fund revenues increased \$295,451 or 78% from the previous year. Federal sources increased \$228,269 while local sources increased \$70,182.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

Special Revenue Fund (Continued)

Expenditures of the Special Revenue Fund were \$674,687. Instructional expenditures were \$358,646 (53%) of total expended for the year ended June 30, 2022.

Proprietary Funds

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

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities. The revenues exceeded the expenses by \$14,230 resulting in net position of \$68,232 at June 30, 2022 a increase from the balance of \$54,002 at June 30, 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2022 for its governmental activities amounts to \$22,591,055 (net of accumulated depreciation) and \$9,143 for business-type activities. The capital assets consist of land, construction in progress, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2021-2022 amounted to \$804,924 for governmental activities and \$1,977 for business-type activities.

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2022

CAPITAL ASSETS (Continued)

**Capital Assets as of June 30, 2022 and 2021
(Net of Accumulated Depreciation)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 188,036	\$ 188,036		
Construction in Progress	-	579,423		
Improvements Other Than Building	110,768	129,895		
Building and Building Improvements	21,655,305	21,262,058		
Machinery and Equipment	<u>636,946</u>	<u>360,494</u>	\$ 9,143	\$ 8,560
Total Capital Assets, Net	<u>\$ 22,591,055</u>	<u>\$ 22,519,906</u>	<u>\$ 9,143</u>	<u>\$ 8,560</u>

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

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$79,273, bonds payable (including unamortized premium) of \$11,084,448 and net pension liability of \$1,395,371.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2020/2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2022-2023. Budgeted appropriations in the General Fund increased 25 percent to \$15,952,872 in fiscal year 2022-2023 primarily as the result of budgeted capital outlay projects in the 2022-2023 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

CARLSTADT BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,511,845		\$ 7,511,845
Receivables, net	366,122	\$ 62,183	428,305
Internal Balances	(26,596)	26,596	-
Inventory		9,568	9,568
Capital Assets, Not Being Depreciated	188,036		188,036
Capital Assets, Being Depreciated, Net	<u>22,403,019</u>	<u>9,143</u>	<u>22,412,162</u>
Total Assets	<u>30,442,426</u>	<u>107,490</u>	<u>30,549,916</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	274,205		274,205
Deferred Amounts on Net Pension Liability	<u>84,819</u>	<u>-</u>	<u>84,819</u>
Total Deferred Outflows of Resources	<u>359,024</u>	<u>-</u>	<u>359,024</u>
LIABILITIES			
Cash and Cash Equivalents (Overdraft)		17,778	17,778
Accounts Payable and Other Current Liabilities	349,535	21,480	371,015
Accrued Interest Payable	75,173		75,173
Unearned Revenue	64,380		64,380
Noncurrent Liabilities			
Due Within One Year	1,050,000		1,050,000
Due Beyond One Year	<u>11,509,092</u>	<u>-</u>	<u>11,509,092</u>
Total Liabilities	<u>13,048,180</u>	<u>39,258</u>	<u>13,087,438</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,114,104</u>	<u>-</u>	<u>1,114,104</u>
Total Deferred Inflows of Resources	<u>1,114,104</u>	<u>-</u>	<u>1,114,104</u>
NET POSITION			
Net Investment in Capital Assets	11,780,812	9,143	11,789,955
Restricted for			
Capital Projects	2,419,503		2,419,503
Other Purposes	572,046		572,046
Unrestricted	<u>1,866,805</u>	<u>59,089</u>	<u>1,925,894</u>
Total Net Position	<u>\$ 16,639,166</u>	<u>\$ 68,232</u>	<u>\$ 16,707,398</u>

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

**CARLSTADT BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,612,485	\$ 139,827	\$ 1,539,628		\$ (4,933,030)		\$ (4,933,030)
Special Education	1,850,471		875,680		(974,791)		(974,791)
Other Instruction	390,841		148,509		(242,332)		(242,332)
School Sponsored Activities and Athletics	129,628		89,441		(40,187)		(40,187)
Support Services							
Student and Instruction Related Services	1,689,416		320,527		(1,368,889)		(1,368,889)
General Administrative Services	488,991		32,085		(456,906)		(456,906)
School Administrative Services	404,640		81,733		(322,907)		(322,907)
Plant Operations and Maintenance	1,905,878	-	258,595		(1,647,283)		(1,647,283)
Pupil Transportation	160,901		44,232		(116,669)		(116,669)
Business Services/Central Svces/Admin. Info.	524,985		46,064		(478,921)		(478,921)
Interest on Long Term Debt	412,959	-	-	-	(412,959)	-	(412,959)
Total Governmental Activities	<u>14,571,195</u>	<u>139,827</u>	<u>3,436,494</u>	<u>-</u>	<u>(10,994,874)</u>	<u>-</u>	<u>(10,994,874)</u>
Business-Type Activities							
Food Service	<u>391,692</u>	<u>47,194</u>	<u>358,719</u>	<u>-</u>	<u>-</u>	<u>\$ 14,221</u>	<u>14,221</u>
Total Business-Type Activities	<u>391,692</u>	<u>47,194</u>	<u>358,719</u>	<u>-</u>	<u>-</u>	<u>14,221</u>	<u>14,221</u>
Total Primary Government	<u>\$ 14,962,887</u>	<u>\$ 187,021</u>	<u>\$ 3,795,213</u>	<u>\$ -</u>	<u>(10,994,874)</u>	<u>14,221</u>	<u>(10,980,653)</u>
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					11,212,859		11,212,859
Property Taxes, levied for debt service purposes, net					1,553,537		1,553,537
Unrestricted State Aid					189,378		189,378
Investment Earnings					7,746	9	7,755
Insurance Proceeds					355,734		355,734
Miscellaneous Income					227,451	-	227,451
Total General Revenues					<u>13,546,705</u>	<u>9</u>	<u>13,546,714</u>
Change in Net Position					2,551,831	14,230	2,566,061
Net Position, Beginning of Year					<u>14,087,335</u>	<u>54,002</u>	<u>14,141,337</u>
Net Position, End of Year					<u>\$ 16,639,166</u>	<u>\$ 68,232</u>	<u>\$ 16,707,398</u>

FUND FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,459,872	\$ 51,973		\$ 7,511,845
Receivables from Other Governments	207,334	158,788	-	366,122
	<u>7,667,206</u>	<u>210,761</u>	<u>-</u>	<u>7,877,967</u>
Total Assets	<u>\$ 7,667,206</u>	<u>\$ 210,761</u>	<u>\$ -</u>	<u>\$ 7,877,967</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 246,324	\$ 100,646		\$ 346,970
Due to Other Funds	26,596			26,596
Payroll Deductions and Withholdings Payable	2,565			2,565
Unearned Revenue	-	64,380	-	64,380
	<u>275,485</u>	<u>165,026</u>	<u>-</u>	<u>440,511</u>
Total Liabilities	<u>275,485</u>	<u>165,026</u>	<u>-</u>	<u>440,511</u>
Fund Balances				
Restricted Fund Balance				
Excess Surplus	1,655,363			1,655,363
Excess Surplus-Designated for Subsequent Year's Expenditures (2022/23 Budget)	1,671,503			1,671,503
Capital Reserve	419,503			419,503
Capital Reserve-Designated for Subsequent Year's Expenditures (2022/23 Budget)	2,000,000			2,000,000
Maintenance Reserve	510,495			510,495
Emergency Reserve	250,000			250,000
Unemployment Compensation	15,816			15,816
Student Activities		45,735		45,735
Assigned Fund Balance				
Year End Encumbrances	103,043			103,043
Designated for Subsequent Year's Expenditures (2022/23 Budget)	140,292			140,292
Unassigned Fund Balance	<u>625,706</u>	<u>-</u>	<u>-</u>	<u>625,706</u>
Total Fund Balances	<u>7,391,721</u>	<u>45,735</u>	<u>-</u>	<u>7,437,456</u>
Total Liabilities and Fund Balances	<u>\$ 7,667,206</u>	<u>\$ 210,761</u>	<u>\$ -</u>	<u>\$ 7,877,967</u>

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

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

Total Fund Balances (Exhibit B-1)		\$ 7,437,456
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,451,259 and the accumulated depreciation is \$9,860,204.</p>		22,591,055
<p>The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:</p>		(75,173)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		274,205
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.</p>		
<p>Deferred Outflows of Resources</p>	\$ 84,819	
<p>Deferred Inflows of Resources</p>	<u>(1,114,104)</u>	(1,029,285)
<p>Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)</p>		<u>(12,559,092)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 16,639,166</u>

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 11,212,859		\$ 1,553,537	\$ 12,766,396
Tuition	87,952			87,952
Rentals	51,875			51,875
Interest	7,746			7,746
Miscellaneous	227,451	\$ 77,895	-	305,346
Total - Local Sources	<u>11,587,883</u>	<u>77,895</u>	<u>1,553,537</u>	<u>13,219,315</u>
State Sources	3,377,169			3,377,169
Federal Sources	-	597,127	-	597,127
Total Revenues	<u>14,965,052</u>	<u>675,022</u>	<u>1,553,537</u>	<u>17,193,611</u>
EXPENDITURES				
Current				
Regular Instruction	6,912,698	63,907		6,976,605
Special Education Instruction	1,778,499	147,865		1,926,364
Other Instruction	352,828	69,314		422,142
School-Sponsored Activities and Athletics	56,631	77,560		134,191
Support Services				
Student and Instruction Related Services	1,559,696	178,063		1,737,759
General Administrative Services	499,909			499,909
School Administrative Services	436,339			436,339
Plant Operations and Maintenance	1,256,321			1,256,321
Pupil Transportation	160,901			160,901
Business Services/Central Services				
Admin. Info. Tech.	529,378			529,378
Debt Service				
Principal			1,050,000	1,050,000
Interest			503,538	503,538
Capital Outlay	836,397	137,978	-	974,375
Total Expenditures	<u>14,379,597</u>	<u>674,687</u>	<u>1,553,538</u>	<u>16,607,822</u>
Excess (Deficiency) of Revenues Over Expenditures	585,455	335	(1)	585,789
OTHER FINANCING SOURCES (USES)				
Insurance Proceeds	355,734	-	-	355,734
Total Other Financing Sources and Uses	<u>355,734</u>	<u>-</u>	<u>-</u>	<u>355,734</u>
Net Change in Fund Balances	941,189	335	(1)	941,523
Fund Balance, Beginning of Year	<u>6,450,532</u>	<u>45,400</u>	<u>1</u>	<u>6,495,933</u>
Fund Balance , End of Year	<u>\$ 7,391,721</u>	<u>\$ 45,735</u>	<u>\$ -</u>	<u>\$ 7,437,456</u>

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

**CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 941,523

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 capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 974,375	
Depreciation Expense	<u>(804,924)</u>	
		169,451

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

Net Decrease in Pension Expense	<u>398,580</u>	
		398,580

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

Bond Principal		1,050,000
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The net effect of various miscellaneous transactions involving capital assets, (i.e., sales, disposal, donations) is to increase/(decrease) net position. These transactions are not reported in the governmental fund financial statements.

Loss on Disposal of Capital Assets		(98,302)
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Governmental funds report the effect of premiums and such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	135,914	
Amortization of Deferred Amounts on Refunding	<u>(54,055)</u>	
		81,859

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>8,720</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 2,551,831</u>
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**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2022**

		Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
ASSETS		
Current Assets		
Intergovernmental Receivable		
Federal	\$	60,870
State		1,313
Due from Other Funds		26,596
Inventory		<u>9,568</u>
Total Current Assets		<u>98,347</u>
Capital Assets		
Machinery and Equipment		92,362
Less: Accumulated Depreciation		<u>(83,219)</u>
Total Capital Assets, Net		<u>9,143</u>
Total Assets		<u>107,490</u>
LIABILITIES		
Current Liabilities		
Cash and Cash Equivalents (Overdraft)		17,778
Accounts Payable		<u>21,480</u>
Total Current Liabilities		<u>39,258</u>
NET POSITION		
Investment in Capital Assets		9,143
Unrestricted		<u>59,089</u>
Total Net Position	\$	<u>68,232</u>

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

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Non-Reimbursable Programs	\$ 30,856
Other Sales	16,338
	47,194
Total Operating Revenues	47,194
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	172,239
Cost of Sales - Non-Reimbursable Programs	17,035
Salaries	91,490
Salary - Food Service Manager	19,868
Employee Benefits/Payroll Taxes	21,348
Insurance	16,251
Supplies	21,291
Repair and Maintenance	10,612
Management Fees	18,925
Depreciation	1,977
Miscellaneous	656
	391,692
Total Operating Expenses	391,692
Operating Loss	(344,498)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	7,096
Federal Sources	
National School Lunch Program	300,446
Food Distribution Program	25,733
National School Breakfast Program	24,202
Pandemic EBT	1,242
Interest Earned	9
	358,728
Total Nonoperating Revenues	358,728
Change in Net Position	14,230
Net Position, Beginning of Year	54,002
Net Position, End of Year	\$ 68,232

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

**CARLSTADT BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 28,717
Cash Payment for Salaries and Benefits	(132,706)
Cash Payments to Suppliers for Goods and Services	<u>(223,563)</u>
Net Cash (Used by) Operating Activities	<u>(327,552)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>288,599</u>
Net Cash Provided by Noncapital Financing Activities	<u>288,599</u>
Cash Flows from Capital Activities	
Purchases of Capital assets	<u>(2,560)</u>
Net Cash Used for Capital Activities	<u>(2,560)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>9</u>
Net Cash Provided by Investing Activities	<u>9</u>
Net Decrease in Cash and Cash Equivalents	(41,504)
Cash and Cash Equivalents, Beginning of Year	<u>23,726</u>
Cash and Cash Equivalents (Overdraft), End of Year	<u>\$ (17,778)</u>
Reconciliation of Operating (Loss) to Net Cash (Used by) Operating Activities	
Operating (Loss)	\$ <u>(344,498)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash (Used by) Operating Activities	
Depreciation	1,977
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	25,733
Change in Assets, Liabilities and Deferred Inflows of Resources (Increase)/Decrease in Due from Other Funds	(18,477)
(Increase)/Decrease in Inventory	990
Increase/(Decrease) in Accounts Payable	8,092
Increase/(Decrease) in Deferred Commodities Revenue	<u>(1,369)</u>
Total Adjustments	<u>16,946</u>
Net Cash (Used by) Operating Activities	<u>\$ (327,552)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 24,364

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

NOTES TO THE FINANCIAL STATEMENTS

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carlstadt Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

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

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

B. New Accounting Standards

During fiscal year 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. 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 Statement No. 92, *Omnibus 2020*. 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 Statement 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 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.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement 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 Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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. Currently the District has no fiduciary funds.

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 funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs and student activity funds derived from other activities of pupil organizations.

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

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

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

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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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, acquisitions under financing agreements and leases payable for intangible right-to-use leased assets are reported as other financing sources.

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost except for intangible right-to-use leased assets the measurement of which is discussed in Note 1. E.8. 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.

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

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

5. Deferred Outflows/Inflows of Resources

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Financing Agreements

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 original budget certified for taxes.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that was appropriated in the 2022/2023 original budget certified for taxes.

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2022/2023 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3C).

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

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5A).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

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 2022/2023 District budget certified for taxes.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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 (special revenue 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.

11. 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 Board of Education 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 Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

Tuition Expenditures - Tuition charges for the fiscal years 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$12,559,092 difference are as follows:

Bonds Payable	\$ 10,395,000	
Issuance Premium (to be amortized over life of debt)	<u>689,448</u>	
		\$ 11,084,448
Compensated Absences		79,273
Net Pension Liability		<u>1,395,371</u>
Net Adjustment to Decrease Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities		<u>\$ 12,559,092</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$2,055,349. The increase was funded by grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$ 2,447,352
Increased by:		
Interest Earnings	\$ 20	
Deposits Approved by District Budget	119,563	
Transfer of Unexpended Project Balances funded by Capital Reserve	<u>55,568</u>	
		<u>175,151</u>
		2,622,503
Decreased by:		
Approved by Board Resolution Withdrawals	<u>203,000</u>	
		<u>203,000</u>
Balance, June 30, 2022		<u>\$ 2,419,503</u>

The June 30, 2022 LRFP balance costs of uncompleted capital projects is \$4,193,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$2,000,000 of the capital reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 original budget certified for taxes.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021	\$ 635,475
Increased by:	
Interest Earned	<u>20</u>
	635,495
Decreased by:	
Withdrawals Approved by Budget	<u>125,000</u>
Balance, June 30, 2022	<u>\$ 510,495</u>

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$510,495.

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021	\$ <u>250,000</u>
Balance, June 30, 2022	<u>\$ 250,000</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% 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, 2022 is \$3,326,866. Of this amount, \$1,671,503 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$1,655,363 will be appropriated in the 2023/2024 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2022, the book value of the Board's deposits were \$7,494,067 and bank and brokerage firm balances of the Board's deposits amounted to \$7,836,504. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 7,642,108
Uninsured and Collateral held by pledging financial institution's trust department but not in the Board's Name	<u>194,396</u>
	<u>\$ 7,836,504</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, 2022 none of the Board's bank balances were exposed to custodial credit risk.

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 194,396</u>
	<u>\$ 194,396</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2022, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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 concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2022 for the district’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 158,788	\$ 60,870	\$ 219,658
State	\$ 207,334	-	1,313	208,647
Total Receivables	<u>\$ 207,334</u>	<u>\$ 158,788</u>	<u>\$ 62,183</u>	<u>\$ 428,305</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 54,604
Grant Draw Downs Reserve for Encumbrances	<u>9,776</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 64,380</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance, <u>June 30, 2022</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 188,036				\$ 188,036
Construction in Progress	<u>579,423</u>	-	-	\$ (579,423)	-
Total Capital Assets, Not Being Depreciated	<u>767,459</u>	-	-	(579,423)	<u>188,036</u>
 Capital Assets, Being Depreciated:					
Buildings and Building Improvements	29,460,060	\$ 561,863		481,121	30,503,044
Land Improvements	388,615	-		-	388,615
Machinery and Equipment	<u>977,909</u>	<u>412,512</u>	\$ (18,857)	-	<u>1,371,564</u>
Total Capital Assets Being Depreciated	<u>30,826,584</u>	<u>974,375</u>	<u>(18,857)</u>	481,121	<u>32,263,223</u>
 Less Accumulated Depreciation for:					
Buildings and Building Improvements	(8,198,002)	(649,737)			(8,847,739)
Land Improvements	(258,720)	(19,127)			(277,847)
Machinery and Equipment	<u>(617,415)</u>	<u>(136,060)</u>	18,857	-	<u>(734,618)</u>
Total Accumulated Depreciation	<u>(9,074,137)</u>	<u>(804,924)</u>	<u>18,857</u>	-	<u>(9,860,204)</u>
 Total Capital Assets, Being Depreciated, Net	<u>21,752,447</u>	<u>169,451</u>	-	481,121	<u>22,403,019</u>
 Governmental Activities Capital Assets, Net	<u>\$ 22,519,906</u>	<u>\$ 169,451</u>	<u>\$ -</u>	<u>\$ (98,302)</u>	<u>\$ 22,591,055</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2022</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 89,802	\$ 2,560	-	\$ 92,362
Total Capital Assets Being Depreciated	<u>89,802</u>	<u>2,560</u>	<u>-</u>	<u>92,362</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(81,242)</u>	<u>(1,977)</u>	<u>-</u>	<u>(83,219)</u>
Total Accumulated Depreciation	<u>(81,242)</u>	<u>(1,977)</u>	<u>-</u>	<u>(83,219)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,560</u>	<u>583</u>	<u>-</u>	<u>9,143</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,560</u>	<u>\$ 583</u>	<u>\$ -</u>	<u>\$ 9,143</u>

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

Governmental Activities:

Instruction		
Regular		\$ 219,157
Special Education		725
Other Instruction		<u>-</u>
Total Instruction		<u>219,882</u>
Support Services		
Student and Instruction Related Services		132
Business Services/Central Services		11,281
Plant Operations and Maintenance		<u>573,629</u>
Total Support Services		<u>585,042</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 804,924</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 1,977</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 1,977</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	<u>\$ 26,596</u>

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

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2022 are comprised of the following issues:

\$17,075,000, 2014 Refunding Bonds, due in annual installments of \$1,100,000 to \$1,490,000 through May 1, 2030, interest at 3.125% to 5.00%	<u>\$10,395,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 1,100,000	\$ 451,038	\$ 1,551,038
2024	1,155,000	396,038	1,551,038
2025	1,215,000	338,288	1,553,288
2026	1,270,000	277,538	1,547,538
2027	1,340,000	214,038	1,554,038
2028-2030	<u>4,315,000</u>	<u>337,038</u>	<u>4,652,038</u>
Total	<u>\$ 10,395,000</u>	<u>\$ 2,013,978</u>	<u>\$ 12,408,978</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 75,432,231
Less: Net Debt	<u>10,395,000</u>
Remaining Borrowing Power	<u>\$ 65,037,231</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance, July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 11,445,000		\$ 1,050,000	\$ 10,395,000	\$ 1,050,000
Original Issue Premium	<u>825,362</u>	<u>-</u>	<u>135,914</u>	<u>689,448</u>	<u>-</u>
Total Bonds Payable	12,270,362	-	1,185,914	11,084,448	1,050,000
Compensated Absences	79,273	-		79,273	-
Net Pension Liability	<u>2,045,792</u>	<u>-</u>	<u>650,421</u>	<u>1,395,371</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 14,395,427</u>	<u>\$ -</u>	<u>\$ 1,836,335</u>	<u>\$ 12,559,092</u>	<u>\$ 1,050,000</u>

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	\$ 13,391	\$ 38,064	\$ 6	\$ 51,642	\$ 15,816
2021	19,082	28,606	4	32,702	15,997
2020	21,398	20,648	45	41,178	1,007

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, 2022, 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, 2022, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

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

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF 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 or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022.

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, 2022 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local 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 2022, 2021 and 2020 were equal to the required contributions.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2022, 2021 and 2020 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2022	\$ 137,942	\$ 1,780,978	\$ 19,928
2021	137,238	1,244,192	12,325
2020	118,109	970,378	12,839

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$-0-, \$-0- and \$358, respectively for PERS and the State contributed \$510, \$538 and \$500, 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 \$357,135 during the fiscal year ended June 30, 2022 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, 2020 through June 30, 2021. 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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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, 2021 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$1,395,371 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2021. At June 30, 2021, the District’s proportionate share was 0.01178 percent, which was a decrease of 0.00076 percent from its proportionate share measured as of June 30, 2020 of 0.01254 percent.

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$260,638 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 22,007	\$ 9,989
Changes of Assumptions	7,267	496,761
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		367,577
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>55,545</u>	<u>239,777</u>
Total	<u>\$ 84,819</u>	<u>\$ 1,114,104</u>

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2022, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (323,236)
2022	(367,958)
2023	(231,631)
2024	(129,539)
2025	23,079
Thereafter	<u>-</u>
	<u>\$ (1,029,285)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 1,900,212</u>	<u>\$ 1,395,371</u>	<u>\$ 966,942</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District's net pension liability at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$475,145 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$20,192,772. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was 0.0420 percent, which was a decrease of 0.00146 percent from its proportionate share measured as of June 30, 2020 of 0.04346 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 23,891,422	\$ 20,192,772	\$ 17,086,138

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, 2021. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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 multiple-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.

**CARLSTADT BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plan 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 plan. 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, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 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.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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 \$1.23 billion to the OPEB plan in fiscal year 2021.

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, 2022, 2021 and 2020 were \$416,108, \$389,910 and \$359,992, 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, 2020 through June 30, 2021. 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 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,295,622. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$22,366,059. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was 0.04 percent, which was the same as its proportionate share measured as of June 30, 2020 of 0.04 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

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

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

E. Post-Retirement Medical Benefits (Continued)

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

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

E. Post-Retirement Medical Benefits (Continued)

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

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, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2020 Measurement Date	\$ <u>24,455,002</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,199,615
Interest on the Total OPEB Liability	580,199
Changes of Benefit Terms	(23,806)
Differences Between Expected and Actual Experience	(3,424,816)
Changes of Assumptions	22,066
Gross Benefit Payments	(457,034)
Contributions from the Member	14,833
Net Changes	\$ <u>(2,088,943)</u>
Balance, June 30, 2021 Measurement Date	\$ <u>22,366,059</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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, 2021.

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

E. Post-Retirement Medical Benefits (Continued)

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

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 2.16%; 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>26,791,028</u>	\$ <u>22,366,059</u>	\$ <u>18,881,662</u>

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

	1% Decrease <u>Decrease</u>	Healthcare Cost Trend Rates	1% Increase <u>Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>18,105,397</u>	\$ <u>22,366,059</u>	\$ <u>28,087,813</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021 were not provided by the pension system.

F. Tax Abatements

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

For Carlstadt Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPEMENTS

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 has been 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. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, 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 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. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions 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 may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$1,336,092 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, 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 School District 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 its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 11,212,859		\$ 11,212,859	\$ 11,212,859	
Tuition from Individuals (Preschool)	30,000		30,000	87,952	\$ 57,952
Interest	40		40	7,746	7,706
Rentals	46,000		46,000	51,875	5,875
Unrestricted Miscellaneous	15,384	-	15,384	227,451	212,067
Total Local Sources	<u>11,304,283</u>	<u>-</u>	<u>11,304,283</u>	<u>11,587,883</u>	<u>283,600</u>
State Sources					
Transportation Aid	45,263		45,263	45,263	
Security Aid	56,138		56,138	56,138	
Special Education Aid	373,765		373,765	373,765	-
Extraordinary Aid				175,093	175,093
Maintenance of Equity Aid				189,378	189,378
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				1,756,200	1,756,200
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				24,778	24,778
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				416,108	416,108
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				510	510
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	357,135	357,135
Total State Sources	<u>475,166</u>	<u>-</u>	<u>475,166</u>	<u>3,394,368</u>	<u>2,919,202</u>
Total Revenues	<u>11,779,449</u>	<u>-</u>	<u>11,779,449</u>	<u>14,982,251</u>	<u>3,202,802</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	121,329	\$ 11,918	133,247	123,419	9,828
Kindergarten	256,359	(11,918)	244,441	230,144	14,297
Grades 1-5	1,782,428	-	1,782,428	1,728,993	53,435
Grades 6-8	1,165,900	(13,825)	1,152,075	1,141,887	10,188
Regular Program - Home Instruction					
Salaries of Teachers	6,000	-	6,000	-	6,000
Purchased Professional-Educational Services	10,000	11,561	21,561	14,071	7,490
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	356,076	35,225	391,301	391,301	-
Purchased Professional-Educational Services	74,500	1,067	75,567	74,500	1,067
General Supplies	225,000	95,339	320,339	306,994	13,345
Textbooks	17,860	6,237	24,097	141	23,956
Total Regular Programs	<u>4,015,452</u>	<u>135,604</u>	<u>4,151,056</u>	<u>4,011,450</u>	<u>139,606</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Auditory Disabilities					
Purchased Professional-Educational Services	\$ 23,000	\$ 1,963	\$ 24,963	\$ 17,378	\$ 7,585
Total Multiple Disabilities	<u>23,000</u>	<u>1,963</u>	<u>24,963</u>	<u>17,378</u>	<u>7,585</u>
Resource Room/ Resource Center					
Salaries of Teachers	340,669	-	340,669	315,020	25,649
Total Resource Room	<u>340,669</u>	<u>-</u>	<u>340,669</u>	<u>315,020</u>	<u>25,649</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	161,242	-	161,242	105,932	55,310
Other Salaries for Instruction	130,080	-	130,080	54,002	76,078
Total Preschool Disabilities - Full Time	<u>291,322</u>	<u>-</u>	<u>291,322</u>	<u>159,934</u>	<u>131,388</u>
Total Special Education	<u>654,991</u>	<u>1,963</u>	<u>656,954</u>	<u>492,332</u>	<u>164,622</u>
Basic Skills/Remedial					
Salaries of Teachers	228,086	-	228,086	114,012	114,074
Total Basic Skills/Remedial	<u>228,086</u>	<u>-</u>	<u>228,086</u>	<u>114,012</u>	<u>114,074</u>
Bilingual Education					
Salaries of Teachers	83,070	(1,288)	81,782	80,025	1,757
Total Bilingual Education	<u>83,070</u>	<u>(1,288)</u>	<u>81,782</u>	<u>80,025</u>	<u>1,757</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	27,000	1,288	28,288	28,288	-
Supplies and Materials	8,000	-	8,000	5,193	2,807
Total School Sponsored Co/Extra Curricular Activities	<u>35,000</u>	<u>1,288</u>	<u>36,288</u>	<u>33,481</u>	<u>2,807</u>
Total Instruction	<u>5,016,599</u>	<u>137,567</u>	<u>5,154,166</u>	<u>4,731,300</u>	<u>422,866</u>
Instruction					
Tuition to Other LEAs Within the State-Special	1,024,725	(251,218)	773,507	544,858	228,649
Tuition to CSSD & Regional Day Schools	69,978	(24,742)	45,236	14,256	30,980
Tuition to Priv. Sch. For the Disabled W/ State	140,758	201,360	342,118	338,373	3,745
Total Undistributed Expenditures - Instruction	<u>1,235,461</u>	<u>(74,600)</u>	<u>1,160,861</u>	<u>897,487</u>	<u>263,374</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 47,335	\$ (674)	\$ 46,661	\$ 45,912	\$ 749
Purchased Professional and Technical Services	13,504	-	13,504	13,487	17
Total Attendance and Social Work Services	<u>60,839</u>	<u>(674)</u>	<u>60,165</u>	<u>59,399</u>	<u>766</u>
Health Services					
Salaries	104,767	12,182	116,949	116,949	-
Purchased Professional and Technical Services	4,000	-	4,000	4,000	-
Supplies and Materials	1,500	1,411	2,911	2,911	-
Total Health Services	<u>110,267</u>	<u>13,593</u>	<u>123,860</u>	<u>123,860</u>	<u>-</u>
Speech, OT, PT & Related Services					
Salaries	128,698	-	128,698	125,402	3,296
Purchased Professional-Educational Services	120,000	114	120,114	38,002	82,112
Supplies and Materials	1,500	-	1,500	221	1,279
Total Speech, OT, PT & Related Services	<u>250,198</u>	<u>114</u>	<u>250,312</u>	<u>163,625</u>	<u>86,687</u>
Other Support Serv. Students- Extra Serv.					
Other Object	4,500	-	4,500	-	4,500
Total Other Support Serv. Students- Extra Serv.	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Guidance					
Salaries of Other Professional Staff	152,018	-	152,018	151,746	272
Purchased Professional-Educational Services	2,500	(69)	2,431	-	2,431
Supplies and Materials	2,000	1,132	3,132	3,132	-
Total Guidance	<u>156,518</u>	<u>1,063</u>	<u>157,581</u>	<u>154,878</u>	<u>2,703</u>
Child Study Teams					
Salaries of Other Professional Staff	424,923	(6,000)	418,923	403,136	15,787
Purchased Professional-Educational Services	67,000	(763)	66,237	10,185	56,052
Other Purchased Services	500	-	500	-	500
Supplies and Materials	10,000	4,223	14,223	3,731	10,492
Other Objects	1,300	-	1,300	1,095	205
Total Child Study Teams	<u>503,723</u>	<u>(2,540)</u>	<u>501,183</u>	<u>418,147</u>	<u>83,036</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	108,000	-	108,000	108,000	-
Purchased Professional-Educational Services	20,000	(7,958)	12,042	2,247	9,795
Other Purchased Services	2,000	-	2,000	-	2,000
Other Objects	1,500	-	1,500	1,025	475
Total Improvement of Instructional Services	<u>131,500</u>	<u>(7,958)</u>	<u>123,542</u>	<u>111,272</u>	<u>12,270</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 146,041	\$ 2,313	\$ 148,354	\$ 146,788	\$ 1,566
Supplies and Materials	1,500	-	1,500	144	1,356
	<u>147,541</u>	<u>2,313</u>	<u>149,854</u>	<u>146,932</u>	<u>2,922</u>
Total Educational Media Serv./School Library					
Support Services General Administration					
Salaries	244,264	3,008	247,272	247,272	-
Legal Services	40,000	16,388	56,388	56,388	-
Audit Fees	30,000	4,105	34,105	34,105	-
Architectural/Engineering Services	7,500	(3,510)	3,990	3,990	-
Other Purchased Professional Services	8,500	5,356	13,856	11,750	2,106
Purchased Technical Services	1,000	2,250	3,250	3,250	-
Communications/Telephone	24,000	752	24,752	24,752	-
BOE Other Purchased Services	5,000	(1,394)	3,606	3,606	-
Misc Purchased Services	2,125	(2,125)	-	-	-
General Supplies	1,400	(12)	1,388	1,388	-
Miscellaneous Expenditures	2,800	(274)	2,526	2,526	-
BOE Membership Dues and Fees	6,000	(690)	5,310	5,310	-
	<u>372,589</u>	<u>23,854</u>	<u>396,443</u>	<u>394,337</u>	<u>2,106</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principal/Asst. Principals	175,930	(2,670)	173,260	173,260	-
Salaries of Secretarial and Clerical Assistants	107,759	(22,843)	84,916	84,916	-
Other Purchased Services	2,500	(1,831)	669	252	417
Supplies and Materials	3,500	578	4,078	4,078	-
Other Objects	4,000	(2,434)	1,566	845	721
	<u>293,689</u>	<u>(29,200)</u>	<u>264,489</u>	<u>263,351</u>	<u>1,138</u>
Total Support Services School Administration					
Central Services					
Salaries	263,291	9,714	273,005	273,005	-
Purchased Professional Services		8,650	8,650	8,375	275
Miscellaneous Purchased Services	2,500	(2,200)	300	300	-
Supplies and Materials	1,500	1,762	3,262	3,262	-
Miscellaneous Expenditures	2,000	(220)	1,780	1,780	-
	<u>269,291</u>	<u>17,706</u>	<u>286,997</u>	<u>286,722</u>	<u>275</u>
Total Central Services					

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 83,065	\$ (1,065)	\$ 82,000	\$ 82,000	-
Purchased Professional Services	18,500	-	18,500	18,500	-
Purchased Technical Services	2,000	5,221	7,221	7,221	-
Other Purchased Services	1,000	2,338	3,338	3,338	-
Supplies and Material	1,000	(1,000)	-	-	-
Other Objects	1,000	160	1,160	1,160	-
	<u>106,565</u>	<u>5,654</u>	<u>112,219</u>	<u>112,219</u>	<u>-</u>
Total Admin. Info. Technology					
Required Maintenance for School Facilities					
Salaries	70,000	(1,529)	68,471	62,525	\$ 5,946
Cleaning, Repair and Maint. Serv.	60,000	14,110	74,110	72,433	1,677
Other Objects	-	741	741	741	-
General Supplies	30,000	7,225	37,225	19,726	17,499
Property	-	-	-	-	-
	<u>160,000</u>	<u>20,547</u>	<u>180,547</u>	<u>155,425</u>	<u>25,122</u>
Total Required Maintenance for School Fac.					
Custodial Services					
Salaries	362,510	10,726	373,236	373,236	-
Salaries of Non-Instructional Aides	65,000	6,015	71,015	71,015	-
Purchased Professional and Technical Services	19,000	(4,231)	14,769	7,459	7,310
Cleaning, Repair and Maint. Serv.	68,000	44,227	112,227	112,227	-
Other Purchased Property Services	32,415	(4,367)	28,048	21,186	6,862
Insurance	137,878	12,736	150,614	150,614	-
Miscellaneous Purchased Services	3,700	500	4,200	4,200	-
General Supplies	27,000	11,563	38,563	38,474	89
Energy (Natural Gas)	35,000	1,913	36,913	34,619	2,294
Energy (Electricity)	200,000	5,783	205,783	201,155	4,628
Other Objects	2,800	1,421	4,221	4,221	-
	<u>953,303</u>	<u>86,286</u>	<u>1,039,589</u>	<u>1,018,406</u>	<u>21,183</u>
Total Custodial Services					
Security					
Cleaning, Repair, and Maintenance Services	5,000	9,669	14,669	14,669	-
General Supplies	5,000	(2,219)	2,781	-	2,781
	<u>10,000</u>	<u>7,450</u>	<u>17,450</u>	<u>14,669</u>	<u>2,781</u>
Total Security					
Student Transportation Services					
Salaries For Pupil Trans (Bet Home & Sch)-Sp Ed	400	-	400	-	400
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	408,000	(40,839)	367,161	160,901	206,260
	<u>408,400</u>	<u>(40,839)</u>	<u>367,561</u>	<u>160,901</u>	<u>206,660</u>
Total Student Transportation Services					

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	\$ 7,000	\$ 1,200	\$ 8,200	\$ 7,504	\$ 696
Social Security Contributions	128,750	16,154	144,904	144,904	-
Board Share Retirement - Regular	12,000	7,928	19,928	19,928	-
Other Retirement Contributions-PERS	156,451	-	156,451	138,629	17,822
Unemployment Compensation	25,000	227	25,227	22,531	2,696
Workmen's Compensation	45,360	-	45,360	44,989	371
Health Benefits	1,878,381	(72,317)	1,806,064	1,485,702	320,362
Tuition Reimbursement	45,000	-	45,000	23,271	21,729
Other Employee Benefits	65,000	6,270	71,270	71,270	-
Total Unallocated Benefits - Employee Benefits	<u>2,362,942</u>	<u>(40,538)</u>	<u>2,322,404</u>	<u>1,958,728</u>	<u>363,676</u>
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				1,756,200	(1,756,200)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				24,778	(24,778)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				416,108	(416,108)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				510	(510)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	357,135	(357,135)
Total Undistributed Expenditures	<u>7,537,326</u>	<u>(17,769)</u>	<u>7,519,557</u>	<u>8,995,089</u>	<u>(1,475,532)</u>
Interest Earned on Maintenance Reserve	-	-	-	-	-
Total Expenditures - Current Expenditures	<u>12,553,925</u>	<u>119,798</u>	<u>12,673,723</u>	<u>13,726,389</u>	<u>(1,052,666)</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Legal Services	-	5,726	5,726	5,726	-
Architectural/Engineering Services	-	203,249	203,249	178,650	24,599
Construction Services	-	433,276	433,276	402,307	30,969
Assessment for Debt Service on SDA Funding	36,191	-	36,191	36,191	-
Total Facilities Acquisition and Construction Services	<u>36,191</u>	<u>642,251</u>	<u>678,442</u>	<u>622,874</u>	<u>55,568</u>
Increase in Capital Reserve	-	-	-	-	-
Interest Earned on Capital Reserve	-	-	-	-	-
Total Capital Outlay	<u>36,191</u>	<u>642,251</u>	<u>678,442</u>	<u>622,874</u>	<u>55,568</u>

**CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
TRANSFER OF FUNDS TO CHARTER SCHOOL	\$ 31,304	-	\$ 31,304	\$ 30,334	\$ 970
Total Expenditures	12,621,420	\$ 762,049	13,383,469	14,379,597	(996,128)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(841,971)	(762,049)	(1,604,020)	602,654	2,206,674
Other Financing Sources Insurance Proceeds	-	-	-	355,734	355,734
Total Other Financing Sources	-	-	-	355,734	355,734
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(841,971)	(762,049)	(1,604,020)	958,388	2,562,408
Fund Balance, Beginning of Year	6,645,093	-	6,645,093	6,645,093	-
Fund Balance, End of Year	\$ 5,803,122	\$ (762,049)	\$ 5,041,073	\$ 7,603,481	\$ 2,562,408

Recapitulation of Fund Balance

Restricted Fund Balance	
Excess Surplus - Designated for Subsequent Year's Expenditures (2022/23 Budget)	\$ 1,671,503
Excess Surplus	1,655,363
Capital Reserve - Designated for Subsequent Year's Expenditures (2022/23 Budget)	2,000,000
Capital Reserve	419,503
Maintenance Reserve	510,495
Emergency Reserve	250,000
Unemployment Compensation Reserve	15,816
Assigned Fund Balance	
Year-End Encumbrances	103,043
Designated for Subsequent Year's Expenditures (2022/23 Budget)	140,292
Unassigned Fund Balance	<u>837,466</u>
Reconciliation to Governmental Funds Statements (GAAP):	7,603,481
Less: Final State Aid Payments Not Recognized on GAAP Basis	
2021/2022 Extraordinary Aid not Recognized in a GAAP Basis	\$ (175,093)
2021/2022 State Aid Payments not Recognized in a GAAP Basis	<u>(36,667)</u>
	<u>(211,760)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 7,391,721</u>

**CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 239,104	\$ 1,293,300	\$ 1,532,404	\$ 606,903	\$ (925,501)
Local Sources					
Miscellaneous	-	-	-	77,895	77,895
Total Revenues	<u>239,104</u>	<u>1,293,300</u>	<u>1,532,404</u>	<u>684,798</u>	<u>(847,606)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	76,678	(9,188)	67,490	67,490	-
Purchased Professional-Educational Services	-	140,826	140,826	59,197	81,629
Tuition	131,515	16,350	147,865	147,865	-
Student Activities Expenses (Non-budget)	-	-	-	77,560	(77,560)
General Supplies	18,849	35,225	54,074	29,788	24,286
Total Instruction	<u>227,042</u>	<u>183,213</u>	<u>410,255</u>	<u>381,900</u>	<u>28,355</u>
Support Services					
Personal Services-Employee Benefits	-	56,144	56,144	30,370	25,774
Purchased Professional-Educational Services	12,062	917,941	930,003	166,001	764,002
Total Support Services	<u>12,062</u>	<u>974,085</u>	<u>986,147</u>	<u>196,371</u>	<u>789,776</u>
Facilities Acquisition and Constructions Services:					
Instructional Equipment	-	101,000	101,000	71,190	29,810
Non-Instructional Equipment	-	35,002	35,002	35,002	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>136,002</u>	<u>136,002</u>	<u>106,192</u>	<u>29,810</u>
Total Expenditures	<u>239,104</u>	<u>1,293,300</u>	<u>1,532,404</u>	<u>684,463</u>	<u>847,941</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>335</u>	<u>335</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,400</u>	<u>45,400</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,735</u>	<u>\$ 45,735</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 14,982,251	(C-2) \$ 684,798
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2022		(9,776)
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2020/2021) State Aid and Extraordinary Aid)	194,561	
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2021/2022) State Aid and Extraordinary Aid)	<u>(211,760)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>14,965,052</u>	(B-2) \$ <u>675,022</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>14,379,597</u>	(C-2) \$ <u>684,463</u>
Differences - Budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2022	<u>-</u>	<u>(9,776)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>14,379,597</u>	(B-2) \$ <u>674,687</u>

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

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

Public Employees Retirement System

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<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)	0.01178%	0.01255%	0.01214%	0.01302%	0.01334%	0.01335%	0.01353%	0.01353%	0.01356%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,395,371</u>	<u>\$ 2,045,792</u>	<u>\$ 2,187,862</u>	<u>\$ 2,562,842</u>	<u>\$ 3,104,915</u>	<u>\$ 3,953,637</u>	<u>\$ 3,038,057</u>	<u>\$ 2,532,383</u>	<u>\$ 2,591,970</u>
District's Covered Payroll	\$ 851,601	\$ 921,800	\$ 836,036	\$ 860,195	\$ 917,750	\$ 889,505	\$ 896,630	\$ 842,069	\$ 936,288
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	163.85%	221.93%	261.69%	297.94%	338.32%	444.48%	338.83%	300.73%	276.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 138,629	\$ 137,238	\$ 118,109	\$ 129,470	\$ 123,564	\$ 118,592	\$ 116,354	\$ 111,504	\$ 102,187
Contributions in Relation to the Contractually Required Contribution	<u>138,629</u>	<u>137,238</u>	<u>118,109</u>	<u>129,470</u>	<u>123,564</u>	<u>118,592</u>	<u>116,354</u>	<u>111,504</u>	<u>102,187</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 965,841	\$ 851,601	\$ 921,800	\$ 836,036	\$ 860,195	\$ 917,750	\$ 889,505	\$ 896,630	\$ 842,069
Contributions as a Percentage of Covered Payroll	14.35%	16.12%	12.81%	15.49%	14.36%	12.92%	13.08%	12.44%	12.14%

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

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

Teachers Pension and Annuity Fund

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0	0	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 20,192,772</u>	<u>\$ 28,619,285</u>	<u>\$ 25,040,233</u>	<u>\$ 27,238,634</u>	<u>\$ 29,053,290</u>	<u>\$ 33,591,929</u>	<u>\$ 27,651,224</u>	<u>\$ 24,571,061</u>	<u>\$ 21,570,040</u>
Total	<u>\$ 20,192,772</u>	<u>\$ 28,619,285</u>	<u>\$ 25,040,233</u>	<u>\$ 27,238,634</u>	<u>\$ 29,053,290</u>	<u>\$ 33,591,929</u>	<u>\$ 27,651,224</u>	<u>\$ 24,571,061</u>	<u>\$ 21,570,040</u>
District's Covered Payroll	\$ 5,022,382	\$ 4,752,579	\$ 4,473,549	\$ 4,422,799	\$ 4,334,462	\$ 4,294,039	\$ 4,450,321	\$ 4,295,933	\$ 4,380,974
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5D.

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

Postemployment Health Benefit Plan

Last Five Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 1,199,615	\$ 659,846	\$ 608,029	\$ 695,489	\$ 836,498
Interest on Total OPEB Liability	580,199	572,031	668,067	725,243	627,435
Changes of Benefit Terms	(23,806)			-	-
Differences Between Expected and Actual Experience	(3,424,816)	3,280,342	(2,040,271)	(1,936,314)	
Changes of Assumptions	22,066	4,467,089	236,899	(1,938,106)	(2,613,061)
Gross Benefit Payments	(457,034)	(425,741)	(487,731)	(451,608)	(439,847)
Contribution from the Member	14,833	12,904	14,458	15,608	16,196
Net Change in Total OPEB Liability	(2,088,943)	8,566,471	(1,000,549)	(2,889,688)	(1,572,779)
Total OPEB Liability - Beginning	24,455,002	15,888,531	16,889,080	19,778,768	21,351,547
Total OPEB Liability - Ending	\$ 22,366,059	\$ 24,455,002	\$ 15,888,531	\$ 16,889,080	\$ 19,778,768
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	22,366,059	24,455,002	15,888,531	16,889,080	19,778,768
Total OPEB Liability - Ending	\$ 22,366,059	\$ 24,455,002	\$ 15,888,531	\$ 16,889,080	\$ 19,778,768
District's Covered-Employee Payroll	\$ 5,873,983	\$ 5,674,379	\$ 5,309,585	\$ 5,282,994	\$ 5,252,212
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%

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

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

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

**CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL BASED BUDGET SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ESEA				IDEA		ESSER II			ESSER III		Student Activities	Total
	Title I	Title II-A	Title III	Title IV	Basic	Preschool	CRRSA ESSER II	Learning Acceleration	Mental Health	ARP ESSER III	Accelerated Learning		
REVENUES													
Intergovernmental													
Local													
Federal	\$ 97,860	\$ 17,460	\$ 16,624	\$ 1,246	\$ 141,153	\$ 6,712	\$ 180,715	\$ 19,200	\$ 36,707	\$ 42,196	\$ 47,030	\$ 77,895	\$ 77,895
Total Revenues	\$ 97,860	\$ 17,460	\$ 16,624	\$ 1,246	\$ 141,153	\$ 6,712	\$ 180,715	\$ 19,200	\$ 36,707	\$ 42,196	\$ 47,030	\$ 77,895	\$ 684,798
EXPENDITURES													
Instruction													
Salaries of Teachers	\$ 67,490												\$ 67,490
Purchased Professional-Education Services							\$ 59,197						59,197
Tuition - Other Purchased Services					\$ 141,153	\$ 6,712							147,865
Cocurricular/Extra Curricular Activities												\$ 77,560	77,560
General Supplies	-	-	\$ 1,824	\$ 1,246	-	-	7,968	\$ 18,750	-	-	-	-	29,788
Total Instruction	67,490	-	1,824	1,246	141,153	6,712	67,165	18,750	-	-	-	77,560	381,900
Support Services													
Personnel Services - Employee Benefits	30,370												30,370
Purchased Professional-Education Services	-	\$ 17,460	14,800	-	-	-	7,358	450	\$ 36,707	\$ 42,196	\$ 47,030	-	166,001
Total Support Services	30,370	17,460	14,800	-	-	-	7,358	450	36,707	42,196	47,030	-	196,371
Facilities Acquisition and Constructions Services:													
Instructional Equipment							71,190						71,190
Non-Instructional Equipment							35,002						35,002
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	106,192	-	-	-	-	-	106,192
Total Expenditures	97,860	17,460	16,624	1,246	141,153	6,712	180,715	19,200	36,707	42,196	47,030	77,560	684,463
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	335	335
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	45,400	45,400
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,735	\$ 45,735

SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**CARLSTADT BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

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, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

CARLSTADT BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>				
2014 Refunding Bonds	8/15/2014	\$ 17,075,000	5/1/2023	\$ 1,100,000	5.000 %			
			5/1/2024	1,155,000	5.000			
			5/1/2025	1,215,000	5.000			
			5/1/2026	1,270,000	5.000			
			5/1/2027	1,340,000	4.000			
			5/1/2028	1,390,000	3.125			
			5/1/2029	1,435,000	4.000			
			5/1/2030	1,490,000	4.000	\$ 11,445,000	\$ 1,050,000	\$ 10,395,000
						Totals	\$ 1,050,000	\$ 10,395,000
							Paid by Budget Appropriation	\$ 1,050,000

**CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OTHER FINANCING AGREEMENTS AND LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**CARLSTADT BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Local Sources					
Property Tax Levy	\$ 1,553,538	-	\$ 1,553,538	\$ 1,553,537	\$ 1
Total Revenues	<u>1,553,538</u>	<u>-</u>	<u>1,553,538</u>	<u>1,553,537</u>	<u>1</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,050,000	-	1,050,000	1,050,000	
Interest	<u>503,538</u>	<u>-</u>	<u>503,538</u>	<u>503,538</u>	-
Total Expenditures	<u>1,553,538</u>	<u>-</u>	<u>1,553,538</u>	<u>1,553,538</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(1)	(1)
Net Change in Fund Balance	-	-	-	(1)	(1)
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 5,656,821	\$ 5,831,190	\$ 6,254,163	\$ 6,549,520	\$ 7,033,392	\$ 7,767,572	\$ 8,542,152	\$ 9,353,937	\$ 10,577,804	\$ 11,780,812
Restricted	418,012	738,032	1,316,867	2,670,611	3,154,397	4,109,524	3,487,575	3,544,248	3,144,225	2,991,549
Unrestricted	406,502	(1,817,336)	(1,849,334)	(1,887,631)	(1,752,832)	(1,765,503)	(259,778)	120,698	365,306	1,866,805
Total Governmental Activities Net Position	\$ 6,481,335	\$ 4,751,886	\$ 5,721,696	\$ 7,332,500	\$ 8,434,957	\$ 10,111,593	\$ 11,769,949	\$ 13,018,883	\$ 14,087,335	\$ 16,639,166
Business-type Activities										
Net Investment in Capital Assets	\$ 46,223	\$ 40,563	\$ 34,903	\$ 29,243	\$ 23,583	\$ 17,923	\$ 11,758	\$ 14,546	\$ 8,560	\$ 9,143
Unrestricted	60,525	80,367	86,480	89,970	95,747	100,696	110,080	68,850	45,442	59,089
Total Business-Type Activities Net Position	\$ 106,748	\$ 120,930	\$ 121,383	\$ 119,213	\$ 119,330	\$ 118,619	\$ 121,838	\$ 83,396	\$ 54,002	\$ 68,232
District-wide										
Net Investment in Capital Assets	\$ 5,703,044	\$ 5,871,753	\$ 6,289,066	\$ 6,578,763	\$ 7,056,975	\$ 7,785,495	\$ 8,553,910	\$ 9,368,483	\$ 10,586,364	\$ 11,789,955
Restricted	418,012	738,032	1,316,867	2,670,611	3,154,397	4,109,524	3,487,575	3,544,248	3,144,225	2,991,549
Unrestricted	467,027	(1,736,969)	(1,762,854)	(1,797,661)	(1,657,085)	(1,664,807)	(149,698)	189,548	410,748	1,925,894
Total District Net Position	\$ 6,588,083	\$ 4,872,816	\$ 5,843,079	\$ 7,451,713	\$ 8,554,287	\$ 10,230,212	\$ 11,891,787	\$ 13,102,279	\$ 14,141,337	\$ 16,707,398

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

Note 2 - Net Position at June 30, 2020 was restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

Source: District financial statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 5,948,088	\$ 5,614,358	\$ 6,301,616	\$ 6,472,470	\$ 7,011,339	\$ 6,960,672	\$ 6,421,602	\$ 6,235,987	\$ 7,425,353	\$ 6,612,485
Special Education	1,257,712	1,278,303	1,423,547	1,571,026	2,070,018	2,060,410	1,944,445	2,353,713	2,088,618	1,850,471
Other Instruction	252,509	317,366	313,678	318,631	334,511	396,040	442,855	490,251	569,061	390,841
School Sponsored Activities and Athletics	26,917	32,106	39,603	49,051	59,056	52,280	56,732	43,357	41,720	129,628
Support Services:										
Student & Instruction Related Services	1,072,946	1,188,084	1,358,375	1,361,539	1,493,045	1,555,620	1,515,771	1,439,813	1,638,783	1,689,416
School Administrative Services	329,949	313,240	363,485	384,786	437,089	462,967	426,498	437,547	460,403	404,640
General Administration	438,073	526,629	788,610	472,367	487,572	514,378	509,177	529,735	626,877	488,991
Plant Operations and Maintenance	999,440	1,090,672	1,526,763	1,808,890	1,598,503	1,591,937	1,779,749	1,858,579	1,795,742	1,905,878
Pupil Transportation	125,624	157,626	201,727	163,966	217,035	185,581	237,959	212,095	155,647	160,901
Business/Central Svc./Admin. Info.	395,054	407,947	406,950	401,993	455,254	472,426	474,682	492,315	518,827	524,985
Interest on Long-Term Debt	896,602	865,379	449,932	601,477	587,731	572,097	543,440	502,130	458,565	412,959
Total Governmental Activities Expenses	11,742,914	11,791,710	13,174,286	13,606,196	14,751,153	14,824,408	14,352,910	14,595,522	15,779,596	14,571,195
Business-Type Activities:										
Food service	348,993	297,155	291,652	311,145	310,098	290,991	289,818	232,469	239,626	391,692
Total Business-Type Activities Expense	348,993	297,155	291,652	311,145	310,098	290,991	289,818	232,469	239,626	391,692
Total District Expenses	\$ 12,091,907	\$ 12,088,865	\$ 13,465,938	\$ 13,917,341	\$ 15,061,251	\$ 15,115,399	\$ 14,642,728	\$ 14,827,991	\$ 16,019,222	\$ 14,962,887
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 48,375	\$ 73,600	\$ 80,050	\$ 106,657	\$ 98,738	\$ 114,444	\$ 166,478	\$ 100,960	\$ 88,849	\$ 139,827
Operating Grants and Contributions	1,457,898	1,444,947	2,609,790	3,046,369	3,904,299	4,190,206	3,330,269	2,996,938	4,182,919	3,436,494
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	\$ 1,506,273	\$ 1,518,547	\$ 2,689,840	\$ 3,153,026	\$ 4,003,037	\$ 4,304,650	\$ 3,496,747	\$ 3,097,898	\$ 4,271,768	\$ 3,576,321
Business-Type Activities:										
Charges for services										
Food Service	\$ 202,079	\$ 190,108	\$ 176,503	\$ 183,292	\$ 183,802	\$ 175,349	\$ 177,008	\$ 114,870	\$ 4,639	\$ 47,194
Operating Grants and Contributions	115,494	121,100	115,453	125,512	126,185	114,352	115,064	78,627	205,577	358,719
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	317,573	311,208	291,956	308,804	309,987	289,701	292,072	193,497	210,216	405,913
Total District Program Revenues	\$ 1,823,846	\$ 1,829,755	\$ 2,981,796	\$ 3,461,830	\$ 4,313,024	\$ 4,594,351	\$ 3,788,819	\$ 3,291,395	\$ 4,481,984	\$ 3,982,234
Net (Expense)/Revenue										
Governmental Activities	\$ (10,236,641)	\$ (10,273,163)	\$ (10,484,446)	\$ (10,453,170)	\$ (10,748,116)	\$ (10,519,758)	\$ (10,856,163)	\$ (11,497,624)	\$ (11,507,828)	\$ (10,994,874)
Business-Type Activities	(31,420)	14,053	304	(2,341)	(111)	(1,290)	2,254	(38,972)	(29,410)	14,221
Total District-Wide Net Expense	\$ (10,268,061)	\$ (10,259,110)	\$ (10,484,142)	\$ (10,455,511)	\$ (10,748,227)	\$ (10,521,048)	\$ (10,853,909)	\$ (11,536,596)	\$ (11,537,238)	\$ (10,980,653)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 9,093,292	\$ 9,414,158	\$ 9,737,812	\$ 10,071,271	\$ 10,272,696	\$ 10,547,841	\$ 10,792,767	\$ 11,008,426	\$ 11,008,426	\$ 11,212,859
Property taxes levied for debt service	1,666,621	1,671,021	1,672,021	1,538,861	1,532,308	1,545,388	1,545,788	1,550,788	1,548,288	1,553,537
Unrestricted grants and contributions			5,424	6,205	6,117	5,782	392	-	-	189,378
Investment earnings	3,484	4,207	6,031	7,613	16,386	71,124	142,109	120,359	5,667	7,746
Miscellaneous income	24,513	46,298	32,968	440,024	23,066	26,259	33,463	10,313	13,899	227,451
Transfers										
Insurance Proceeds										355,734
Total Governmental Activities	10,787,910	11,135,684	11,454,256	12,063,974	11,850,573	12,196,394	12,514,519	12,689,886	12,576,280	13,546,705
Business-Type Activities:										
Investment earnings	170	129	149	171	228	579	965	530	16	9
Transfers										
Total Business-Type Activities	170	129	149	171	228	579	965	530	16	9
Total District-Wide	\$ 10,788,080	\$ 11,135,813	\$ 11,454,405	\$ 12,064,145	\$ 11,850,801	\$ 12,196,973	\$ 12,515,484	\$ 12,690,416	\$ 12,576,296	\$ 13,546,714
Change in Net Position										
Governmental Activities	\$ 551,269	\$ 862,521	\$ 969,810	\$ 1,610,804	\$ 1,102,457	\$ 1,676,636	\$ 1,658,356	\$ 1,192,262	\$ 1,068,452	\$ 2,551,831
Business-Type Activities	(31,250)	14,182	453	(2,170)	117	(711)	3,219	(38,442)	(29,394)	14,230
Total District	\$ 520,019	\$ 876,703	\$ 970,263	\$ 1,608,634	\$ 1,102,574	\$ 1,675,925	\$ 1,661,575	\$ 1,153,820	\$ 1,039,058	\$ 2,566,061

Source: District financial statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 693,267	\$ 1,287,428	\$ 1,997,590	\$ 3,352,211	\$ 3,881,751	\$ 5,199,483	\$ 5,932,272	\$ 6,178,164	\$ 5,722,682	\$ 6,522,680
Committed				14,721	333,035					
Assigned	77,268	170,619	56,926	61,713	89,863	131,669	245,899	288,294	273,118	243,335
Unassigned	242,373	248,794	226,577	236,057	241,613	231,617	238,201	249,937	454,732	625,706
Total General Fund	<u>\$ 1,012,908</u>	<u>\$ 1,706,841</u>	<u>\$ 2,281,093</u>	<u>\$ 3,664,702</u>	<u>\$ 4,546,262</u>	<u>\$ 5,562,769</u>	<u>\$ 6,416,372</u>	<u>\$ 6,716,395</u>	<u>\$ 6,450,532</u>	<u>\$ 7,391,721</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	\$ 9,044	\$ 877	\$ 9,007	\$ 8,130				\$ 55,666	\$ 45,401	\$ 45,735
Committed										
Assigned										
Unassigned										
Total All Other Governmental Funds	<u>\$ 9,044</u>	<u>\$ 877</u>	<u>\$ 9,007</u>	<u>\$ 8,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,666</u>	<u>\$ 45,401</u>	<u>\$ 45,735</u>

Note 1 - Fund balances as of June 30, 2020 have been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

Source: District financial statements

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Property Tax Levy	\$ 10,759,913	\$ 11,085,179	\$ 11,409,833	\$ 11,610,132	\$ 11,805,004	\$ 12,093,229	\$ 12,338,555	\$ 12,559,214	\$ 12,556,714	\$ 12,766,396
Interest Earnings	3,484	4,207	6,031	7,613	16,386	71,124	142,109	120,359	5,667	7,746
Miscellaneous	72,888	122,289	114,018	547,654	137,685	141,622	200,896	111,273	110,461	445,173
State Sources	1,223,141	1,181,949	1,250,945	1,439,934	1,585,071	1,786,257	1,940,317	2,159,391	2,497,570	3,377,169
Federal Sources	234,757	260,607	277,638	265,197	270,183	269,079	261,777	279,664	368,858	597,127
Total Revenues	12,294,183	12,654,231	13,058,465	13,870,530	13,814,329	14,361,311	14,883,654	15,229,901	15,539,270	17,193,611
Expenditures										
Instruction										
Regular Instruction	5,374,388	5,052,526	5,274,372	5,285,357	5,277,159	5,388,314	5,584,814	5,734,006	6,448,049	6,976,605
Special Education Instruction	1,257,712	1,278,303	1,303,584	1,423,526	1,822,446	1,816,574	1,824,000	2,281,627	1,976,402	1,926,364
Other Instruction	252,509	317,366	276,480	268,301	256,964	306,615	395,161	461,375	501,315	422,142
School Sponsored Activities and Athletics	26,917	32,106	34,449	41,082	46,266	42,178	49,890	40,316	39,862	134,191
Community Service Programs										
Support Services:										
Student & Inst. Related Services	1,072,946	1,188,084	1,358,375	1,323,855	1,376,350	1,399,660	1,467,379	1,465,840	1,576,384	1,737,759
General Administrative	438,073	512,734	607,616	461,718	455,924	472,365	495,965	537,277	609,421	499,909
School Administrative Services	329,949	313,240	326,442	332,955	348,993	375,618	383,025	418,709	413,869	436,339
Plant Operations and Maintenance	892,633	983,936	974,973	1,240,196	1,016,119	998,687	1,171,887	1,284,916	1,186,851	1,256,321
Pupil Transportation	125,624	157,626	201,727	163,126	214,449	182,090	237,636	212,095	155,647	160,901
Business Svcs./Central Svcs/Admin. Info. Tech.	395,054	407,947	406,950	389,905	416,808	423,065	457,071	490,069	498,156	529,378
Capital outlay	125,347	49,639	47,224	18,039	168,983	394,250	417,435	453,867	861,154	974,375
Debt service:										
Principal	787,814	803,913	1,110,000	810,000	835,000	865,000	900,000	950,000	995,000	1,050,000
Interest and other charges	901,702	871,045	558,323	729,738	705,438	680,388	645,788	600,787	553,288	503,538
Advanced Refunding Escrow			792,328							
Cost of Issuance on Refunded Bonds	-	-	163,436	-	-	-	-	-	-	-
Total Expenditures	11,980,668	11,968,465	13,436,279	12,487,798	12,940,899	13,344,804	14,030,051	14,930,884	15,815,398	16,607,822
Excess (Deficiency) of Revenues over (under) Expenditures	313,515	685,766	(377,814)	1,382,732	873,430	1,016,507	853,603	299,017	(276,128)	585,789
Other Financing sources (uses)										
Payments to Refunded Bond Escrow Agent			(18,107,000)							
Refunding Bond Proceeds			17,075,000							
Premium on Issuance of Refunding Bonds			1,992,196							
Capital Leases										
Transfers in	93	9	25	8	-	-	-	-	-	-
Transfers out	(93)	(9)	(25)	(8)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	960,196	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 313,515	\$ 685,766	\$ 582,382	\$ 1,382,732	\$ 873,430	\$ 1,016,507	\$ 853,603	\$ 299,017	\$ (276,128)	\$ 585,789
Debt service as a percentage of noncapital expenditures	14.25%	14.05%	19.60%	14.09%	13.72%	13.55%	12.81%	12.00%	11.55%	11.03%

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

Source: District financial statements

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

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Refunds/ Reimbursements	Insurance Settlement	Legal Settlement	E-Rate	Miscellaneous	Total
2013	\$ 3,391	\$ 48,375					\$ 15,595	\$ 4,215	\$ 71,576
2014	4,198	33,600	\$ 40,000				17,126	29,172	124,096
2015	6,006	35,750	44,300	\$ 1,685			18,758	12,525	119,024
2016	7,605	61,537	45,120			\$ 410,000		30,024	554,286
2017	16,386	52,785	45,953	11,107			8,078	3,881	138,190
2018	71,124	67,644	46,800	12,768			10,519	2,972	211,827
2019	142,109	117,808	48,670	6,840	\$ 10,818		14,225	1,580	342,050
2020	120,359	51,405	49,555	392			1,530	8,391	231,632
2021	5,667	42,894	45,955	494	6,875		1,710	4,820	108,415
2022	7,746	87,952	51,875	362	389,099		14,081	79,536	630,651

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
*2013	\$ 34,305,800	\$ 515,816,100			\$ 377,826,200	\$ 1,062,832,900	\$ 12,522,700	\$ 2,003,303,700	\$ 3,783,126	\$ 2,007,086,826	\$ 2,016,315,081	\$ 0.553
2014	31,223,500	514,640,900			373,118,400	1,087,516,700	12,522,700	2,019,022,200	3,613,428	2,022,635,628	1,932,600,159	0.565
2015	33,288,000	512,603,600			361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,753,851	2,007,198,551	2,058,775,005	0.578
2016	30,238,700	512,535,900			337,670,700	1,085,006,205	12,497,700	1,977,949,205	3,473,074	1,981,422,279	2,187,721,816	0.596
2017	26,542,600	558,534,900			401,686,300	1,248,209,800	12,256,700	2,247,230,300	3,837,014	2,251,067,314	2,290,376,074	0.538
2018	27,363,800	570,090,500			386,003,900	1,313,982,000	12,607,300	2,310,047,500	3,837,014	2,313,884,514	2,327,118,392	0.533
2019	28,374,300	584,327,100			405,706,600	1,415,030,800	12,998,400	2,446,437,200	3,837,014	2,450,274,214	2,389,704,018	0.530
2020	27,114,600	610,110,800			405,771,000	1,516,042,500	13,496,500	2,572,535,400	4,391,676	2,576,927,076	2,499,177,637	0.488
2021	21,331,300	652,435,300			405,723,600	1,531,068,200	13,655,000	2,624,213,400	4,512,252	2,628,725,652	2,657,552,097	0.486
2022	21,167,400	694,969,500			408,806,300	1,660,860,200	14,055,600	2,799,859,000	4,413,386	2,804,272,386	2,689,627,863	0.459

Source: County Abstract of Ratables

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^a Tax rates are per \$100

* The Borough underwent a revaluation effective calendar year 2013.

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

Overlapping Rates							
Calendar Year	Total Direct School Tax Rate	Regional School District	Municipality	Municipal Library	County	Total Direct and Overlapping Tax Rate	
* 2013	\$ 0.553	\$ 0.297	\$ 0.880	\$ 0.033	\$ 0.219	\$ 1.982	
2014	0.565	0.306	0.884	0.031	0.205	1.991	
2015	0.578	0.316	0.896	0.034	0.246	2.070	
2016	0.596	0.364	0.869	0.036	0.261	2.126	
2017	0.538	0.324	0.763	0.034	0.247	1.906	
2018	0.533	0.322	0.780	0.048	0.239	1.922	
2019	0.530	0.295	0.759	0.031	0.238	1.853	
2020	0.488	0.270	0.746	0.030	0.241	1.775	
2021	0.486	0.278	0.762	0.033	0.254	1.813	
2022	0.459	0.242	0.726	0.030	0.231	1.688	

Source: Municipal Tax Collector

* The Borough underwent a revaluation effective calendar year 2013

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

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

Taxpayer	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 320,181,000	12.5%	\$ 225,491,700	24.1%
AMB Properties	142,158,100	15.2%	90,242,000	9.7%
ICON US Industrial	60,885,100	6.5%	39,990,500	4.3%
Prologis	58,931,200	6.3%	85,754,600	9.2%
Trans Con Pipe Line	42,250,000	4.5%	38,837,200	4.2%
Starke Commercial Center	40,000,000	4.3%	18,520,900	2.0%
760 Washington Ave, LLC	29,321,100	3.1%	17,313,700	1.9%
455 Sixteenth St., LLC	24,596,400	2.6%	16,318,650	1.7%
STRS Ohio	24,357,500	2.6%	12,524,800	1.3%
Plank Pat Realty	20,000,000	2.1%	300,000	0.0%
	<u>\$ 762,680,400</u>	<u>59.89%</u>	<u>\$ 545,294,050</u>	<u>58.40%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 10,759,913	\$ 10,759,913	100.00%	
2014	11,085,179	11,085,179	100.00%	
2015	11,409,833	11,409,833	100.00%	
2016	11,610,132	11,610,132	100.00%	
2017	11,805,004	11,805,004	100.00%	
2018	12,093,229	11,214,242	92.73%	\$ 878,987
2019	12,338,555	12,338,555	100.00%	
2020	12,559,214	11,512,613	91.67%	1,046,601
2021	12,556,714	11,510,321	91.67%	1,046,393
2022	12,766,396	12,766,396	100.00%	

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Capital Leases			
2013	\$ 19,742,000	\$ 3,913		\$ 19,745,913	6,187	\$ 3,192
2014	18,942,000	-		18,942,000	6,186	3,062
2015	16,800,000	-		16,800,000	6,195	2,712
2016	15,990,000	-		15,990,000	6,175	2,589
2017	15,155,000	-		15,155,000	6,207	2,442
2018	14,290,000	-		14,290,000	6,165	2,318
2019	13,390,000	-		13,390,000	6,132	2,184
2020	12,440,000	-		12,440,000	6,109	2,036
2021	11,445,000	-		11,445,000	6,341	1,805
2022	10,395,000	-		10,395,000	6,341 E	1,639

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 19,742,000		\$ 19,742,000	0.98% *	\$ 3,191
2014	18,942,000		18,942,000	0.94%	3,062
2015	16,800,000		16,800,000	0.84%	2,712
2016	15,990,000	\$ 8,130	15,981,870	0.81%	2,588
2017	15,155,000		15,155,000	0.67%	2,442
2018	14,290,000		14,290,000	0.62%	2,318
2019	13,390,000		13,390,000	0.55%	2,184
2020	12,440,000		12,440,000	0.48%	2,036
2021	11,445,000		11,445,000	0.44%	1,805
2022	10,395,000		10,395,000	0.37%	1,639

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* The Borough underwent a revaluation effective calendar year 2013

CARLSTADT BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Carlstadt Board of Education	\$ 11,445,000	\$ 11,445,000	
Regional School District (Carlstadt & East Rutherford)	28,480,514	28,480,514	
Borough of Carlstadt	<u>19,390,000</u>	<u>470,000</u>	<u>\$ 18,920,000</u>
	<u>\$ 59,315,514</u>	<u>\$ 40,395,514</u>	<u>18,920,000</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			21,084,660
Bergen County Utilities Authority - Water Pollution (B)			<u>2,550,068</u>
			<u>23,634,728</u>
 Total Direct and Overlapping Debt			 <u>\$ 42,554,728</u>

Source:

(1) Borough of Carlstadt's 2021 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2021 equalized value by the total 2021 equalized value for Bergen County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis	
	2020	\$ 2,530,093,907
	2019	2,634,714,666
	2018	2,378,414,544
[A]		<u>\$ 7,543,223,117</u>
Average equalized valuation of taxable property	[A/3]	\$ 2,514,407,706
Debt limit (3 % of average equalization value)	[B]	75,432,231 a
Total Net Debt Applicable to Limit	[C]	<u>10,395,000</u>
Legal debt margin	[B-C]	<u>\$ 65,037,231</u>

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 64,522,987	\$ 60,354,328	\$ 59,351,466	\$ 61,436,860	\$ 65,366,381	\$ 77,781,758	\$ 88,853,051	\$ 89,749,564	\$ 72,998,521	\$ 75,432,231
Total net debt applicable to limit	<u>19,742,181</u>	<u>18,942,000</u>	<u>16,800,000</u>	<u>15,990,000</u>	<u>15,155,000</u>	<u>14,290,000</u>	<u>13,390,000</u>	<u>12,440,000</u>	<u>11,445,000</u>	<u>10,395,000</u>
Legal debt margin	<u>\$ 44,780,806</u>	<u>\$ 41,412,328</u>	<u>\$ 42,551,466</u>	<u>\$ 45,446,860</u>	<u>\$ 50,211,381</u>	<u>\$ 63,491,758</u>	<u>\$ 75,463,051</u>	<u>\$ 77,309,564</u>	<u>\$ 61,553,521</u>	<u>\$ 65,037,231</u>
Total net debt applicable to the limit as a percentage of debt limit	30.60%	31.38%	28.31%	26.03%	23.18%	18.37%	15.07%	13.86%	15.68%	13.78%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	6,188	\$ 71,100	8.80%
2014	6,188	73,637	6.60%
2015	6,199	76,821	5.60%
2016	6,181	77,901	5.00%
2017	6,214	81,203	5.00%
2018	6,191	85,951	4.50%
2019	6,132	89,456	3.80%
2020	6,109	91,972	12.10%
2021	6,809	N/A	7.50%
2022	6,809 E	N/A	N/A

N/A - Not Available

E - Estimate

Source: New Jersey State Department of Education

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

	<u>2022</u>		<u>2013</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	50	50	50	50	50	50	40	40	40	40
Special Education										
Other Special Education	8	8	8	10	10	10	10	10	10	11
Vocational										
Other Instruction	3	1	1	1			11	11	11	10
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	9	9	9	8	8	8	8	9	9	4
General administration	2	2	2	2	2	2	2	2	2	3
School administrative services	3	3	6	6	5	5	5	5	5	7
Other administrative services										
Central services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology			1	1	1	1	1	1	1	1
Plant operations and maintenance	8	7	5	5	3	3	6	5	5	4
Pupil transportation										
Other support services										
Special Schools										
Food Service										
Child Care										3
Total	<u>85</u>	<u>82</u>	<u>84</u>	<u>85</u>	<u>81</u>	<u>81</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2013	603	\$ 10,165,805	\$ 16,859	-1.55%	47	1:13	599	569	3.28%	94.99%
2014	592	10,243,868	17,304	2.64%	47	1:13	592	564	-1.17%	95.27%
2015	574	10,764,968	18,754	8.38%	47	1:12	574	544	-3.04%	94.77%
2016	559	10,930,021	19,553	4.26%	50	1:11	564	537	-1.74%	95.21%
2017	538	11,231,478	20,876	6.77%	50	1:11	535	514	-5.14%	96.07%
2018	558	11,405,166	20,439	-2.09%	50	1:11	541	512	1.12%	94.64%
2019	551	12,066,828	21,900	7.15%	40	1:14	549	522	1.48%	95.08%
2020	538	12,962,448	24,094	10.02%	40	1:13	539	521	-1.82%	96.66%
2021	517	12,725,023	24,613	2.16%	40	1:13	511	494	-5.19%	96.67%
2022	525	14,079,909	26,819	8.96%	40	1:13	524	493	2.54%	94.08%

Sources: District records

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
Carlstadt Public School										
Square Feet	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
Capacity (students)										
Enrollment	603	592	574	559	538	558	551	538	517	525

Number of Schools at June 30, 2020
 Elementary/Middle = 1

Source: District Records

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

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

Project # (s)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
School Facilities										
Carlstadt School Public School	<u>\$ 60,625</u>	<u>\$ 137,095</u>	<u>\$ 122,214</u>	<u>\$ 324,017</u>	<u>\$ 150,071</u>	<u>\$ 135,083</u>	<u>\$ 130,157</u>	<u>\$ 181,310</u>	<u>\$ 157,133</u>	<u>\$ 155,425</u>
Grand Total	<u>\$ 60,625</u>	<u>\$ 137,095</u>	<u>\$ 122,214</u>	<u>\$ 324,017</u>	<u>\$ 150,071</u>	<u>\$ 135,083</u>	<u>\$ 130,157</u>	<u>\$ 181,310</u>	<u>\$ 157,133</u>	<u>\$ 155,425</u>

Source: District Records

Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2022
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property *		
Blanket Buildings and Contents	\$ 27,819,195	\$5,000
Commercial General Liability *	1,000,000	
Employers Liability	1,000,000	
Automobile *	1,000,000	
Commercial Umbrella		
National Union Fire Insurance	9,000,000	First Umbrella Layer
Hudson Insurance	10,000,000	Excess Unshared Umbrella
Allied World	10,000,000	Excess Unshared Umbrella
Evanston	10,000,000	Excess Unshared Umbrella
Fireman's Fund Insurance Co.	25,000,000	Shared Pool Excess Layer
Boiler and Machinery*	250,000	Shared Pool Limit \$5,000
Education Legal Liability/Employment Practices Liability Greenwich Insurance Co.	1,000,000	\$10,000
Excess & Special Risk (Terrorism) American Alternative Insurance Co.	1,000,000	\$5,000
Public Employee Dishonesty **	500,000	
Cyber Liability BCS Insurance Company	1,000,000	\$5,000

* National Union Fire Insurance

**Selective Insurance Company of America

Source: School District's records

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SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Carlstadt Board of Education's basic financial statements and have issued our report thereon dated February 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carlstadt Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 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 and which are described in the accompanying schedule of findings and responses as item 2022-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carlstadt Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated February 6, 2023.

Carlstadt Board of Education's Responses to Findings

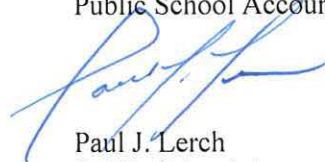
Government Auditing Standards requires the auditor to perform limited procedures on the Carlstadt Board of Education's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Carlstadt Board of Education's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 6, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Carlstadt Board of Education’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt Board of Education’s major federal and state programs for the fiscal year ended June 30, 2022. The Carlstadt Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Carlstadt Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Carlstadt Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Carlstadt Board of Education’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Carlstadt Board of Education's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Carlstadt Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Carlstadt Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Carlstadt Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Carlstadt Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Carlstadt Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or 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 federal or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

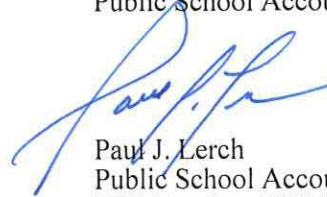
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2022, 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 February 6, 2023, which contained unmodified opinions. 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 federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 6, 2023

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Project Period	Award Amount	Balance, July 1, 2021				Balance, June 30, 2022				Memo GAAP Receivable	
					Unearned Revenue	(Accounts Receivable)	Due to Grantor	Carryover Deferred Revenue	Carryover Receivable	Cash Received	Budgetary Expenditures	Unearned Revenue		(Accounts Receivable)
U.S. Department of Agriculture Passed-through State Department of Education														
<u>Enterprise Fund</u>														
National School Lunch Program	10.555													
Non-Cash Assistance (Food Distribution)		221NJ304N1099	7/1/21-6/30/22	\$ 24,364						\$ 24,364	\$ 24,364	-		
Non-Cash Assistance (Food Distribution)		211NJ304N1099	7/1/20-6/30/21	24,896	\$ 1,369						1,369			
Cash Assistance		221NJ304N1099	7/1/21-6/30/22	301,688						243,410	300,446	\$ (57,036)		\$ (57,036)
Cash Assistance		211NJ304N1099	7/1/20-6/30/21	128,736		\$ (17,796)				17,796				
National School Breakfast Program	10.553													
Cash Assistance		221NJ304N1099	7/1/21-6/30/22	24,202						20,368	24,202	(3,834)		(3,834)
P-EBT Assistance	10.649	2022225900941	7/1/21-6/30/22	1,242						1,242	1,242			
Total U.S. Department of Agriculture/Child Nutrition Cluster					1,369	(17,796)	-	-	-	307,180	351,623	-	(60,870)	(60,870)
U.S. Department of Education Passed-through State Department of Education														
<u>Special Revenue Fund</u>														
ESEA Title III - Immigrant	84.365	S365A210030	7/1/21-9/30/22	-				\$ 379	\$ (379)			\$ 379	(379)	
ESEA Title III - Immigrant	84.365	S365A200030	7/1/20-9/30/21	2,378	379	(678)		(379)	379	299				
ESEA Title III (Consortium)	84.365	S365A210030	7/1/21-9/30/22	10,389				13,073	(13,073)	13,061	16,624	6,838	(10,401)	(3,563)
ESEA Title III (Consortium)	84.365	S365A200030	7/1/20-9/30/21	16,940	13,073	(15,911)		(13,073)	13,073	2,838				
Total Special Education Cluster (Title III)					13,452	(16,589)	-	-	-	16,198	16,624	7,217	(10,780)	(3,563)
IDEA Part B	84.027	H027A200100	7/1/21-9/30/22	141,153						141,153	141,153	-	-	
ARP - IDEA Part B	84.027X	H027X210100	7/1/21-9/30/22	24,495								24,495	(24,495)	
IDEA Preschool	84.173	H173A200114	7/1/21-9/30/22	6,712						6,712	6,712	-	-	
ARP - IDEA Preschool	84.173X	H173X210114	7/1/21-9/30/22	2,086								2,086	(2,086)	
Total Special Education Cluster (IDEA)										147,865	147,865	26,581	(26,581)	
ESEA Title I	84.010	S010A210030	7/1/21-9/30/22	98,360						94,986	97,860	500	(3,374)	(2,874)
ESEA Title I	84.010	S010A200030	7/1/20-9/30/21	90,209		(35,187)				35,187				
ESEA Title II - A	84.367A	S367A210029	7/1/21-9/30/22	18,312				8,235	(8,235)	16,915	17,460	9,087	(9,632)	(545)
ESEA Title II - A	84.367A	S367A200029	7/1/20-9/30/21	14,191	8,235	(8,235)		(8,235)	8,235					
ESEA Title IV	84.424	S424A210031	7/1/21-9/30/22	10,000				2,900	(2,900)	150	1,246	11,654	(12,750)	(1,096)
ESEA Title IV	84.424	S424A200031	7/1/20-9/30/21	10,000	2,900	(2,905)		(2,900)	2,900	5				
Total Special Education Cluster (ESEA)					11,135	(46,327)	-	-	-	147,243	116,566	21,241	(25,756)	(4,515)
<u>Coronavirus Relief Fund</u>														
Coronavirus Relief Fund	21.019		7/16/20-10/31/20	33,808	4,908							4,908		
CARES Act - Bergen County	21.019		7/1/20-12/31/20	25,000	25,000							25,000		
Total Coronavirus Relief Funds					29,908	-	-	-	-	-	-	29,908	-	-
<u>Elementary and Secondary School Emergency Relief (ESSER II) Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</u>														
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	295,655	295,655	(295,655)				165,602	180,715	114,940	(130,053)	(15,113)
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000	25,000	(25,000)					19,200	5,800	(25,000)	(19,200)
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	45,000	(45,000)				9,536	36,707	8,293	(35,464)	(27,171)
Total ESSER II Cluster					365,655	(365,655)	-	-	-	175,138	325,848	879,273	(1,029,983)	(150,710)
<u>Elementary and Secondary School Emergency Relief (ESSER III) American Rescue Plan (ARP) Act</u>														
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	664,466							42,196	622,270	(664,466)	(42,196)
Accelerated Learning Coach	84.425U	S425U210027	3/13/20-9/30/24	50,000							47,030	2,970	(50,000)	(47,030)
Evidence Based Summer	84.425U	S425U210027	3/13/20-9/30/24	40,000								40,000	(40,000)	
Evidence Based Comprehensive	84.425U	S425U210027	3/13/20-9/30/24	40,000								40,000	(40,000)	
NJTSS Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000								45,000	(45,000)	
Total ESSER III Cluster					365,655	(365,655)	-	-	-	175,138	325,848	879,273	(1,029,983)	(150,710)
Total U.S. Department of Education					420,150	(428,571)	-	-	-	486,444	606,903	964,220	(1,093,100)	(158,788)
Total Federal Awards					\$ 421,519	\$ (446,367)	\$ -	\$ -	\$ -	\$ 793,624	\$ 958,526	\$ 964,220	\$ (1,153,970)	\$ (219,658)

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2022					MEMO			
				Balance, July 1, 2021	Carryover Amount	Cash Received	Budgetary Expenditures	Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education												
General Fund												
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	\$ 56,138			\$ 51,806	\$ 56,138		\$ (4,332)		\$ 56,138	
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	56,138	\$ (3,053)		3,053					-	
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	373,765			344,923	373,765		(28,842)		373,765	
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	286,896	(15,602)	-	15,602	-	-	-	-	-	
Total State Aid Public Cluster				(18,655)	-	415,384	429,903	-	(33,174)	-	429,903	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	45,263			41,770	45,263		(3,493)		45,263	
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	45,263	(2,462)		2,462					-	
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	175,093				175,093		(175,093)		175,093	
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	173,444	(173,444)		173,444					-	
Maintenance of Equity Aid	22-495-034-5120-128	7/1/21-6/30/22	189,378				189,378		(189,378)	\$ (189,378)	189,378	
On-Behalf TPAF Pension System Contributions NCGI	22-495-034-5094-004	7/1/21-6/30/22	24,778			24,778	24,778				24,778	
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	22-495-034-5094-002	7/1/21-6/30/22	1,756,200			1,756,200	1,756,200				1,756,200	
On-Behalf TPAF Contributions (Post Retirement Medical)	22-495-034-5094-001	7/1/21-6/30/22	416,108			416,108	416,108				416,108	
On-Behalf TPAF Contributions (Long-Term Disability Insurance Premium)	22-495-034-5094-004	7/1/21-6/30/22	510			510	510				510	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	357,135			339,179	357,135		(17,956)	(17,956)	357,135	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	349,399	(16,481)	-	16,481	-	-	-	-	-	
Total General Fund				(211,042)	-	3,186,316	3,394,368	-	(419,094)	-	(207,334)	3,394,368
State Department of Agriculture												
Enterprise Fund												
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	7,096	-	-	5,783	7,096	-	(1,313)	-	7,096	
Total Enterprise Fund				-	-	5,783	7,096	-	(1,313)	-	7,096	
Total State Financial Assistance Subject to Single Audit Determination				(211,042)	-	3,192,099	3,401,464	-	(420,407)	-	(207,334)	3,401,464
State Financial Assistance Not Subject to Major Program Determination												
General Fund												
On-Behalf TPAF Pension System Contributions-NCGI	22-495-034-5094-004	7/1/21-6/30/22	24,778			(24,778)	(24,778)				(24,778)	
On-Behalf TPAF Normal Costs	22-495-034-5094-002	7/1/21-6/30/22	1,756,200			(1,756,200)	(1,756,200)				(1,756,200)	
On-Behalf TPAF Post-Retirement Medical Contributions	22-495-034-5094-001	7/1/21-6/30/22	416,108			(416,108)	(416,108)				(416,108)	
On-Behalf TPAF Long-Term Disability Ins. Contributions	22-495-034-5094-004	7/1/21-6/30/22	510			(510)	(510)				(510)	
Total State Financial Assistance Subject to Major Program Determination				\$ (211,042)	\$ -	\$ 994,503	\$ 1,203,868	\$ -	\$ (420,407)	\$ -	\$ (207,334)	\$ 1,203,868

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

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$17,199 for the General Fund and a decrease of \$9,776 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		\$ 3,377,169	\$ 3,377,169
Special Revenue Fund	\$ 597,127		597,127
Food Service Fund	351,623	7,096	358,719
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 948,750</u>	<u>\$ 3,384,265</u>	<u>\$ 4,333,015</u>

**CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$357,135 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, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$1,780,978, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$416,108 and TPAF Long-Term Disability Insurance in the amount of \$510 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

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

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of U.S. Uniform Guidance yes X none

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>ESSER II</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>ESSER III</u>
<u>84.027/84.173</u>	<u>H027200100/H173A200114</u>	<u>IDEA, Part B and Preschool</u>

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

Auditee qualified as low-risk auditee? yes X no

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2022-001

Our audit of the District's financial records revealed the following:

1. State aid awards for Extraordinary Aid and Maintenance of Effort Aid were not accrued at year end.
2. Debit/credit memos for Debt Service Assessment and County Special Services Tuition were recorded as encumbrances at year end.
3. Prior year Extraordinary Aid receivable was recorded as current year revenue.
4. Manual journal entries were made directly against fund balance, expenditure control accounts and cash, without being accounted for through the subsidiary ledgers.
5. The adopted budget for the special revenue fund didn't agree to the districts original budget that was entered into the financial software system.

Criteria or Specific Requirement

Generally Accepted Accounting Principles, State Department of Education's GAAP Technical System Manual

Condition

The District's financial records at June 30, 2022 provided for audit required numerous audit adjustments to correct improper manual entries made and to post/accrue required items not recorded.

Context

The financial records of the district did not properly accrue state aid during the year, recording prior year Extraordinary Aid receivable as a current year revenue (\$173,444) and did not accrue current year Extraordinary Aid and Maintenance of Effort Aid (\$364,471). Debit/credit memos were improperly recorded as encumbrances (52,647). There were manual entries posted to fund balance (\$194,561), the expenditure control account and cash (\$130,015), without being recorded in the subsidiary ledgers. The adopted budget (\$239,104) for the special revenue fund was entered incorrectly into the financial software system (\$365,655).

Effect

The District's financial records did not properly reflect all revenues, appropriations and fund balances at year end.

Cause

Unknown

Recommendation

The District's financial records be reviewed on a monthly basis to ensure all revenues, appropriations and cash are properly recorded and in agreement with the subsidiary records.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

There are none.

**CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**CARLSTADT BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.