CARLSTADT BOARD OF EDUCATION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Carlstadt, New Jersey

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

of the

Carlstadt Board of Education

Carlstadt, New Jersey

For The Fiscal Year Ended June 30, 2026

Prepared by

Business Office

CARLSTADT BOARD OF EDUCATION
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1-3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6
FINANCIAL SECTION	
Independent Auditor's Report	7-9
REQUIRED SUPPLEMENTARY INFORMATION- PART I	
Management's Discussion and Analysis	10-18
Basic Financial Statements	
A. District-wide Financial Statements	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	21-22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Illustrative Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statement of Activities	24
Proprietary Funds	
B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27
Fiduciary Funds – Not Applicable	
Notes to the Financial Statements	28-65

CARLSTADT BOARD OF EDUCATION
TABLE OF CONTENTS

		Page
REQUIRED SUPPLEMENTARY INFORMATION - PART II		
C. Budgetary Comparison Schedules		
C-1	Budgetary Comparison Schedule – General Fund	66-72
C-2	Budgetary Comparison Schedule – Special Revenue Fund	73
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II		
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	74-76
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L. Schedules Related to Accounting and Reporting for Pensions		
L-1	Required Supplementary Information – Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	77
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	78
L-3	Required Supplementary Information – Schedule of the District's Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	79
L-4	Notes to Required Supplementary Information – Net Pension Liability	80
M. Schedules Related to Accounting and Reporting for OPEB		
M-1	Required Supplementary Information – Schedule of Changes in District's Proportionate Share of Total OPEB Liability	81
M-2	Notes to Required Supplementary Information – OPEB Liability	82
OTHER SUPPLEMENTARY INFORMATION		
D. School Level Schedules – Not Applicable		
E. Special Revenue Fund		
E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	83
E-2	Schedule of Preschool Program Aid Expenditures – Budgetary Basis	84
F. Capital Projects Fund		
F-1	Summary Schedule of Project Expenditures – Not Applicable	85
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	86
F-2a	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Replacement of Chiller Unit	87

CARLSTADT BOARD OF EDUCATION
TABLE OF CONTENTS

		Page
G. Proprietary Funds		
Enterprise Fund		
G-1	Combining Statement of Net Position – Not Applicable	88
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	88
G-3	Combining Statement of Cash Flows – Not Applicable	88
H. Fiduciary Funds – Not Applicable		
I. Long-Term Debt		
I-1	Schedule of Serial Bonds Payable	89
I-2	Schedule of Other Financing Agreements and Leases Payable – Not Applicable	90
I-3	Budgetary Comparison Schedule Budget and Actual – Debt Service Fund	91
I-4	Schedule of Obligations Subscription-Based Information Technology Arrangements – Not Applicable	
J.	**STATISTICAL SECTION (Unaudited)**	
J-1	Net Position by Component	92
J-2	Changes in Net Position	93-94
J-3	Fund Balances – Governmental Funds	95
J-4	Changes in Fund Balances - Governmental Funds	96
J-5	General Fund Other Local Revenue by Source	97
J-6	Assessed Value and Actual Value of Taxable Property	98
J-7	Direct and Overlapping Property Tax Rates	99
J-8	Principal Property Taxpayers	100
J-9	Property Tax Levies and Collections	101
J-10	Ratios of Outstanding Debt by Type	102
J-11	Ratios of Net General Bonded Debt Outstanding	103
J-12	Direct and Overlapping Governmental Activities Debt	104
J-13	Legal Debt Margin Information	105
J-14	Demographic and Economic Statistics	106
J-15	Principal Employers	107
J-16	Full-Time Equivalent District Employees by Function/Program	108
J-17	Operating Statistics	109
J-18	School Building Information	110
J-19	Schedule of Required Maintenance for School Facilities	111
J-20	Schedule of Insurance	112

CARLSTADT BOARD OF EDUCATION
TABLE OF CONTENTS

K.

SINGLE AUDIT SECTION

		Page
K-1	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	113-114
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures Of State Financial Assistance as required by New Jersey OMB Circular 25-12 – Independent Auditor's Report	115-117
K-3	Schedule of Expenditures of Federal Awards	118
K-4	Schedule of Expenditures of State Financial Assistance	119
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	120-121
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	122-123
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	124
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	125-126
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs – Not Applicable	

INTRODUCTORY SECTION

550 Washington Street
Carlstadt, NJ 07072

Tracy Luciani
Business Administrator/Board Secretary

PH: 201-672-3000
FAX: 201-672-9845

October 29, 2026

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

Dear Board Members:

The annual comprehensive financial report of the Carlstadt Board of Education for the fiscal year ended June 30, 2026, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Carlstadt Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments and the State Treasury Circular Letter 25-12 OMB, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments"*. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2025-2026 fiscal year with an average daily enrollment of 489 students, which represents a minor increase from the previous year's average daily enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

Fiscal Year	Average Daily Enrollment	Percent Change
2025-26	489	1.66%
2024-25	481	(6.05)%
2023-24	512	(3.39)%
2022-23	530	1.15%
2021-22	524	2.54%
2020-21	511	(5.19)%
2019-20	539	(1.82)%
2018-19	549	1.47%
2017-18	541	1.12%
2016-17	535	(5.14)%

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

3) MAJOR INITIATIVES:

During the 2025-2026 school year, the district began the planning process to Bid a Classroom Renovation project. The purpose of the renovation is to convert a science lab into a Pre-K/Kindergarten classroom. The project is scheduled to be completed during the 2026-2027 school year.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance on June 30, 2026.

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

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

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

9) OTHER INFORMATION: State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci, and Bliss, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended and State Treasury Circular Letter 25-12 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

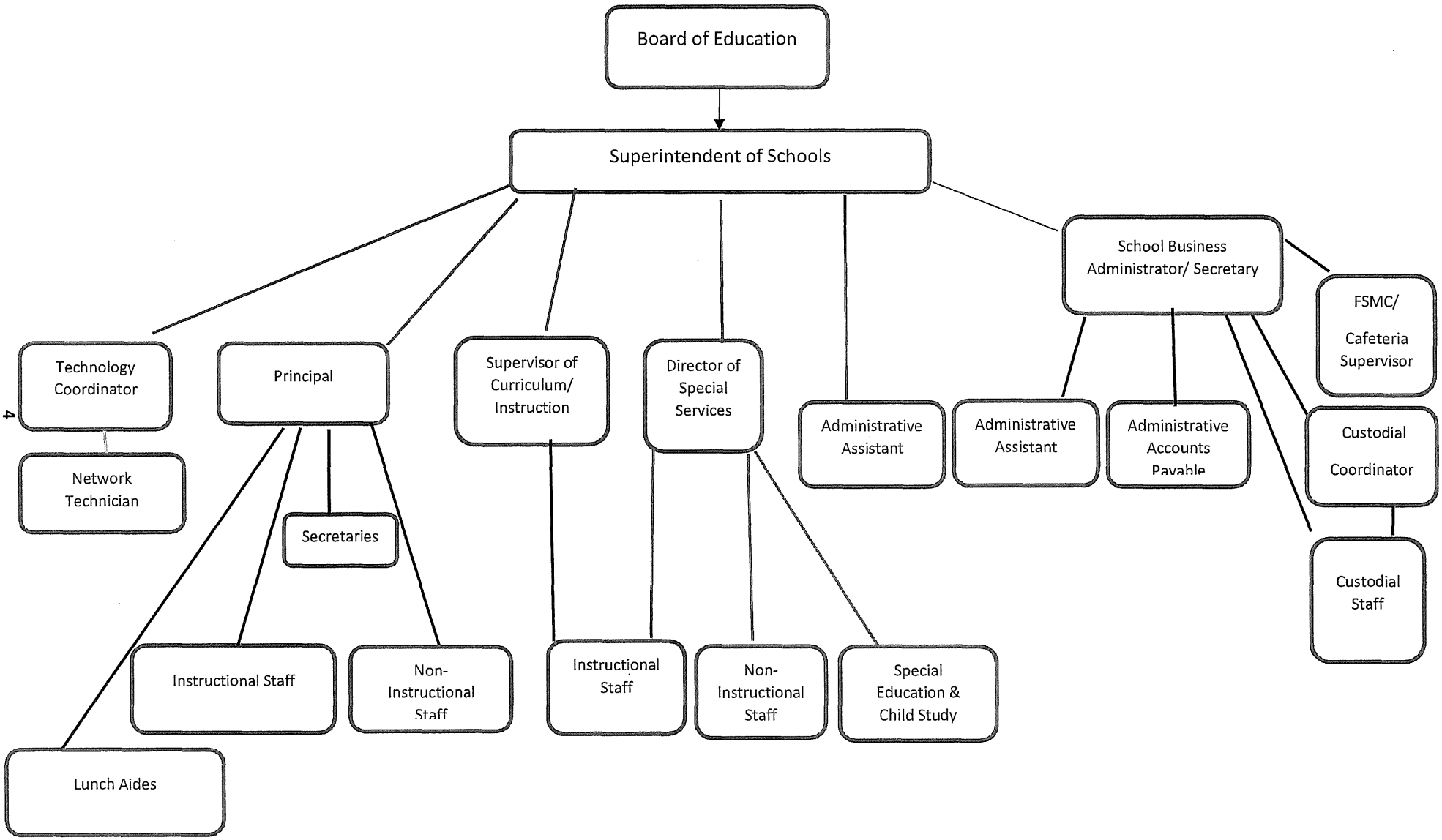
10) ACKNOWLEDGMENTS:
We would like to express our appreciation to the members of the Carlstadt School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Tracy Luciani

Tracy Luciani
Business Administrator/Board Secretary
Carlstadt Public School

1110 ORGANIZATIONAL CHART



Revised 12/2025
MNF Superintendent

CARLSTADT BOARD OF EDUCATION
CARLSTADT, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2026

Members of the Board of Education	Term Expires
Ashley Balac	2026
Walter Beese	2026
Marc Cherichella	2026
Frank Ficetola, Vice President	2028
Jeffrey Hagen	2027
Maria McNeil, President	2027
Leslie Molnar	2026
Sharon Romer	2026
Scott Tronziger	2028

Other Officials

Allison Evans, Superintendent of Schools

Tracy Luciani, Business Administrator/Board Secretary

Jeff Merlino, Board Attorney

CARLSTADT BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

Attorney

Methfessel & Werbel PA
2025 Lincoln Highway
Suite 200
Edison, NJ 08817

Insurance Counselor

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

Official Depository

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

FINANCIAL SECTION

LERCH, VINCI & 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
JOHN CUIFFO, CPA, RMA, PSA

CHRISTOPHER M. VINCI, CPA, PSA
ROBERT LERCH, CPA, RMA, PSA
CHRISTINA CUIFFO, CPA, RMA, PSA
DEBRA GOLLE, CPA
TYLER NASCIMENTO, CPA, PSA
SHAHEED OGLESBY, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2026 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Carlstadt Board of Education as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Carlstadt Board of Education's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carlstadt Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards, and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 25-12, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 October 29, 2026 on our consideration of the Carlstadt Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carlstadt Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education's internal control over financial reporting and compliance.

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

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT BOARD OF EDUCATION

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2026

As management of the Carlstadt Board of Education (the "Board" or "District"), we offer the residents and other readers of the accompanying financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the Carlstadt Board of Education for the fiscal year ended June 30, 2026. The purpose of this analysis is to help residents and other readers better understand what the financial statements and notes in the financial report reveal about the District's overall financial health and the factors that contributed to changes from the prior year. We encourage residents and other readers to consider this information in conjunction with the financial statements and related notes to enhance their understanding of the District's financial performance.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Carlstadt Board of Education's basic financial statements. The basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This report also includes required supplementary information and other supplementary information intended to provide additional detail to support the basic financial statements themselves.

District-wide Financial Statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The district-wide financial statements include governmental activities and business-type activities.

The *statement of net position* presents financial information on all District assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, support services and interest on debt. The business-type activities include food service operations.

The district-wide financial statements can be found immediately following this MD&A.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Carlstadt Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Carlstadt Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found immediately following the district-wide financial statements in this report.

Proprietary Funds. There are two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Carlstadt Board of Education uses enterprise funds to account for its food service operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a district's various functions. The Carlstadt Board of Education does not maintain an internal service fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service program which is considered to be a major fund of the Carlstadt Board of Education.

The proprietary fund financial statements can be found immediately following the governmental fund financial statements in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources for which the District acts as a trustee or custodian. Resources held in fiduciary funds are *not* available to support the District's own programs and therefore are *not* reported in the district-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Carlstadt Board of Education does not maintain any fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

The notes to the financial statements can be found immediately following the proprietary fund financial statements in this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. The District presents budgetary comparison schedules for the General Fund and the Special Revenue Fund; and schedules related to the accounting and reporting for pensions and post-employment benefits other than pension (OPEB) benefits to its employees.

Required supplementary information can be found immediately after the notes to the financial statements in this report.

Overview of the Financial Statements (Continued)

Other Supplementary Information. The District also presents other supplementary information in this report containing various financial schedules and statistical information required by the State of New Jersey Department of Education.

Other supplementary information can be found immediately following the required supplementary information in this report.

Financial Summary and Detailed Analysis

As noted earlier, net position over time may serve as a useful indicator of a district's financial position. In the case of the Carlstadt Board of Education, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $21.8 million at the close of the most recent fiscal year, an increase of $1.7 million from the previous year.

A comparative summary of the District's net position as of June 30, 2026 and 2025 is as follows:

Carlstadt Board of Education's Net Position

(as of June 30)

	Governmental Activities		Business-Type Activities		Total	
	2026	2025	2026	2025	2026	2025
Assets						
Current and Other Assets	$ 6,827,997	$ 6,294,056	$ 89,307	$ 102,440	$ 6,917,304	$ 6,396,496
Capital Assets, net of accumulated depreciation	22,912,784	23,653,687	41,556	46,016	22,954,340	23,699,703
Total Assets	29,740,781	29,947,743	130,863	148,456	29,871,644	30,096,199
Deferred Outflows of Resources	169,361	230,075	-	-	169,361	230,075
Total Assets and Deferred Outflows of Resources	29,910,142	30,177,818	130,863	148,456	30,041,005	30,326,274
Liabilities						
Long-Term Liabilities	7,692,768	9,412,443			7,692,768	9,412,443
Other Liabilities	231,522	607,906	3,140	31,267	234,662	639,173
Total Liabilities	7,924,290	10,020,349	3,140	31,267	7,927,430	10,051,616
Deferred Inflows of Resources	282,377	164,906	259	1,617	282,636	166,523
Total Liabilities and Deferred Inflows of Resources	8,206,667	10,185,255	3,399	32,884	8,210,066	10,218,139
Net Position						
Net Investment in Capital Assets	17,119,643	16,529,322	41,556	46,016	17,161,199	16,575,338
Restricted	2,676,760	1,535,865			2,676,760	1,535,865
Unrestricted	1,907,072	1,927,376	85,908	69,556	1,992,980	1,996,932
Total Net Position	$ 21,703,475	$ 19,992,563	$ 127,464	$ 115,572	$ 21,830,939	$ 20,108,135

Financial Summary and Detailed Analysis (Continued)

By far the largest portion of the Carlstadt Board of Education's net position, $17.1 million, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets). Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $2.7 million, represents resources that are subject to restrictions on how they may be used. As of June 30, 2026, the District's unrestricted net position was a surplus of $2.0 million.

Governmental activities. Current and other assets remained largely unchanged at approximately $29.9 million. Long-term liabilities, which consist of bonds, net pension and compensated absences were reduced by approximately $1.7 million to a balance of $7.7 million at June 30, 2026.

Business-type activities. Assets and liabilities of business-type activities remained largely unchanged from the prior year.

A comparative schedule of the changes in net position for fiscal years ended June 30, 2026 and 2025 is as follows:

Carlstadt Board of Education's Change in Net Position
(for the fiscal year ended June 30)

	Governmental Activities		Business-Type Activities		Total	
	2026	2025	2026	2025	2026	2025
Revenues						
Program Revenues:						
Charges for Services	$ 74,921	$ 78,541	$ 167,754	$ 184,787	$ 242,675	$ 263,328
Grants and Contributions	3,415,208	3,287,922	212,359	208,791	3,627,567	3,496,713
General Revenues:						
Property Taxes	13,998,703	13,516,689			13,998,703	13,516,689
Other	287,756	333,646	3,906	3,163	291,662	336,809
Total Revenues	17,776,588	17,216,798	384,019	396,741	18,160,607	17,613,539
Program Expenses						
Instruction	9,060,781	8,787,040			9,060,781	8,787,040
Support Services:						-
Pupils and Instructional Staff Services	3,271,173	3,140,572			3,271,173	3,140,572
Administrative Services	1,385,082	1,364,265			1,385,082	1,364,265
Operation and Maintenance of Facilities	1,960,136	2,119,505			1,960,136	2,119,505
Pupil Transportation Services	182,773	223,323			182,773	223,323
Interest on Debt	205,731	261,392			205,731	261,392
Food Service	-	-	372,127	378,831	372,127	378,831
Total Expenses	16,065,676	15,896,097	372,127	378,831	16,437,803	16,274,928
Transfers	-	-	-	-	-	-
Change in Net Position	1,710,912	1,320,701	11,892	17,910	1,722,804	1,338,611
Net Position - Beginning of Year	19,992,563	18,671,862	115,572	97,662	20,108,135	18,769,524
Net Position - End of Year	$ 21,703,475	$ 19,992,563	$ 127,464	$ 115,572	$ 21,830,939	$ 20,108,135

Financial Summary and Detailed Analysis (Continued)

Governmental Activities. During the current fiscal year, net position for governmental activities increased by approximately $1.7 million, or 8.5%, from the prior year, resulting in an ending balance of $21.7 million as of June 30, 2026.

Revenues increased by approximately $600 thousand, or 3.3% from the prior year. Expenses increase from $15.9 million in the prior year to $16.1 million in the current year.

As shown in the schedule below, revenues generated by the District's programs are not sufficient to cover the respective program costs. The District's total cost of services was $16.1 million, After applying program revenues consisting of charges for services and grants/contributions, the net costs of services to the District was $12.6 million. The District relies on property taxes, unrestricted state aid, investment income and other general revenues to cover the total net costs associated with the various programs.

	Total Cost of Services		Net Cost of Services	
	2026	2025	2026	2025
Instruction	$ 9,060,781	$ 8,787,040	$ (6,739,398)	$ (6,615,367)
Support Services				
Pupils and Instructional Staff Services	3,271,173	3,140,572	(2,350,896)	(2,434,621)
Administrative Services	1,385,082	1,364,265	(1,319,775)	(1,303,898)
Operation and Maintenance of Facilities	1,960,136	2,119,505	(1,819,338)	(1,735,500)
Pupil Transportation Services	182,773	223,323	(140,409)	(178,856)
Interest on Debt	205,731	261,392	(205,731)	(261,392)
Total	$ 16,065,676	$ 15,896,097	$ (12,575,547)	$ (12,529,634)

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

Pupils and Instructional Staff Services includes the activities involved with assisting staff with the content and process of teaching students, including curriculum and staff development.

Administrative Services includes general administration, school administration, and central services/information technology expenses associated with administrative and financial supervision of the District.

Operation and Maintenance of Facilities involves keeping the school grounds, buildings, and equipment in an effective working condition.

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

Interest on Debt involves transactions associated with the payment of interest and other related charges to debt of the District.

Financial Summary and Detailed Analysis (Continued)

Business-type Activities. For the District's business-type activities, the results for the current fiscal year were essentially breakeven, as the fund net position saw a increase of approximately $12 thousand from the prior year resulting in an ending balance of approximately $127 thousand at June 30, 2026. Revenues and expenses were comparable year over year with no significant changes.

Detailed Analysis of Governmental Funds

As noted earlier, the Carlstadt Board of Education utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports four major funds individually in the governmental fund financial statements, the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund.

The following schedule presents a comparative summary of the governmental funds revenues for the fiscal years ended June 30, 2026 and 2025.

Revenue	Year Ended June 30, 2026	Year Ended June 30, 2025	Amount of Increase (Decrease)	Percent Change
Local Sources	$ 14,361,380	$ 13,934,376	$ 427,004	3.1%
State Sources	4,609,734	4,485,625	124,109	2.8%
Federal Sources	323,256	309,892	13,364	4.3%
Total Revenues	$ 19,294,370	$ 18,729,893	$ 564,477	3.0%

The following schedule represents a comparative summary of governmental funds expenditures for the fiscal years ended June 30, 2026 and 2025.

Expenditures	Year Ended June 30, 2026	Year Ended June 30, 2025	Amount of Increase (Decrease)	Percent Change
Current				
Instruction	$ 10,391,612	$ 9,892,597	$ 499,015	5.0%
Support Services	6,403,837	6,162,204	241,633	3.9%
Capital Outlay	51,641	691,047	(639,406)	-92.5%
Debt Service				
Principal	1,270,000	1,215,000	55,000	4.5%
Interest and Other	277,538	338,287	(60,749)	-18.0%
Total Expenditures	$ 18,394,628	$ 18,299,135	$ 95,493	0.5%

Financial Summary and Detailed Analysis (Continued)

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balances in the general fund were $6.6 million, an increase of $1.4 million when compared to the prior year. After deducting restricted and assigned fund balances, the unassigned fund balance of the General Fund was a surplus of $38 thousand.

Special Revenue Fund. The Special Revenue Fund is used to account for resources for the District's federal, state and local grant programs along with student activities related programs. Total revenues for the Special Revenue Fund during the fiscal year were approximately $1.3 million and expenditures were approximately $1.4 million.

Capital Projects Fund. The Capital Projects Fund is used to account for long term capital improvement projects funded through the use of bond proceeds, school facilities grants and capital reserve. Revenues and other financing sources were approximately $18 thousand during the 2025-26 fiscal year. Expenditures and other financing uses were approximately $547 thousand. Fund balance of the Capital Projects Fund decreased by $529 thousand from the prior year, resulting in a balance of $-0- as of June 30, 2026.

Debt Service Fund. The Debt Service Fund, the remaining major governmental fund, is used to account for the repayment of principal and interest on long term debt. Fund balance remained unchanged from the prior year, resulting in an ending balance of $2 dollars as of June 30, 2026. Revenues were $1.5 million, consisting of property tax levy. Expenditures were $1.5 million, consisting of debt principal and related interest expense.

Detailed Analysis of Enterprise Funds

The District reports its only enterprise fund as a major fund in the proprietary fund financial statements, the Food Service Fund. The enterprise funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

The food service fund incurred an operating loss of $204 thousand during the fiscal year. This was primarily offset with federal and state subsidies for free and reduced price meals in the amount of $212 thousand. Food service fund net position at June 30, 2026 was $127 thousand.

General Fund Budgetary Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through budget appropriation transfers to prevent over-expenditure in specific line-item accounts as well as the appropriation of restricted and unassigned fund balances.

For fiscal year 2026, General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses, increasing budgetary fund balance by $1.5 million. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased $47 thousand from an unassigned fund balance of $285 thousand at June 30, 2025 to $332 thousand at June 30, 2026. In addition, at June 30, 2026 the District had balances in its capital reserve of $1.9 million, maintenance reserve of $635 thousand, emergency reserve of $250 thousand and restricted excess surplus of $3.6 million.

Significant Capital Asset and Long-term Financing Activity

Capital assets. The District's investment in capital assets for its governmental and business type activities as of June 30, 2026, amounts to $23 million (net of accumulated depreciation). Depreciation charges for fiscal year 2026 amount to $790 thousand for governmental activities and $4 thousand for business-type activities. This investment in capital assets includes land, buildings, machinery and equipment. As reflected in the chart below, there was no significant change from the prior year.

Carlstadt Board of Education's Capital Assets (net of accumulated depreciation)
(as of June 30)

	Governmental Activities		Business-Type Acitvities		Total	
	2026	2025	2026	2025	2026	2025
Land and Land Improvements	$ 1,526,720	$ 1,545,847			$ 1,526,720	$ 1,545,847
Building and Building Improvements	21,173,330	21,153,871			21,173,330	21,153,871
Machinery and Equipment	212,734	298,444	$ 41,556	$ 46,016	254,290	344,460
Construction in Progress	-	655,525	-	-	-	655,525
Total Capital Assets, Net	$ 22,912,784	$ 23,653,687	$ 41,556	$ 46,016	$ 22,954,340	$ 23,699,703

Long-term liabilities. At the end of the current fiscal year, the District had total long-term liabilities of $7.7 million, composed of serial bonds (including unamortized premium), net pension liability and compensated absences. As reflected in the chart below, long-term liabilities decreased by $1.7 million during the 2025-26 fiscal year primarily as a result of bond principal paydowns and a reduction in the State of New Jersey's net pension liability attributable to the District.

Carlstadt Board of Education's Long-Term Liabilities
(as of June 30)

	Governmental Activities	
	2026	2025
Bonds Payable, including unamortized premium	$ 5,884,361	$ 7,256,014
Net Pension Liability	1,361,175	1,654,667
Compensated Absences	447,232	501,762
Total Long-Term Liabilities	$ 7,692,768	$ 9,412,443

Currently known facts, decisions or conditions

The Carlstadt Board of Education is aware of the following items that will impact future finances and were considered in developing the 2026-2027 fiscal year budget.

Budget

The Districts 2026-27 operating budget includes a 4.7% increase in appropriations, for a total general fund budget of $16.1 million. Budgeted health benefits increased approximately $470 thousand, or 18.8%, from the previous year. Surplus of $1.9 million was included as a budgeted revenue, along with $75 thousand of capital reserve and $31 thousand of maintenance reserve. The general fund tax levy was increased by 6.4% and additional state aid of approximately $48 thousand was awarded to the District for 2026-27 fiscal year.

Currently known facts, decisions or conditions (Continued)

Health Care

Rising employee health care costs continue to be a significant factor when preparing District budgets. The District incurred an approximately 11.3% increase during the 2025-26 fiscal year, and as previously discussed, has included an 18.8% increase in the 2026-27 budget. While future costs are indeterminable at this time, it is anticipated that significant increases will continue to occur for the foreseeable future.

Union Negotiations

The Carlstadt Education Association contract is set to expire on June 30, 2028. The impact of a new contract on future budgets is not yet known.

Requests for Information

This financial report is designed to provide a general overview of the Carlstadt Board of Education's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator at the Carlstadt Board of Education, 500 Washington Street, Carlstadt, NJ.

FINANCIAL STATEMENTS

CARLSTADT BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2026

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 6,711,961	$ 108,575	$ 6,820,536
Receivables, net	77,059	16,231	93,290
Internal Balances	38,977	(38,977)	-
Inventory		3,478	3,478
Capital Assets, Not Being Depreciated	188,036		188,036
Capital Assets, Being Depreciated, Net	22,724,748	41,556	22,766,304
Total Assets	29,740,781	130,863	29,871,644
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	91,220		91,220
Deferred Amounts on Net Pension Liability	78,141	-	78,141
Total Deferred Outflows of Resources	169,361	-	169,361
Total Assets and Deferred Outflows of Resources	29,910,142	130,863	30,041,005
LIABILITIES			
Accounts Payable and Other Current Liabilities	115,155		115,155
Accrued Interest Payable	35,673		35,673
Unearned Revenue	80,694	3,140	83,834
Noncurrent Liabilities			
Due Within One Year	1,432,026		1,432,026
Due Beyond One Year	6,260,742	-	6,260,742
Total Liabilities	7,924,290	3,140	7,927,430
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenues		259	259
Deferred Amounts on Net Pension Liability	282,377	-	282,377
Total Deferred Inflows of Resources	282,377	259	282,636
Total Liabilities and Deferred Inflows of Resources	8,206,667	3,399	8,210,066
NET POSITION			
Net Investment in Capital Assets	17,119,643	41,556	17,161,199
Restricted for			
Capital Projects	1,948,934		1,948,934
Debt Service	2		2
Other Purposes	727,824		727,824
Unrestricted	1,907,072	85,908	1,992,980
Total Net Position	$ 21,703,475	$ 127,464	$ 21,830,939

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

EXHIBIT A-2

CARLSTADT BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
Instruction							
Regular	$ 6,548,572		$ 994,786		$ (5,553,786)		$ (5,553,786)
Special Education	1,970,669		1,123,839		(846,830)		(846,830)
Other Instruction	407,097		118,896		(288,201)		(288,201)
School Sponsored Activities and Athletics	134,443	$ 74,921	8,941		(50,581)		(50,581)
Support Services							
Student and Instruction Related Services	3,271,173		920,277		(2,350,896)		(2,350,896)
General Administrative Services	518,717		14,087		(504,630)		(504,630)
School Administrative Services	342,723		34,503		(308,220)		(308,220)
Plant Operations and Maintenance	1,960,136		122,760	$ 18,038	(1,819,338)		(1,819,338)
Pupil Transportation	182,773		42,364		(140,409)		(140,409)
Central Services	523,642		16,717		(506,925)		(506,925)
Interest on Long Term Debt	205,731	-	-	-	(205,731)	-	(205,731)
Total Governmental Activities	16,065,676	74,921	3,397,170	18,038	(12,575,547)	-	(12,575,547)
Business-Type Activities							
Food Service	372,127	167,754	212,359	-	-	$ 7,986	7,986
Total Business-Type Activities	372,127	167,754	212,359	-	-	7,986	7,986
Total Primary Government	$ 16,437,803	$ 242,675	$ 3,609,529	$ 18,038	(12,575,547)	7,986	(12,567,561)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					12,451,165		12,451,165
Property Taxes, levied for debt service purposes, net					1,547,538		1,547,538
Investment Earnings					234,401	3,906	238,307
Miscellaneous Income					53,355	-	53,355
Total General Revenues					14,286,459	3,906	14,290,365
Change in Net Position					1,710,912	11,892	1,722,804
Net Position, Beginning of Year					19,992,563	115,572	20,108,135
Net Position, End of Year					$ 21,703,475	$ 127,464	$ 21,830,939

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

FUND FINANCIAL STATEMENTS

CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 6,580,045	$ 131,914	-	$ 2	$ 6,711,961
Due from Other Funds	38,977				38,977
Receivables from Other Governments	19,514	57,545	-	-	77,059
Total Assets	$ 6,638,536	$ 189,459	$ -	$ 2	$ 6,827,997
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 69,789	$ 35,443			$ 105,232
Payroll Deductions and Withholdings Payable	9,923				9,923
Unearned Revenue	-	80,694	-	-	80,694
Total Liabilities	79,712	116,137	-	-	195,849
Fund Balances					
Restricted Fund Balance					
Excess Surplus	1,733,000				1,733,000
Excess Surplus-Designated for Subsequent Year's Expenditures	1,876,383				1,876,383
Capital Reserve	1,873,934				1,873,934
Capital Reserve-Designated for Subsequent Year's Expenditures	75,000				75,000
Maintenance Reserve	604,475				604,475
Maintenance Reserve-Designated for Subsequent Year's Expenditures	31,000				31,000
Emergency Reserve	215,000				215,000
Emergency Reserve-Designated for Subsequent Year's Expenditures	35,000				35,000
Unemployment Compensation	19,027				19,027
Student Activities		73,322			73,322
Debt Service				$ 2	2
Assigned Fund Balance					
Year End Encumbrances	57,605				57,605
Unassigned Fund Balance	38,400	-	-	-	38,400
Total Fund Balances	6,558,824	73,322	-	2	6,632,148
Total Liabilities and Fund Balances	$ 6,638,536	$ 189,459	$ -	$ 2	$ 6,827,997

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

CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2026

Total Fund Balances (Exhibit B-1)		$ 6,632,148
Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $36,124,790 and the accumulated depreciation is $13,212,006.		22,912,784
The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(35,673)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		91,220
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	$ 78,141	
Deferred Inflows of Resources	(282,377)	
		(204,236)
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Bonds Payable	(5,655,000)	
Issuance Premium	(229,361)	
Compensated Absences	(447,232)	
Net Pension Liability	(1,361,175)	
		(7,692,768)
Net Position of Governmental Activities (Exhibit A-1)		$ 21,703,475

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

CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	$ 12,451,165			$ 1,547,538	$ 13,998,703
Interest	234,401				234,401
Miscellaneous	53,355	$ 74,921	-	-	128,276
Total - Local Sources	12,738,921	74,921	-	1,547,538	14,361,380
State Sources	3,689,386	902,310	$ 18,038		4,609,734
Federal Sources	9,062	314,194	-	-	323,256
Total Revenues	16,437,369	1,291,425	18,038	1,547,538	19,294,370
EXPENDITURES					
Current					
Regular Instruction	7,492,640	124,386			7,617,026
Special Education Instruction	1,979,612	160,078			2,139,690
Other Instruction	418,614	67,911			486,525
School-Sponsored Activities and Athletics	80,050	68,321			148,371
Support Services					
Student and Instruction Related Services	2,274,616	1,028,343			3,302,959
General Administrative Services	526,725				526,725
School Administrative Services	391,477				391,477
Plant Operations and Maintenance	1,466,757				1,466,757
Pupil Transportation	182,773				182,773
Business Services/Central Services	533,146				533,146
Debt Service					
Principal				1,270,000	1,270,000
Interest				277,538	277,538
Capital Outlay	51,641	-	-	-	51,641
Total Expenditures	15,398,051	1,449,039	-	1,547,538	18,394,628
Excess (Deficiency) of Revenues Over Expenditures	1,039,318	(157,614)	18,038	-	899,742
OTHER FINANCING SOURCES (USES)					
Transfers In	546,983	164,214			711,197
Transfers Out	(164,214)	-	(546,983)	-	(711,197)
Total Other Financing Sources and (Uses)	382,769	164,214	(546,983)	-	-
Net Change in Fund Balances	1,422,087	6,600	(528,945)	-	899,742
Fund Balance, Beginning of Year	5,136,737	66,722	528,945	2	5,732,406
Fund Balance , End of Year	$ 6,558,824	$ 73,322	$ -	$ 2	$ 6,632,148

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

CARLSTADT BOARD OF EDUCATION
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		$ 899,742
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.		
Capital Outlay	$ 51,641	
Depreciation Expense	(792,544)	
		(740,903)
In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):		
Net Decrease in Compensated Absences	54,530	
Net Decrease in Pension Expense	155,736	
		210,266
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
Bond Principal		1,270,000
Governmental funds report the effect of premiums and such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of Bond Premium	101,653	
Amortization of Deferred Amounts on Refunding	(40,429)	
		61,224
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		10,583
Change in Net Position of Governmental Activities (Exhibit A-2)		$ 1,710,912

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

CARLSTADT BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF FUND NET POSITION
AS OF JUNE 30, 2026

	Business-Type Activities Enterprise Fund Food Services
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 108,575
Intergovernmental Receivable	
Federal	14,502
State	1,729
Inventory	3,478
Total Current Assets	128,284
Capital Assets	
Machinery and Equipment	118,481
Less: Accumulated Depreciation	(76,925)
Total Capital Assets, Net	41,556
Total Assets	169,840
LIABILITIES	
Current Liabilities	
Unearned Revenue	3,140
Due to Other Funds	38,977
Total Current Liabilities	42,117
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	259
Total Deferred Inflows of Resources	259
NET POSITION	
Investment in Capital Assets	41,556
Unrestricted	85,908
Total Fund Net Position	$ 127,464

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

CARLSTADT BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Business-Type Activities Enterprise Fund Food Services
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	$ 106,762
Non-Reimbursable Programs	60,992
Total Operating Revenues	167,754
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	119,632
Cost of Sales - Non-Reimbursable Programs	26,261
Salaries	76,924
Salary - Food Service Manager	68,889
Employee Benefits/Payroll Taxes	14,727
Insurance	10,236
Supplies	20,391
Repair and Maintenance	260
Other Professional Services	4,176
Management Fees	26,018
Depreciation	4,459
Miscellaneous	154
Total Operating Expenses	372,127
Operating Loss	(204,373)
NONCAPITAL SUBSIDIES	
State Sources	
School Lunch Program	6,428
School Breakfast Program	438
School Lunch Program - NJEIE	7,792
School Breakfast Program - NJEIE	363
NJ Farm to School Procurement Initiative	2,278
S-EBT Admin	301
Federal Sources	
National School Lunch Program	141,794
Food Distribution Program	28,839
National School Breakfast Program	23,825
S-EBT Admin	301
Total Noncapital Subsidies	212,359
Operating Loss and Noncapital Subsidies	7,986
OTHER NONOPERATING REVENUES	
Interest	3,906
Total Other Nonoperating Revenues	3,906
Change in Fund Net Position	11,892
Fund Net Position, Beginning of Year	115,572
Fund Net Position, End of Year	$ 127,464

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

CARLSTADT BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Business-Type Activities Enterprise Fund Food Services
Cash Flows from Operating Activities	
Cash Received from Customers	$ 166,895
Cash Payment for Salaries and Benefits	(160,540)
Cash Payments to Suppliers for Goods and Services	(204,134)
Net Cash Provided (Used for) Operating Activities	(197,779)
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	180,009
Net Cash Provided by Noncapital Financing Activities	180,009
Cash Flows from Investing Activities	
Interest on Investments	3,906
Net Cash Provided by Investing Activities	3,906
Net Increase (Decrease) in Cash and Cash Equivalents	(13,864)
Cash and Cash Equivalents, Beginning of Year	122,439
Cash and Cash Equivalents, End of Year	$ 108,575
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities	
Operating (Loss)	$ (204,373)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities	
Depreciation	4,459
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	28,839
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase)/Decrease in Inventory	2,780
Increase/(Decrease) in Accounts Payable	(27,267)
Increase/(Decrease) in Deferred Revenue	(860)
Increase/(Decrease) in Deferred Commodities Revenue	(1,357)
Total Adjustments	6,594
Net Cash (Used by) Operating Activities	$ (197,779)
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	$ 27,481

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2026, the District adopted the following GASB statements:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, was effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 104, *Disclosure of Certain Capital Assets,* was effective beginning with the fiscal year ending June 30, 2026. The objective of this Statement is to provide user of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by provided users of the financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

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

- GASB Statement No. 105, *Subsequent Events*, will be effective beginning with the fiscal year ending June 30, 2027. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement will improve financial reporting related to subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. Those improvements will assist preparers and auditors in applying the requirements more consistently, thereby reducing diversity in practice and provided information that better meets the needs of financial statement users.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

District-Wide Financial Statements

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

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

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, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

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

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

Use of Estimates

The preparation of financial statements requires management of the District to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

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

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 two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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 qualifies for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

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

7. Pensions

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Long-Term Obligations

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

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2026 audited excess surplus that is required to be appropriated in the 2027/2028 original budget certified for taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2025 audited excess surplus that was appropriated in the 2026/2027 original budget certified for taxes.

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the 2026/2027 original budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 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 2026/2027 original budget certified for taxes.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2D).

Emergency Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of emergency reserve fund balance appropriated in the 2026/2027 original budget certified for taxes.

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). The District has switched to the Contribution Method in which the reservation of funds for unemployment is not required. The balance of this restriction is the residual amount collected in excess of claims paid during the time in which the District was under the Reimbursement Method.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2024-2025 and 2025-2026 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. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system, including on-behalf payments for post-retirement medical contributions for District employees enrolled in the Public Employees Retirement System (PERS).

Revenues and expenses of governmental activities include the State's proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system, including the on-behalf actuarial determined post-retirement medical benefit amounts attributable to the District for District employees enrolled in the PERS retirement system.

5. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from noncapital subsidies, and other nonoperating revenue and expenses. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gain and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. A *subsidy* represents amounts received from or provided to another party or fund of the District. Amounts received from another party or fund are considered a subsidy if the proprietary fund does not provide goods and services to the other party or fund and that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise. Amounts provided to another party or fund are considered a subsidy if the other party or fund does not provide goods and services to the proprietary fund and that are generally recoverable through the proprietary fund's current or future fees and charges. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses. Operating revenues and expenses 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 the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year's general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts are not required to submit their budgets for voter approval that meet levy cap requirements. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

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 2025/2026. Also, during 2025/2026 the Board increased the original budget of the general fund by $24,998 and the special revenue fund by $146,076. The increases were funded by the additional appropriation of maintenance reserve, grant awards and student activity revenues. During the fiscal year the Board authorized and approved additional fund balance appropriations of maintenance reserve of $24,998 from the general fund.

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.

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, 2026 is as follows:

Balance, July 1, 2025		$ 556,168
Increased by:		
Deposits Approved by District Budget	$ 845,783	
Return of Unexpended Project Balances funded by Capital Reserve	546,983	
		1,392,766
Balance, June 30, 2026		$ 1,948,934

The June 30, 2026 LRFP balance costs of uncompleted capital projects is estimated by management to be $4,559,800. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan. $75,000 of the capital reserve balance at June 30, 2026 was designated and appropriated for use in the 2026/2027 original budget certified for taxes.

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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2026 is as follows:

Balance, July 1, 2025	$ 370,071
Increased by:	
Deposits Approved by Board Resolution	290,402
	660,473
Decreased by:	
Withdrawals Approved by Board Resolution	24,998
Balance, June 30, 2026	$ 635,475

The June 30, 2026 comprehensive maintenance plan indicated a maximum maintenance reserve amount of $635,475. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. $31,000 of the maintenance reserve balance at June 30, 2026 was designated and appropriated for use in the 2026/2027 original budget certified for taxes.

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2026 is as follows:

Balance, July 1, 2025	$ 250,000
Balance, June 30, 2026	$ 250,000

$35,000 of the emergency reserve balance at June 30, 2026 was designated and appropriated for use in the 2026/2027 original budget certified for taxes.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2026 is $3,609,383. Of this amount, $1,876,383 was designated and appropriated in the 2026/2027 original budget certified for taxes and the remaining amount of $1,733,000 is required to be appropriated in the 2027/2028 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 deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

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, 2026 the book value of the Board's deposits were $6,820,536 and bank and brokerage firm balances of the Board's deposits amounted to $7,282,783. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account	Bank Balance
Insured	$ 7,073,052
Uninsured and Collateral held by pledging financial institution's trust department but not in the Board's Name	209,731
	$ 7,282,783

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, 2026 $209,731 of the Board's bank balances were exposed to custodial credit risk.

Depository Account	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in	$ 209,731

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute; deposit of funds in accordance with the conditions outlined in the statute.

As of June 30, 2026, the Board had no outstanding investments.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2026 for the District's individual major funds are as follows:

	General	Special Revenue	Food Service	Total
Receivables:				
Intergovernmental-				
Federal	$ 543	$ 57,545	$ 14,502	$ 72,590
State	18,971	-	1,729	20,700
Total Receivables	$ 19,514	$ 57,545	$ 16,231	$ 93,290

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	$ 80,694
Total Unearned Revenue for Governmental Funds	$ 80,694

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2026 was as follows:

	Balance, July 1, 2025	Increases	Decreases	Adjustments	Balance, June 30, 2026
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 188,036				$ 188,036
Construction in Progess	655,525	-	-	$ (655,525)	-
Total Capital Assets, Not Being Depreciated	843,561	-	-	(655,525)	188,036
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	32,119,295	$ 18,084		-	32,137,379
Land Improvements	1,693,039	-	-	655,525	2,348,564
Machinery and Equipment	1,437,029	33,557	$ (19,775)	-	1,450,811
Total Capital Assets Being Depreciated	35,249,363	51,641	(19,775)	655,525	35,936,754
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(10,965,424)	(654,150)			(11,619,574)
Land Improvements	(335,228)	(19,127)			(354,355)
Machinery and Equipment	(1,138,585)	(119,267)	19,775	-	(1,238,077)
Total Accumulated Depreciation	(12,439,237)	(792,544)	19,775	-	(13,212,006)
Total Capital Assets, Being Depreciated, Net	22,810,126	(740,903)	-	655,525	22,724,748
Governmental Activities Capital Assets, Net	$ 23,653,687	$ (740,903)	$ -	$ -	$ 22,912,784

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2025	Increases	Decreases	Balance, June 30, 2026
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	$ 118,481	-	-	$ 118,481
Total Capital Assets Being Depreciated	118,481	-	-	118,481
Less Accumulated Depreciation for:				
Machinery and Equipment	(72,466)	$ (4,459)	-	(76,925)
Total Accumulated Depreciation	(72,466)	(4,459)	-	(76,925)
Total Capital Assets, Being Depreciated, Net	46,015	(4,459)	-	41,556
Business-Type Activities Capital Assets, Net	$ 46,015	$ (4,459)	$ -	$ 41,556

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

Governmental Activities:	
Instruction	
Regular	$ 287,512
Special Education	725
Total Instruction	288,237
Support Services	
Student and Instruction Related Services	132
School Administration	132
Plant Operations and Maintenance	504,043
Total Support Services	504,307
Total Depreciation Expense - Governmental Activities	$ 792,544
Business-Type Activities:	
Food Service Fund	$ 4,459
Total Depreciation Expense - Business-Type Activities	$ 4,459

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2026, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 38,977
		$ 38,977

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

Interfund Transfers

	Transfer In:		
	General	Special Revenue	Total
Transfer Out:			
General Fund		$ 164,214	$ 164,214
Capital Projects Fund	$ 546,983	-	546,983
Total Transfers	$ 546,983	$ 164,214	$ 711,197

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2026 are comprised of the following issues:

$17,075,000, 2014 Refunding Bonds, due in annual installments of $1,340,000 to $1,490,000 through May 1, 2030, interest at 3.125% to 4.00%	$ 5,655,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds Principal	Interest	Total
2027	$ 1,340,000	$ 214,038	$ 1,554,038
2028	1,390,000	160,438	1,550,438
2029	1,435,000	117,000	1,552,000
2030	1,490,000	59,600	1,549,600
Total	$ 5,655,000	$ 551,076	$ 6,206,076

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2026 was as follows:

3% of Equalized Valuation Basis (Municipal)	$ 105,169,599
Less: Net Debt Issued and Authorized But Not Issued	5,655,000
Remaining Borrowing Power	$ 99,514,599

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2026, was as follows:

	Balance, June 30, 2025	Additions	Reductions	Balance, June 30, 2026	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 6,925,000		$ 1,270,000	$ 5,655,000	$ 1,340,000
Original Issue Premium	331,014	-	101,653	229,361	92,026
Total Bonds Payable	7,256,014	-	1,371,653	5,884,361	1,432,026
Compensated Absences *	501,762		54,530	447,232	-
Net Pension Liability	1,654,667	-	293,492	1,361,175	-
Governmental Activity Long-Term Liabilities	$ 9,412,443	$ -	$ 1,719,675	$ 7,692,768	$ 1,432,026

* The change in compensated absences liability is presented as a net change.

The governmental activities liabilities for net pension liability and compensated absences 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 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 provides traditional health coverage with Horizon. 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. NESBIG also provides insured coverage (multi-peril) to its member school districts.

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2026, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2026, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

NOTE 4 OTHER INFORMATION (Continued)

Public Employees' Retirement System (PERS) (Continued)

D. Employee Retirement Systems and Pension Plans (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 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, by 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.nj.gov/treasury/pensions/annual-reports.

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

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their 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.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.nj.gov/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. These 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.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Empower Retirement (formerly Prudential) 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.nj.gov/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2025 is $12.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 71.84%. The collective net pension liability of the State funded TPAF at June 30, 2025 is $46.7 billion and the plan fiduciary net position as a percentage of total pension liability is 42.01%.

The total pension liabilities for the June 30, 2025 measurement date were determined based on actuarial valuations as of July 1, 2024 which were rolled forward to June 30, 2025.

Actuarial Methods and Assumptions

In the July 1, 2024 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 2026.

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, 2026 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 more 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 2026, 2025 and 2024 were equal to the required contributions.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2026, 2025 and 2024 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 June 30,	PERS	On-behalf TPAF	DCRP
2026	$ 151,257	$ 1,775,993	$ 16,477
2025	165,702	1,743,145	15,085
2024	165,837	1,788,301	10,379

In addition for fiscal years 2026, 2025 and 2024 the State contributed $707, $502 and $543, 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 $386,020 during the fiscal year ended June 30, 2026 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 based on a measurement date no earlier than the end of the employer's prior fiscal year. 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, 2024 through June 30, 2025. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

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/(benefit) are determined separately for each individual employer of the State and local groups of the plan.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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, 2025 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2025.

At June 30, 2026, the District reported in the statement of net position (accrual basis) a liability of $1,361,175 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024. 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, 2025. At June 30, 2025, the District's proportionate share was 0.01107 percent, which was a decrease of 0.00105 percent from its proportionate share measured as of June 30, 2024 of 0.01212 percent.

For the fiscal year ended June 30, 2025, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of $4,479 for PERS. The pension contribution made by the District during the current 2025/2026 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, 2026 with a measurement date of the prior fiscal year end of June 30, 2025. 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, 2026 for contributions made subsequent to the measurement date. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 38,810	$ 1,455
Changes of Assumptions	215	15,682
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		113,504
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	39,116	151,736
Total	$ 78,141	$ 282,377

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2026, 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 June 30,	Total
2027	$ 6,044
2028	(75,601)
2029	(76,471)
2030	(53,852)
2031	(4,356)
Thereafter	-
	$ (204,236)

Actuarial Assumptions

The District's total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25% - 7.55% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee mortality table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2025) 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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	7.26%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Investment Grade Credit	7.00%	5.47%
US Equity	28.00%	8.55%
Non-US Developed Markets Equity	12.75%	8.77%
Emerging Markets Equity	5.50%	10.30%
High Yield	4.50%	6.63%
Real Assets	3.00%	7.90%
Private Credit	8.00%	9.00%
Real Estate	8.00%	10.78%
Private Equity	13.00%	12.00%
International Small Cap Equity	1.25%	8.77%

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2025. 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 as of the June 30, 2025 measurement date 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:

2025	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the PERS Net Pension Liability	$ 1,863,368	$ 1,361,175	$ 933,174

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2025. A sensitivity analysis specific to the District's net pension liability at June 30, 2025 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.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2024 through June 30, 2025. 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, 2025, the State's pension contribution was more 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, 2026, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of $80,952 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, 2026 the State's proportionate share of the net pension liability attributable to the District is $19,176,652. The net pension liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024. 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, 2025. At June 30, 2025, the State's share of the net pension liability attributable to the District was 0.04109 percent, which was a decrease of 0.00040 percent from its proportionate share measured as of June 30, 2024 of 0.04149 percent.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.85% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2016 Teachers Above-Median Income Employee mortality table with a 94.1% adjustment for males and 84.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 Teachers Above-Median Income Healthy Retiree mortality table with a 112.1% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability mortality rates were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 128.0% adjustment for males and 113.7% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024 .

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2025) 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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	7.26%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Investment Grade Credit	7.00%	5.47%
US Equity	28.00%	8.55%
Non-US Developed Markets Equity	12.75%	8.77%
Emerging Markets Equity	5.50%	10.30%
High Yield	4.50%	6.63%
Real Assets	3.00%	7.90%
Private Credit	8.00%	9.00%
Real Estate	8.00%	10.78%
Private Equity	13.00%	12.00%
International Small Cap Equity	1.25%	8.77%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2025. 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.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District as of the June 30, 2025 measurement date calculated using the discount rate of 7.00%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	$ 23,025,816	$ 19,176,652	$ 15,932,673

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, 2025. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2025 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* the post-retirement health benefit program plan is reported in a custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. 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.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. 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.nj.gov/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2024:

Active Plan Members	221,900
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	154,806
Total	376,706

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.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2025 is $57.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2025 were determined based on an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025.

Actuarial Methods and Assumptions

In the July 1, 2024 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 $1.50 billion to the OPEB plan in fiscal year 2025.

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, 2026, 2025 and 2024 were $534,563, $509,349 and $486,710, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. 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, 2024 through June 30, 2025. 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.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2026, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of $873,726. 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, 2026 the State's proportionate share of the OPEB liability attributable to the District is $22,247,010. The State's proportionate share of the OPEB liability attributable to the District was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024. 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, 2025 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2025. At June 30, 2025, the state's share of the OPEB liability attributable to the District was 0.03865 percent, which was an increase of 0.00081 from its proportionate share measured as of June 30, 2024 of 0.03784 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	PERS	TPAF
Salary Increases	3.25% to 7.75% Based on Years of Service	2.75% to 5.85% Based on Years of Service

Mortality Rates

Preretirement mortality rates were based on the Pub-2016 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-2016 "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-2016 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2016 "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 July 1, 2024 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2021 to June 30, 2024 .

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 9.50% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For post-65 medical benefits PPO, the trend is initially 25.12% and decreases to 4.50% in fiscal year 2036. For post-65 medical benefits HMO the trend is initially 29.65% and decreases to 4.50% in fiscal year 2036. For pre-Medicare prescription drug benefits, the initial trend rate is 19.00% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For employer group waiver plan prescription drug benefits, this initial trend rate is 20.85% and decreases to a 4.5% long-term trend rate in fiscal year 2036. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2025 was 5.20%. 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.

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, 2026 (measurement date June 30, 2025) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2024 Measurement Date	$ 22,569,650
Changes Recognized for the Fiscal Year:	
Service Cost	856,916
Interest on the Total OPEB Liability	930,792
Differences Between Expected and Actual Experience	2,626,238
Changes of Assumptions	(4,140,040)
Gross Benefit Payments	(618,205)
Contributions from the Member	21,659
Net Changes	$ (322,640)
Balance, June 30, 2025 Measurement Date	$ 22,247,010

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025.

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, 2025.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District as of the June 30, 2025 measurement date calculated using the discount rate of 5.20% 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
State's Proportionate Share of the OPEB Liability Attributable to the District	$ 25,606,980	$ 22,247,010	$ 19,490,775

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 as of the June 30, 2025 measurement date 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	$ 18,909,125	$ 22,247,010	$ 26,487,205

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2025. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2025 were not provided by the pension system.

F. Tax Abatements

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
REVENUES					
Local Sources					
Property Tax Levy	$ 12,451,165	$ 12,451,165	-	$ 12,451,165	-
Interest	400	400	-	234,401	$ 234,001
Rentals	-	-	-	15,950	15,950
Unrestricted Miscellaneous	-	-	-	37,405	37,405
Total Local Sources	12,451,565	12,451,565	-	12,738,921	287,356
State Sources					
Transportation Aid	41,694	41,694	-	41,694	-
Security Aid	144,925	144,925	-	144,925	-
Special Education Aid	618,554	618,554	-	618,554	-
Extraordinary Aid	150,000	150,000	-	224,417	74,417
On-behalf TPAF Pension System Contributions-Normal Costs &			-		-
Accrued Liabilities (Non-Budget)			-	1,754,618	1,754,618
On-behalf TPAF Pension System Contributions-NCGI			-		-
(Non-Budget)			-	21,375	21,375
On-behalf TPAF Contributions-Post Retirement Medical			-		-
Contributions (Non-Budget)			-	534,563	534,563
On-behalf TPAF Contributions-Long-Term Disability			-		-
Insurance Contributions (Non-Budget)			-	707	707
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	386,020	386,020
Total State Sources	955,173	955,173	-	3,726,873	2,771,700
Federal Sources					
Medicaid Reimbursement	2,744	2,744	-	9,062	6,318
Total Federal Sources	2,744	2,744	-	9,062	6,318
Total Revenues	13,409,482	13,409,482	-	16,474,856	3,065,374
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool			-		-
Kindergarten	269,995	277,632	$ 7,637	276,922	710
Grades 1-5	2,034,872	2,028,126	(6,746)	1,934,181	93,945
Grades 6-8	1,211,950	1,181,260	(30,690)	1,054,684	126,576
Regular Program - Home Instruction					
Salaries of Teachers	20,000	20,000	-	7,907	12,093
Purchased Professional-Educational Services	19,277	14,727	(4,550)	-	14,727
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	474,449	508,268	33,819	500,998	7,270
Purchased Professional-Educational Services	204,588	196,588	(8,000)	111,787	84,801
General Supplies	357,508	279,202	(78,306)	177,072	102,130
Textbooks	48,000	38,000	(10,000)	13,334	24,666
Total Regular Programs	4,640,639	4,543,803	(96,836)	4,076,885	466,918

Continued

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Auditory Impairments					
Purchased Professional-Educational Services	$ 12,170	$ 12,170	-	$ 3,060	$ 9,110
Total Auditory Impairments	12,170	12,170	-	3,060	9,110
Resource Room/ Resource Center					
Salaries of Teachers	437,053	439,035	$ 1,982	395,260	43,775
Total Resource Room	437,053	439,035	1,982	395,260	43,775
Preschool Disabilities - Full Time					
Salaries of Teachers	85,214	85,214	-	62,534	22,680
Other Salaries for Instruction	31,198	31,198	-	14,737	16,461
Total Preschool Disabilities - Full Time	116,412	116,412	-	77,271	39,141
Home Instruction					
Purchased Professional-Educational Services	-	4,550	4,550	-	4,550
Total Home Instruction	-	4,550	4,550	-	4,550
Total Special Education	565,635	572,167	6,532	475,591	96,576
Basic Skills/Remedial					
Salaries of Teachers	204,030	204,030	-	136,438	67,592
Total Basic Skills/Remedial	204,030	204,030	-	136,438	67,592
Bilingual Education					
Salaries of Teachers	85,670	85,750	80	84,670	1,080
Total Bilingual Education	85,670	85,750	80	84,670	1,080
School Sponsored Co/Extra Curricular Activities					
Salaries	39,950	39,950	-	38,774	1,176
Supplies and Materials	8,312	8,312	-	6,641	1,671
Total School Sponsored Co/Extra Curricular Activities	48,262	48,262	-	45,415	2,847
Total Instruction	5,544,236	5,454,012	(90,224)	4,818,999	635,013
Instruction					
Tuition to Other LEAs Within the State-Special	1,004,079	919,023	(85,056)	703,444	215,579
Tuition to CSSD & Regional Day Schools		78,102	78,102	35,988	42,114
Tuition to APSSD Within the State	410,892	417,846	6,954	378,486	39,360
Total Undistributed Expenditures - Instruction	1,414,971	1,414,971	-	1,117,918	297,053

Continued

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	$ 48,238	$ 48,238	-	$ 48,237	$ 1
Purchased Professional and Technical Services	16,839	16,839	-	16,246	593
Total Attendance and Social Work Services	65,077	65,077	-	64,483	594
Health Services					
Salaries	94,768	99,768	$ 5,000	99,585	183
Purchased Professional and Technical Services	4,000	16,250	12,250	14,850	1,400
Supplies and Materials	2,025	1,975	(50)	1,532	443
Supplies - Menstrual Products	6,000	6,000	-	-	6,000
Total Health Services	106,793	123,993	17,200	115,967	8,026
Speech, OT, PT & Related Services					
Salaries	147,540	147,540	-	147,540	-
Purchased Professional-Educational Services	633,784	618,682	(15,102)	564,112	54,570
Supplies and Materials	1,700	1,700	-	-	1,700
Total Speech, OT, PT & Related Services	783,024	767,922	(15,102)	711,652	56,270
Other Support Serv. Students- Extra Serv.					
Other Object	4,500	4,500	-	3,467	1,033
Total Other Support Serv. Students- Extra Serv.	4,500	4,500	-	3,467	1,033
Guidance					
Salaries of Other Professional Staff	157,798	158,348	550	158,344	4
Purchased Professional-Educational Services	7,412	8,402	990	8,369	33
Travel	-	390	390	390	-
Supplies and Materials	2,600	1,060	(1,540)	1,057	3
Total Guidance	167,810	168,200	390	168,160	40
Child Study Teams					
Salaries of Other Professional Staff	531,163	522,063	(9,100)	500,480	21,583
Purchased Professional-Educational Services	44,266	41,766	(2,500)	6,366	35,400
Other Purchased Services	500	500	-	290	210
Supplies and Materials	12,677	12,677	-	3,915	8,762
Other Objects	2,040	2,040	-	1,455	585
Total Child Study Teams	590,646	579,046	(11,600)	512,506	66,540
Improvement of Instructional Services					-
Salaries of Other Professional Staff	121,253	121,253	-	121,136	117
Other Purchased Services	2,005	-	(2,005)	-	-
Travel	-	1,601	1,601	330	1,271
Other Objects	1,530	4,950	3,420	4,950	-
Total Improvement of Instructional Services	124,788	127,804	3,016	126,416	1,388

Continued

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	$ 194,133	$ 137,299	$ (56,834)	$ 30,222	$ 107,077
Salaries of Technology Coordinator	-	33,334	33,334	33,333	1
Supplies and Materials	808	808	-	330	478
Total Educational Media Serv./School Library	194,941	171,441	(23,500)	63,885	107,556
Instructional Staff Training Services					
Other Purch. Professional and Technical Services	-	6,000	6,000	295	5,705
Travel	-	1,610	1,610	815	795
Total Instructional Staff Training Services	-	7,610	7,610	1,110	6,500
Support Services General Administration					
Salaries	285,688	285,728	40	285,726	2
Legal Services	43,411	49,051	5,640	25,338	23,713
Audit Fees	40,000	75,546	35,546	36,125	39,421
Architectural/Engineering Services	10,598	10,598	-	5,625	4,973
Other Purchased Professional Services	10,995	10,995	-	10,140	855
Purchased Technical Services	1,100	1,660	560	1,360	300
Communications/Telephone	14,129	14,129	-	10,374	3,755
Travel	-	3,964	3,964	2,883	1,081
BOE Other Purchased Services	3,164	2,200	(964)	1,082	1,118
Misc Purchased Services	11,000	11,939	939	10,463	1,476
General Supplies	1,500	1,460	(40)	916	544
Miscellaneous Expenditures	3,026	3,251	225	3,251	-
BOE Membership Dues and Fees	8,339	6,339	(2,000)	6,252	87
Total Support Services General Administration	432,950	476,860	43,910	399,535	77,325
Support Services School Administration					
Salaries of Principal/Asst. Principals	128,423	128,423	-	128,299	124
Salaries of Secretarial and Clerical Assistants	99,799	99,799	-	99,799	-
Purchased Professional and Technical Services	674	674	-	-	674
Other Purchased Services	4,665	4,665	-	1,410	3,255
Supplies and Materials	3,632	13,632	10,000	1,724	11,908
Other Objects	2,438	2,438	-	1,216	1,222
Total Support Services School Administration	239,631	249,631	10,000	232,448	17,183
Central Services					
Salaries	256,833	256,834	1	256,697	137
Unused Vacation Payment to Terminated/Retired Staff	-	3,927	3,927	3,927	-
Purchased Professional Services		4,590	4,590	4,590	-
Travel		4,754	4,754	4,325	429
Miscellaneous Purchased Services	2,400	2,000	(400)	829	1,171
Supplies and Materials	2,330	1,312	(1,018)	837	475
Miscellaneous Expenditures	1,600	3,925	2,325	3,925	-
Total Central Services	263,163	277,342	14,179	275,130	2,212

Continued

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	$ 68,605	$ 88,205	$ 19,600	$ 78,461	$ 9,744
Purchased Professional Services	31,587	31,607	20	24,982	6,625
Purchased Technical Services	2,632	180	(2,452)	-	180
Travel		1,800	1,800	1,461	339
Supplies and Material	488	1,171	683	629	542
Other Objects	1,571	1,540	(31)	1,540	-
Total Admin. Info. Technology	104,883	124,503	19,620	107,073	17,430
Required Maintenance for School Facilities					
Salaries	88,943	88,943	-	-	88,943
Cleaning, Repair and Maint. Serv.	258,115	189,627	(68,488)	168,227	21,400
General Supplies	27,619	25,021	(2,598)	8,974	16,047
Other Objects	816	1,116	300	1,075	41
Total Required Maintenance for School Fac.	375,493	304,707	(70,786)	178,276	126,431
Custodial Services					
Salaries	250,417	337,973	87,556	326,796	11,177
Salaries of Non-Instructional Aides	76,623	76,266	(357)	53,723	22,543
Purchased Professional and Technical Services	22,494	22,254	(240)	14,310	7,944
Cleaning, Repair and Maint. Serv.	47,708	19,331	(28,377)	14,929	4,402
Other Purchased Property Services	21,588	36,588	15,000	33,337	3,251
Insurance	258,553	258,553	-	223,930	34,623
Miscellaneous Purchased Services	5,000	5,240	240	5,240	-
General Supplies	24,203	24,203	-	19,987	4,216
Energy (Natural Gas)	79,421	78,608	(813)	42,910	35,698
Energy (Electricity)	296,700	297,513	813	272,902	24,611
Other Objects	4,518	4,518	-	2,069	2,449
Total Custodial Services	1,087,225	1,161,047	73,822	1,010,133	150,914
Security					
Purchased Professional and Technical Services	-	64,500	64,500	64,500	-
Cleaning, Repair, and Maintenance Services	88,610	24,110	(64,500)	-	24,110
General Supplies	22,000	22,000	-	8,270	13,730
Total Security	110,610	110,610	-	72,770	37,840
Student Transportation Services					
Contract. Svcs.(Between Home and School) - Vendors	-	23,600	23,600	21,697	1,903
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	519,073	495,473	(23,600)	161,076	334,397
Total Student Transportation Services	519,073	519,073	-	182,773	336,300

Continued

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Group Insurance	$ 11,691	$ 11,691	-	$ 8,266	$ 3,425
Social Security Contributions	156,710	156,710	-	154,240	2,470
Other Retirement Contributions-PERS	212,644	212,644	-	168,647	43,997
Unemployment Compensation	29,188	29,188	-	22,239	6,949
Workmen's Compensation	58,379	58,379	-	32,669	25,710
Health Benefits	2,483,784	2,477,259	$ (6,525)	1,950,943	526,316
Tuition Reimbursement	45,000	45,000	-	12,824	32,176
Other Employee Benefits	119,409	119,409	-	92,408	27,001
Total Unallocated Benefits - Employee Benefits	3,116,805	3,110,280	(6,525)	2,442,236	668,044
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)	-	-	-	1,754,618	(1,754,618)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)	-	-	-	21,375	(21,375)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)	-	-	-	534,563	(534,563)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)	-	-	-	707	(707)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	386,020	(386,020)
Total Undistributed Expenditures	9,702,383	9,764,617	62,234	10,483,221	(718,604)
Interest Earned on Maintenance Reserve	200	200	-	-	(200)
Total Expenditures - Current Expenditures	15,246,819	15,218,829	(27,990)	15,302,220	(83,791)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction	-	14,428	14,428	14,428	-
Undistributed Expenditures-Req. Maint. For School Facilities	-	20,682	20,682	20,682	-
Total Equipment	-	35,110	35,110	35,110	-
Facilities Acquisition and Construction Services					
Construction Services	-	17,878	17,878	-	17,878
Assessment for Debt Service on SDA Funding	36,191	36,191	-	36,191	-
Total Facilities Acquisition and Construction Services	36,191	54,069	17,878	36,191	17,878
Interest Earned on Capital Reserve	200	200	-	-	200
Total Capital Outlay	36,391	89,379	52,988	71,301	18,078

Continued

CARLSTADT BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget - Final Budget	Actual	Variance Final Budget - Actual Amounts
	Budget	Final			
Transfer of Funds to Charter School	$ 24,530	$ 24,530	-	$ 24,530	-
Total Expenditures	15,307,740	15,332,738	$ 24,998	15,398,051	$ (65,313)
Net Change in Fund Balance	(1,898,258)	(1,923,256)	(24,998)	1,076,805	3,000,061
Other Financing Sources (Uses)					
Transfers Out to Special Revenue Fund	(164,214)	(164,214)	-	(164,214)	-
Transfers In from Capital Projects Fund	-	-	-	546,983	(546,983)
Total Other Financing Sources	(164,214)	(164,214)	-	382,769	(546,983)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,062,472)	(2,087,470)	(24,998)	1,459,574	(3,547,044)
Fund Balance, Beginning of Year	5,392,567	5,392,567	-	5,392,567	-
Fund Balance, End of Year	$ 3,330,095	$ 3,305,097	$ (24,998)	$ 6,852,141	$ (3,547,044)

Recapitulation of Fund Balance

Restricted Fund Balance	
Excess Surplus - Designated for Subsequent Year's Expenditures	$ 1,876,383
Excess Surplus	1,733,000
Capital Reserve - Designated for Subsequent Year's Expenditures	75,000
Capital Reserve	1,873,934
Maintenance Reserve - Designated for Subsequent Year's Expenditures	31,000
Maintenance Reserve	604,475
Emergency Reserve - Designated for Subsequent Year's Expenditures	35,000
Emergency Reserve	215,000
Unemployment Compensation Reserve	19,027
Assigned Fund Balance	
Year-End Encumbrances	57,605
Unassigned Fund Balance	331,717
Reconciliation to Governmental Funds Statements (GAAP):	6,852,141
Less: Final State Aid Payments Not Recognized on GAAP Basis	(293,317)
Fund Balance Per Governmental Funds (GAAP)	$ 6,558,824

CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget -		Variance Final Budget -
	Budget	Final	Final Budget	Actual	Actual Amounts
REVENUES					
Intergovernmental					
Federal	$ 230,001	$ 373,251	$ 143,250	$ 314,194	$ (59,057)
State	1,064,374	1,064,374	-	902,310	(162,064)
Local Sources					
Miscellaneous	-	2,826	2,826	74,921	72,095
Total Revenues	1,294,375	1,440,451	146,076	1,291,425	(149,026)
EXPENDITURES					
Instruction					
Salaries of Teachers	161,173	149,424	(11,749)	148,884	540
Other Salaries for Instruction	28,355	28,355	-	28,355	-
Purchased Professional-Educational Services	11,408	107,909	96,501	6,492	101,417
Other Purchased Services	12,250	12,250		1,737	10,513
Tuition	120,674	160,078	39,404	160,078	-
Student Activities Expenses (Non-budget)			-	68,321	(68,321)
General Supplies	16,439	9,521	(6,918)	6,829	2,692
Total Instruction	350,299	467,537	117,238	420,696	46,841
Support Services					
Salaries of Program Directors	21,008	21,008	-	21,008	-
Salaries of Other Professional Staff	131,295	28,887	(102,408)	28,887	-
Salaries of Community Parent Involvement Specialist	40,135	40,135	-	39,943	192
Salaries of Master Teachers	60,202	60,202	-	59,914	288
Personal Services-Employee Benefits	133,936	209,043	75,107	164,245	44,798
Purchased Education Services - Contracted Pre-K	623,639	623,639	-	623,639	-
Purchased Professional-Educational Services		61,125	61,125	50,519	10,606
Other Purchased Professional-Education Services	30,000	30,000	-	13,759	16,241
Other Purchased Professional Services	14,000	14,000	-	7,686	6,314
Contract Services - Transportation (Field Trips)	10,000	10,000	-		10,000
Supplies and Materials	44,075	36,889	(7,186)	16,543	20,346
Other Objects	-	2,200	2,200	2,200	-
Total Support Services	1,108,290	1,137,128	28,838	1,028,343	108,785
Total Expenditures	1,458,589	1,604,665	146,076	1,449,039	155,626
Net Change in Fund Balance	(164,214)	(164,214)	-	(157,614)	6,600
Other Financing Sources					
Transfers In - General Fund	164,214	164,214	-	164,214	-
Fund Balances, Beginning of Year	66,722	66,722	-	66,722	-
Fund Balances, End of Year	$ 66,722	$ 66,722	$ -	$ 73,322	$ 6,600
		Restricted for Student Activities		$ 73,322	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

CARLSTADT BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

1. Basis of Presentation - Budgetary Comparison Schedules

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. Encumbrances are commitments related to unperformed (executory) contracts for goods and services (e.g. purchase orders and contracts). Unencumbered appropriations lapse at fiscal year end and for the General Fund valid encumbrances (those for which the goods or services under the executory contract is expected to be received in the next fiscal year) are reported as committed or assigned fund balance at year end and are reappropriated and became part of the subsequent year's original budget.

The accounting records of the Special Revenue Funds are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes valid 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 Revenues (budgetary basis) (Exhibits C-1,C-2)	(C-1)	$ 16,474,856	(C-2)	$ 1,291,425
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2026				
Encumbrances, June 30, 2025				
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2024/2025) State Aid and Extraordinary Aid)		255,830		
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2025/2026) State Aid and Extraordinary Aid)		(293,317)		-
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)	(B-2)	$ 16,437,369	(B-2)	$ 1,291,425
Uses/outflows of resources				
Actual Expenditures (budgetary basis) (Exhibits C-1,C-2)	(C-1)	$ 15,398,051	(C-2)	$ 1,449,039
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not 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, 2026				
Encumbrances, June 30, 2025		-		-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	(B-2)	$ 15,398,051	(B-2)	$ 1,449,039

CARLSTADT BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART II
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

2. Non-Budgeted Revenue and Appropriation Line Accounts

Certain non-budgeted transactions are reflected in the budgetary comparison schedules to be consistent with the governmental fund's statement of revenues, expenditures and changes in fund balances which are prepared in accordance with generally accepted accounting principles. These non-budgeted revenue and expenditure transactions include on-behalf TPAF contributions and reimbursements. The variances reported for these non-budgeted transactions do not represent excesses of deficits in budget revenues or appropriations respectively.

3. General Fund Budgetary Highlights

Original budget compared to final budget. During fiscal year 2026, there was no need for any significant amendments to increase either the original budgeted revenues or original budgeted appropriations. Generally, the transfer of appropriations between budget line accounts was not significant.

Final budget compared to actual results. The most significant differences between anticipated budget revenues and actual revenues for fiscal year 2026 were as follows:

Revenue Source	Final Budget Revenues	Actual Revenues	Variance
Local Sources:			
Unrestricted Miscellaneous	$ 400	$ 234,401	$ 234,001

The excess in the above revenue sources were the result of significant interest earnings on depository accounts.

The most significant differences between actual expenditures and budget appropriations for fiscal year 2026 were as follows:

	Final Budget Appropriation	Actual Expenditures	Variance
Current Expenditures			
Regular Programs Instruction:	$ 4,543,803	$ 4,076,885	$ 466,918
Student and Instruction Related Services:	3,430,564	2,885,564	545,000
Plant Operation and Maintenance:	1,576,364	1,261,179	315,185
Pupil Transportation:	519,073	182,773	336,300
Unallocated Benefits:	3,110,280	2,442,236	668,044

CARLSTADT BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART II
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

3. General Fund Budgetary Highlights (Continued)

The favorable variance in the above budget appropriation line accounts resulted from the following.

For regular program instruction, the variance resulted from lower than expected personnel costs and the decision to defer purchase of computer equipment. For student and instruction related services, the variance resulted from fewer out of district placements, a reduction in behaviorist and overall PT/OT costs, and the library functions being covered by part-time employees. For plant operations and maintenance, the variance resulted from the vacancy in the buildings and grounds director as well as the premium of the insurance policy and natural gas increasing at a rate lower than expected. For Pupil Transportation the variance be resulted from fewer out of district placements. For undistributed expenditures, the variance resulted from fewer than expected enrollment in family health coverage.

4. Special Revenue Fund Budgetary Highlights

Expenditures for purchased professional-educational services were less than appropriation because the district was able to run preschool program with staffed personnel rather than outsourcing teachers or aides.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Ten Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net Position Liability (Asset)	0.01107%	0.01212%	0.01241%	0.01191%	0.01178%	0.01255%	0.01214%	0.01302%	0.01334%	0.01335%
District's Proportionate Share of the Net Pension Liability (Asset)	$ 1,361,175	$ 1,654,667	$ 1,797,229	$ 1,797,517	$ 1,395,371	$ 2,045,792	$ 2,187,862	$ 2,562,842	$ 3,104,915	$ 3,953,637
District's Covered Payroll	$ 899,572	$ 948,999	$ 941,632	$ 965,841	$ 851,601	$ 921,800	$ 836,036	$ 860,195	$ 917,750	$ 889,505
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	151.31%	174.36%	190.86%	186.11%	163.85%	221.93%	261.69%	297.94%	338.32%	444.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.84%	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%

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

CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 151,257	$ 165,702	$ 165,837	$ 150,202	$ 137,942	$ 137,238	$ 118,109	$ 129,470	$ 123,564	$ 118,592
Contributions in Relation to the Contractually Required Contribution	151,257	165,702	165,837	150,202	137,942	137,238	118,109	129,470	123,564	118,592
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 910,055	$ 899,572	$ 948,999	$ 941,632	$ 965,841	$ 851,601	$ 921,800	$ 836,036	$ 860,195	$ 917,750
Contributions as a Percentage of Covered Payroll	16.62%	18.42%	17.47%	15.95%	14.28%	16.12%	12.81%	15.49%	14.36%	12.92%

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

Teachers Pension and Annuity Fund

Last Ten Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0	0	0	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	$ 19,176,652	$ 20,507,738	$ 23,170,529	$ 22,010,617	$ 20,192,772	$ 28,619,285	$ 25,040,233	$ 27,238,634	$ 29,053,290	$ 33,591,929
Total	$ 19,176,652	$ 20,507,738	$ 23,170,529	$ 22,010,617	$ 20,192,772	$ 28,619,285	$ 25,040,233	$ 27,238,634	$ 29,053,290	$ 33,591,929
District's Covered Payroll	$ 5,122,003	$ 4,948,200	$ 5,223,461	$ 5,008,921	$ 5,022,382	$ 4,752,579	$ 4,473,549	$ 4,422,799	$ 4,334,462	$ 4,294,039
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.01%	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%

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

CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Change of Benefit Terms: None.

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

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

Postemployment Health Benefit Plan

Last Nine Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service Cost	$ 856,916	$ 803,806	$ 815,018	$ 1,033,438	$ 1,199,615	$ 659,846	$ 608,029	$ 695,489	$ 836,498
Interest on Total OPEB Liability	930,792	742,939	710,761	504,863	580,199	572,031	668,067	725,243	627,435
Changes of Benefit Terms			-	-	(23,806)			-	-
Differences Between Expected and Actual Experience	2,626,238	(298,960)	100,077	740,804	(3,424,816)	3,280,342	(2,040,271)	(1,936,314)	
Changes of Assumptions	(4,140,040)	1,688,510	40,677	(5,110,501)	22,066	4,467,089	236,899	(1,938,106)	(2,613,061)
Gross Benefit Payments	(618,205)	(567,395)	(554,050)	(500,081)	(457,034)	(425,741)	(487,731)	(451,608)	(439,847)
Contribution from the Member	21,659	19,428	18,214	16,043	14,833	12,904	14,458	15,608	16,196
Net Change in Total OPEB Liability	(322,640)	2,388,328	1,130,697	(3,315,434)	(2,088,943)	8,566,471	(1,000,549)	(2,889,688)	(1,572,779)
Total OPEB Liability - Beginning	22,569,650	20,181,322	19,050,625	22,366,059	24,455,002	15,888,531	16,889,080	19,778,768	21,351,547
Total OPEB Liability - Ending	$22,247,010	$22,569,650	$ 20,181,322	$ 19,050,625	$ 22,366,059	$ 24,455,002	$ 15,888,531	$ 16,889,080	$ 19,778,768
District's Proportionate Share of OPEB Liability	$0	$0	$0	$0	$0	$0	$0	$0	$0
State's Proportionate Share of OPEB Liability	22,247,010	22,569,650	20,181,322	19,050,625	22,366,059	24,455,002	15,888,531	16,889,080	19,778,768
Total OPEB Liability - Ending	$22,247,010	$22,569,650	$ 20,181,322	$ 19,050,625	$ 22,366,059	$ 24,455,002	$ 15,888,531	$ 16,889,080	$ 19,778,768
District's Covered-Employee Payroll	$ 6,021,575	$ 5,897,199	$ 6,165,093	$ 5,974,762	$ 5,873,983	$ 5,674,379	$ 5,309,585	$ 5,282,994	$ 5,252,212
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

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

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

CARLSTADT BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Changes in Benefit Terms:	None.
Changes of Assumptions	Assumptions used in calculating the OPEB liability are presented in Note 5E.

SCHOOL BASED BUDGET SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	ESEA					IDEA					
	Title I	Title II-A	Title III	Title III-Imm.	Title IV	Basic	Preschool	FOCUS Grant	Preschool Education Aid	Student Activities	Total
REVENUES											
Intergovernmental											
Local										$ 74,921	$ 74,921
State								$ 2,200	$ 900,110		902,310
Federal	$ 103,109	$ 28,500	$ 10,787	$ 201	$ 11,519	$ 153,005	$ 7,073	-	-	-	314,194
Total Revenues	103,109	28,500	10,787	201	11,519	153,005	7,073	2,200	900,110	74,921	1,291,425
EXPENDITURES											
Instruction											
Salaries of Teachers	$ 67,710								$ 81,174		148,884
Other Salaries for Instruction									28,355		28,355
Purchased Professional-Education Services									6,492		6,492
Other Purchased Services									1,737		1,737
Tuition - Other Purchased Services						$ 153,005	$ 7,073				160,078
Cocurricular/Extra Curricular Activities										$ 68,321	68,321
General Supplies	-	-	-	$ 201	-	-	-	-	6,628	-	6,829
Total Instruction	67,710	-	-	201	-	153,005	7,073	-	124,386	68,321	420,696
Support Services											
Salaries of Program Directors									21,008		21,008
Salaries of Other Professional Staff									28,887		28,887
Salaries of Community Parent Involvement Specialist									39,943		39,943
Salaries of Master Teachers									59,914		59,914
Personnel Services - Employee Benefits	35,399								128,846		164,245
Purchased Education Services - Contracted Pre-K									623,639		623,639
Purchased Professional-Education Services		$ 28,500	$ 10,500		$ 11,519						50,519
Other Purchased Professional-Education Services									13,759		13,759
Other Purchased Professional Services									7,686		7,686
Supplies and Materials			287						16,256		16,543
Other Objects	-	-	-	-	-	-	-	$ 2,200	-	-	2,200
Total Support Services	35,399	28,500	10,787	-	11,519	-	-	2,200	939,938	-	1,028,343
Total Expenditures	103,109	28,500	10,787	201	11,519	153,005	7,073	2,200	1,064,324	68,321	1,449,039
Net Change in Fund Balance	-	-	-	-	-	-	-	-	(164,214)	6,600	(157,614)
Other Financing Sources											
Transfers In - General Fund	-	-	-		-	-	-	-	164,214	-	164,214
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	66,722	66,722
Fund Balance, End of Year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 73,322	$ 73,322

CARLSTADT BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION EXPANSION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Adjustments	Final Budget	Actual	Final To Actual Variance
EXPENDITURES					
Instruction					
Salaries of Teachers	$ 81,714	-	$ 81,714	$ 81,174	$ 540
Other Salaries for Instruction	28,355	$ -	28,355	28,355	-
Purchased Professional and Educational Services		106,858	106,858	6,492	100,366
Other Purchased Services	12,250	-	12,250	1,737	10,513
General Supplies	8,000	-	8,000	6,628	1,372
Total Instruction	130,319	106,858	237,177	124,386	112,791
Support Services					
Salaries of Program Directors	21,008	-	21,008	21,008	-
Salaries of Other Professional Staff	131,295	(102,408)	28,887	28,887	-
Salaries of Community Parent Involvement Specialist	40,135	-	40,135	39,943	192
Salaries of Master Teachers	60,202	-	60,202	59,914	288
Personal Services - Employee Benefits	133,936	(4,450)	129,486	128,846	640
Purchased Ed. Services - Contracted Pre-K	623,639	-	623,639	623,639	-
Other Purchased Prof. - Ed. Services	30,000	-	30,000	13,759	16,241
Other Purchased Professional Services	14,000	-	14,000	7,686	6,314
Contracted Services (Field Trips)	10,000		10,000	-	10,000
Supplies and Materials	34,054	-	34,054	16,256	17,798
Total Support Services	1,098,269	(106,858)	991,411	939,938	51,473
Total Expenditures	$ 1,228,588	$ -	$ 1,228,588	$ 1,064,324	$ 164,264

Calculation of Budget Carryover

Total revised 2025-2026 Preschool Education Aid Allocation	$ 900,351
General Fund Contribution	164,214
Add: Actual PEA Carryover (June 30, 2025)	167,663
Total Preschool Ed. Aid Funds Available for 2025-2026 Budget	1,232,228
Less: 2025-2026 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	1,228,588
Available & Unbudgeted Preschool Funds as of June 30, 2026	$ 3,640
Add: June 30, 2026 Unexpended Preschool Education Aid	164,264
2025-2026 Carryover - Preschool Education Aid Programs	$ 167,904
2025-2026 Preschool Education Aid Carryover Budgeted in 2026-27	$ 3,639

CAPITAL PROJECTS FUND

EXHIBIT F-1

CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Project	Appropriations	Appropriations Modifications	Modified Appropriations	Expenditures to Date Prior Periods	Expenditures to Date Current Year	Transfer Out	Unexpended Balance, June 30, 2026
Replacement of Chiller Unit - 2023/2024	$ 1,316,417	$ (113,909)	$ 1,202,508	$ 655,525	$ -	$ 546,983	$ -
	$ 1,316,417	$ (113,909)	$ 1,202,508	$ 655,525	$ -	$ 546,983	$ -

CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Expenditures and Other Financing Uses		
Cancelled ROD Grant Receivable	$	113,909
Transfer Out- General Fund		546,983
Total Expenditures and Other Financing Uses		660,892
Excess (Deficit) of Revenues over (under) Expenditures		(660,892)
Fund Balance- Beginning of Year		660,892
Fund Balance- End of Year	$	-

CARLSTADT BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
REPLACEMENT OF CHILLER UNIT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Transfer from Capital Reserve	$ 940,298		$ 940,298	$ 940,298
State Sources - ROD Grants	376,119	$ (113,909)	262,210	262,210
Total Revenues and Other Financing Sources	1,316,417	(113,909)	1,202,508	1,202,508
Expenditures and Other Financing Uses				
Architect and Engineering Fees	66,525		66,525	69,250
Purchased Professional and Technical Services	-	-	-	30,600
Construction Services	589,000	-	589,000	1,102,658
Transfers Out - General Fund	-	546,983	546,983	-
Total Expenditures and Other Financing Uses	655,525	546,983	1,202,508	1,202,508
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ 660,892	$ (660,892)	$ -	$ -

Additional Project Information	
Project Number	#02-03-0740-050-23-R502
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	$ -
Bonds Issued	-
Original Authorized Cost	940,298
Additional Authorized Cost	376,119
Revised Authorized Cost	1,316,417
Percentage Increase (Decrease) Over Original Authorized Cost	28.57%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2025
Revised Target Completion Date	9/30/2025

ENTERPRISE FUND

EXHIBIT G-1

CARLSTADT BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2026

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, 2026

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2025	Retired	Balance, June 30, 2026
2014 Refunding Bonds	8/15/2014	$ 17,075,000	5/1/2027	$ 1,340,000	4.000 %			
			5/1/2028	1,390,000	3.125			
			5/1/2029	1,435,000	4.000			
			5/1/2030	1,490,000	4.000	$ 6,925,000	$ 1,270,000	$ 5,655,000
					Totals	$ 6,925,000	$ 1,270,000	$ 5,655,000

EXHIBIT I-2

CARLSTADT BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OTHER FINANCING AGREEMENTS AND LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

NOT APPLICABLE

EXHIBIT I-3

CARLSTADT BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Property Tax Levy	$ 1,547,538	-	$ 1,547,538	$ 1,547,538	-
Total Revenues	1,547,538	-	1,547,538	1,547,538	-
EXPENDITURES					
Regular Debt Service					
Principal	1,270,000	-	1,270,000	1,270,000	
Interest	277,538	-	277,538	277,538	$ -
Total Expenditures	1,547,538	-	1,547,538	1,547,538	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	2	-	2	2	-
Fund Balance, End of Year	$ 2	$ -	$ 2	$ 2	$ -

STATISTICAL SECTION

This part of the Carlstadt's 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 government's overall financial health.

Contents	Exhibits
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	J-1 to J-5
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	J-14 and J-15
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	J-16 to J-20

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

EXHIBIT J-1

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

	As of June 30, 2026									
	2017	2018	2019	2020	2021	2022	2023	2024 (Restated)	2025	2026
Governmental Activities										
Net Investment in Capital Assets	$ 7,033,392	$ 7,767,572	$ 8,542,152	$ 9,353,937	$ 10,577,804	$ 11,780,812	$ 15,007,548	$ 15,549,970	$ 16,529,322	$ 17,119,643
Restricted	3,154,397	4,109,524	3,487,575	3,544,248	3,144,225	2,991,549	1,021,139	1,487,265	1,535,865	2,676,760
Unrestricted	(1,752,832)	(1,765,503)	(259,778)	120,698	365,306	1,866,805	1,650,287	1,634,627	1,927,376	1,907,072
Total Governmental Activities Net Position	$ 8,434,957	$ 10,111,593	$ 11,769,949	$ 13,018,883	$ 14,087,335	$ 16,639,166	$ 17,678,974	$ 18,671,862	$ 19,992,563	$ 21,703,475
Business-type Activities										
Net Investment in Capital Assets	$ 23,583	$ 17,923	$ 11,758	$ 14,546	$ 8,560	$ 9,143	$ 8,071	$ 52,117	$ 46,016	$ 41,556
Unrestricted	95,747	100,696	110,080	68,850	45,442	59,089	83,089	45,545	69,556	85,908
Total Business-Type Activities Net Position	$ 119,330	$ 118,619	$ 121,838	$ 83,396	$ 54,002	$ 68,232	$ 91,160	$ 97,662	$ 115,572	$ 127,464
District-wide										
Net Investment in Capital Assets	$ 7,056,975	$ 7,785,495	$ 8,553,910	$ 9,368,483	$ 10,586,364	$ 11,789,955	$ 15,015,619	$ 15,602,087	$ 16,575,338	$ 17,161,199
Restricted	3,154,397	4,109,524	3,487,575	3,544,248	3,144,225	2,991,549	1,021,139	1,487,265	1,535,865	2,676,760
Unrestricted	(1,657,085)	(1,664,807)	(149,698)	189,548	410,748	1,925,894	1,733,376	1,680,172	1,996,932	1,992,980
Total District Net Position	$ 8,554,287	$ 10,230,212	$ 11,891,787	$ 13,102,279	$ 14,141,337	$ 16,707,398	$ 17,770,134	$ 18,769,524	$ 20,108,135	$ 21,830,939

Note 1 - Net Position at June 30, 2020 was restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

Note 2 - Net Position at June 30, 2024 was restated to reflect the implementation of GASB Statement No. 101 "Compensated Absences".

Source: District financial statements

EXHIBIT J-2

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

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expenses										
Governmental Activities										
Instruction										
Regular	$ 7,011,339	$ 6,960,672	$ 6,421,602	$ 6,235,987	$ 7,425,353	$ 6,612,485	$ 7,275,550	$ 6,735,892	$ 6,555,282	$ 6,548,572
Special Education	2,070,018	2,060,410	1,944,445	2,353,713	2,088,618	1,850,471	2,284,138	2,212,319	1,704,668	1,970,669
Other Instruction	334,511	396,040	442,855	490,251	569,061	390,841	433,033	478,785	387,792	407,097
School Sponsored Activities and Athletics	59,056	52,280	56,732	43,357	41,720	129,628	125,691	117,936	139,298	134,443
Support Services:										
Student & Instruction Related Services	1,493,045	1,555,620	1,515,771	1,439,813	1,638,783	1,689,416	2,116,466	2,167,575	3,140,572	3,271,173
School Administrative Services	437,089	462,967	426,498	437,547	460,403	404,640	422,930	323,546	351,602	342,723
General Administration	487,572	514,378	509,177	529,735	626,877	488,991	506,281	499,975	543,460	518,717
Plant Operations and Maintenance	1,598,503	1,591,937	1,779,749	1,858,579	1,795,742	1,905,878	1,370,462	1,963,178	2,119,505	1,960,136
Pupil Transportation	217,035	185,581	237,959	212,095	155,647	160,901	319,706	206,956	223,323	182,773
Business/Central Svc./Admin. Info.	455,254	472,426	474,682	492,315	518,827	524,985	472,993	464,386	469,203	523,642
Interest on Long-Term Debt	587,731	572,097	543,440	502,130	458,565	412,959	364,807	314,369	261,392	205,731
Total Governmental Activities Expenses	14,751,153	14,824,408	14,352,910	14,595,522	15,779,596	14,571,195	15,692,057	15,484,917	15,896,097	16,065,676
Business-Type Activities:										
Food service	310,098	290,991	289,818	232,469	239,626	391,692	354,240	378,905	378,831	372,127
Total Business-Type Activities Expense	310,098	290,991	289,818	232,469	239,626	391,692	354,240	378,905	378,831	372,127
Total District Expenses	$ 15,061,251	$ 15,115,399	$ 14,642,728	$ 14,827,991	$ 16,019,222	$ 14,962,887	$ 16,046,297	$ 15,863,822	$ 16,274,928	$ 16,437,803
Program Revenues										
Governmental Activities:										
Charges for Services	$ 98,738	$ 114,444	$ 166,478	$ 100,960	$ 88,849	$ 139,827	$ 178,663	$ 89,757	$ 78,541	$ 74,921
Operating Grants and Contributions	3,904,299	4,190,206	3,330,269	2,996,938	4,182,919	3,436,494	3,312,696	3,237,784	3,043,750	3,397,170
Capital Grants and Contributions	-	-	-	-	-	-	27,372	-	244,172	18,038
Total Governmental Activities Program Revenues	$ 4,003,037	$ 4,304,650	$ 3,496,747	$ 3,097,898	$ 4,271,768	$ 3,576,321	$ 3,518,731	$ 3,327,541	$ 3,366,463	$ 3,490,129
Business-Type Activities:										
Charges for services										
Food Service	$ 183,802	$ 175,349	$ 177,008	$ 114,870	$ 4,639	$ 47,194	$ 179,414	$ 180,339	$ 184,787	$ 167,754
Operating Grants and Contributions	126,185	114,352	115,064	78,627	205,577	358,719	195,096	200,635	208,791	212,359
Capital Grants and Contributions	-	-	-	-	-	-				
Total Business Type Activities Program Revenues	309,987	289,701	292,072	193,497	210,216	405,913	374,510	380,974	393,578	380,113
Total District Program Revenues	$ 4,313,024	$ 4,594,351	$ 3,788,819	$ 3,291,395	$ 4,481,984	$ 3,982,234	$ 3,893,241	$ 3,708,515	$ 3,760,041	$ 3,870,242
Net (Expense)/Revenue										
Governmental Activities	$ (10,748,116)	$ (10,519,758)	$ (10,856,163)	$ (11,497,624)	$ (11,507,828)	$ (10,994,874)	$ (12,173,326)	$ (12,157,376)	$ (12,529,634)	$ (12,575,547)
Business-Type Activities	(111)	(1,290)	2,254	(38,972)	(29,410)	14,221	20,270	2,069	14,747	7,986
Total District-Wide Net Expense	$ (10,748,227)	$ (10,521,048)	$ (10,853,909)	$ (11,536,596)	$ (11,537,238)	$ (10,980,653)	$ (12,153,056)	$ (12,155,307)	$ (12,514,887)	$ (12,567,561)

EXHIBIT J-2

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

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes levied for general purposes, net	$ 10,272,696	$ 10,547,841	$ 10,792,767	$ 11,008,426	$ 11,008,426	$ 11,212,859	$ 11,323,329	$ 11,486,129	$ 11,963,401	$ 12,451,165
Property taxes levied for debt service	1,532,308	1,545,388	1,545,788	1,550,788	1,548,288	1,553,537	1,551,038	1,551,038	1,553,288	1,547,538
Unrestricted grants and contributions	6,117	5,782	392	-	-	189,378	-	-	-	-
Investment earnings	16,386	71,124	142,109	120,359	5,667	7,746	148,698	240,497	222,711	234,401
Miscellaneous income	23,066	26,259	33,463	10,313	13,899	227,451	190,069	69,256	110,935	53,355
Insurance Proceeds						355,734	-	-	-	-
Total Governmental Activities	11,850,573	12,196,394	12,514,519	12,689,886	12,576,280	13,546,705	13,213,134	13,346,920	13,850,335	14,286,459
Business-Type Activities:										
Investment earnings	228	579	965	530	16	9	2,658	4,433	3,163	3,906
Total Business-Type Activities	228	579	965	530	16	9	2,658	4,433	3,163	3,906
Total District-Wide	$ 11,850,801	$ 12,196,973	$ 12,515,484	$ 12,690,416	$ 12,576,296	$ 13,546,714	$ 13,215,792	$ 13,351,353	$ 13,853,498	$ 14,290,365
Change in Net Position										
Governmental Activities	$ 1,102,457	$ 1,676,636	$ 1,658,356	$ 1,192,262	$ 1,068,452	$ 2,551,831	$ 1,039,808	$ 1,189,544	$ 1,320,701	$ 1,710,912
Business-Type Activities	117	(711)	3,219	(38,442)	(29,394)	14,230	22,928	6,502	17,910	11,892
Total District	$ 1,102,574	$ 1,675,925	$ 1,661,575	$ 1,153,820	$ 1,039,058	$ 2,566,061	$ 1,062,736	$ 1,196,046	$ 1,338,611	$ 1,722,804

Source: District financial statements

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

	As of June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund										
Restricted	$ 3,881,751	$ 5,199,483	$ 5,932,272	$ 6,178,164	$ 5,722,682	$ 6,522,680	$ 4,066,722	$ 3,975,074	$ 5,066,888	$ 6,462,819
Committed	333,035									
Assigned	89,863	131,669	245,899	288,294	273,118	243,335	637,515	306,720	40,977	57,605
Unassigned	241,613	231,617	238,201	249,937	454,732	625,706	108,332	61,322	28,872	38,400
Total General Fund	$ 4,546,262	$ 5,562,769	$ 6,416,372	$ 6,716,395	$ 6,450,532	$ 7,391,721	$ 4,812,569	$ 4,343,116	$ 5,136,737	$ 6,558,824
All Other Governmental Funds										
Restricted				$ 55,666	$ 45,401	$ 45,735	$ 55,812	$ 958,532	$ 595,669	$ 73,324
Total All Other Governmental Funds	$ -	$ -	$ -	$ 55,666	$ 45,401	$ 45,735	$ 55,812	$ 958,532	$ 595,669	$ 73,324

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

Source: District financial statements

EXHIBIT J-4

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

	Fiscal Year Ended June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues										
Property Tax levy	$ 11,805,004	$ 12,093,229	$ 12,338,555	$ 12,559,214	$ 12,556,714	$ 12,766,396	$ 12,874,367	$ 13,037,167	$ 13,516,689	$ 13,998,703
Interest Earnings	16,386	71,124	142,109	120,359	5,667	7,746	148,698	240,497	222,711	234,401
Miscellaneous	137,685	141,622	200,896	111,273	110,461	445,173	368,732	163,013	194,976	128,276
State Sources	1,585,071	1,786,257	1,940,317	2,159,391	2,497,570	3,377,169	3,488,391	3,876,524	4,485,625	4,609,734
Federal Sources	270,183	269,079	261,777	279,664	368,858	597,127	991,813	426,087	309,892	323,256
Total Revenues	13,814,329	14,361,311	14,883,654	15,229,901	15,539,270	17,193,611	17,872,001	17,743,288	18,729,893	19,294,370
Expenditures										
Instruction										
Regular Instruction	5,277,159	5,388,314	5,584,814	5,734,006	6,448,049	6,976,605	8,004,160	7,360,090	7,443,933	7,617,026
Special Education Instruction	1,822,446	1,816,574	1,824,000	2,281,627	1,976,402	1,926,364	2,416,078	2,334,111	1,843,432	2,139,690
Other Instruction	256,964	306,615	395,161	461,375	501,315	422,142	481,184	542,059	453,672	486,525
School Sponsored Activities and Athletics	46,266	42,178	49,890	40,316	39,862	134,191	135,256	125,405	151,560	148,371
Community Service Programs										
Support Services:										
Student & Inst. Related Services	1,376,350	1,399,660	1,467,379	1,465,840	1,576,384	1,737,759	1,685,742	2,257,762	3,117,673	3,302,959
General Administrative	455,924	472,365	495,965	537,277	609,421	499,909	539,372	520,260	538,296	526,725
School Administrative Services	348,993	375,618	383,025	418,709	413,869	436,339	482,102	359,834	393,032	391,477
Plant Operations and Maintenance	1,016,119	998,687	1,171,887	1,284,916	1,186,851	1,256,321	1,435,126	1,423,328	1,426,406	1,466,757
Pupil Transportation	214,449	182,090	237,636	212,095	155,647	160,901	319,706	206,956	223,323	182,773
Business Svcs./Central Svcs/Admin. Info. Tech.	416,808	423,065	457,071	490,069	498,156	529,378	503,427	475,746	463,474	533,146
Capital outlay	168,983	394,250	417,435	453,867	861,154	974,375	2,887,885	153,433	691,047	51,641
Debt service:										
Principal	835,000	865,000	900,000	950,000	995,000	1,050,000	1,100,000	1,155,000	1,215,000	1,270,000
Interest and other charges	705,438	680,388	645,788	600,787	553,288	503,538	451,038	396,037	338,287	277,538
Total Expenditures	12,940,899	13,344,804	14,030,051	14,930,884	15,815,398	16,607,822	20,441,076	17,310,021	18,299,135	18,394,628
Excess (Deficiency) of Revenues over (under) Expenditures	873,430	1,016,507	853,603	299,017	(276,128)	585,789	(2,569,075)	433,267	430,758	899,742
Other Financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	969,924	82,254	711,197
Transfers out	-	-	-	-	-	-	-	(969,924)	(82,254)	(711,197)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	$ 873,430	$ 1,016,507	$ 853,603	$ 299,017	$ (276,128)	$ 585,789	$ (2,569,075)	$ 433,267	$ 430,758	$ 899,742
Debt service as a percentage of noncapital expenditures	13.72%	13.55%	12.81%	12.00%	11.55%	11.03%	9.69%	9.94%	9.67%	9.21%

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

Source: District financial statements

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

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Refunds/ Reimbursements	Insurance Settlement/Refund	Legal Settlement	E-Rate	Miscellaneous	Total
2017	$ 16,386	$ 52,785	$ 45,953	$ 11,107			$ 8,078	$ 3,881	$ 138,190
2018	71,124	67,644	46,800	12,768			10,519	2,972	211,827
2019	142,109	117,808	48,670	6,840	$ 10,818		14,225	1,580	342,050
2020	120,359	51,405	49,555	392			1,530	8,391	231,632
2021	5,667	42,894	45,955	494	6,875		1,710	4,820	108,415
2022	7,746	87,952	51,875	362	389,099		14,081	79,536	630,651
2023	148,698	56,160	52,810	35	54,962		8,672	126,400	447,737
2024	240,497	18,635	-		18,346			50,910	328,388
2025	268,811	-	21,850	2,061			3,568	37,356	333,646
2026	234,401	-	15,950	29,978				7,427	287,756

Source: District financial statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2017	$ 26,542,600	$ 558,534,900			$ 401,686,300	$ 1,248,209,800	$ 12,256,700	$ 2,247,230,300	$ 3,837,014	$ 2,251,067,314	$ 2,290,376,074	$ 0.538
2018	27,363,800	570,090,500			386,003,900	1,313,982,000	12,607,300	2,310,047,500	3,837,014	2,313,884,514	2,327,118,392	0.533
2019	28,374,300	584,327,100			405,706,600	1,415,030,800	12,998,400	2,446,437,200	3,837,014	2,450,274,214	2,389,704,018	0.530
2020	27,114,600	610,110,800			405,771,000	1,516,042,500	13,496,500	2,572,535,400	4,391,676	2,576,927,076	2,499,177,637	0.488
2021	21,331,300	652,435,300			405,723,600	1,531,068,200	13,655,000	2,624,213,400	4,512,252	2,628,725,652	2,657,552,097	0.486
2022	21,167,400	694,969,500			408,806,300	1,660,860,200	14,055,600	2,799,859,000	4,413,386	2,804,272,386	2,689,627,863	0.459
2023	30,435,600	753,633,800			418,913,900	1,792,463,400	14,937,600	3,010,384,300	4,485,384	3,014,869,684	2,936,833,889	0.433
2024	30,641,800	824,044,600			431,571,400	1,946,576,900	16,468,500	3,249,303,200	4,601,292	3,253,904,492	3,303,716,063	0.416
2025	48,734,800	859,312,900			450,233,000	2,024,619,600	16,980,600	3,399,880,900	4,552,151	3,404,433,051	3,452,299,478	0.412
2026	32,613,000	919,419,700			433,642,600	2,225,994,500	17,556,100	3,629,225,900	-	3,629,225,900	3,772,126,178	0.408

Source: County Abstract of Ratables

[a] Tax rates are per $100

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Regional School District	Municipality	Municipal Library	County	
2017	$ 0.538	$ 0.324	$ 0.763	$ 0.034	$ 0.247	$ 1.906
2018	0.533	0.322	0.780	0.048	0.239	1.922
2019	0.530	0.295	0.759	0.031	0.238	1.853
2020	0.488	0.270	0.746	0.030	0.241	1.775
2021	0.486	0.278	0.762	0.033	0.254	1.813
2022	0.459	0.242	0.726	0.030	0.231	1.688
2023	0.433	0.246	0.703	0.031	0.222	1.635
2024	0.416	0.250	0.725	0.033	0.237	1.661
2025	0.412	0.251	0.772	0.033	0.237	1.705
2026	0.408	0.262	0.744	0.035	0.238	1.687

Source: Municipal Tax Collector

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

EXHIBIT J-8

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

	2026		2017	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
AMB Properties	$ 311,418,000	12.5%		
Russo	284,806,500	30.5%		
Starke Commerce Center	57,264,200	6.1%		
600 Washington Avenue, LLC	53,633,500	5.7%		
Trans Con Pipe Line	39,487,600	4.2%		
455 Sixteenth St., LLC	34,928,100	3.7%		
LIT Meadowlands, LLC	30,884,200	3.3%		
Centerpoint Commercial, LLC	27,253,200	2.9%		
STRS Ohio	24,686,600	2.6%		
RLIF Washington Ave SPE, LLC	24,248,300	2.6%		
	$ 888,610,200	74.31%		
Russo			$ 298,197,400	13.2%
AMB			115,107,600	5.1%
Prologis Trust			57,340,000	2.5%
Trans Con Pipe Line			54,114,000	2.4%
ICON US Industrial			47,465,000	2.1%
Starke Commercial Center			34,507,800	1.5%
I&G Direct			33,671,100	1.5%
Plan Pat. Realty			21,643,100	1.0%
455 Sixteenth St. LLC			19,072,100	0.8%
Thumann, Inc.			11,972,900	0.5%
			$ 693,091,000	30.79%

Source: Municipal Tax Assessor

EXHIBIT J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2017	$ 11,805,004	$ 11,805,004	100.00%	
2018	12,093,229	11,214,242	92.73%	$ 878,987
2019	12,338,555	12,338,555	100.00%	
2020	12,559,214	11,512,613	91.67%	1,046,601
2021	12,556,714	11,510,321	91.67%	1,046,393
2022	12,766,396	12,766,396	100.00%	
2023	12,874,367	12,874,367	100.00%	
2024	13,037,167	13,037,167	100.00%	
2025	13,516,689	13,516,689	100.00%	
2026	13,998,703	13,998,703	100.00%	

Source: District financial records

EXHIBIT J-10

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

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital and Other Financing Agreements	Total District	Population	Per Capita
2017	$ 15,155,000	$ -	$ 15,155,000	6,207	$ 2,442
2018	14,290,000	-	14,290,000	6,166	2,318
2019	13,390,000	-	13,390,000	6,132	2,184
2020	12,440,000	-	12,440,000	6,109	2,036
2021	11,445,000	-	11,445,000	6,341	1,805
2022	10,395,000	-	10,395,000	6,319	1,645
2023	9,295,000	-	9,295,000	6,333	1,468
2024	8,140,000	-	8,140,000	6,454	1,261
2025	6,925,000	-	6,925,000	6,410	1,080
2026	5,655,000	-	5,655,000	6,410 E	882

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2017	$ 15,155,000		$ 15,155,000	0.67%	$ 2,442
2018	14,290,000		14,290,000	0.62%	2,318
2019	13,390,000		13,390,000	0.55%	2,184
2020	12,440,000		12,440,000	0.48%	2,036
2021	11,445,000		11,445,000	0.44%	1,805
2022	10,395,000		10,395,000	0.37%	1,645
2023	9,295,000		9,295,000	0.31%	1,468
2024	8,140,000		8,140,000	0.25%	1,261
2025	6,925,000		6,925,000	0.20%	1,080
2026	5,655,000		5,655,000	0.16%	882

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

CARLSTADT BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2025
(Unaudited)

	Total Debt
Municipal Debt: (1)	
Carlstadt Board of Education	$ 6,925,000
Regional School District (Carlstadt & East Rutherford)	-
Borough of Carlstadt	32,015,000
	38,940,000
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	25,033,342
Bergen County Utilities Authority - Water Pollution (B)	2,046,671
	27,080,013
Total Direct and Overlapping Debt	$ 66,020,013

Source:
(1) Borough of Carlstadt's 2025 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2025 equalized value by the total 2025 equalized value for Bergen County.
(B) Overlapping debt was computed based upon municipal flow to the Authority.

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

Legal Debt Margin Calculation for Fiscal Year 2025

		Equalized valuation basis	
		2025	$ 3,816,231,788
		2024	3,425,367,067
		2023	3,275,361,005
	[A]		$ 10,516,959,860
Average equalized valuation of taxable property	**[A/3]**		$ 3,505,653,287
Debt limit (3 % of average equalization value)	**[B]**		105,169,599 **a**
Total Net Debt Applicable to Limit	**[C]**		5,655,000
Legal debt margin	**[B-C]**		$ 99,514,599

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Debt limit	$ 65,366,381	$ 77,781,758	$ 88,853,051	$ 89,749,564	$ 72,998,521	$ 75,432,231	$ 79,787,372	$ 86,193,836	$ 92,308,220	$ 105,169,599
Total net debt applicable to limit	15,155,000	14,290,000	13,390,000	12,440,000	11,445,000	10,395,000	9,295,000	8,140,000	6,925,000	5,655,000
Legal debt margin	$ 50,211,381	$ 63,491,758	$ 75,463,051	$ 77,309,564	$ 61,553,521	$ 65,037,231	$ 70,492,372	$ 78,053,836	$ 85,383,220	$ 99,514,599
Total net debt applicable to the limit as a percentage of debt limit	23.18%	18.37%	15.07%	13.86%	15.68%	13.78%	11.65%	9.44%	7.50%	5.38%

Source: Annual Debt Statements

EXHIBIT J-14

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2017	6,214	$ 78,611	4.70%
2018	6,191	82,731	4.20%
2019	6,132	86,871	3.50%
2020	6,109	88,271	11.20%
2021	6,809	94,761	7.40%
2022	6,319	36,082	3.60%
2023	6,333	102,137	4.10%
2024	6,454	106,211	4.30%
2025	6,410	N/A	4.70%
2026	6,410 E	N/A	N/A

N/A - Not Available
E - Estimate

Source: New Jersey State Department of Education

EXHIBIT J-15

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

	2026		2017	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

EXHIBIT J-16

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

Function/Program	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Instruction										
Regular	50	50	40	40	40	40	46	47	46	47
Special Education										
Other Special Education	10	10	10	10	10	11	12	12	13	14
Vocational										
Other Instruction			11	11	11	10	7	7	1	1
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	8	8	8	9	9	4	4	4	4	4
General administration	2	2	2	2	2	3	3	3	3	3
School administrative services	5	5	5	5	5	7	3	3	2	2
Other administrative services										
Central services	2	2	2	2	2	2	2	2	2	2
Administrative Information Technology	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	3	3	6	5	5	4	5	5	5	6
Pupil transportation										
Other support services										
Special Schools										
Food Service								1	1	1
Child Care						3				
	81	81	85	85	85	85	83	85	78	81

Source: District Personnel Records

EXHIBIT J-17

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

Fiscal Year	Enrollment [a]	Operating Expenditures [b]	Cost Per Pupil [c]	Percentage Change	Teaching Staff	Teacher/Pupil Ratio Elementary	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2017	538	$ 11,231,478	$ 20,876	6.77%	50	1:11	535	514	-5.14%	96.07%
2018	558	11,405,166	20,439	-2.09%	50	1:11	541	512	1.12%	94.64%
2019	551	12,066,828	21,900	7.15%	40	1:14	549	522	1.48%	95.08%
2020	538	12,962,448	24,094	10.02%	40	1:13	539	521	-1.82%	96.66%
2021	517	12,725,023	24,613	2.16%	40	1:13	511	494	-5.19%	96.67%
2022	525	14,079,909	26,819	8.96%	40	1:13	524	493	2.54%	94.08%
2023	516	16,002,153	31,012	15.63%	46	1:13	530	496	1.15%	93.54%
2024	531	15,605,551	29,389	-5.23%	47	1:12	512	483	-3.40%	94.34%
2025	513	16,054,801	31,296	6.49%	46	1:11	481	458	-6.05%	95.22%
2026	512	16,795,449	32,804	4.82%	47	1:11	489	465	1.66%	95.09%

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.

EXHIBIT J-18

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

District Building	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Carlstadt Public School										
Square Feet	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
Capacity (students)										
Enrollment	538	558	551	538	517	525	516	531	513	512

Number of Schools at June 30, 2026
Elementary/Middle = 1

Source: District Records

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

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

Project # (s)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
School Facilities										
Carlstadt School Public School	$ 150,071	$ 135,083	$ 130,157	$ 181,310	$ 157,133	$ 155,425	$ 186,107	$ 237,939	$ 258,610	$ 178,276
Grand Total	$ 150,071	$ 135,083	$ 130,157	$ 181,310	$ 157,133	$ 155,425	$ 186,107	$ 237,939	$ 258,610	$ 178,276

Source: District Records

Source: School District's financial statements

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2026
(Unaudited)

	Coverage	Deductible
Property *		
Blanket Buildings and Contents	$ 42,028,393	$5,000
Commercial General Liability *	1,000,000	
Employers Liability	1,000,000	
Automobile *	1,000,000	
Commercial Umbrella		
National Union Fire Insurance	9,000,000	First Umbrella Layer
Hudson Insurance	10,000,000	Excess Unshared Umbrella
Allied World	10,000,000	Excess Unshared Umbrella
Evanston	10,000,000	Excess Unshared Umbrella
Fireman's Fund Insurance Co.	25,000,000	Shared Pool Excess Layer
Boiler and Machinery*	250,000	Shared Pool Limit $5,000
Education Legal Liability/Employment Practices Liability		
Greenwich Insurance Co.	1,000,000	$10,000
Excess & Special Risk (Terrorism)		
American Alternative Insurance Co.	1,000,000	$5,000
Public Employee Dishonesty **	500,000	
Cyber Liability	1,000,000	$5,000
BCS Insurance Company		

* National Union Fire Insurance

**Selective Insurance Company of America

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
JOHN CUIFFO, CPA, RMA, PSA

CHRISTOPHER M. VINCI, CPA, PSA
ROBERT LERCH, CPA, RMA, PSA
CHRISTINA CUIFFO, CPA, RMA, PSA
DEBRA GOLLE, CPA
TYLER NASCIMENTO, CPA, PSA
SHAHEED OGLESBY, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise the Carlstadt Board of Education's basic financial statements and have issued our report thereon dated October 29, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 29, 2026

LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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
JOHN CUIFFO, CPA, RMA, PSA

CHRISTOPHER M. VINCI, CPA, PSA
ROBERT LERCH, CPA, RMA, PSA
CHRISTINA CUIFFO, CPA, RMA, PSA
DEBRA GOLLE, CPA
TYLER NASCIMENTO, CPA, PSA
SHAHEED OGLESBY, CPA, PSA

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 25-12

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Carlstadt Board of Education's compliance with the types of compliance requirements identified as subject to audit in the New Jersey OMB Circular 25-12 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt Board of Education's major state programs for the fiscal year ended June 30, 2026. The Carlstadt Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Carlstadt Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2026.

Basis for Opinion on Each Major 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 New Jersey OMB Circular 25-12, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Carlstadt Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 25-12 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Carlstadt Board of Education's compliance with the requirements of each major 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 and New Jersey OMB Circular 25-12, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Carlstadt Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Carlstadt Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 25-12, but not for the purpose of expressing an opinion on the effectiveness of the Carlstadt Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 New Jersey OMB Circular 25-12. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 25-12

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Carlstadt Board of Education, as of and for the fiscal year ended June 30, 2026, 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 October 29, 2026, which contained unmodified 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 federal awards and the schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 25-12 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
October 29, 2026

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Project Period	Award Amount	Balance, July 1, 2025 Unearned Revenue	Balance, July 1, 2025 (Accounts Receivable)	Balance, July 1, 2025 Due to Grantor	Carryover Unearned Revenue	Carryover Receivable	Cash Received	Budgetary Expenditures	Balance, June 30, 2026 Unearned Revenue	Balance, June 30, 2026 (Accounts Receivable)	Balance, June 30, 2026 Due to Grantor	Memo GAAP Receivable
U.S. Department of Agriculture															
Passed-through State Department of Agriculture															
Enterprise Fund															
National School Lunch Program	10.555														
Non-Cash Assistance (Food Distribution)		261NJ304N1099	7/1/25-6/30/26	$ 27,481						$ 27,481	$ 27,222	$ 259			
Non-Cash Assistance (Food Distribution)		251NJ304N1099	7/1/24-6/30/25	27,170	$ 1,617						1,617				
Cash Assistance		261NJ304N1099	7/1/25-6/30/26	137,034						125,304	137,034		$ (11,730)		$ (11,730)
Cash Assistance		251NJ304N1099	7/1/24-6/30/25	132,500		$ (9,086)				9,086					
Health Hunger-Free Kids Act of 2011	10.555														
Cash Assistance		261NJ304N1099	7/1/25-6/30/26	4,760						4,349	4,760		(411)		(411)
Cash Assistance		251NJ304N1099	7/1/24-6/30/25	4,770		(325)				325					
S-EBT Administrative	10.646	202524N180341	7/1/25-6/30/26	301						301	301	-	-		-
National School Breakfast Program	10.553														
Cash Assistance		261NJ304N1099	7/1/25-6/30/26	23,825						21,464	23,825		(2,361)		(2,361)
Cash Assistance		251NJ304N1099	7/1/24-6/30/25	22,707	-	(2,003)	-	-	-	2,003	-	-	-	-	-
Total U.S. Department of Agriculture/Child Nutrition Cluster					**1,617**	**(11,414)**	**-**	**-**	**-**	**190,313**	**194,759**	**259**	**(14,502)**	**-**	**(14,502)**
U.S. Department of Health and Human Svcs															
Passed-through State Department of Human Svcs															
General Fund															
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	7/1/25-6/30/26	9,062	-	-	-	-	-	8,519	9,062	-	(543)	-	(543)
Total General Fund					-	-	-	-	-	**8,519**	**9,062**	-	**(543)**	-	**(543)**
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund															
ESEA Title III (Consortium)	84.365A	S365A250030	7/1/25-9/30/26	10,304				$ 500	$ (500)	10,649	10,787	17	(155)		(138)
ESEA Title III (Consortium)	84.365A	S365A240030	7/1/24-9/30/25	13,362	500	(4,000)	-	(500)	500	3,500		-	-	-	-
ESEA Title III Imm.	84.365A	S365A250030	7/1/25-9/30/26	-				1,252	(1,252)		201	1,051	(1,252)		(201)
ESEA Title III Imm.	84.365A	S365A240030	7/1/24-9/30/25	1,252	1,252	(1,252)	-	(1,252)	1,252	-	-	-	-	-	-
Total Title III Cluster					1,752	(5,252)	-	-	-	14,149	10,988	1,068	(1,407)	-	(339)
IDEA Part B	84.027	H027A250100	7/1/25-9/30/26	153,005				1	(1)	153,005	153,005	1	(1)		-
IDEA Part B	84.027	H027A240100	7/1/24-9/30/25	153,821	1	(1)		(1)	1			-	-		
IDEA Preschool	84.173	H173A240114	7/1/24-9/30/25	7,073	-	-	-	-	-	5,309	7,073	-	(1,764)	-	(1,764)
Total IDEA Cluster					1	(1)	-	-	-	158,314	160,078	1	(1,765)	-	(1,764)
ESEA Title I	84.010	S010A250030	7/1/25-9/30/26	103,195				8,881	(8,881)	57,258	103,109	8,967	(54,818)		(45,851)
ESEA Title I	84.010	S010A240030	7/1/24-9/30/25	105,946	8,881	(52,637)		(8,881)	8,881	43,756		-	-		
ESEA Title II- A	84.367A	S367A250029	7/1/25-9/30/26	15,414				15,211	(15,211)	26,363	28,500	2,125	(4,262)		(2,137)
ESEA Title II- A	84.367A	S367A240029	7/1/24-9/30/25	15,211	15,211	(15,451)		(15,211)	15,211	240		-	-		
ESEA Title IV	84.424	S424A250031	7/1/25-9/30/26	10,000			-	10,000	(10,000)	4,065	11,519	8,481	(15,935)	-	(7,454)
ESEA Title IV	84.424	S424A240031	7/1/24-9/30/25	10,000	10,000	(11,895)	-	(10,000)	10,000	1,895	-	-	-	-	-
Total Special Revenue Fund					**35,845**	**(85,236)**	**-**	**-**	**-**	**306,040**	**314,194**	**20,642**	**(78,187)**	**-**	**(57,545)**
Total Federal Awards					**$ 37,462**	**$ (96,650)**	**$ -**	**$ -**	**$ -**	**$ 504,872**	**$ 518,015**	**$ 20,901**	**$ (93,232)**	**$ -**	**$ (72,590)**

Note: Not subject to a Federal Single Audit.
See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

EXHIBIT K-4

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2025 Unearned Revenue	Balance, June 30, 2025 (Accounts Receivable)	Balance, June 30, 2025 Carryover Amount	Cash Received	Budgetary Expenditures	Transfers	Adjustment Unearned Revenue	Adjustment (Accounts Receivable)	Balance, June 30, 2026 Unearned Revenue	Balance, June 30, 2026 (Accounts Receivable)	Balance, June 30, 2026 Due to Grantor	MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
State Department of Education																
General Fund																
Security Aid	26-495-034-5120-084	7/1/25-6/30/26	$ 144,925				$ 132,524	$ 144,925					$ (12,401)			$ 144,925
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	128,213		$ (12,006)		12,006									-
Special Education Categorical Aid	26-495-034-5120-089	7/1/25-6/30/26	618,554				565,623	618,554					(52,931)			618,554
Special Education Categorical Aid	25-495-034-5120-089	7/1/24-6/30/25	586,121	-	(54,884)	-	54,884	-	-	-	-	-	-	-	-	-
Total State Aid Public Cluster				-	(66,890)	-	765,037	763,479	-	-	-	-	(65,332)	-	-	763,479
Transportation Aid	26-495-034-5120-014	7/1/25-6/30/26	41,694				38,126	41,694					(3,568)			41,694
Transportation Aid	25-495-034-5120-014	7/1/24-6/30/25	45,263		(4,238)		4,238									-
Extraordinary Aid	26-495-034-5120-044	7/1/25-6/30/26	224,417					224,417					(224,417)			224,417
Extraordinary Aid	25-495-034-5120-044	7/1/24-6/30/25	184,702		(184,702)		184,702									-
On-Behalf TPAF Pension System Contributions NCGI	26-495-034-5094-004	7/1/25-6/30/26	21,375		-		21,375	21,375	-							21,375
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	26-495-034-5094-002	7/1/25-6/30/26	1,754,618		-		1,754,618	1,754,618	-							1,754,618
On-Behalf TPAF Contributions (Post Retirement Medical)	26-495-034-5094-001	7/1/25-6/30/26	534,563		-		534,563	534,563	-							534,563
On-Behalf TPAF Contributions (Long-Term Disability Insurance Premium)	26-495-034-5094-004	7/1/25-6/30/26	707		-		707	707	-							707
Reimbursed TPAF Social Security Contributions	26-495-034-5094-003	7/1/25-6/30/26	386,020		-		367,049	386,020					(18,971)		$ (18,971)	386,020
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24-6/30/25	359,630	-	(18,254)	-	18,254	-	-	-	-	-	-	-	-	-
Total General Fund				-	(274,084)	-	3,688,669	3,726,873	-	-	-	-	(312,288)	-	(18,971)	3,726,873
Special Revenue Fund					-											
FOCUS Grant	25-100-034-5063-371	6/1/25-5/31/26	2,200	$ 2,200	(2,200)	-	2,200	2,200						-	-	2,200
Local Recreation Improvement Grant	N/A	1/1/26-12/31/26	69,700		-	-						$ 69,700	$ (69,700)	-	-	-
Preschool Education Aid	26-495-034-5120-086	7/1/25-6/30/26	900,351			$ 167,663	810,316	1,064,324	$ 164,214			167,904	(90,035)			1,064,324
Preschool Education Aid	25-495-034-5120-086	7/1/24-6/30/25	442,304	167,663	(68,137)	(167,663)	68,137	-	-	-	-	-	-	-	-	-
Total Special Revenue Fund				169,863	(70,337)	-	880,653	1,066,524	164,214	-	-	237,604	(159,735)	-	-	1,066,524
Capital Projects Fund																
NJ Schools Development Authority																
ROD Grant - HVAC System Upgrades	0740-050-23-G5VP	12/5/23-6/30/25	376,119	131,947	(376,119)	-	262,210	18,038	-	$ (113,909)	$ 113,909	-	-	-	-	262,210
Total Capital Projects Fund				131,947	(376,119)	-	262,210	18,038	-	(113,909)	113,909	-	-	-	-	262,210
State Department of Agriculture																
Enterprise Fund																
State School Lunch Program	26-100-010-3350-023	7/1/25-6/30/26	6,428				5,874	6,428					(554)		(554)	6,428
State School Lunch Program	25-100-010-3350-023	7/1/24-6/30/25	6,337		(443)		443									-
State School Breakfast Program	26-100-010-3350-023	7/1/25-6/30/26	438				398	438					(40)		(40)	438
State School Breakfast Program	25-100-010-3350-023	7/1/24-6/30/25	682		(57)	-	57			-	-		-	-	-	-
S-EBT Administrative	26-100-010-3370-003	7/1/25-6/30/26	301				301	301							-	301
NJ Farm to School Procurement Initiative	26-100-010-3350-064	4/10/26-6/30/26	2,278				1,740	2,278					(538)		(538)	2,278
State School Lunch Program - NJEIE	26-100-034-3350-023	7/1/25-6/30/26	7,792				7,218	7,792					(574)		(574)	7,792
State School Lunch Program - NJEIE	25-100-034-3350-023	7/1/24-6/30/25	12,018		(806)		806								-	-
State School Breakfast Program - NJEIE	26-100-034-3350-023	7/1/25-6/30/26	289				266	289					(23)		(23)	289
State School Breakfast Program - NJEIE	25-100-034-3350-023	7/1/24-6/30/25	858	343	-	-	-	74	-	(269)	-	-	-	-	-	74
Total Enterprise Fund				343	(1,306)	-	17,103	17,600	-	(269)	-	-	(1,729)	-	(1,729)	17,600
Total State Financial Assistance Subject to Single Audit Determination				302,153	(721,846)	-	4,848,635	4,829,035	164,214	(114,178)	113,909	237,604	(473,752)	-	(20,700)	5,073,207
State Financial Assistance Not Subject to Major Program Determination																
General Fund																
On-Behalf TPAF Pension System Contributions-NCGI	26-495-034-5094-004	7/1/25-6/30/26	21,375				(21,375)	(21,375)	-							(21,375)
On-Behalf TPAF Normal Costs	26-495-034-5094-002	7/1/25-6/30/26	1,754,618				(1,754,618)	(1,754,618)	-							(1,754,618)
On-Behalf TPAF Post-Retirement Medical Contributions	26-495-034-5094-001	7/1/25-6/30/26	534,563				(534,563)	(534,563)	-							(534,563)
On-Behalf TPAF Long-Term Disability Ins. Contributions	26-495-034-5094-004	7/1/25-6/30/26	707	-	-	-	(707)	(707)	-	-	-	-	-	-	-	(707)
Total State Financial Assistance Subject to Major Program Determination				$ 302,153	$ (721,846)	$ -	$ 2,537,372	$ 2,517,772	$ 164,214	$ (114,178)	$ 113,909	$ 237,604	$ (473,752)	$ -	$ (20,700)	$ 2,761,944

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

CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

NOTE 1 REPORTING ENTITY

The Carlstadt Board of Education (the "Board" or the "District") received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board's Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 25-12 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board's financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board's summary of significant accounting policies are described in Note 1 to the Board's financial statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of $37,487 for the General Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

CARLSTADT BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS (Continued)

	Federal	State	Total
General Fund	$ 9,062	$ 3,689,386	$ 3,698,448
Special Revenue Fund	314,194	902,310	1,216,504
Capital Projects Fund		18,038	18,038
Food Service Fund	194,759	17,600	212,359
Total Awards and Financial Assistance	$ 518,015	$ 4,627,334	$ 5,145,349

NOTE 5 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 6 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 $386,020 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, 2026. The amount reported as TPAF Pension System Contributions in the amount of $1,775,993 TPAF Post-Retirement Medical Benefits Contributions in the amount of $534,563 and TPAF Long-Term Disability Insurance in the amount of $707 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2026.

NOTE 7 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.

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Part I – Summary of Auditor's Results

Financial Statements

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

Federal Awards Section

Not Applicable

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over compliance:		
(1) Material weaknesses identified?	____ yes	X no
2) Were significant deficiencies 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 25-12?	____ yes	X no

Identification of major state programs:

GMIS Number	Name of State Program or Cluster
26-495-034-5120-084	Security Aid
26-495-034-5120-089	Special Education Categorical Aid

Dollar threshold used to distinguish between Type A and Type B programs:		$1,000,000
Auditee qualified as low-risk auditee?	X yes	____ no

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Part 2 – Schedule of Financial Statement Findings

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

There are none.

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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 25-12.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

EXHIBIT K-6

CARLSTADT BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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 25-12.

CURRENT YEAR STATE AWARDS

There are none.