

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

Carlstadt-East Rutherford Regional Board of Education

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

For The Fiscal Year Ended June 30, 2022

Prepared by

Business Office

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INTRODUCTORY SECTION



Henry P. Becton Regional High School

C-ER Regional High School District | Proudly serving the communities of Carlstadt, East Rutherford and Maywood

Dr. Dario Sforza, Superintendent/Principal

Jessenia Kan, Business Administrator/Board Secretary

January 25, 2023

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

Dear Board Members:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Carlstadt-East Rutherford Regional High School District (District) for the fiscal year ended June 30, 2022. This ACFR includes the District's Basic Financial Statements prepared in accordance with the requirements of the Governmental Accounting Standards Board. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Carlstadt-East Rutherford Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs. Also, this is the third year of Carlstadt-East Rutherford Regional High School housing approximately 260 Borough of Maywood students. Next school year will be the final phase with the historic Maywood merger adding nearly 360 students to the total of over 870 in-district and nearly 1000 in and out-of-district students.

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information of the District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.



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Jessenia Kan, Business Administrator/Board Secretary

School District Organization

The District provides education to 910 students, in and out-of-district, grades nine through twelve with an added 18-21 year old program the District is responsible for paying tuition towards. An elected nine-member Board of Education (the “Board”) serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of District tax money.

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

Reporting Entity

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

Economic Conditions and Outlook

The District completed the 2021-2022 fiscal year with an average daily enrollment of **910** students in and out-of-district. The following details the changes in the student average daily enrollment of the District over the last ten years:

Fiscal Year	Average Daily Enrollment Student Enrollment	Percent Change
2021-22	765.0	35.16%
2020-21	566.0	14.34%
2019-20	495.0	1.02%
2018-19	490.0	2.94%
2017-18	476.0	1.06%
2016-17	471.0	2.95%
2015-16	457.5	-5.57%
2014-15	484.5	-1.62%
2013-14	492.5	0.00%
2012-13	492.6	1.61%
2011-12	484.8	0.00%

The forecast for student enrollment is for exponential growth in the future, especially with the influx of nearly 350 additional students between 2020-2021 and 2023-2024 school years.



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The District's primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The proposed budget for fiscal year 2021-2022 provides the necessary funding to continue the excellent educational programs available to all District students. Starting with the 2013-2014 school year, there is no vote on budgets within the 2% "CAPS". There is a 2% increase in the tax levy for fiscal year 2021-2022. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

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

Educational Program

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

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

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



Henry P. Becton Regional High School

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

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

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

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

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

Major Initiatives

The District continues to maintain programs for the college preparatory, general education and special education students. The District continued implementing its technology plan by updating classrooms and teacher's training programs. The District will be proposing a major campus expansion/revitalization project by building an all-inclusive Building of the Future that will have specialized and enriched programs for students with special needs, technology, specialized trades, STEM, vocational and others.

Financial Information

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



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

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

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

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

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

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

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

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & 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, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.



Henry P. Becton Regional High School

C-ER Regional High School District | Proudly serving the communities of Carlstadt, East Rutherford and Maywood

Dr. Dario Sforza, *Superintendent/Principal*

Jessenia Kan, *Business Administrator/Board Secretary*

Acknowledgements

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

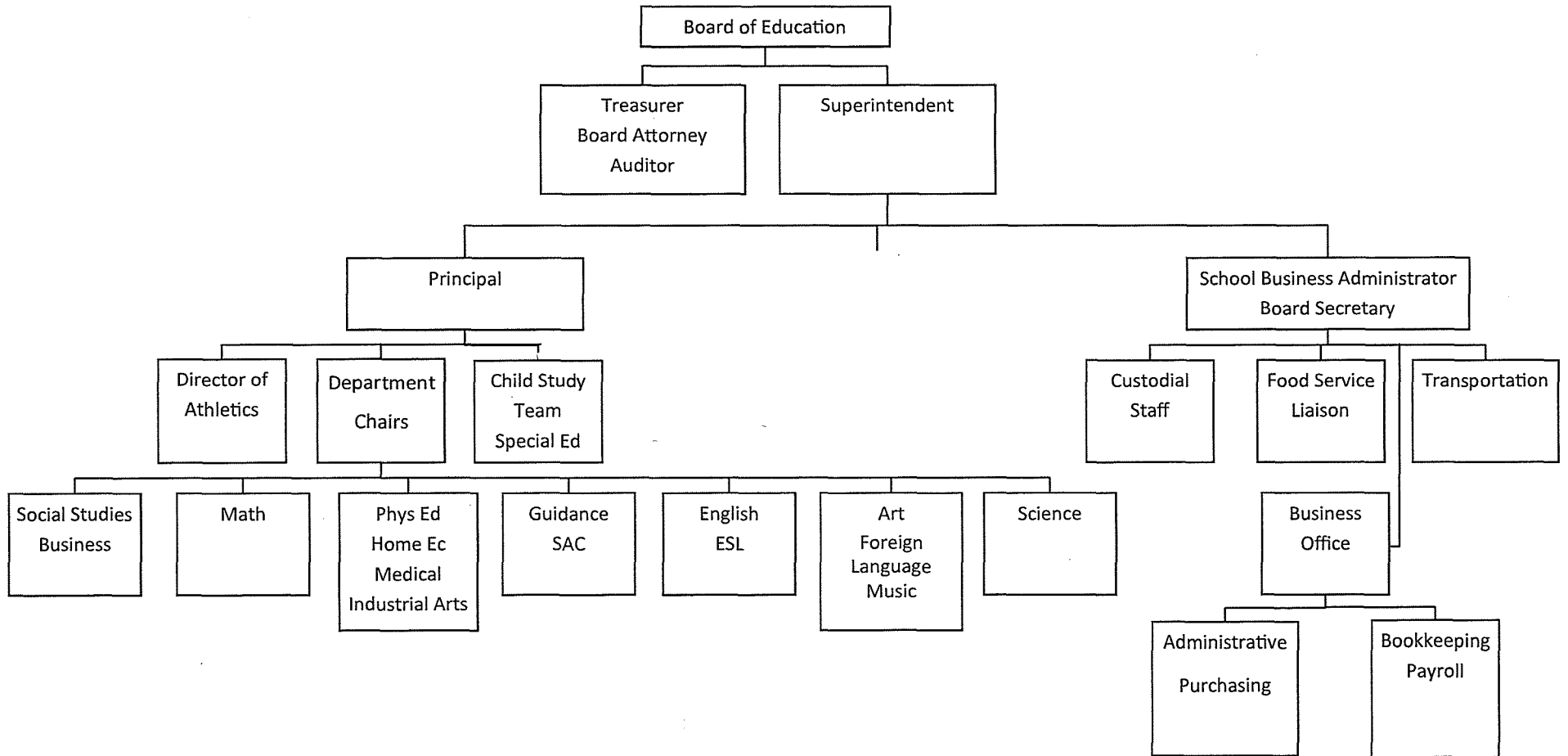
Respectfully submitted,

A handwritten signature in blue ink, appearing to be "Jessenia Kan", written over a horizontal line.

Jessenia Kan
Board Secretary/Business Administrator/ Chief Financial Officer

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

ORGANIZATION CHART



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Zakaria Kandiel, President	2023
Jason Bulger, Vice President	2023
Ariella Alvarez	2024
Robert Anderson	2022
Jeffrey Grabowski	2022
Constantina Hanna	2022
Steven Lahullier	2024
Emily Landolfi	2024
Claire Padovano – Maywood Representative	2022
Bruce Young	2023

Other Officials

Dario Sforza, Ed. D., Superintendent

Nicholas Annitti, School Business Administrator/Board Secretary

Domenick Giancaspro, Treasurer of School Monies

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2022

Architect

DiCara Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

Audit Firm

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

Attorney

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

Official Depository

TD Bank
71 Union Avenue
East Rutherford, NJ 07073

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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 January 25, 2023 on our consideration of the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & BLISS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

As management of the Carlstadt-East Rutherford Regional Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Carlstadt-East Rutherford Regional Board of Education for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, as well as, the District's financial statements and notes to the financial statements which immediately follows this discussion and analysis.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Carlstadt-East Rutherford Regional Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,821,908. (Net Position)
- The District's total net position increased by \$262,056.
- Overall District revenues were \$20,342,294. General revenues accounted for \$13,975,811, or 69%, of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,366,483, or 31%, of total revenues.
- The school district had \$19,147,989 in expenses for governmental activities; only \$5,361,586 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$13,975,811 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$6,912,700. Of this amount, \$530,254 (8%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2022 was \$6,040,209, an increase of \$761,531 compared to the ending fund balance at June 30, 2021 was \$5,278,678.
- The General Fund unassigned budgetary fund balance at June 30, 2022 was \$751,304, which represents a decrease of \$77,323 compared to the ending unassigned budgetary fund balance at June 30, 2021 of \$828,627.
- The District's long-term liabilities decreased \$587,871 during the current fiscal year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

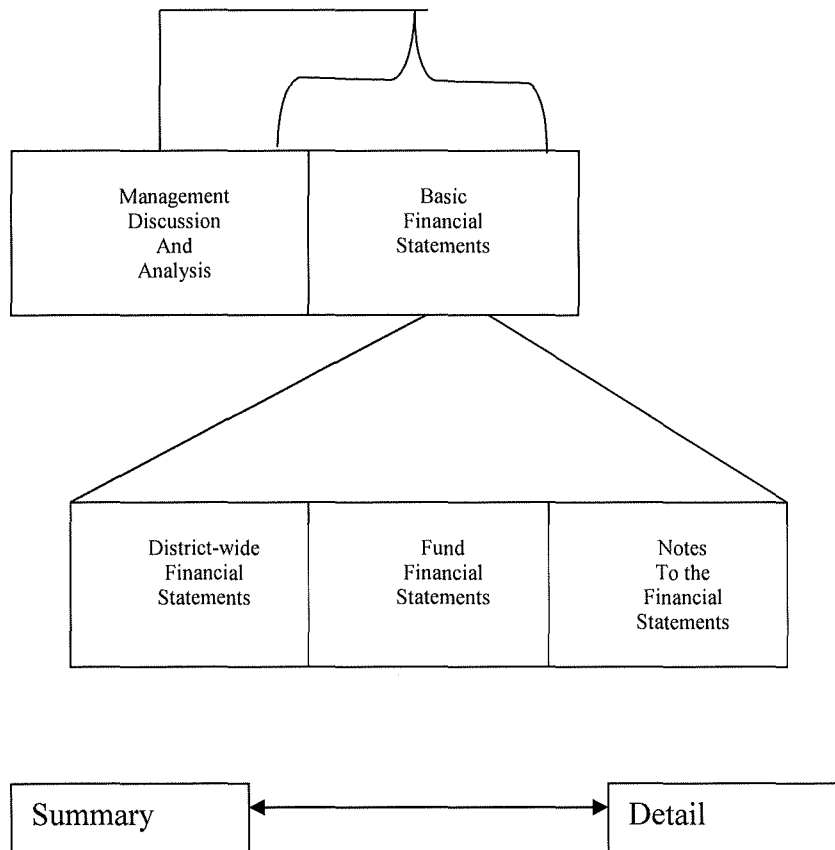
Management's Discussion and Analysis Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

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

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$28,821,908 and \$28,559,852 on June 30, 2022 and 2021, respectively as follows:

Net Position As of 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>
Assets						
Current Assets	\$ 7,136,313	\$ 6,270,942	\$ 231,594	\$ 203,252	\$ 7,367,907	\$ 6,474,194
Capital Assets, Net	<u>24,753,094</u>	<u>25,766,299</u>	<u>60,532</u>	<u>16,009</u>	<u>24,813,626</u>	<u>25,782,308</u>
Total Assets	<u>31,889,407</u>	<u>32,037,241</u>	<u>292,126</u>	<u>219,261</u>	<u>32,181,533</u>	<u>32,256,502</u>
Deferred Outflows of Resources	<u>132,130</u>	<u>261,005</u>	<u>-</u>	<u>-</u>	<u>132,130</u>	<u>261,005</u>
Total Assets and Deferred Outflows	<u>32,021,537</u>	<u>32,298,246</u>	<u>292,126</u>	<u>219,261</u>	<u>32,313,663</u>	<u>32,517,507</u>
Liabilities						
Long-Term liabilities	2,238,699	2,826,570	-	-	2,238,699	2,826,570
Other Liabilities	<u>249,728</u>	<u>162,493</u>	<u>4,696</u>	<u>4,472</u>	<u>254,424</u>	<u>166,965</u>
Total Liabilities	<u>2,488,427</u>	<u>2,989,063</u>	<u>4,696</u>	<u>4,472</u>	<u>2,493,123</u>	<u>2,993,535</u>
Deferred Inflows of Resources	<u>995,789</u>	<u>961,270</u>	<u>2,843</u>	<u>2,850</u>	<u>998,632</u>	<u>964,120</u>
Total Liabilities and Deferred Inflows	<u>3,484,216</u>	<u>3,950,333</u>	<u>7,539</u>	<u>7,322</u>	<u>3,491,755</u>	<u>3,957,655</u>
Net Position						
Net Investment in Capital Assets	24,088,518	25,008,116	60,532	16,009	24,149,050	25,024,125
Restricted	4,838,762	4,072,308			4,838,762	4,072,308
Unrestricted	<u>(389,959)</u>	<u>(732,511)</u>	<u>224,055</u>	<u>195,930</u>	<u>(165,904)</u>	<u>(536,581)</u>
Total Net Position	<u>\$ 28,537,321</u>	<u>\$ 28,347,913</u>	<u>\$ 284,587</u>	<u>\$ 211,939</u>	<u>\$ 28,821,908</u>	<u>\$ 28,559,852</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

The District's total net position of \$28,821,908 at June 30, 2022 represent a \$262,056, or a 1% increase from the previous year. The following presents the changes in net position for the fiscal years ended June 30, 2022 and 2021.

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

Revenues	Governmental Activities		Business- Type Activities		Total	
	2022	2021	2022	2021	2022	2021
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Program Revenues						
Charges for Services	\$ 2,107,059	\$ 836,183	\$ 618,590	\$ 381,260	\$ 2,725,649	\$ 1,217,443
Operating Grants and Contributions	3,208,135	4,131,699	386,307	141,520	3,594,442	4,273,219
Capital Grants and Contributions	46,392				46,392	-
General Revenues						
Property Taxes	13,863,891	13,592,050			13,863,891	13,592,050
Other	111,920	117,979	-	-	111,920	117,979
Total Revenues	<u>19,337,397</u>	<u>18,677,911</u>	<u>1,004,897</u>	<u>522,780</u>	<u>20,342,294</u>	<u>19,200,691</u>
Expenses						
Instruction						
Regular	\$ 7,795,495	\$ 7,861,055			7,795,495	7,861,055
Special Education	2,558,341	2,630,224			2,558,341	2,630,224
Other Instruction	82,109	247,052			82,109	247,052
School Sponsored Activities and Athletics	706,903	544,632			706,903	544,632
Support Services						
Student and Instruction Related Services	2,653,421	2,718,964			2,653,421	2,718,964
General Administrative Services	1,055,027	771,036			1,055,027	771,036
School Administrative Services	304,853	361,911			304,853	361,911
Central Services and Info. Technology	477,735	498,672			477,735	498,672
Plant Operations and Maintenance	2,783,931	2,410,393			2,783,931	2,410,393
Pupil Transportation	701,400	428,366			701,400	428,366
Interest on Long-Term Debt	28,774				28,774	-
Food Services	-	-	932,249	431,993	932,249	431,993
Total Expenses	<u>19,147,989</u>	<u>18,472,305</u>	<u>932,249</u>	<u>431,993</u>	<u>20,080,238</u>	<u>18,904,298</u>
Change in Net Position	189,408	205,606	72,648	90,787	262,056	296,393
Net Position, Beginning of Year	28,347,913	28,490,885	211,939	121,152	28,559,852	28,612,037
Prior Period Adjustment	-	(348,578)	-	-	-	(348,578)
Net Position, End of Year	<u>\$ 28,537,321</u>	<u>\$ 28,347,913</u>	<u>\$ 284,587</u>	<u>\$ 211,939</u>	<u>\$ 28,821,908</u>	<u>\$ 28,559,852</u>

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

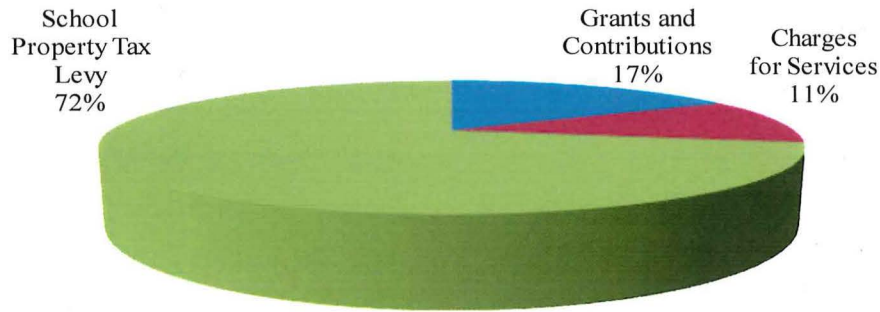
Management's Discussion and Analysis Fiscal Year Ended June 30, 2022

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$19,337,397 for the fiscal year ended June 30, 2022, property taxes of \$13,863,891 represented 72% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$3,254,527 represented 17% of revenues. In addition, revenues from charges for services from tuition fees, transportation fees and building rental fees totaled \$2,107,059 or 11% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

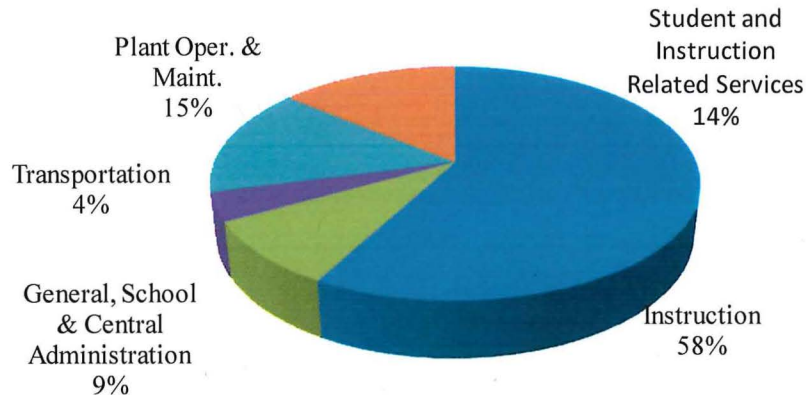
The total cost of all governmental activities programs and services was \$19,147,989 for the fiscal year ended June 30, 2022. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$11,142,848 (58%) of total expenses. Support service costs were \$7,976,367 (42%) of total expenses.

For fiscal year 2022, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$189,408 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2022**



**Expenses by Use – Governmental Activities
For Fiscal Year 2022**



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$19,147,989. After applying program revenues, derived from operating and capital grants and contributions of \$3,254,527 and charges for services of \$2,107,059, the net cost of services of the District is \$13,786,403 for the fiscal year ended June 30, 2022.

**Total and Net Cost of Governmental Activities
For the 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	\$ 7,795,495	\$ 7,861,055	\$ 4,814,998	\$ 2,135,877
Special Education	2,558,341	2,630,224	1,423,802	1,701,909
Other Instruction	82,109	247,052	30,992	176,454
School Sponsored Activities and Athletics	706,903	544,632	529,651	427,258
Support Services				
Student and Instruction Related Services	2,653,421	2,718,964	2,229,291	2,040,295
General Administrative Services	1,055,027	771,036	997,418	673,575
School Administrative Services	304,853	361,911	261,426	285,029
Central Services & Info. Technology	477,735	498,672	421,332	402,726
Plant Operations and Maintenance	2,783,931	2,410,393	2,519,776	2,364,237
Pupil Transportation	701,400	428,366	528,943	297,063
Interest on Long-Term Debt	28,774	-	28,774	-
Total	<u>\$ 19,147,989</u>	<u>\$ 18,472,305</u>	<u>\$ 13,786,403</u>	<u>\$ 10,504,423</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,004,897 for the fiscal year ended June 30, 2022 and relate entirely to the District's food service (cafeteria) operations. Charges for services accounted for \$618,590, or 62%, of total revenues and operating grants and contributions accounted for \$386,307, or 38% of total revenue.

Total cost of all business-type activities programs and services was \$932,249 for the fiscal year ended June 30, 2022.

For fiscal year 2022, total business-type activities revenues exceeded expenses, increasing net position by \$72,648 from the previous year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$6,912,700 at June 30, 2022, an increase of \$775,004 from last year's fund balance of \$6,137,696. This increase was mainly attributable to actual expenditures which were less than budgeted expenditures for the current year.

Revenues for the District's governmental funds were \$20,249,865 while total expenditures were \$19,474,861 for the fiscal year ended June 30, 2022.

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	Amount of Increase / (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 13,863,891	\$ 13,592,050	\$ 271,841	2%
Tuition	1,721,216	698,325	1,022,891	146%
Interest	9,965	12,034	(2,069)	-17%
Miscellaneous	325,520	141,245	184,275	130%
State Sources	<u>3,508,369</u>	<u>2,743,792</u>	<u>764,577</u>	28%
 Total General Fund Revenues	 <u>\$ 19,428,961</u>	 <u>\$ 17,187,446</u>	 <u>\$ 2,241,515</u>	 13%

For fiscal year 2022, total General Fund revenues increased \$2,241,515, or 13%, from the previous year. Property taxes increased 2% to support increases in budgeted operating costs. Tuition increased \$1,022,891 due to the agreement with Maywood Public School for the second year phase-in of grade nine and ten students. State aid increased \$764,577, or 28% mainly due to increases in on-behalf TPAF pension contributions paid by the State for the District's teaching professionals. Miscellaneous revenues increased \$184,275, or 130% due to an increase in facility rental fees and transportation fees.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2022</u>	Fiscal Year Ended <u>June 30, 2021</u>	Amount of Increase / (Decrease)	Percent Change
Instruction	\$ 11,483,992	\$ 10,347,076	\$ 1,136,916	11%
Support Services	6,862,160	5,639,326	1,222,834	22%
Debt Service	125,513	15,512	110,001	709%
Capital Outlay	<u>195,765</u>	<u>118,465</u>	<u>77,300</u>	65%
 Total Expenditures	 <u>\$ 18,667,430</u>	 <u>\$ 16,120,379</u>	 <u>\$ 2,547,051</u>	 16%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

**Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2022**

For fiscal year 2022, total General Fund expenditures increased \$2,547,051, or 16%, from the previous year. Notable increases during the year were attributed to regular instruction costs, plant operation and maintenance support service costs and pupil transportation support service costs.

In fiscal year 2022 General Fund revenues exceeded expenditures by \$761,531. Therefore, total fund balance increased to \$6,040,209 at June 30, 2022. After deducting restricted and assigned fund balances, the unassigned fund balance decreased to \$530,254 for the year ending June 30, 2022 from \$563,089 for the year ended June 30, 2021. In addition, the District designated fund balance of \$325,225 at year end for use in the subsequent school year’s budget for operating costs and has restricted \$3,399,608 of its fund balance at year end for the capital reserve and \$566,603 for the maintenance reserve.

General Fund Budgetary Highlights

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

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

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

For fiscal year 2022 General Fund budgetary revenues were more than budgetary expenditures increasing budgetary fund balance \$717,043 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$77,323 from \$828,627 at June 30, 2021 to \$751,304 at June 30, 2022. In addition, the District increased its capital reserve by \$752,981 from \$2,646,687 at June 30, 2021 to \$3,399,668 at June 30, 2022. The District maintenance reserve remained unchanged at \$566,603 at June 30, 2022. In addition the District decreased its excess surplus reserves \$292,828 from \$1,192,828 at June 30, 2021 to \$900,000 at June 30, 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2022, the District had \$24,753,094 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$60,532 for business-type activities. The following is a comparison of the June 30, 2022 and 2021 balances:

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

	Governmental Activities		Business-Type Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land and Land Improvements	\$ 1,062,966	\$ 1,115,799		
Construction in Progress		118,465		
Building and Building Improvements	23,355,664	24,372,316		
Machinery and Equipment	<u>334,464</u>	<u>159,719</u>	<u>\$ 60,532</u>	<u>\$ 16,009</u>
Total Capital Assets, Net	<u>\$ 24,753,094</u>	<u>\$ 25,766,299</u>	<u>\$ 60,532</u>	<u>\$ 16,009</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

LONG TERM LIABILITIES

At June 30, 2022 the District had \$2,238,699 of total long-term outstanding liabilities. This amount is for leases payable, capital financing agreements, compensated absences and net pension liabilities. The District's total long-term liabilities decreased \$587,871 during the year. The following is a comparison of the June 30, 2022 and 2021 balances:

Outstanding Long-Term Liabilities as of June 30, 2022 and 2021

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Leases Payable	\$ 651,173	\$ 729,267
Capital Financing Agreements	13,403	28,916
Compensated Absences	112,252	98,069
Net Pension Liability	<u>1,461,871</u>	<u>1,970,318</u>
Total	<u>\$ 2,238,699</u>	<u>\$ 2,826,570</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2022-2023 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 expenditures in the General Fund increased approximately 9% to \$18,823,134 for fiscal year 2022-2023. Overall increases in employee benefit costs and the additional costs associated with phase 3 of the agreement with Maywood Public Schools to accept their grade 9 through grade 11 students were the main factors for the increase. A significant portion of the increased costs was funded by tuition fees associated with the Maywood tuition agreement.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,807,123	\$ 74,708	\$ 6,881,831
Receivables, net	329,170	142,830	472,000
Internal Balances	20	(20)	-
Inventory		14,076	14,076
Capital Assets, Not Being Depreciated	559,343		559,343
Capital Assets, Being Depreciated, Net	<u>24,193,751</u>	<u>60,532</u>	<u>24,254,283</u>
Total Assets	<u>31,889,407</u>	<u>292,126</u>	<u>32,181,533</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>132,130</u>	<u>-</u>	<u>132,130</u>
Total Deferred Outflows of Resources	<u>132,130</u>	<u>-</u>	<u>132,130</u>
Total Assets and Deferred Outflows of Resources	<u>32,021,537</u>	<u>292,126</u>	<u>32,313,663</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	113,688		113,688
Accrued Interest Payable	26,115		26,115
Unearned Revenue	109,925	4,696	114,621
Noncurrent Liabilities			
Due Within One Year	109,029		109,029
Due Beyond One Year	<u>2,129,670</u>	<u>-</u>	<u>2,129,670</u>
Total Liabilities	<u>2,488,427</u>	<u>4,696</u>	<u>2,493,123</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		2,843	2,843
Deferred Amounts on Net Pension Liability	<u>995,789</u>	<u>-</u>	<u>995,789</u>
Total Deferred Inflows of Resources	<u>995,789</u>	<u>2,843</u>	<u>998,632</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,484,216</u>	<u>7,539</u>	<u>3,491,755</u>
NET POSITION			
Net Investment in Capital Assets	24,088,518	60,532	24,149,050
Restricted for			
Capital Projects	3,399,668		3,399,668
Plant Maintenance	566,603		566,603
Scholarships	810,741		810,741
Student Activities	61,750		61,750
Unrestricted	<u>(389,959)</u>	<u>224,055</u>	<u>(165,904)</u>
Total Net Position	<u>\$ 28,537,321</u>	<u>\$ 284,587</u>	<u>\$ 28,821,908</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 7,795,495	\$ 1,721,216	\$ 1,259,281		\$ (4,814,998)		\$ (4,814,998)
Special Education	2,558,341		1,134,539		(1,423,802)		(1,423,802)
Other Instruction	82,109		51,117		(30,992)		(30,992)
School Sponsored Activities and Athletics	706,903	162,278	14,974		(529,651)		(529,651)
Support Services							
Student and Instruction Related Services	2,653,421		424,130		(2,229,291)		(2,229,291)
General Administrative Services	1,055,027		57,609		(997,418)		(997,418)
School Administrative Services	304,853		43,427		(261,426)		(261,426)
Central Services and Info. Technology	477,735		56,403		(421,332)		(421,332)
Plant Operations and Maintenance	2,783,931	148,465	69,298	\$ 46,392	(2,519,776)		(2,519,776)
Pupil Transportation	701,400	75,100	97,357	-	(528,943)		(528,943)
Interest on Long Term Debt	28,774	-	-	-	(28,774)	-	(28,774)
Total Governmental Activities	<u>19,147,989</u>	<u>2,107,059</u>	<u>3,208,135</u>	<u>46,392</u>	<u>(13,786,403)</u>	<u>-</u>	<u>(13,786,403)</u>
Business-Type Activities							
Food Service	<u>932,249</u>	<u>618,590</u>	<u>386,307</u>	<u>-</u>	<u>-</u>	<u>\$ 72,648</u>	<u>72,648</u>
Total Business-Type Activities	<u>932,249</u>	<u>618,590</u>	<u>386,307</u>	<u>-</u>	<u>-</u>	<u>72,648</u>	<u>72,648</u>
Total Primary Government	<u>\$ 20,080,238</u>	<u>\$ 2,725,649</u>	<u>\$ 3,594,442</u>	<u>\$ 46,392</u>	<u>(13,786,403)</u>	<u>72,648</u>	<u>(13,713,755)</u>
General Revenues							
Taxes:							
Property Taxes, levied for general purposes					13,863,891		13,863,891
Investment Earnings					9,965		9,965
Miscellaneous Income					101,955		101,955
Total General Revenues					<u>13,975,811</u>	<u>-</u>	<u>13,975,811</u>
Change in Net Position					189,408	72,648	262,056
Net Position, Beginning of Year, (Restated)					<u>28,347,913</u>	<u>211,939</u>	<u>28,559,852</u>
Net Position, End of Year					<u>\$ 28,537,321</u>	<u>\$ 284,587</u>	<u>\$ 28,821,908</u>

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

FUND FINANCIAL STATEMENTS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,908,493	\$ 898,630	\$ 6,807,123
Receivables from Other Governments	217,073	83,774	300,847
Other Accounts Receivable	28,323		28,323
Due from Other Funds	<u>20</u>	<u>12</u>	<u>32</u>
 Total Assets	 <u>\$ 6,153,909</u>	 <u>\$ 982,416</u>	 <u>\$ 7,136,325</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 79,479		\$ 79,479
Payroll Deductions and Withholdings Payable	34,209		34,209
Due to Other Funds	12		12
Unearned Revenue	<u>-</u>	<u>\$ 109,925</u>	<u>109,925</u>
 Total Liabilities	 <u>113,700</u>	 <u>109,925</u>	 <u>223,625</u>
Fund Balances			
Restricted			
Capital Reserve	3,399,668		3,399,668
Maintenance Reserve	399,000		399,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	167,603		167,603
Excess Surplus	300,000		300,000
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000		600,000
Scholarships		810,741	810,741
Student Activities		61,750	61,750
Committed			
Year-End Encumbrances	237,601		237,601
Assigned			
Year-End Encumbrances	80,858		80,858
Designated for Subsequent Year's Expenditures	325,225		325,225
Unassigned	<u>530,254</u>	<u>-</u>	<u>530,254</u>
 Total Fund Balances	 <u>6,040,209</u>	 <u>872,491</u>	 <u>6,912,700</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,153,909</u>	 <u>\$ 982,416</u>	 <u>\$ 7,136,325</u>

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 6,912,700

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$37,659,468 and the accumulated depreciation is \$12,906,374. 24,753,094

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

Deferred Outflows of Resources	\$	132,130	
Deferred Inflows of Resources		(995,789)	(863,659)

The District has financed capital assets through the issuance of long-term lease obligations. The interest accrual at year end is: (26,115)

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

Leases Payable		(651,173)	
Capital Financing Agreements		(13,403)	
Compensated Absences		(112,252)	
Net Pension Liability		(1,461,871)	(2,238,699)

Net Position of Governmental Activities (Exhibit A-1) \$ 28,537,321

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

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources			
Property Tax Levy	\$ 13,863,891		\$ 13,863,891
Tuition From Other LEAs Within the State	1,721,216		1,721,216
Interest	9,965		9,965
Miscellaneous	<u>325,520</u>	<u>\$ 181,950</u>	<u>507,470</u>
Total - Local Sources	15,920,592	181,950	16,102,542
State Sources	3,508,369	31,890	3,540,259
Federal Sources	<u>-</u>	<u>607,064</u>	<u>607,064</u>
Total Revenues	<u>19,428,961</u>	<u>820,904</u>	<u>20,249,865</u>
EXPENDITURES			
Instruction			
Regular	8,462,939	66,021	8,528,960
Special Education	2,381,534	260,987	2,642,521
Other Instruction	41,956	44,584	86,540
School-Sponsored Activities and Athletics	597,563	146,927	744,490
Support Services			
Student and Instruction Related Services	2,578,571	226,161	2,804,732
General Administrative Services	983,891		983,891
School Administrative Services	335,372		335,372
Central Services and Info. Technology	519,985		519,985
Plant Operations and Maintenance	1,737,546	16,359	1,753,905
Pupil Transportation	706,795		706,795
Debt Service			
Principal	93,607		93,607
Interest and Other Charges	31,906		31,906
Capital Outlay	<u>195,765</u>	<u>46,392</u>	<u>242,157</u>
Total Expenditures	<u>18,667,430</u>	<u>807,431</u>	<u>19,474,861</u>
Net Change in Fund Balances	761,531	13,473	775,004
Fund Balance, Beginning of Year	<u>5,278,678</u>	<u>859,018</u>	<u>6,137,696</u>
Fund Balance, End of Year	<u>\$ 6,040,209</u>	<u>\$ 872,491</u>	<u>\$ 6,912,700</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 775,004**

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

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

Capital Outlay	\$ 242,157	
Depreciation Expense	<u>(1,136,897)</u>	(894,740)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, donations, disposals) is to decrease net position. These transactions are not reported in the governmental fund financial statements.

Abandoned Project Costs		(118,465)
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In the statement of activities, certain operating expenses, e.g., compensated absences and net pension liability are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation.

Increase in Compensated Absences	(14,183)	
Decrease in Net Pension Expense	<u>345,053</u>	330,870

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.

Leases Payable	78,094	
Capital Financing Agreements	<u>15,513</u>	93,607

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>3,132</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 189,408**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2022**

		Business-Type Activities <u>Enterprise Fund - Food Services</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	74,708
Intergovernmental Receivable		142,830
Inventory		<u>14,076</u>
Total Current Assets		<u>231,614</u>
Capital Assets		
Machinery and Equipment		246,584
Less: Accumulated Depreciation		<u>(186,052)</u>
Total Capital Assets, Net		<u>60,532</u>
Total Assets		<u>292,146</u>
LIABILITIES		
Due to Other Funds		20
Unearned Revenue		<u>4,696</u>
Total Liabilities		<u>4,716</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Commodities Revenue		<u>2,843</u>
Total Deferred Inflows of Resources		<u>2,843</u>
Total Liabilities and Deferred Inflow of Resources		<u>7,559</u>
NET POSITION		
Investment in Capital Assets		60,532
Unrestricted		<u>224,055</u>
Total Net Position	\$	<u><u>284,587</u></u>

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

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Non-Reimbursable Programs	\$ 611,732
Special Functions	6,858
	618,590
Total Operating Revenues	618,590
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	179,268
Cost of Sales - Non-Reimbursable Programs	301,729
Salaries and Benefits	287,584
Purchased Management Services	82,670
Transportation Services	9,736
Other Purchased Services	9,432
General Supplies	53,180
Depreciation	8,650
	932,249
Total Operating Expenses	932,249
Operating Loss	(313,659)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	7,040
Federal Sources	
National School Breakfast Program	54,979
National School Lunch Program	299,511
Emergency Operational Cost Program	5,090
Administrative Cost Program for Pandemic EBT	1,242
Food Distribution Program	18,445
	386,307
Total Nonoperating Revenues	386,307
Change in Net Position	72,648
Net Position, Beginning of Year	211,939
Net Position, End of Year	\$ 284,587

**CARLSTADT-EAST RUTHERFORD REGIONAL 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	\$ 576,179
Cash Payment for Employees Salaries and Benefits	(287,584)
Cash Payments to Suppliers for Goods and Services	<u>(619,203)</u>
Net Cash (Used) by Operating Activities	<u>(330,608)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from State and Federal Subsidy Reimbursements	<u>359,119</u>
Net Cash Provided by Noncapital Financing Activities	<u>359,119</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	<u>(53,173)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(53,173)</u>
Net (Decrease) in Cash and Cash Equivalents	(24,662)
Cash and Cash Equivalents, Beginning of Year	<u>99,370</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 74,708</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ <u>(313,659)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	8,650
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	18,445
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase)/Decrease in Intergovernmental Receivable - Local	(42,662)
(Increase)/Decrease in Other Receivables	27
(Increase)/Decrease in Inventory	(1,626)
Increase/(Decrease) in Unearned Revenue	224
Increase/(Decrease) in Deferred Commodities Revenue	<u>(7)</u>
Total Adjustments	<u>(16,949)</u>
Net Cash Used by Operating Activities	<u><u>\$ (330,608)</u></u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 18,438

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carlstadt-East Rutherford Regional Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of ten 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 grade nine (9) through grade twelve (12) regional school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools 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-East Rutherford Regional Board of Education this includes general operations, food service and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 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-EAST RUTHERFORD REGIONAL 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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. 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.
- 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)

District-Wide Financial Statements (Continued)

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.

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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-EAST RUTHERFORD REGIONAL 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 assets are reported as other financing sources.

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

**CARLSTADT-EAST RUTHERFORD REGIONAL 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	5-20
Right-to-Use Leased Land	25
Buildings	20-50
Building Improvements	7-30
Right-to-Use Leased Buildings	25
Office Equipment and Furniture	5-20
Computer Equipment	5

**CARLSTADT-EAST RUTHERFORD REGIONAL 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

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

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

6. Compensated Absences

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

7. Pensions

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)

8. Leases

Non-cancellable leases for the use of land, buildings and equipment are recognized as a lease liability and an intangible right-to-use lease asset in the district-wide and proprietary fund type financial statements. The District recognizes lease liabilities with an initial, individual value of \$2,000 or more. The lease liability is subsequently reduced by the principal portion of lease payments made each year. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the asset's useful life. Leases are monitored for changes in circumstances that would require a remeasurement of the lease and the lease assets and liabilities are remeasured if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

In the fund financial statements leases payable are recognized as other financing sources at the initial amount of the lease liability. Intangible right-to-use leased assets are reported as capital outlay expenditures.

9. 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.

10. Long-Term Obligations

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL 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)

11. *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.

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

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

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

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.

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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)

Restricted Fund Balance (Continued)

Scholarships – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees 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.

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.

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

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 District'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.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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. Fund Balance Policies (Continued)

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.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$1,985,460. The increase was funded by the additional appropriation of capital and maintenance reserves, grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

Balance, July 1, 2021	\$ 2,646,687
Increased by:	
Unencumbered Budget Appropriations	
Funded by Reserve	\$ 214,723
Deposits Approved by Board Resolution	<u>838,258</u>
Deposits approved by Board Resolution	<u>1,052,981</u>
	3,699,668
Decreased by:	
Withdrawals approved by Board Resolution	<u>300,000</u>
Balance, June 30, 2022	<u>\$ 3,399,668</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan.

C. Maintenance Reserve

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

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

Balance, June 30, 2021	\$ 566,603
Increased by:	
Unencumbered Budget	
Appropriations Funded by Reserve	<u>300,000</u>
	866,603
Decreased by:	
Withdrawals Approved by Board Resolution	<u>300,000</u>
Balance, June 30, 2022	<u>\$ 566,603</u>

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$866,185. The Board designated and appropriated \$167,603 of the maintenance reserve balance at June 30, 2022 for use in the 2022/2023 original budget certified for taxes.

D. Transfers to Capital Outlay

During the 2021/2022 school year, the district transferred \$300,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to fund pre-development and pre-application cost for architectural and engineering services for school facilities projects in the District’s Long Range Facilities Plan.

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 \$900,000. Of this amount, \$600,000 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$300,000 will be appropriated in the 2023/2024 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2022, the book value of the Board's deposits were \$6,881,831 and bank and brokerage firm balances of the Board's deposits amounted to \$7,440,637. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 7,303,859
Uninsured and Collateralized	<u>136,778</u>
	<u>\$ 7,440,637</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 \$136,778 of the Board's bank balances were exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 136,778</u>
	<u>\$ 136,778</u>

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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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 an 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				
Local	\$ 193,100		\$ 126,261	\$ 319,361
State	23,973	\$ 31,890	280	56,143
Federal		51,884	16,289	68,173
Other Accounts	<u>28,323</u>	<u>-</u>	<u>-</u>	<u>28,323</u>
Gross Receivables	245,396	83,774	142,830	472,000
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 245,396</u>	<u>\$ 83,774</u>	<u>\$ 142,830</u>	<u>\$ 472,000</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>109,925</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u><u>109,925</u></u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2021</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2022</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 559,343			\$ 559,343
Construction in Progress	118,465	-	\$ (118,465)	-
Total Capital Assets, Not Being Depreciated	<u>677,808</u>	<u>-</u>	<u>(118,465)</u>	<u>559,343</u>
Capital Assets, Being Depreciated:				
Land Improvements	332,288			332,288
Right-to-Use Leased Land	1,114,514			1,114,514
Building and Building Improvements	33,908,486	\$ 31,890		33,940,376
Right-to-Use Leased Buildings	166,537			166,537
Machinery and Equipment	1,336,143	210,267	-	1,546,410
Total Capital Assets Being Depreciated	<u>36,857,968</u>	<u>242,157</u>	<u>-</u>	<u>37,100,125</u>
Less Accumulated Depreciation for:				
Land Improvements	(132,476)	(8,252)		(140,728)
Right-to-Use Leased Land	(757,870)	(44,581)		(802,451)
Building and Building Improvements	(9,589,462)	(1,041,881)		(10,631,343)
Right-to-Use Leased Buildings	(113,245)	(6,661)		(119,906)
Machinery and Equipment	(1,176,424)	(35,522)	-	(1,211,946)
Total Accumulated Depreciation	<u>(11,769,477)</u>	<u>(1,136,897)</u>	<u>-</u>	<u>(12,906,374)</u>
Total Assets, Being Depreciation, Net	<u>25,088,491</u>	<u>(894,740)</u>	<u>-</u>	<u>24,193,751</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,766,299</u>	<u>\$ (894,740)</u>	<u>\$ (118,465)</u>	<u>\$ 24,753,094</u>

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

NOTE 3 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	\$ 193,411	\$ 53,173	-	\$ 246,584
Total Capital Assets Being Depreciated	<u>193,411</u>	<u>53,173</u>	-	<u>246,584</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(177,402)	(8,650)	-	(186,052)
Total Accumulated Depreciation	<u>(177,402)</u>	<u>(8,650)</u>	-	<u>(186,052)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,009</u>	<u>44,523</u>	-	<u>60,532</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,009</u>	<u>\$ 44,523</u>	<u>\$ -</u>	<u>\$ 60,532</u>

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

Governmental Activities:

Instruction	
Regular	\$ 414
Total Instruction	<u>414</u>

Support Services

Instructional	11,973
General Administrative Services	1,090
Plant Operations and Maintenance	1,115,721
Pupil Transportation	7,699
Total Support Services	<u>1,136,483</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,136,897</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 8,650</u>
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Construction and Other Significant Commitments

The District has significant commitments at June 30, 2022 as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Acquisition and Installation of Security Camera System	\$ 162,646
Acquisition of School Bus	<u>74,955</u>
	<u>\$ 237,601</u>

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

NOTE 3 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>
General Fund	Food Service Fund	\$ 20
Special Revenue Fund	General Fund	<u>12</u>
Total		<u>\$ 32</u>

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

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

F. Leases Payable

On July 20, 2004, the District entered into a 25-year lease agreement as lessee for the use of the Riggin Field Athletic Facility. An initial lease liability was recorded in the amount of \$1,281,051. The lease has an interest rate of 4.375%. The District is required to make annual payments of \$110,000. As of June 30, 2022 the value of the lease liability was \$651,173. The land and buildings have a 25-year estimated useful life. The values of the right -to-use assets as of June 30, 2022 is \$1,281,051 and had accumulated depreciation of \$922,357.

The future principal and interest lease payments as of June 30, 2022 were as follows:

Governmental Activities:

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 81,511	\$ 28,489	\$ 110,000
2024	85,077	24,923	110,000
2025	88,800	21,200	110,000
2026	92,685	17,315	110,000
2027	96,739	13,261	110,000
2028-2029	<u>206,361</u>	<u>13,639</u>	<u>220,000</u>
Total	<u>\$ 651,173</u>	<u>\$ 118,827</u>	<u>\$ 770,000</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance the acquisition of photo copier machines and postage machines under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

\$59,894, fiscal year 2018 agreement for the acquisition of photo copier machines for a term of five (5) years due in monthly principal installments of \$998, through February 7, 2023, interest at 0%	\$	8,979
\$18,582, fiscal year 2018 agreement for the acquisition of postage machines for a term of five (5) years due in quarterly principal installments of \$885, through June 12, 2023, interest at 0%		<u>4,424</u>
Total	\$	<u>13,403</u>

The maturity schedule of the remaining capital financing agreement payments of principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 12,518		\$ 12,518
2024	<u>885</u>	<u>-</u>	<u>885</u>
Total	<u>\$ 13,403</u>	<u>\$ -</u>	<u>\$ 13,403</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)	\$ 152,793,326
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 152,793,326</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance,</u> <u>July 1, 2021</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Leases Payable	\$ 729,267		\$ 78,094	\$ 651,173	\$ 81,511
Capital Financing Agreements	28,916		15,513	13,403	12,518
Compensated Absences	98,069	\$ 14,183		112,252	15,000
Net Pension Liability	<u>1,970,318</u>	<u>-</u>	<u>508,447</u>	<u>1,461,871</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,826,570</u>	<u>\$ 14,183</u>	<u>\$ 602,054</u>	<u>\$ 2,238,699</u>	<u>\$ 109,029</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

B. Contingent Liabilities

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) 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. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

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

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS 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.

Other Pension Funds

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. 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	\$ 144,517	\$ 1,801,532	\$ 4,414
2021	132,175	1,256,691	4,812
2020	119,609	936,499	6,775

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$-0-, \$-0- and \$297, respectively for PERS and the State contributed \$248, \$363 and \$396, 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 \$432,990 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.

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

C. 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)

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 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 \$1,461,871 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 .01234 percent, which was an increase of .00026 percent from its proportionate share measured as of June 30, 2020 of .01208 percent.

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$200,536 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, 2021. 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:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 23,056	\$ 10,465
Changes of Assumptions	7,613	520,435
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		385,095
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>101,461</u>	<u>79,794</u>
Total	<u>\$ 132,130</u>	<u>\$ 995,789</u>

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

C. 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>
2023	\$ (328,950)
2024	(245,782)
2025	(170,962)
2026	(119,040)
2027	1,075
Thereafter	<u>-</u>
	<u>\$ (863,659)</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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

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

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The 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>\$ 1,990,772</u>	<u>\$ 1,461,871</u>	<u>\$ 1,013,024</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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. 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 \$479,918 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 \$20,395,627. 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 .04242 percent, which was an increase of .00048 percent from its proportionate share measured as of June 30, 2020 of .04194 percent.

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

C. 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, 2019, which was rolled forward to June 30, 2020. 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

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

C. 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	<u>\$ 24,131,434</u>	<u>\$ 20,395,627</u>	<u>\$ 17,257,784</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 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.

D. 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. 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>

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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.

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 \$420,911, \$393,827 and \$347,424, 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.

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

D. Post-Retirement Medical Benefits (Continued)

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired 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.

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$830,057. 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 \$20,383,584. 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 .03397 percent, which was an increase of .00065 percent from its proportionate share measured as of June 30, 2020 of .03332 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-EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

NOTE 4 OTHER INFORMATION (Continued)

D. 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 <u>(State Share 100%)</u>
Balance, June 30, 2020 Measurement Date	\$ <u>22,594,657</u>
Changes Recognized for the Fiscal Year:	
Service Cost	874,645
Interest on the Total OPEB Liability	528,772
Changes in Benefit Terms	(21,696)
Differences Between Expected and Actual Experience	(3,209,898)
Changes of Assumptions	20,110
Gross Benefit Payments	(416,524)
Contributions from the Member	<u>13,518</u>
Net Changes	\$ <u>(2,211,073)</u>
Balance, June 30, 2021 Measurement Date	\$ <u>20,383,584</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-EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. 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>\$ 24,416,334</u>	<u>\$ 20,383,584</u>	<u>\$ 17,208,036</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 16,500,577</u>	<u>\$ 20,383,584</u>	<u>\$ 25,598,175</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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Tax Abatements

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

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

NOTE 5 RESTATEMENT

On July 1, 2021, the Carlstadt-East Rutherford Regional Board of Education implemented GASB Statement No. 87 "Leases". The Carlstadt-East Rutherford Regional Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2021 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2021 have been restated to reflect certain activities related to leases payable for the intangible right-to-use capital assets. The effect of this restatement is to decrease net position of governmental activities by \$348,578 from \$28,347,913 as previously reported to \$28,377,160 as of June 30, 2021.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS

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.

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

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS (Continued)

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 \$1,066,739 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.

NOTE 7 SUBSEQUENT EVENTS

Withdrawal of Fund Balance

On September 21, 2022 the Board approved the withdrawal and appropriation of \$1,040,000 of Capital Reserve restricted fund balance to the 2022/2023 General Fund budget for a school facility projects in the Long Range Facilities Plan.

Purchase of Property

On October 19, 2022 the Board approved the purchase of certain real property located in the Borough of East Rutherford for the purchase price of \$1,130,000. As of the date of audit the closing of the property purchase has not been completed.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 13,863,891		\$ 13,863,891	\$ 13,863,891	
Tuition From Other LEA's Within the State	1,575,000		1,575,000	1,721,216	\$ 146,216
Transportation Fees				75,100	75,100
Building Rentals				148,465	148,465
Interest Earned on Maintenance Reserve	1,000		1,000		(1,000)
Interest Earned on Capital Reserve	1,000		1,000	-	(1,000)
Interest Earned				9,965	9,965
Unrestricted Miscellaneous Revenues	301,096	-	301,096	101,955	(199,141)
Total Local Sources	<u>15,741,987</u>	<u>-</u>	<u>15,741,987</u>	<u>15,920,592</u>	<u>178,605</u>
State Sources					
Special Education Aid	476,209		476,209	476,209	-
Transportation Aid	92,141		92,141	92,141	-
Security Aid	18,800		18,800	18,800	-
Extraordinary Aid	110,216		110,216	221,050	110,834
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution				1,776,469	1,776,469
Pension NCGI Premium				25,063	25,063
Post Retirement Medical Benefits				420,911	420,911
Long-Term Disability Insurance				248	248
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	432,990	432,990
Total State Sources	<u>697,366</u>	<u>-</u>	<u>697,366</u>	<u>3,463,881</u>	<u>2,766,515</u>
Federal Sources					
Medicaid Reimbursement	14,728	-	14,728	-	(14,728)
Total Federal Sources	<u>14,728</u>	<u>-</u>	<u>14,728</u>	<u>-</u>	<u>(14,728)</u>
Total Revenues	<u>16,454,081</u>	<u>-</u>	<u>16,454,081</u>	<u>19,384,473</u>	<u>2,930,392</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	4,673,446	\$ (85,380)	4,588,066	4,455,714	132,352
Regular Program - Home Instruction					
Salaries of Teachers	25,000	3,305	28,305	25,935	2,370
Purchased Professional - Educational Services	20,000	(6,802)	13,198	8,371	4,827
Regular Programs - Undistributed Instruction					
Purchased Technical Services	3,000	-	3,000	-	3,000
Purchased Professional - Educational Services		70,000	70,000	39,550	30,450
Other Purchased Services	8,500	-	8,500	1,402	7,098
General Supplies	450,000	9,044	459,044	376,713	82,331
Textbooks	15,000	8,539	23,539	22,986	553
Other Objects	6,000	-	6,000	546	5,454
Total Regular Programs	<u>5,200,946</u>	<u>(1,294)</u>	<u>5,199,652</u>	<u>4,931,217</u>	<u>268,435</u>
Special Education					
Resource Room					
Salaries of Teachers	317,834	175,581	493,415	493,414	1
Other Salaries for Instruction	50,000	(4,233)	45,767	45,767	-
General Supplies	4,000	(3,903)	97	97	-
Textbooks	1,000	-	1,000	-	1,000
Other Objects	500	-	500	62	438
Total Resource Room	<u>373,334</u>	<u>167,445</u>	<u>540,779</u>	<u>539,340</u>	<u>1,439</u>
Total Special Education	<u>373,334</u>	<u>167,445</u>	<u>540,779</u>	<u>539,340</u>	<u>1,439</u>

Continued

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 65,000	\$ (65,000)	-	-	-
Total Basic Skills/Remedial	65,000	(65,000)	-	-	-
Bilingual Education					
Salaries of Teachers	70,000	(46,060)	\$ 23,940	\$ 23,940	
General Supplies	2,000	2,000	4,000	805	\$ 3,195
Textbooks	500	(500)	-	-	-
Other Objects	500	(500)	-	-	-
Total Bilingual Education	73,000	(45,060)	27,940	24,745	3,195
School Sponsored Co/Extra Curricular Activities					
Salaries	70,000	1,970	71,970	61,970	10,000
Purchased Services	-	15,066	15,066	15,016	50
Supplies and Materials	6,000	1,082	7,082	5,804	1,278
Other Objects	1,000	997	1,997	1,997	-
Transfers to Cover Deficit	3,000	(1,780)	1,220	845	375
Total School Sponsored Co/Extra Curricular Activities	80,000	17,335	97,335	85,632	11,703
School Sponsored Athletics					
Salaries	260,000	(4,711)	255,289	239,858	15,431
Purchased Services	70,000	11,464	81,464	81,464	-
Supplies and Materials	40,000	33,922	73,922	61,592	12,330
Other Objects	20,000	(1,176)	18,824	15,179	3,645
Total School Sponsored Athletics	390,000	39,499	429,499	398,093	31,406
Total Instruction	6,182,280	112,925	6,295,205	5,979,027	316,178
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	60,000	22,336	82,336	3,528	78,808
Tuition to Other LEAs Within the State-Special	50,902	(26,070)	24,832	24,832	-
Tuition to County Vocational School - Districts - Regular	530,226	(55,151)	475,075	461,994	13,081
Tuition to County Vocational School - Districts - Special	347,760	(219,462)	128,298	124,241	4,057
Tuition to County Special Services School Districts and Regional Day Schools	805,995	201,320	1,007,315	870,294	137,021
Tuition to Priv Sch for Disabled W/I State	640,641	21,386	662,027	485,194	176,833
Tuition - State Facilities	4,500	-	4,500	4,500	-
Total Undistributed Expenditures - Instruction	2,440,024	(55,641)	2,384,383	1,974,583	409,800
Attendance and Social Work Services					
Salaries	78,096	1,753	79,849	79,849	-
Other Purchased Services	5,000	(4,141)	859	859	-
Total Attendance and Social Work Services	83,096	(2,388)	80,708	80,708	-

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 86,765	\$ 18,480	\$ 105,245	\$ 105,245	
Purchased Professional and Technical Services	60,000	35,653	95,653	74,552	\$ 21,101
Other Purchased Services	2,500	(1,340)	1,160	800	360
Supplies and Materials	3,500	-	3,500	327	3,173
Other Objects	400	(43)	357	357	-
Total Health Services	<u>153,165</u>	<u>52,750</u>	<u>205,915</u>	<u>181,281</u>	<u>24,634</u>
Speech, OT, PT & Related Services					
Purchased Professional-Educational Services	210,000	47,859	257,859	231,365	26,494
Total Speech, OT, PT & Related Services	<u>210,000</u>	<u>47,859</u>	<u>257,859</u>	<u>231,365</u>	<u>26,494</u>
Other Support Serv. Students- Extra Serv.					
Salaries	20,000	(10,000)	10,000	-	10,000
Purchased Professional-Educational Services	50,000	(44,210)	5,790	-	5,790
Total Other Support Serv. Students- Extra Serv.	<u>70,000</u>	<u>(54,210)</u>	<u>15,790</u>	<u>-</u>	<u>15,790</u>
Guidance					
Salaries of Other Professional Staff	463,742	(45,968)	417,774	381,412	36,362
Salaries of Secretarial and Clerical Assistants	52,000	832	52,832	52,832	-
Purchased Professional-Educational Services	10,000	-	10,000	4,914	5,086
Other Purchased Professional and Technical Services	23,000	(1,465)	21,535	16,391	5,144
Supplies and Materials	6,000	-	6,000	2,710	3,290
Other Objects	300	-	300	300	-
Total Guidance	<u>555,042</u>	<u>(46,601)</u>	<u>508,441</u>	<u>458,559</u>	<u>49,882</u>
Child Study Teams					
Salaries of Other Professional Staff	140,000	20,117	160,117	79,215	80,902
Salaries of Secretarial and Clerical Assistants	84,000	21,253	105,253	105,253	-
Purchased Professional-Educational Services	495,000	(24,051)	470,949	467,049	3,900
Other Purchased Professional and Technical Services	35,000	(10,200)	24,800	6,231	18,569
Supplies and Materials	2,500	4,000	6,500	3,081	3,419
Total Child Study Teams	<u>756,500</u>	<u>11,119</u>	<u>767,619</u>	<u>660,829</u>	<u>106,790</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	40,000	(2,948)	37,052	31,100	5,952
Salaries of Other Professional Staff	-	2,948	2,948	-	2,948
Total Improvement of Instructional Services	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>31,100</u>	<u>8,900</u>
Educational Media Services/School Library					
Salaries	-	1,027	1,027	-	1,027
Salaries of Technology Coordinators	274,456	14,188	288,644	288,644	-
Purchased Professional and Technical Services	25,000	(3,027)	21,973	13,594	8,379
Other Purchased Services	3,500	-	3,500	2,918	582
Supplies and Materials	15,000	2,000	17,000	16,852	148
Other Objects	1,500	-	1,500	1,500	-
Total Educational Media Serv./School Library	<u>319,456</u>	<u>14,188</u>	<u>333,644</u>	<u>323,508</u>	<u>10,136</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	10,000	(10,000)	-	-	-
Other Purchased Services	15,000	-	15,000	9,448	5,552
Total Instructional Staff Training Services	<u>25,000</u>	<u>(10,000)</u>	<u>15,000</u>	<u>9,448</u>	<u>5,552</u>

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 283,904	\$ 54,176	\$ 338,080	\$ 335,467	\$ 2,613
Legal Services	94,728	25,000	119,728	93,479	26,249
Audit Fees	50,000	36,000	86,000	47,331	38,669
Expenditure and Internal Control Audit Fees	2,400	-	2,400	2,400	
Purchased Technical Services	700	-	700		700
Communications/Telephone	85,000	-	85,000	73,429	11,571
BOE Other Purchased Services	18,000	(546)	17,454	17,219	235
Misc Purchased Services	117,000	(27,529)	89,471	80,356	9,115
General Supplies	8,500	726	9,226	6,820	2,406
BOE In-House Training/Meeting Supplies	3,000	(700)	2,300	673	1,627
Judgments against the School District	15,000	(15,000)	-	-	-
Miscellaneous Expenditures	13,500	-	13,500	11,676	1,824
BOE Membership Dues and Fees	13,000	-	13,000	8,408	4,592
Total Support Services General Administration	704,732	72,127	776,859	677,258	99,601
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	157,000	-	157,000	157,000	
Salaries of Secretarial and Clerical Assistants	45,681	-	45,681	44,545	1,136
Other Purchased Services	5,000	-	5,000	1,210	3,790
Supplies and Materials	10,000	606	10,606	10,309	297
Other Objects	5,000	60	5,060	5,000	60
Total Support Services School Administration	222,681	666	223,347	218,064	5,283
Central Services					
Salaries	284,203	-	284,203	284,203	
Purchased Professional Services	15,000	8,889	23,889	20,277	3,612
Purchased Technical Services	-	2,915	2,915	2,466	449
Miscellaneous Purchased Services	6,000	368	6,368	5,558	810
Supplies and Materials	6,000	18	6,018	5,888	130
Miscellaneous Expenditures	1,500	(1,200)	300	300	-
Total Central Services	312,703	10,990	323,693	318,692	5,001
Admin. Info. Technology					
Purchased Professional Services	8,000	(7,700)	300	300	-
Purchased Technical Services	30,000	11,754	41,754	41,547	207
Total Admin. Info. Technology	38,000	4,054	42,054	41,847	207
Required Maintenance for School Facilities					
Salaries	186,000	6,200	192,200	192,200	
Cleaning, Repair and Maint. Serv.	370,460	228,871	599,331	287,056	312,275
General Supplies	40,000	20,650	60,650	60,523	127
Other Objects	3,000	4,461	7,461	7,461	-
Total Required Maintenance for School Fac.	599,460	260,182	859,642	547,240	312,402

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 373,240	\$ 124,933	\$ 498,173	\$ 495,939	\$ 2,234
Cleaning, Repair and Maint. Serv.	7,000	(415)	6,585	6,585	-
Rental of Land & Building Other than Lease Purchase Agreement	110,000	-	110,000	110,000	-
Other Purchased Property Services	25,000	(3,344)	21,656	21,656	-
Insurance	164,000	12,631	176,631	176,631	-
Miscellaneous Purchased Services	1,000	(432)	568	-	568
General Supplies	27,000	(25,390)	1,610	414	1,196
Energy (Natural Gas)	180,000	93,637	273,637	192,794	80,843
Energy (Electricity)	185,000	(115,907)	69,093	36,748	32,345
Total Custodial Services	1,072,240	85,713	1,157,953	1,040,767	117,186
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	15,000	-	15,000	-	15,000
Cleaning, Repair and Maint. Serv.	20,000	(6,099)	13,901	13,901	-
General Supplies	500	-	500	-	500
Other Objects	100	-	100	-	100
Total Care and Upkeep of Grounds	35,600	(6,099)	29,501	-	29,501
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	50,000	-	50,000	19,519	30,481
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed	75,000	8,630	83,630	83,630	-
Salaries for Pupil Transportation (Other Than Between Home and School)	50,000	(10,985)	39,015	1,995	37,020
Cleaning, Repair and Maint. Serv.	42,000	9,590	51,590	51,590	-
Contract. Svcs. Aid in Lieu Payments - Charter School	8,000	1,000	9,000	9,000	-
Contract. Svcs. (Bet. Home & Sch) - Vendors	13,000	(9,819)	3,181	3,181	-
Contract. Svcs.(Bet. Home & Sch)- Joint Agrmts	20,000	(5,326)	14,674	14,674	-
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	420,000	23,872	443,872	442,376	1,496
Miscellaneous Purchased Services - Transportation	8,000	2,195	10,195	6,075	4,120
General Supplies	20,000	(20,000)	-	-	-
Transportation Supplies	15,000	18,551	33,551	32,934	617
Other Objects	700	1,465	2,165	2,165	-
Total Student Transportation Services	721,700	19,173	740,873	667,139	73,734
Unallocated Benefits - Employee Benefits					
Social Security Contributions	150,000	19,752	169,752	169,752	-
Other Retirement Contributions-PERS	130,000	18,931	148,931	148,931	-
Other Retirement Contributions-Regular	8,000	(6,631)	1,369	-	1,369
Unemployment Compensation	25,000	1,344	26,344	26,344	-
Workmen's Compensation	90,000	(34,410)	55,590	55,590	-
Health Benefits	2,059,770	(320,372)	1,739,398	1,677,544	61,854
Tuition Reimbursement	30,000	(2,273)	27,727	24,398	3,329
Unused Sick Payment to Terminated/Retired Staff	-	6,042	6,042	-	6,042
Other Employee Benefits	90,000	(81,079)	8,921	192	8,729
Total Unallocated Benefits - Employee Benefits	2,582,770	(398,696)	2,184,074	2,102,751	81,323

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Payments - (Non-Budget)					
Pension Benefit Contribution				\$ 1,776,469	\$ (1,776,469)
Pension NCGI Premium				25,063	(25,063)
Post Retirement Medical Benefits				420,911	(420,911)
Long Term Disability Insurance				248	(248)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	432,990	(432,990)
Total On-Behalf and Reimbursed Payments	-	-	-	2,655,681	(2,655,681)
Interest on Maintenance Reserve	\$ 1,000	-	\$ 1,000	-	1,000
Total Undistributed Expenditures	10,943,169	\$ 5,186	10,948,355	12,220,820	(1,272,465)
Total Expenditures - Current Expenditures	17,125,449	118,111	17,243,560	18,199,847	(956,287)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Admin. Info. Technology	-	162,646	162,646	-	162,646
School Buses	-	270,721	270,721	195,765	74,956
Total Equipment	-	433,367	433,367	195,765	237,602
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	359,739	359,739	145,016	214,723
Total Facilities Acquisition and Construction Services	-	359,739	359,739	145,016	214,723
Interest on Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	1,000	793,106	794,106	340,781	453,325
Transfers of Funds to Charter Schools	74,280	52,522	126,802	126,802	-
Total Expenditures	17,200,729	963,739	18,164,468	18,667,430	(502,962)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(746,648)	(963,739)	(1,710,387)	717,043	2,427,430
Other Financing Sources (Uses)					
Transfer Out - Food Service Fund	(5,000)	-	(5,000)	-	5,000
Total Other Financing Sources (Uses)	(5,000)	-	(5,000)	-	5,000

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Net Change in Fund Balances	\$ (751,648)	\$ (963,739)	\$ (1,715,387)	\$ 717,043	\$ 2,432,430
Fund Balance, Beginning of Year	<u>5,544,216</u>	<u>-</u>	<u>5,544,216</u>	<u>5,544,216</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,792,568</u>	<u>\$ (963,739)</u>	<u>\$ 3,828,829</u>	<u>\$ 6,261,259</u>	<u>\$ 2,432,430</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 3,399,668	
Maintenance Reserve				399,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				167,603	
Excess Surplus				300,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				600,000	
Committed					
Year-End Encumbrances				237,601	
Assigned					
Year-End Encumbrances				80,858	
Designated for Subsequent Year's Expenditures				325,225	
Unassigned					
				<u>751,304</u>	
Reconciliation to Governmental Funds Statements (GAAP):				6,261,259	
Less: State Aid Payments not Recognized on GAAP Basis				<u>(221,050)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,040,209</u>	

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 455,734	\$ 638,404	\$ 1,094,138	\$ 601,062	\$ (493,076)
State		31,890	31,890	31,890	-
Local	-	182,950	182,950	181,950	(1,000)
	<u>455,734</u>	<u>853,244</u>	<u>1,308,978</u>	<u>814,902</u>	<u>(494,076)</u>
Total Revenues					
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 64,070	\$ (12,262)	\$ 51,808	\$ 51,808	-
Purchased Prof. - Technical Services	21,565	40,000	61,565	21,565	\$ 40,000
Other Purchased Services	101,862	57,424	159,286	159,285	1
Tuition		103,563	103,563	103,563	-
General Supplies	16,240	27,349	43,589	16,589	27,000
Co-curricular/Extra-curricular Activities		103,107	103,107	103,107	-
Athletic Activities	-	43,820	43,820	43,820	-
	<u>203,737</u>	<u>363,001</u>	<u>566,738</u>	<u>499,737</u>	<u>67,001</u>
Total Instruction					
Support Services					
Salaries	137,641	298,030	435,671	110,633	325,038
Personal Services - Employee Benefits	43,495	88,297	131,792	50,706	81,086
Purchased Prof. - Technical Services	54,501	-	54,501	54,128	373
Purchased Prof. - Educational Services		6,426	6,426	6,426	-
Other Purchased Services	346	-	346	346	-
General Supplies	16,014	2,001	18,015	17,513	502
Scholarship Awards	-	21,550	21,550	21,550	-
	<u>251,997</u>	<u>416,304</u>	<u>668,301</u>	<u>261,302</u>	<u>406,999</u>
Total Support Services					
Capital Outlay					
Buildings		150,000	150,000	-	150,000
Non-Instructional Equipment	-	92,416	92,416	40,390	52,026
	<u>-</u>	<u>242,416</u>	<u>242,416</u>	<u>40,390</u>	<u>202,026</u>
Total Capital Outlay					
Total Expenditures	<u>455,734</u>	<u>1,021,721</u>	<u>1,477,455</u>	<u>801,429</u>	<u>676,026</u>
Net Change in Fund Balances	-	(168,477)	(168,477)	13,473	181,950
Fund Balances, Beginning of Year	<u>859,018</u>	<u>-</u>	<u>859,018</u>	<u>859,018</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 859,018</u>	<u>\$ (168,477)</u>	<u>\$ 690,541</u>	<u>\$ 872,491</u>	<u>\$ 181,950</u>
Recapitulation of Fund Balance					
Restricted					
Scholarships				\$ 810,741	
Student Activities				<u>61,750</u>	
				<u>\$ 872,491</u>	

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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) \$ 19,384,473	(C-2) \$ 814,902
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2021, Net of Cancellations		6,002
Encumbrances, June 30, 2022		
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2020/2021 State Aid)	265,538	
State Aid payments recognized for Budgetary purposes, not recognized for GAAP statements (2021/2022 State Aid)	<u>(221,050)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>19,428,961</u>	(B-2) \$ <u>820,904</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ 18,667,430	(C-2) \$ 801,429
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not yet received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2021, Net of Cancellations		6,002
Encumbrances, June 30, 2022	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>18,667,430</u>	(B-2) \$ <u>807,431</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

Public Employees Retirement System

Last 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)	0.01234	%	0.01208	%	0.01230	%	0.01282	%	0.01199	%	0.01188	%	0.01274	%	0.01283	%	0.01255	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,461,871		\$ 1,970,318		\$ 2,215,611		\$ 2,524,143		\$ 2,791,569		\$ 3,518,208		\$ 2,859,017		\$ 2,402,589		\$ 2,398,182	
District's Covered-Employee Payroll	\$ 930,095		\$ 895,800		\$ 862,646		\$ 930,046		\$ 883,124		\$ 799,117		\$ 827,948		\$ 870,268		\$ 881,888	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	157.17	%	219.95	%	256.84	%	271.40	%	316.10	%	440.26	%	345.31	%	276.07	%	271.94	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 EAST RUTHERFORD REGIONAL 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	\$ 144,517	\$ 132,175	\$ 119,609	\$ 127,515	\$ 111,094	\$ 105,531	\$ 109,497	\$ 105,789	\$ 96,047
Contributions in Relation to the Contractually Required Contribution	<u>144,517</u>	<u>132,175</u>	<u>119,609</u>	<u>127,515</u>	<u>111,094</u>	<u>105,531</u>	<u>109,497</u>	<u>105,789</u>	<u>96,047</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,142,439	\$ 930,095	\$ 895,800	\$ 862,646	\$ 930,046	\$ 883,124	\$ 799,117	\$ 827,948	\$ 870,268
Contributions as a Percentage of Covered-Employee Payroll	\$ 12.65 %	\$ 14.21 %	\$ 13.35 %	\$ 14.78 %	\$ 11.95 %	\$ 11.95 %	\$ 13.70 %	\$ 12.78 %	\$ 11.04 %

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

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

Teachers Pension and Annuity Fund

Last 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)	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 20,395,627</u>	<u>\$ 27,620,105</u>	<u>\$ 25,297,832</u>	<u>\$ 26,635,227</u>	<u>\$ 28,738,398</u>	<u>\$ 34,000,640</u>	<u>\$ 26,537,917</u>	<u>\$ 23,989,774</u>	<u>\$ 22,444,712</u>
Total	<u>\$ 20,395,627</u>	<u>\$ 27,620,105</u>	<u>\$ 25,297,832</u>	<u>\$ 26,635,227</u>	<u>\$ 28,738,398</u>	<u>\$ 34,000,640</u>	<u>\$ 26,537,917</u>	<u>\$ 23,989,774</u>	<u>\$ 22,444,712</u>
District's Covered Payroll	\$ 5,522,040	\$ 4,829,836	\$ 4,631,021	\$ 4,494,641	\$ 4,277,660	\$ 4,364,263	\$ 4,276,160	\$ 4,332,959	\$ 4,228,545
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
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 EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4C.

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

Postemployment Health Benefit Plan

Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 874,645	\$ 475,632	\$ 486,232	\$ 589,348	\$ 701,824
Interest on Total OPEB Liability	528,772	498,129	623,597	699,058	608,955
Changes in Benefit Terms	(21,696)				
Differences Between Expected and Actual Experience	(3,209,898)	3,929,371	(2,789,784)	(2,369,608)	
Changes of Assumptions	20,110	4,127,267	207,931	(1,816,929)	(2,528,669)
Gross Benefit Payments	(416,524)	(393,354)	(428,091)	(423,372)	(378,726)
Contribution from the Member	13,518	11,923	12,690	14,632	13,946
Net Change in Total OPEB Liability	<u>(2,211,073)</u>	<u>8,648,968</u>	<u>(1,887,425)</u>	<u>(3,306,871)</u>	<u>(1,582,670)</u>
Total OPEB Liability - Beginning	<u>22,594,657</u>	<u>13,945,689</u>	<u>15,833,114</u>	<u>19,139,985</u>	<u>20,722,655</u>
Total OPEB Liability - Ending	<u>\$ 20,383,584</u>	<u>\$ 22,594,657</u>	<u>\$ 13,945,689</u>	<u>\$ 15,833,114</u>	<u>\$ 19,139,985</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>20,383,584</u>	<u>22,594,657</u>	<u>13,945,689</u>	<u>15,833,114</u>	<u>19,139,985</u>
Total OPEB Liability - Ending	<u>\$ 20,383,584</u>	<u>\$ 22,594,657</u>	<u>\$ 13,945,689</u>	<u>\$ 15,833,114</u>	<u>\$ 19,139,985</u>
District's Covered Payroll	<u>\$ 6,452,135</u>	<u>\$ 5,725,636</u>	<u>\$ 5,493,667</u>	<u>\$ 5,424,687</u>	<u>\$ 5,160,784</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEIA Part B Basic	American Rescue Plan - IDEIA Part B Basic	Title I Part A	Title II Part A	Title IV	ACSERS	School Security Grant	Scholarship	Student Activities	Total
REVENUES										
Intergovernmental										
Federal	\$ 130,420	\$ 27,004	\$ 61,021	\$ 11,426	\$ 10,000	\$ 103,563				\$ 343,434
State							\$ 31,890			31,890
Local	-	-	-	-	-	-	-	\$ 19,672	\$ 162,278	181,950
Total Revenues	<u>\$ 130,420</u>	<u>\$ 27,004</u>	<u>\$ 61,021</u>	<u>\$ 11,426</u>	<u>\$ 10,000</u>	<u>\$ 103,563</u>	<u>\$ 31,890</u>	<u>\$ 19,672</u>	<u>\$ 162,278</u>	<u>\$ 557,274</u>
EXPENDITURES										
Instruction										
Salaries of Teachers			\$ 41,738	\$ 5,000						\$ 46,738
Other Purchased Services	\$ 130,420	\$ 27,004								157,424
Tuition						\$ 103,563				103,563
General Supplies			501							501
Co-curricular/Extra-curricular Activities									\$ 103,107	103,107
Athletic Activities	-	-	-	-	-	-	-	-	43,820	43,820
Total Instruction	<u>130,420</u>	<u>27,004</u>	<u>42,239</u>	<u>5,000</u>	<u>-</u>	<u>103,563</u>	<u>-</u>	<u>-</u>	<u>146,927</u>	<u>455,153</u>
Support Services										
Personal Services - Employee Benefits			18,782							18,782
Purchased Prof. - Educational Services				6,426						6,426
General Supplies					\$ 1,500					1,500
Scholarship Awards	-	-	-	-	-	-	-	\$ 21,550	-	21,550
Total Support Services	<u>-</u>	<u>-</u>	<u>18,782</u>	<u>6,426</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>21,550</u>	<u>-</u>	<u>48,258</u>
Capital Outlay										
Non-Instructional Equipment	-	-	-	-	8,500	-	\$ 31,890	-	-	40,390
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>31,890</u>	<u>-</u>	<u>-</u>	<u>40,390</u>
Total Expenditures	<u>130,420</u>	<u>27,004</u>	<u>61,021</u>	<u>11,426</u>	<u>10,000</u>	<u>103,563</u>	<u>31,890</u>	<u>21,550</u>	<u>146,927</u>	<u>543,801</u>
Net Change in Fund Balance	-	-	-	-	-	-	-	(1,878)	15,351	13,473
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	812,619	46,399	859,018
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,741</u>	<u>\$ 61,750</u>	<u>\$ 872,491</u>

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

	Exhibit E-1 <u>Total</u>	CARES	ESSER II			Grand <u>Total</u>
		Emergency Relief Grant	CRRSA Act	Learning Acceleration	Mental Health	
REVENUES						
Intergovernmental						
Federal	\$ 343,434	\$ 3,130	\$ 225,688	\$ 22,389	\$ 6,421	\$ 601,062
State	31,890					31,890
Local	181,950	-	-	-	-	181,950
<u>Total Revenues</u>	<u>\$ 557,274</u>	<u>\$ 3,130</u>	<u>\$ 225,688</u>	<u>\$ 22,389</u>	<u>\$ 6,421</u>	<u>\$ 814,902</u>
EXPENDITURES						
Instruction						
Salaries of Teachers	\$ 46,738			\$ 5,070		\$ 51,808
Purchased Prof. - Technical Services	-		\$ 21,565			21,565
Other Purchased Services	157,424		1,861			159,285
Tuition	103,563					103,563
General Supplies	501	\$ 3,130	1,516	11,442		16,589
Co-curricular/Extra-curricular Activities	103,107					103,107
Athletic Activities	43,820	-	-	-	-	43,820
<u>Total Instruction</u>	<u>455,153</u>	<u>3,130</u>	<u>24,942</u>	<u>16,512</u>	<u>-</u>	<u>499,737</u>
Support Services						
Salaries	-		108,713		\$ 1,920	110,633
Personal Services - Employee Benefits	18,782		31,924			50,706
Purchased Prof. - Technical Services	-		43,750	5,877	4,501	54,128
Purchased Prof. - Educational Services	6,426					6,426
Other Purchased Services	-		346			346
General Supplies	1,500		16,013			17,513
Scholarship Awards	21,550	-	-	-	-	21,550
<u>Total Support Services</u>	<u>48,258</u>	<u>-</u>	<u>200,746</u>	<u>5,877</u>	<u>6,421</u>	<u>261,302</u>
Capital Outlay						
Non-Instructional Equipment	40,390	-	-	-	-	40,390
<u>Total Capital Outlay</u>	<u>40,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,390</u>
<u>Total Expenditures</u>	<u>543,801</u>	<u>3,130</u>	<u>225,688</u>	<u>22,389</u>	<u>6,421</u>	<u>801,429</u>
Net Change in Fund Balance	13,473	-	-	-	-	13,473
Fund Balance, Beginning of Year	859,018	-	-	-	-	859,018
Fund Balance, End of Year	<u>\$ 872,491</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 872,491</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, July 1, 2021</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
Copier - 2018	\$ 59,894	0.00%	\$ 20,952	\$ 11,973	\$ 8,979
Postage Machine - 2018	18,582	0.00%	7,964	3,540	4,424
			<u>\$ 28,916</u>	<u>\$ 15,513</u>	<u>\$ 13,403</u>

EXHIBIT I-1A

**SCHEDULE OF OBLIGATIONS UNDER LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, July 1, 2021 (Restated)</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
Riggin Field Athletic Facility	\$ 1,281,051	4.375%	\$ 729,267	\$ 78,094	\$ 651,173
			<u>\$ 729,267</u>	<u>\$ 78,094</u>	<u>\$ 651,173</u>

STATISTICAL SECTION

This part of the Carlstadt-East Rutherford Regional Board of Education's annual comprehensive 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 district's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the district'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 district'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 district's current levels of outstanding debt and the district'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 district'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 district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net Investment in capital assets	\$ 17,574,904	\$ 26,500,315	\$ 28,171,002	\$ 27,788,325	\$ 27,919,956	\$ 27,308,026	\$ 27,045,943	\$ 26,339,419	\$ 25,008,116	\$ 24,088,518
Restricted	3,117,350	2,151,663	1,599,992	1,502,566	2,230,769	2,324,344	1,656,554	3,375,436	4,072,308	4,838,762
Unrestricted	1,207,239	(1,205,715)	(1,401,461)	(1,211,729)	(1,396,155)	(1,428,897)	(920,327)	(1,223,970)	(732,511)	(389,959)
Total governmental activities net position	<u>\$ 21,899,493</u>	<u>\$ 27,446,263</u>	<u>\$ 28,369,533</u>	<u>\$ 28,079,162</u>	<u>\$ 28,754,570</u>	<u>\$ 28,203,473</u>	<u>\$ 27,782,170</u>	<u>\$ 28,490,885</u>	<u>\$ 28,347,913</u>	<u>\$ 28,537,321</u>
Business-type activities										
Net Investment in capital assets	\$ 40,567	\$ 31,871	\$ 23,437	\$ 31,553	\$ 23,634	\$ 26,669	\$ 26,841	\$ 19,981	\$ 16,009	\$ 60,532
Unrestricted	89,708	89,800	81,897	55,062	61,636	90,610	108,974	101,171	195,930	224,055
Total business-type activities net position	<u>\$ 130,275</u>	<u>\$ 121,671</u>	<u>\$ 105,334</u>	<u>\$ 86,615</u>	<u>\$ 85,270</u>	<u>\$ 117,279</u>	<u>\$ 135,815</u>	<u>\$ 121,152</u>	<u>\$ 211,939</u>	<u>\$ 284,587</u>
District-wide										
Net Investment in capital assets	\$ 17,615,471	\$ 26,532,186	\$ 28,194,439	\$ 27,819,878	\$ 27,943,590	\$ 27,334,695	\$ 27,072,784	\$ 26,359,400	\$ 25,024,125	\$ 24,149,050
Restricted	3,117,350	2,151,663	1,599,992	1,502,566	2,230,769	2,324,344	1,656,554	3,375,436	4,072,308	4,838,762
Unrestricted	1,296,947	(1,115,915)	(1,319,564)	(1,156,667)	(1,334,519)	(1,338,287)	(811,353)	(1,122,799)	(536,581)	(165,904)
Total district net position	<u>\$ 22,029,768</u>	<u>\$ 27,567,934</u>	<u>\$ 28,474,867</u>	<u>\$ 28,165,777</u>	<u>\$ 28,839,840</u>	<u>\$ 28,320,752</u>	<u>\$ 27,917,985</u>	<u>\$ 28,612,037</u>	<u>\$ 28,559,852</u>	<u>\$ 28,821,908</u>

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

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

Note 3 - Net Position at June 30, 2021 is restated to reflect the implementation of GASB No. 87 "Leases".

CARLSTADT-EAST RUTHERFORD REGIONAL 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	\$ 4,889,373	\$ 5,033,334	\$ 5,722,852	\$ 6,426,622	\$ 7,247,684	\$ 7,046,759	\$ 6,566,836	\$ 6,596,295	\$ 7,861,055	\$ 7,795,495
Special Education	2,746,559	2,764,697	3,243,691	3,153,436	3,000,119	2,890,090	2,921,703	2,338,262	2,630,224	2,558,341
Other Instruction	229,418	172,315	197,667	208,184	230,325	232,880	193,892	199,426	247,052	82,109
School Sponsored Activities and Athletics	431,944	427,761	431,300	453,105	477,660	517,132	474,879	590,216	544,632	706,903
Support Services:										
Student & Instruction Related Services	1,483,275	1,553,049	1,644,704	1,646,036	1,951,656	2,361,810	2,365,614	2,538,627	2,718,964	2,653,421
General Administration Services	449,838	461,320	540,825	721,154	706,275	731,486	584,517	726,549	771,036	1,055,027
School Administrative Services	248,362	271,174	352,560	319,612	408,947	382,769	368,582	313,510	361,911	304,853
Central Services and Info. Technology	537,923	507,443	578,771	605,589	602,211	628,373	480,505	467,530	498,672	477,735
Plant Operations and Maintenance	1,238,024	1,375,347	1,713,511	2,003,097	1,556,962	2,416,386	2,528,182	2,396,539	2,410,393	2,783,931
Pupil Transportation	469,164	508,110	564,270	617,235	655,194	662,114	695,835	601,812	428,366	701,400
Interest on Long-Term Debt	504	14,602	18,575	12,022	5,037	2,882	174	14		28,774
Unallocated Depreciation										
Total governmental activities expenses	12,724,384	13,089,152	15,008,726	16,166,092	16,842,070	17,872,681	17,180,719	16,768,780	18,472,305	19,147,989
Business-type activities:										
Food service	481,547	504,397	698,665	747,239	507,928	510,074	535,376	485,751	431,993	932,249
Total business-type activities expense	481,547	504,397	698,665	747,239	507,928	510,074	535,376	485,751	431,993	932,249
Total district expenses	\$ 13,205,931	\$ 13,593,549	\$ 15,707,391	\$ 16,913,331	\$ 17,349,998	\$ 18,382,755	\$ 17,716,095	\$ 17,254,531	\$ 18,904,298	\$ 20,080,238
Program Revenues										
Governmental activities:										
Charges for Services										
Regular Instruction					\$ 141,258	\$ 89,100	\$ 74,477		\$ 698,325	\$ 1,721,216
School Sponsored Activities and Athletics								\$ 138,894	102,558	162,278
Student and Instruction Related Services	\$ 86,166									
General Administrative Services	78,520	\$ 76,550								
Plant Operations and Maintenance	240,258	242,300	\$ 248,000	\$ 236,979	64,450	70,750	89,153	28,163	2,783,931	148,465
Transportation	104,000	105,200	108,125	115,700	122,460	115,700	114,100	111,550	35,300	75,100
Operating Grants and Contributions	1,458,642	1,336,900	2,554,231	2,959,095	3,852,675	3,996,562	3,223,450	3,257,495	4,131,699	3,208,135
Capital Grants	9,767,230	7,397,885	919,992	202,554	631,964			106,379	3,208,135	46,392
Total governmental activities program revenues	11,734,816	9,158,835	3,830,348	3,514,328	4,812,807	4,272,112	3,501,180	3,642,481	10,959,948	5,361,586
Business-type activities:										
Charges for services										
Food Service	\$ 423,180	\$ 438,367	\$ 613,865	\$ 660,842	\$ 429,578	\$ 464,857	\$ 486,799	\$ 401,821	\$ 381,260	\$ 618,590
Operating Grants and Contributions	57,600	57,414	68,463	67,678	77,005	77,226	67,113	69,267	141,520	386,307
Total business type activities program revenues	480,780	495,781	682,328	728,520	506,583	542,083	553,912	471,088	522,780	1,004,897
Total district program revenues	\$ 12,215,596	\$ 9,654,616	\$ 4,512,676	\$ 4,242,848	\$ 5,319,390	\$ 4,814,195	\$ 4,055,092	\$ 4,113,569	\$ 11,482,728	\$ 6,366,483
Net (Expense)/Revenue										
Governmental activities	\$ (989,568)	\$ (3,930,317)	\$ (11,178,378)	\$ (12,651,764)	\$ (12,029,263)	\$ (13,600,569)	\$ (13,679,539)	\$ (13,126,299)	\$ (7,512,357)	\$ (13,786,403)
Business-type activities	(767)	(8,616)	(16,337)	(18,719)	(1,345)	32,009	18,536	(14,663)	90,787	72,648
Total district-wide net expense	\$ (990,335)	\$ (3,938,933)	\$ (11,194,715)	\$ (12,670,483)	\$ (12,030,608)	\$ (13,568,560)	\$ (13,661,003)	\$ (13,140,962)	\$ (7,421,570)	\$ (13,713,755)

CARLSTADT-EAST RUTHERFORD REGIONAL 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 Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,600,684	\$ 11,832,698	\$ 12,069,351	\$ 12,310,738	\$ 12,556,953	\$ 12,808,092	\$ 13,064,254	\$ 13,325,539	\$ 13,592,050	\$ 13,863,891
Unrestricted grants and contributions			10,560	10,560	15,570	15,849	235	-	-	-
Interest - Capital Reserve Funds	7,559	990	-	-	-	-	-	-	-	-
Investment earnings	20,442	7,796	7,279	4,763	3,173	11,053	49,571	36,945	12,034	9,965
Miscellaneous income	13,190	33,785	14,458	35,332	128,975	214,478	144,176	73,606	105,945	101,955
Transfers										
Total governmental activities	<u>11,641,875</u>	<u>11,875,269</u>	<u>12,101,648</u>	<u>12,361,393</u>	<u>12,704,671</u>	<u>13,049,472</u>	<u>13,258,236</u>	<u>13,436,090</u>	<u>13,710,029</u>	<u>13,975,811</u>
Business-type activities:										
Investment earnings	158	12								
Transfers										
Total business-type activities	<u>158</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 11,642,033</u>	<u>\$ 11,875,281</u>	<u>\$ 12,101,648</u>	<u>\$ 12,361,393</u>	<u>\$ 12,704,671</u>	<u>\$ 13,049,472</u>	<u>\$ 13,258,236</u>	<u>\$ 13,436,090</u>	<u>\$ 13,710,029</u>	<u>\$ 13,975,811</u>
Change in Net Position										
Governmental activities	\$ 10,652,307	\$ 7,944,952	\$ 923,270	\$ (290,371)	\$ 675,408	\$ (551,097)	\$ (421,303)	\$ 309,791	\$ 6,197,672	\$ 189,408
Business-type activities	(609)	(8,604)	(16,337)	(18,719)	(1,345)	32,009	18,536	(14,663)	90,787	72,648
Total district	<u>\$ 10,651,698</u>	<u>\$ 7,936,348</u>	<u>\$ 906,933</u>	<u>\$ (309,090)</u>	<u>\$ 674,063</u>	<u>\$ (519,088)</u>	<u>\$ (402,767)</u>	<u>\$ 295,128</u>	<u>\$ 6,288,459</u>	<u>\$ 262,056</u>

Note 1 - Changes in Net Position for the year ended June 30, 2020 is restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

CARLSTADT-EAST RUTHERFORD REGIONAL 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	\$ 3,669,966	\$ 3,151,663	\$ 2,599,992	\$ 2,139,943	\$ 2,087,085	\$ 3,428,829	\$ 2,858,897	\$ 3,750,420	\$ 4,406,118	\$ 4,866,271
Committed										237,601
Assigned	35,932	27,925	106,021	52,359	89,468	62,281	481,944	189,092	309,471	406,083
Unassigned	250,000	262,135	266,511	272,605	256,623	262,908	284,365	272,099	563,089	530,254
Total general fund	<u>\$ 3,955,898</u>	<u>\$ 3,441,723</u>	<u>\$ 2,972,524</u>	<u>\$ 2,464,907</u>	<u>\$ 2,433,176</u>	<u>\$ 3,754,018</u>	<u>\$ 3,625,206</u>	<u>\$ 4,211,611</u>	<u>\$ 5,278,678</u>	<u>\$ 6,040,209</u>
All Other Governmental Funds										
Unreserved										
Restricted	\$ 447,384			\$ 407,574	\$ 1,190,777			817,844	859,018	872,491
Unassigned		\$ (22,909)	\$ (274,134)							
Total all other governmental funds	<u>\$ 447,384</u>	<u>\$ (22,909)</u>	<u>\$ (274,134)</u>	<u>\$ 407,574</u>	<u>\$ 1,190,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 817,844</u>	<u>\$ 859,018</u>	<u>\$ 872,491</u>

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Note 1 - Fund balances at June 30, 2020 is restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

CARLSTADT-EAST RUTHERFORD REGIONAL 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	\$ 11,600,684	\$ 11,832,698	\$ 12,069,351	\$ 12,310,738	\$ 12,556,953	\$ 12,808,092	\$ 13,064,254	\$ 13,325,539	\$ 13,592,050	\$ 13,863,891
Tuition from Other LEAs Within State									698,325	1,721,216
Interest Earnings	28,001	8,786	7,279	4,763	3,173	11,053	49,571	33,662	12,034	9,965
Miscellaneous Income	357,448	381,285	386,357	388,011	457,143	490,028	457,136	971,253	308,002	507,470
State Sources	4,666,458	3,723,450	1,638,383	1,692,119	1,599,866	1,793,856	2,082,653	2,241,792	2,743,792	3,540,259
Federal Sources	6,233,347	4,763,065	736,291	205,002	802,002	221,395	209,944	205,144	425,195	607,064
Other Intermediate Source	326,067	248,270	30,460	756	23,099	-	-	-	-	-
Total revenue	23,212,005	20,957,554	14,868,121	14,601,389	15,442,236	15,324,424	15,863,558	16,777,390	17,779,398	20,249,865
Expenditures										
Instruction										
Regular Instruction	4,889,242	5,036,953	4,957,651	5,466,245	5,642,723	5,734,604	5,956,521	6,368,434	7,305,679	8,528,960
Special Education Instruction	2,746,559	2,764,697	3,161,424	3,066,950	2,857,127	2,749,702	2,857,936	2,318,448	2,572,356	2,642,521
Other Instruction	229,418	172,315	169,232	175,924	177,084	185,293	173,751	190,781	226,927	86,540
School Sponsored Activities and Athletics	429,221	427,491	431,030	439,660	442,698	477,078	462,964	606,791	549,021	744,490
Support Services:										
Tuition										
Student & Inst. Related Services	1,396,327	1,553,345	1,530,008	1,518,199	1,780,303	2,123,603	2,247,559	2,489,008	2,616,740	2,804,732
General Administrative	377,302	380,365	519,279	708,896	679,412	694,961	562,263	707,689	733,509	983,891
School Administrative Services	246,817	269,389	305,487	273,392	331,877	312,197	336,896	306,319	345,517	335,372
Central Services and Info. Tech.	545,761	509,112	540,126	554,354	509,095	535,801	445,616	449,082	473,484	519,985
Plant Operations and Maintenance	1,125,760	1,261,231	1,243,509	1,273,510	1,299,200	1,247,018	1,424,072	1,352,863	1,292,136	1,753,905
Pupil Transportation	453,779	492,725	555,585	601,649	636,942	636,424	683,290	600,358	421,811	706,795
Employee Benefits										
Capital outlay	10,618,249	9,815,390	1,985,004	145,846	134,045	357,696	841,344	365,704	118,465	242,157
Debt service:										
Principal	22,878	196,609	184,007	189,206	193,746	195,458	18,566	16,574	15,512	93,607
Interest and other charges	504	8,761	19,990	13,467	6,512	4,388	174	14	-	31,906
Total expenditures	23,081,817	22,888,383	15,602,332	14,427,298	14,690,764	15,254,223	16,010,952	15,772,065	16,671,157	19,474,861
Excess (Deficiency) of revenues over (under) expenditures	130,188	(1,930,829)	(734,211)	174,091	751,472	70,201	(147,394)	1,005,325	1,108,241	775,004
Other Financing sources (uses)										
Capital Lease Proceeds		946,361	13,787			59,864	18,582			
Transfers in	707,017	1,000,000	800,000	625,000	250,000	1,060,097				
Transfers out	(707,017)	(1,000,000)	(800,000)	(625,000)	(250,000)	(1,060,097)				
Total other financing sources (uses)	-	946,361	13,787	-	-	59,864	18,582	-	-	-
Net change in fund balances	\$ 130,188	\$ (984,468)	\$ (720,424)	\$ 174,091	\$ 751,472	\$ 130,065	\$ (128,812)	\$ 1,005,325	\$ 1,108,241	\$ 775,004
Debt service as a percentage of noncapital expenditures	0.19%	1.57%	1.50%	1.42%	1.38%	1.34%	0.12%	0.11%	0.09%	0.65%

* Noncapital expenditures are total expenditures less capital outlay.

Note 1 - Changes in Fund Balances for the year ended June 30, 2020 is restated to reflect the implementation of GASB No. 84 "Fiduciary Activities".

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

Fiscal Year Ended June 30,	Athletic Receipts	E-Rate Reimb	Transportation Jointures	Building Rentals	Refunds	Tuition	Insurance Settlement	Shared Service Fees	Miscellaneous	Total
2013	\$ 8,898	\$ 960	\$ 104,000	\$ 240,258					\$ 3,332	\$ 357,448
2014	9,621	14,418	105,200	242,300					9,746	381,285
2015	9,210		108,125	248,000					5,248	370,583
2016			115,700	236,979	\$ 29,422				5,910	388,011
2017			122,460	64,450	46,198	\$ 141,258	\$ 75,000		7,777	457,143
2018			115,700	70,750	58,721	89,100	125,000		30,757	490,028
2019	7,573		114,100	89,153	61,861	74,477			74,742	421,906
2020	17,026		111,550	28,162	43,031				13,550	213,319
2021	404	9,691	35,300		37,233				58,617	141,245
2022	10,139	11,628	75,100	148,465	4,565			\$ 35,140	50,448	335,485

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

Borough of Carlstadt

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2013 (A)	\$ 34,305,800	\$ 515,816,100	\$ 377,826,200	\$ 1,062,832,900	\$ 12,522,700	\$ 2,003,303,700	\$ 3,783,126	\$ 2,007,086,826	\$ 2,016,315,081	\$ 0.297
2014	31,223,500	514,640,900	373,118,400	1,087,516,700	12,522,700	2,019,022,200	3,613,428	2,022,635,628	1,932,600,159	0.306
2015	33,288,000	512,603,600	361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,817,993	2,007,262,693	2,058,775,005	0.316
2016	30,238,700	512,535,900	337,670,700	1,085,006,205	12,497,700	1,977,949,205	3,473,074	1,981,422,279	2,187,721,816	0.364
2017 (B)	26,542,600	558,534,900	401,686,300	1,248,209,800	12,256,700	2,247,230,300	3,837,014	2,251,067,314	2,290,376,074	0.324
2018	25,142,600	558,268,800	376,844,900	1,279,654,400	12,256,700	2,252,167,400	3,837,014	2,256,004,414	2,327,118,392	0.322
2019	28,374,300	584,327,100	405,706,600	1,415,030,800	12,998,400	2,446,437,200	3,837,014	2,450,274,214	2,389,704,018	0.295
2020	27,114,600	610,110,800	405,771,000	1,516,042,500	13,496,500	2,572,535,400	4,391,676	2,576,927,076	2,499,177,637	0.295
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	0.270
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	0.242

Borough of East Rutherford

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2013	\$ 28,711,500	\$ 620,449,400	\$ 527,779,400	\$ 664,250,800	\$ 128,040,300	\$ 1,969,231,400	\$ 4,040,959	\$ 1,973,272,359	\$ 2,387,996,042	\$ 0.297
2014	29,874,100	619,122,800	420,711,800	653,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.318
2015	33,244,900	620,552,400	418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.323
2016	32,423,900	619,817,100	476,992,500	633,405,000	126,427,400	1,889,065,900	4,161,949	1,893,227,849	2,174,965,200	0.283
2017	33,919,400	620,007,200	390,632,800	632,456,800	190,853,400	1,867,869,600	4,069,535	1,871,939,135	2,502,356,056	0.294
2018	38,695,300	701,720,900	495,793,000	599,137,100	255,007,700	2,090,354,000	4,657,962	2,095,011,962	2,037,938,982	0.268
2019	43,130,000	769,090,400	493,955,600	672,542,900	243,343,500	2,222,062,400	4,657,962	2,226,720,362	2,292,227,281	0.274
2020	42,654,100	765,683,300	496,912,600	715,514,200	250,188,900	2,270,953,100	4,517,960	2,275,471,060	2,361,376,820	0.274
2021	42,150,500	789,556,700	517,837,700	763,106,500	259,625,400	2,372,276,800	4,531,110	2,376,807,910	2,519,937,873	0.291
2022	28,824,500	842,373,300	543,194,800	802,330,500	335,805,600	2,552,528,700	4,589,279	2,557,117,979	2,709,785,940	0.287

Source: Municipal Tax Collector

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

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

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

Borough of Carlstadt

Calendar Year		Total Direct School Tax Rate Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
			Local School	Borough of Carlstadt	Municipal Library	County	
2013	(A)	\$ 0.297	\$ 0.553	\$ 0.880	\$ 0.033	\$ 0.219	\$ 1.982
2014		0.306	0.565	0.884	0.031	0.205	1.991
2015		0.316	0.578	0.896	0.034	0.246	2.070
2016		0.364	0.596	0.869	0.036	0.261	2.126
2017	(B)	0.324	0.538	0.763	0.034	0.247	1.906
2018		0.322	0.533	0.780	0.048	0.239	1.922
2019		0.295	0.512	0.759	0.031	0.238	1.835
2020		0.270	0.488	0.746	0.030	0.241	1.775
2021		0.278	0.486	0.762	0.033	0.254	1.813
2022		0.242	0.459	0.726	0.030	0.231	1.688

Borough of East Rutherford

Calendar Year		Total Direct School Tax Rate Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
			Local School	Borough of East Rutherford	Municipal Library	County	
2013		\$ 0.297	\$ 0.704	\$ 0.532	\$ 0.033	\$ 0.279	\$ 1.845
2014		0.318	0.762	0.556	0.034	0.234	1.904
2015		0.323	0.779	0.545	0.039	0.281	1.967
2016		0.283	0.783	0.532	0.034	0.313	1.945
2017		0.294	0.843	0.570	0.038	0.329	2.074
2018		0.268	0.789	0.497	0.033	0.191	1.778
2019		0.274	0.756	0.516	0.034	0.252	1.832
2020		0.291	0.754	0.483	0.035	0.256	1.819
2021		0.275	0.734	0.484	0.037	0.267	1.797
2022		0.287	0.713	0.460	0.035	0.256	1.751

Source: Municipal Tax Collector

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

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

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

Taxpayer	Borough of Carlstadt			
	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 320,181,000	11.4%	\$ 225,491,700	24.5%
AMB Properties	142,158,100	5.1%	90,242,000	9.8%
Icons US Industrial	60,885,100	2.2%		
Prologis	58,931,200	2.1%	39,990,500	4.3%
Meadowland Ptns.			38,837,200	4.2%
Trans Con Pipe Line	42,250,000	1.5%	85,754,600	9.3%
Starke Commercial Center	40,000,000	1.4%		
760 Washington Ave., LLC	29,321,100	1.0%		
455 16th St. LLC	24,596,400	0.9%	17,313,700	1.9%
STRS Ohio	24,357,500	0.9%		
Plank Pat. Realty	20,000,000	0.7%	18,520,900	2.0%
Barell Assoc.			16,318,650	1.8%
A.G. Holdings			12,524,800	1.4%
Individual Taxpayer			300,000	0.0%
	<u>\$ 762,680,400</u>	<u>27.20%</u>	<u>\$ 545,294,050</u>	<u>59.20%</u>

Taxpayer	Borough of East Rutherford			
	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 221,810,800	8.67%	\$ 321,169,300	16.28%
One Met Center LLC	102,157,900	4.00%		
Waterside Gardens at Brick LLC	77,746,300	3.04%		
Central and Oak Multi Family LLC	55,419,000	2.17%		
201 Railroad Ave. LLC	42,073,500	1.65%		
Honeywell International Inc.	38,190,700	1.65%		
Brancasons	37,283,300	1.46%		
Liberty Terrace, LLC	34,266,400	1.34%		
ML Plaza Owner LLC Hilton	33,030,000	1.29%		
450 Murry Hill Corp.	31,833,200	1.24%		
KBII One Meadowlands Plaza LP			75,000,000	3.80%
Branca Properties			31,030,700	1.57%
Racioppi, (etals)			23,500,000	1.19%
BPG Hotel XVII c/o Sheraton			42,500,000	2.15%
Liberty Terrace			23,300,000	1.18%
Vornado Realty Trust			37,207,300	1.89%
Avalon NJ Value II LLC			35,715,600	1.81%
Liberty Commons			22,984,000	1.16%
Bransons			19,534,900	0.99%
	<u>\$ 673,811,100</u>	<u>26.50%</u>	<u>\$ 631,941,800</u>	<u>32.03%</u>

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 11,600,684	\$ 11,600,684	100.00%	
2014	11,832,698	11,832,698	100.00%	
2015	12,069,351	12,069,351	100.00%	
2016	12,310,738	11,782,250	100.00%	\$ 528,488
2017	12,556,953	12,556,953	100.00%	
2018	12,808,092	12,808,092	100.00%	
2019	13,064,254	13,064,254	100.00%	
2020	13,325,539	13,325,539	100.00%	
2021	13,592,050	13,592,050	100.00%	
2022	13,863,891	13,863,891	100.00%	

Source: District Records

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

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita
	General Obligation Bonds	Grant Anticipation Notes	Capital Financing Agreements	Leases Payable				
2013		\$ 6,000,000	-			\$ 6,000,000	15,159	\$ 396
2014		6,000,000	749,752			6,749,752	15,194	444
2015		3,000,000	579,532			3,579,532	15,206	235
2016			390,326			390,326	15,240	26
2017			196,580			196,580	15,919	12
2018			60,986			60,986	15,967	4
2019			61,002			61,002	15,891	4
2020			44,428			44,428	15,820	3
2021			28,916	729,267		758,183	15,820 (E)	48
2022			13,403	651,173		664,576	16,294 (E)	41

Source: District records

(E) - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions				
2013	\$ -	\$ -		\$ -	0.00%	\$ -
2014	-	-		-	0.00%	-
2015	-	-		-	0.00%	-
2016	-	-		-	0.00%	-
2017	-	-		-	0.00%	-
2018	-	-		-	0.00%	-
2019	-	-		-	0.00%	-
2020	-	-		-	0.00%	-
2021	-	-		-	0.00%	-
2022	-	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2021
 (Unaudited)**

Total Direct Debt of Carlstadt-East Rutherford Regional Board of Education as of June 30, 2022	\$ <u> -</u>
Total Direct Debt of School District	<u> -</u>
Municipal Debt: (1)	
Borough of Carlstadt	\$ 19,390,000
Carlstadt Public Schools K-8 as of June 30,2022	10,395,000
Borough of East Rutherford	35,255,982
East Rutherford Public Schools K-8 as of June 30, 2022	35,553,000
Bergen County:	
County of Bergen (A)	41,077,507
Bergen County Utilities Authority (B)	<u>5,914,476</u>
 Total Overlapping Debt	 <u>147,585,965</u>
 Total Direct and Overlapping Debt	 <u>\$ 147,585,965</u>

Source:

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

(A) The debt for this entity was apportioned to the Borough of Carlstadt and East Rutherford by dividing the municipality's 2021 equalized value by the total 2022 equalized value for Bergen County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2022

Year	Borough of Carlstadt Equalized Valuation Basis	Borough of East Rutherford Equalized Valuation Basis	Combined Equalized Valuation Basis
2021	\$ 2,530,093,907	\$ 2,728,636,761	\$ 5,258,730,668
2020	2,634,714,666	2,609,391,129	5,244,105,795
2019	2,378,414,544	2,398,081,589	4,776,496,133
			<u>\$15,279,332,596</u>
Average equalized valuation of taxable property			\$ 5,093,110,865
Debt limit (3% of average equalization value)			152,793,326
Total Net Debt Applicable to Limit			-
Legal debt margin			<u>\$ 152,793,326</u>

	2013	2014	2015	2016	2017	2017	2018	2019	2020	2021
Debt Limit	\$ 123,744,593	\$ 119,037,294	\$ 119,765,859	\$ 121,961,625	\$ 127,707,981	\$ 139,194,270	\$ 153,565,094	\$ 156,623,148	\$ 156,247,439	\$ 152,793,326
Total net debt applicable to limit										
Legal debt margin	<u>\$ 123,744,593</u>	<u>\$ 119,037,294</u>	<u>\$ 119,765,859</u>	<u>\$ 121,961,625</u>	<u>\$ 127,707,981</u>	<u>\$ 139,194,270</u>	<u>\$ 153,565,094</u>	<u>\$ 156,623,148</u>	<u>\$ 156,247,439</u>	<u>\$ 152,793,326</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

Borough of Carlstadt

<u>Fiscal Year</u>	<u>Population</u>	(E)	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	6,173		\$ 71,286	8.80%
2014	6,188		73,883	6.60%
2015	6,186		77,323	5.60%
2016	6,195		78,836	5.60%
2017	6,177		81,024	5.00%
2018	6,207		85,191	5.00%
2019	6,166		88,241	4.50%
2020	6,132		91,972	3.80%
2021	6,109		91,972 (E)	12.10%
2022	6,341		91,972 (E)	7.50%

Borough of East Rutherford

<u>Fiscal Year</u>	<u>Population</u>	(E)	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013	8,986		\$ 71,286	5.20%
2014	9,006		73,883	5.90%
2015	9,020		77,323	4.90%
2016	9,045		78,836	4.90%
2017	9,742		81,024	3.80%
2018	9,760		85,191	3.80%
2019	9,725		88,241	3.70%
2020	9,688		91,972	3.10%
2021	9,646		91,972 (E)	9.60%
2022	9,953		91,972 (E)	6.50%

(E) Estimated

Source: New Jersey State Department of Education

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

Borough of Carlstadt

	2022		2013	
Employer	Employees	% of Total Municipal Employment	Employees	Rank % of Total Municipal Employment

INFORMATION NOT AVAILABLE

Borough of East Rutherford

	2022		2013	
Employer	Employees	% of Total Municipal Employment	Employees	Rank % of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	41	39	39	39	39	38	38	38	45	65
Special Education	4	4	4	4	4	3	3	3	4	4
Support Services:										
Student & instruction related services	3	3	3	3	4	4	4	4	4	11.5
General administration	3	3	3	3	3	3	3	3	3	1.5
School administrative services	3	3	3	3	3	3	3	3	3	4.5
Central services	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	4	4	4	4	5	5	5	5	5	6.5
Pupil transportation	2	2	1	1						1.5
Total	63.0	61.0	60.0	60.0	61.0	58.5	59.0	59.0	67.0	97.5

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	High School				
2013	543	\$ 12,440,186	\$ 22,910	-1.04%	45	1:12	492.6	467.9	1.61%	94.99%
2014	543	12,867,623	23,697	3.44%	43	1:12	492.5	467.7	-0.02%	94.96%
2015	529	13,413,331	25,356	7.00%	44	1:12	484.5	456.6	-1.62%	94.24%
2016	503	14,078,779	28,017	10.50%	43	1:12	457.5	432.1	-5.57%	94.45%
2017	503	14,356,461	28,570	1.97%	43	1:12	471.0	445.0	2.95%	94.48%
2018	522	14,696,681	28,155	-1.45%	43.5	1:12	476.0	450.0	1.06%	94.54%
2019	523	15,150,868	28,969	2.89%	44	1:12	490.0	464.0	2.94%	94.69%
2020	525	15,772,065	30,042	3.70%	44	1:12	495.0	464.0	1.02%	93.74%
2021	569	16,537,180	29,064	-3.26%	50	1:11	566.0	540.0	14.34%	95.41%
2022	654	19,107,191	29,216	0.52%	69	1:9.5	650.5	615.7	114.93%	94.65%

Sources: District records

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

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

<u>District Building</u>	<u>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>
High School										
Becton Regional High School										
Square Feet	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	543	543	529	503	503	522	523	525	569	654

105
Number of Schools at June 30, 2022
High School = 1

Source: District Records

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

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

Project # (s)	<u>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										
Becton Regional High School	<u>\$ 212,482</u>	<u>\$ 301,732</u>	<u>\$ 317,593</u>	<u>\$ 281,404</u>	<u>\$ 320,246</u>	<u>\$ 371,778</u>	<u>\$ 335,423</u>	<u>\$ 432,162</u>	<u>\$ 326,519</u>	<u>\$ 547,240</u>
Grand Total	<u>\$ 212,482</u>	<u>\$ 301,732</u>	<u>\$ 317,593</u>	<u>\$ 281,404</u>	<u>\$ 320,246</u>	<u>\$ 371,778</u>	<u>\$ 335,423</u>	<u>\$ 432,162</u>	<u>\$ 326,519</u>	<u>\$ 547,240</u>

Source: District Records

Source: School District's financial statements

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2022
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Willis Towers Watson		
Property - Blanket Building & Contents	\$ 40,127,300	\$ 5,000
Earthquake Damage	5,000,000	100,000
Flood Damage - Outside Flood Zone	5,000,000	50,000
Flood Damage - Inside Flood Zone	1,000,000	500,000
Comprehensive General Liability (Each Occurrence/Aggregate)	1,000,000	2,500
Excess Umbrella Liability - (excess of \$1,000,000)	9,000	10,000
Comprehensive Automobile Liability	1,000,000	1,000
Building Ordinance Costs-Demolition Costs and Cost of Construction - each	1,000,000	5,000
Systems Power (Boiler and Machinery)	250,000	5,000
Abuse or Molestation Occurrence Liability	1,000,000/2,000,000	10,000
Computer Equipment	5,000,000	5,000
Valuable Papers	5,000,000	5,000
Contractors Equipment	350,000	5,000
Cameras and Audio Visual Equipment	250,000	5,000
Musical Instruments and Related Equipment	250,000	5,000
Unscheduled Miscellaneous Property	150,000	5,000
Employee Dishonesty and Faithful Performance-Per Loss	500,000	5,000
Computer Fraud	250,000	5,000
Funds Transfer Fraud	250,000	5,000
Forgery and Alteration	250,000	5,000
Pesticide and Herbicide Applicator	1,000,000	1,000
Employee Benefits:	1,000,000	1,000
Each Loss	1,000,000	10,000
Aggregate	2,000,000	10,000
Aggregate	2,000,000	1,000
Educator's Legal Liability-Greenwich Insurance Co.	1,000,000	5,000
Educator's Legal Liability-Greenwich Insurance Co.	1,000,000	5,000
Public/Educational Entity Pollution Liability -		
Environmental Impairment	2,000,000	25,000
Ace American Insurance Co. (Per Condition/Pool Aggregate)	1,000,000/20,000,000	15,000
Excess Umbrella Liability - Fireman's Fund (excess of \$10,000,000)	10,000,000	
Excess Umbrella Liability - Fireman's Fund (excess of \$10,000,000)	50,000,000	
Public Employee Surety Bonds-Travelers Casualty and Surety Company of America		
Treasurer of School Moneys	225,000	
Board Secretary/School Business Administrator	225,000	
Board Secretary/School Business Administrator	200,000	
Blanket Accident Insurance for Full-Time Employees-		
Aggregate	500,000	
Each Loss	100,000	
Workers' Compensation-	Statutory	
Excess Workers' Compensation	1,000,000	
Workers' Compensation-Safety National Insurance Company	Statutory	
Student Accident - QBE Insurance Company	500,000	350,000
Student Catastrophic-Berkley Life & Health Insurance Company	6,000,000	25,000
Volunteer Workers Accident & Health-Philadelphia Indemnity Ins. Co.	500,000	25,000
Cyber Liability - (Third Party Liability/First Party Coverages)	1,000,000	25,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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 Education
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and each major fund of the Carlstadt-East Rutherford Regional 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-East Rutherford Regional Board of Education's basic financial statements and have issued our report thereon dated January 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting (internal control) 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-East Rutherford Regional Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt-East Rutherford Regional Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 questioned costs 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-East Rutherford Regional Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 questioned costs 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-East Rutherford Regional Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 25, 2023.

Carlstadt-East Rutherford Regional Board of Education's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Carlstadt-East Rutherford Regional Board of Education's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Carlstadt-East Rutherford Regional 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-East Rutherford Regional Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt-East Rutherford Regional Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leach, Vinci & Bliss, LLP
LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 25, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA, PSA

**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 Education
Carlstadt-East Rutherford Regional Board of Education
East Rutherford, 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-East Rutherford Regional 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-East Rutherford Regional Board of Education's major federal and state programs for the fiscal year ended June 30, 2022. The Carlstadt-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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-East Rutherford Regional 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.

Other Matters

The results of our auditing procedures disclosed an instances of noncompliance, which is required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Carlstadt-East Rutherford Regional Board of Education's response to the noncompliance finding identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The Carlstadt-East Rutherford Regional Board of Education's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 a 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 15-08

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Carlstadt-East Rutherford Regional 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 January 25, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of 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

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 25, 2023

**CARLSTADT-EAST RUTHERFORD REGIONAL 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	Grant Period	Award Amount	Balance, July 1, 2021	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustments	June 30, 2022		MEMO GAAP Receivable
						A/R	Def. Revenue				(Account Receivable)	Unearned Revenue	
U.S. Department of Agriculture													
Passed-through State Department of Education													
Enterprise Fund													
National School Breakfast Program													*
Cash Assistance	10.553	221NJ304N1099	7/1/21-6/30/22	54,979				\$ 50,840	\$ 54,979		\$ (4,139)		* \$ (4,139)
Cash Assistance		211NJ304N1099	7/1/20-6/30/21	48,998	\$ (2,902)	-	-	2,902	-	-	-	-	* -
National School Lunch Program													*
Non-Cash Assistance (Food Distribution)	10.555	221NJ304N1099	7/1/21-6/30/22	\$ 18,438				18,438	15,595		\$ 2,843		* -
Non-Cash Assistance (Food Distribution)		211NJ304N1099	7/1/20-6/30/21	10,950	2,850				2,850				* -
Cash Assistance		221NJ304N1099	7/1/21-6/30/22	299,511				287,361	299,511		(12,150)		* (12,150)
Cash Assistance		211NJ304N1099	7/1/20-6/30/21	77,321	(4,597)			4,597					* -
Emergency Operational Cost Program		202121H170341	7/1/21-6/30/22	5,090				5,090	5,090		-		* -
P-EBT Administrative Cost Program	10.649	2022225900941	7/1/21-6/30/22	628				628	628		-		* -
P-EBT Administrative Cost Program	10.649	2022225900941	7/1/20-6/30/21	614	-	-	-	614	614	-	-	-	* -
Total Child Nutrition Program / Enterprise Fund					(4,649)	-	-	370,470	379,267	-	(16,289)	2,843	* (16,289)
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue													
Title I A	84.010	S010A210030	7/1/21-9/30/22	61,021				61,021	61,021		-	-	* -
Title I A	84.010	S010A200030	7/1/20-9/30/21	69,179	297					\$ (297)			* -
Title II A	84.367A	S367A210029	7/1/21-9/30/22	11,426				11,426	11,426		-	-	* -
Title II A	84.367A	S367A200029	7/1/20-9/30/21	13,315	(7,094)			7,094					* -
Title IV	84.424	S424A210031	7/1/21-9/30/22	10,000	-	-	-	10,000	10,000	-	-	-	* -
Total ESEA Programs					(6,797)	-	-	89,541	82,447	(297)	-	-	* -
C.A.R.E.S. Emergency Relief Grant -ESSER I	84.425D	S425D200027	3/13/20-9/30/22	58,430				3,027	3,130		(103)	-	* (103)
Coronavirus Response and Relief Supplem. Appropriations (CRRSA) - ESSER II	84.425D	S425D210027	3/13/20-9/30/23	226,734				226,734	225,688		-	1,046	* -
CRRSA - Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	25,000				25,000	22,389		-	2,611	* -
CRRSA - Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000				45,000	6,421		-	38,579	* -
American Rescue Plan (ARP) - ESSER III	84.425U	S425U210027	3/13/20-9/30/24	509,571							(509,571)	509,571	* -
American Rescue Plan (ARP) - Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	50,000							(50,000)	50,000	* -
American Rescue Plan (ARP) - Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000							(40,000)	40,000	* -
American Rescue Plan (ARP) - Evidence Based Comprehensive Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000							(40,000)	40,000	* -
American Rescue Plan (ARP) - NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000	-	-	-	-	-	-	(45,000)	45,000	* -
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)					-	-	-	299,761	257,628	-	(684,674)	726,807	* (103)
I.D.E.I.A Part B, Basic Regular	84.027A	H027A210100	7/1/21-9/30/22	130,420				130,420	130,420		-	-	* -
ARP IDEA - Basic	84.027X	H027X210100	7/1/21-9/30/22	27,004	-	-	-	27,004	27,004	-	-	-	* -
Total IDEA Cluster					-	-	-	157,424	157,424	-	-	-	* -
Additional or Compensatory Special Education and Related Services	21.027	SLFRFDOE1SES	7/1/21-6/30/22	103,563	-	-	-	51,782	103,563	-	(51,781)	-	* (51,781)
Total ACSERS					-	-	-	51,782	103,563	-	(51,781)	-	* (51,781)
Total Special Revenue Fund					(6,797)	-	-	598,508	601,062	(297)	(736,455)	726,807	* (51,884)
Total Federal Awards					\$ (11,446)	\$ -	\$ -	\$ 968,978	\$ 980,329	\$ (297)	\$ (752,744)	\$ 729,650	* \$ (68,173)

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Cash Received	Budgetary Expenditures	Balance, June 30, 2022		MEMO	
							(Accounts Receivable)	Unearned Revenue	GAAP Receivable	Cumulative Total Expenditures
State Department of Education										
<u>General Fund</u>										
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 476,209		\$ 476,209	\$ 476,209				\$ 476,209
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	18,800	-	18,800	18,800	-	-	-	18,800
Total State Aid Public Cluster				-	495,009	495,009	-	-	-	495,009
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	92,141		92,141	92,141				92,141
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	221,050			221,050	\$ (221,050)			221,050
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	265,538	\$ (265,538)	265,538					
TPAF-Pension Benefit Contributions	22-495-034-5094-002	7/1/21-6/30/22	1,776,469		1,776,469	1,776,469				1,776,469
TPAF-Pension - NCGI Premium	22-495-034-5094-004	7/1/21-6/30/22	25,063		25,063	25,063				25,063
TPAF-Post Retirement Medical Benefits	22-495-034-5094-001	7/1/21-6/30/22	420,911		420,911	420,911				420,911
TPAF-Long Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	248		248	248				248
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/21-6/30/22	432,990	-	409,017	432,990	(23,973)	-	\$ (23,973)	432,990
Total General Fund				(265,538)	3,484,396	3,463,881	(245,023)	-	(23,973)	3,463,881
State Department of Agriculture										
<u>Enterprise Fund</u>										
State School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	6,591		6,311	6,591	(280)		(280)	6,591
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	4,001	(327)	776	449	-		-	449
Total Enterprise Fund				(327)	7,087	7,040	(280)	-	(280)	7,040
Special Revenue Fund										
School Security Grant	22E00135	9/1/21-8/31/22	31,890	-	-	31,890	(31,890)	-	(31,890)	31,890
Schools Development Authority Emergent and Capital Maintenance Needs	N/A	N/A	13,654	-	-	-	-	-	-	-
Total Special Revenue Fund				-	-	31,890	(31,890)	-	(31,890)	31,890
Total State Financial Assistance Subject to Single Audit Determination				(265,865)	3,491,483	3,502,811	(277,193)	-	(56,143)	3,502,811
State Financial Assistance Not Subject to Major Program Determination										
<u>General Fund</u>										
TPAF Pension Benefit Contributions	22-495-034-5094-002	7/1/21-6/30/22	1,776,469		(1,776,469)	(1,776,469)				(1,776,469)
TPAF Pension - NCGI Premium	22-495-034-5094-004	7/1/21-6/30/22	25,063		(25,063)	(25,063)				(25,063)
TPAF-Post Retirement Medical Benefits	22-495-034-5094-001	7/1/21-6/30/22	420,911		(420,911)	(420,911)				(420,911)
TPAF-Long Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	248	-	(248)	(248)	-	-	-	(248)
Total State Financial Assistance Subject to Major Program Determination				\$ (265,865)	\$ 1,268,792	\$ 1,280,120	\$ (277,193)	\$ -	\$ (56,143)	\$ 1,280,120

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

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$44,488 for the general fund and an increase of \$6,002 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		\$ 3,508,369	\$ 3,508,369
Special Revenue Fund	\$ 607,064	31,890	638,954
Food Service Fund	<u>379,267</u>	<u>7,040</u>	<u>386,307</u>
Total Financial Assistance	<u>\$ 986,331</u>	<u>\$ 3,547,299</u>	<u>\$ 4,533,630</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$432,990 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 \$1,801,532 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$420,911 and TPAF Long-Term Disability Insurance in the amount of \$248 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-EAST RUTHERFORD REGIONAL 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 Statement Section

Type of auditor's report issued on Financial Statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no

Identification of major federal programs:

<u>AL Number(s):</u>	<u>FAIN Number:</u>	<u>Name of Federal Program or Cluster:</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>National School Lunch Program (NSLP)</u>
<u>10.553</u>	<u>221NJ304N1099</u>	<u>National School Breakfast Program (SBP)</u>
<u>84.027A/84.027X</u>	<u>1027A/X210100</u>	<u>IDEA Program Cluster</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-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major state programs:

GMIS Number(s):

22-495-034-5095-003

Name of State Program:

Reimbursed TPAF Social Security Contributions

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

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2022-001

The monthly Board Secretary’s and Treasurer’s reports for the month of June 2022 were not submitted to and approved by the Board in a timely manner. In addition, it did not appear the June 2022 monthly reports were submitted to the Executive County Superintendent as required. (NJSA 18A:17-9 and NJSA 18A:17-36)

Criteria or specific requirement

N.J.S.A. 18A:17-9, “Secretary; Report of Appropriations, etc.; Custodial Duties, etc.”
N.J.S.A. 18A:17-36, “Accounting Monthly and Annual Reports”

Condition

The Board Secretary’s and Treasurer’s monthly reports for June 2022 were not submitted to and approved by the Board within 60 days of the respective month end. In addition, the June 2022 monthly reports did not appear to be submitted to the Executive County Superintendent by August 10, 2022.

Context

The Board Secretary’s and Treasurer’s monthly reports for June 2022 were not approved by the Board until November 16, 2022 which was 145 days after month end.

Effect

Financial statements and transactions could be misstated without proper and timely completion, submission and approval of Monthly Board Secretary and Treasurer’s reports.

Cause

Unknown.

Recommendation

The monthly financial reports of the Board Secretary and Treasurer be submitted to and approved by the Board in a timely manner in accordance with NJAC 18A:17-9 and 18A:17-36. In addition, the June year end monthly reports be submitted to the Executive County Superintendent as required.

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-EAST RUTHERFORD REGIONAL 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 were none.

**CARLSTADT-EAST RUTHERFORD REGIONAL 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

Finding 2022-002

Our audit revealed the District did not complete and remit the report to reimburse the State for on behalf social security and pension contributions for pensionable wages covered by the Teachers' Pension and Annuity Fund (TPAF) that were funded by Federal grant programs. (NJSA 18A:66-90)

State program information:

Reimbursed TPAF Social Security	495-034-5094-003
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Criteria or specific requirement:

State Grant Compliance Supplement – Reimbursed TPAF Social Security Contributions - Eligibility

Condition:

The report to reimburse the State for District employees enrolled in the TPAF pension system whose pensionable base pay was funded by Federal grant programs was not prepared and remitted to the State for the 2022 fiscal year.

Questioned Costs:

The amount is indeterminate as the District did not submit for reimbursement (NJSA 18A:66-90).

Context:

TPAF pensionable salaries charged to Federal programs was indeterminate at the time of audit.

Effect:

Noncompliance with reimbursed TPAF Social Security Compliance Requirements.

Cause:

Unknown.

Recommendation:

Procedures be reviewed and revised to ensure the annual report to reimburse the State for on behalf pension and social security contributions for federally funded TPAF pensionable salaries be prepared and remitted to the State in accordance with NJSA 18A:66-90.

Views of Responsible Officials and Planned Corrective Action Plan:

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.