

**CARLSTADT BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Carlstadt, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Carlstadt Board of Education**

**Carlstadt, New Jersey**

**For The Fiscal Year Ended June 30, 2013**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

October 2, 2013

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

Dear Board Members:

The comprehensive annual financial report of the Carlstadt Board of Education for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Carlstadt Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments and the U.S. Office of Management and Budget Circular A-133, "*Audits of State and Local Governments*" and the State Treasury Circular Letter 04-04 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 2012-2013 fiscal year with an average daily enrollment of 599 students, which is 19 students more than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2012-13            | 599                             | 3.28%                 |
| 2011-12            | 580                             | (2.03) %              |
| 2010-11            | 592                             | 2.96%                 |
| 2009-10            | 575                             | (1.20)%               |
| 2008-09            | 582                             | 2.64%                 |
| 2007-08            | 567                             | 5.78%                 |
| 2006-07            | 536                             | 2.10%                 |
| 2005-06            | 525                             | 3.35%                 |
| 2004-05            | 508                             | (2.12)%               |
| 2003-04            | 519                             | 1.76%                 |

2) ECONOMIC CONDITION AND OUTLOOK: Developmentally the Carlstadt area in general has leveled off and industrial growth is rather minimal. A commercial initiative is imminent in the neighboring community of East Rutherford. It is projected that this project will take anywhere from 1 to 3 years to complete. The project should provide a number of job opportunities for people in the neighboring communities, including Carlstadt. The District does not anticipate any real change in the student population as a result of this commercial venture.

3) MAJOR INITIATIVES:

During the 2012-2013 school year several major initiatives were undertaken. Investigative projects were undertaken to help determine the source of the leakage in the new school. Moneys were put into the maintenance reserve for the purpose of mitigating the water problems in the upcoming year. Additional student computers and new wireless capabilities were added in anticipation of new technological needs for PARC. We have also made upgrades to the school security systems by adding new security software and digital cameras.

We continue to focus on the demands and training requirements of the new legislation for teacher evaluations. The common core has now become the driving force for curriculum. Carlstadt strives to operate with fiscal responsibility as dictated by both these initiatives.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2013.

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

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

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

9) OTHER INFORMATION: State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Lerch, Vinci, and Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes,

the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 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.

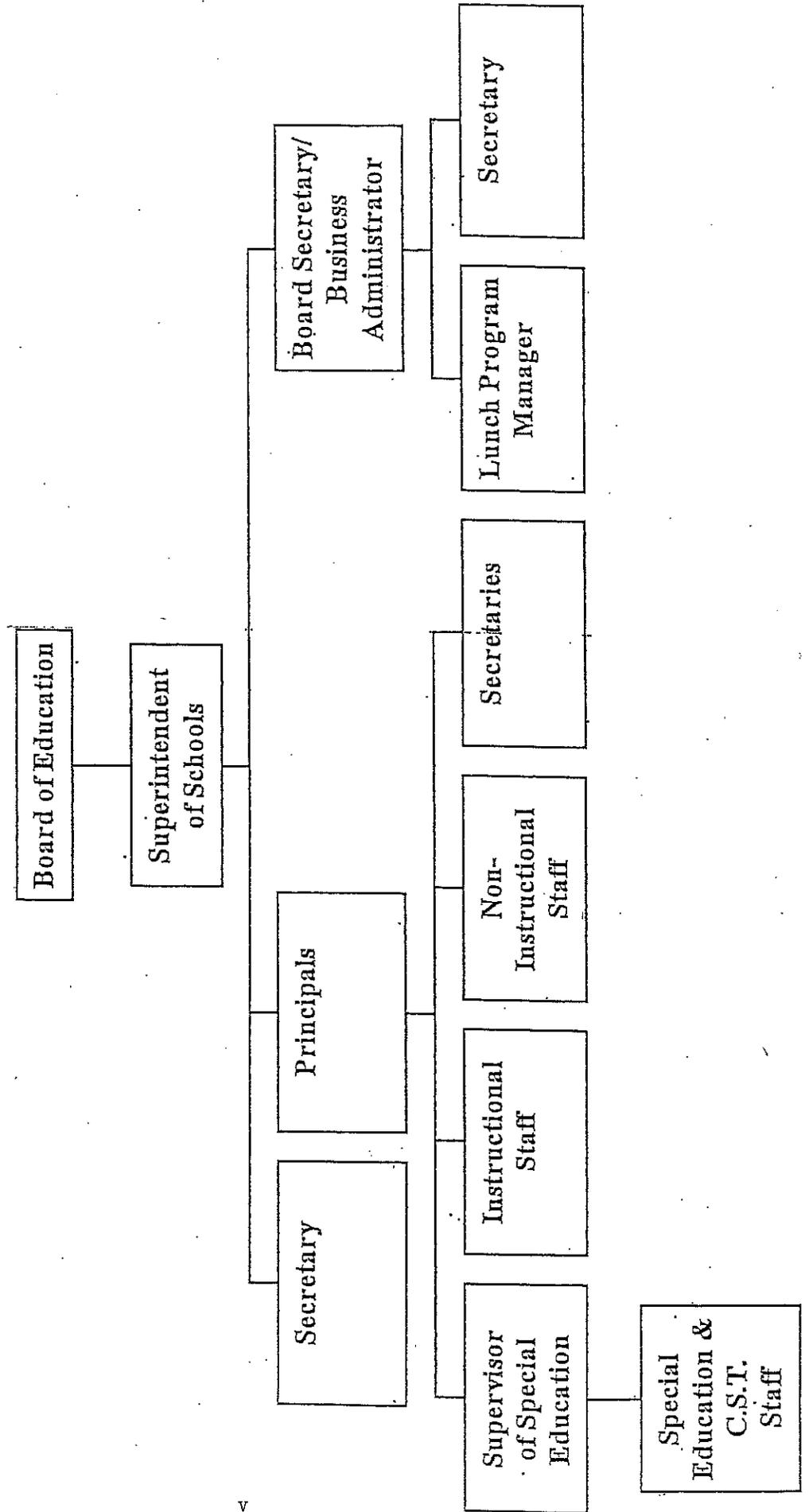
Respectfully submitted,

A handwritten signature in cursive script that reads "Pamela Baxley". The signature is written in black ink and is positioned above the printed name and title.

Pamela Baxley  
Business Administrator/Board Secretary

# CARLSTADT BOARD OF EDUCATION

## Organizational Chart



CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2013

| <u>Members of the Board of Education</u>                | <u>Term Expires</u> |
|---|---------------------|
| Bruce Young, President                                  | 2015                |
| Walter Beese, President (through December 2012)         | 2012                |
| Hernan Lopez, Vice President                            | 2015                |
| Terry Tallaksen, Vice President (through December 2012) | 2013                |
| Adrianna Allen  | 2013                |
| Thomas J. Cox, Jr.                                      | 2014                |
| Victor Fonseca  | 2014                |
| Susan Nelson  | 2014                |
| Diane Lahullier   | 2015                |
| Eugene Wojna  | 2013                |
| <u>Other Officials</u>                                  |                     |
| Stephen Kollinok, Superintendent of Schools             |                     |
| Pamela Baxley, Business Administrator/Board Secretary   |                     |
| Mark Janeczko, Board Attorney                           |                     |

**CARLSTADT BOARD OF EDUCATION**  
**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

Mark T. Janeczko, Esq.  
109 Hackensack Street  
P.O. Box 123  
Wood-Ridge, NJ 07075

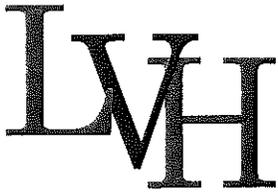
**Insurance Counselor**

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

**Official Depository**

Valley National Bank  
1445 Valley Road  
Wayne, NJ 07470

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2013 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt Board of Education's internal control over financial reporting and compliance.

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

A handwritten signature in black ink, appearing to read 'Donna L. Japhet', written over the printed name.

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
October 2, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2013

This discussion and analysis of the Carlstadt School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2013. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2012-2013 fiscal year include the following:

- The assets of the Carlstadt Board of Education exceeded its liabilities at the close of the fiscal year by \$6,588,083 (net position).
- General revenues accounted for \$10,788,080 or 85 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,823,846 or 15 percent of total revenues of \$12,611,926.
- The School District had \$12,091,907 in expenses; only \$1,823,846 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$10,788,080 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$10,388,009 in revenues and \$10,019,946 in expenditures. The General Fund's fund balance increased by \$368,156 from \$644,752 at June 30, 2012 to \$1,012,908 at June 30, 2013.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending balance of \$1,021,952. The combined fund balance increased by \$313,515 from the prior year.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2013

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2013

**Enterprise Fund**

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

**Internal Service Fund**

The internal service fund uses the accrual accounting basis and the economic resources focus. This fund is included as part of the governmental activities in the district-wide financial statements.

**The District as a Whole**

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

Table 1 provides a summary of the District's net position as of June 30, 2013 and 2012, respectively.

Table 1  
Statement of Net Position  
as of June 30, 2013 and 2012

|   | Governmental<br>Activities |                     | Business-Type<br>Activities |                   | Total               |                     |
|---|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
|   | 2013                       | 2012                | 2013                        | 2012              | 2013                | 2012                |
| Current Assets                                  | \$ 1,087,054               | \$ 763,643          | \$ 60,525                   | \$ 86,115         | \$ 1,147,579        | \$ 849,758          |
| Capital Assets, net of accumulated depreciation | <u>25,390,654</u>          | <u>25,932,853</u>   | <u>46,223</u>               | <u>51,883</u>     | <u>25,436,877</u>   | <u>25,984,736</u>   |
| Total Assets                                    | <u>26,477,708</u>          | <u>26,696,496</u>   | <u>106,748</u>              | <u>137,998</u>    | <u>26,584,456</u>   | <u>26,834,494</u>   |
| Long-Term liabilities                           | 19,799,996                 | 20,574,849          |                             |                   | 19,799,996          | 20,574,849          |
| Other Liabilities                               | <u>196,377</u>             | <u>191,581</u>      | -                           | -                 | <u>196,377</u>      | <u>191,581</u>      |
| Total Liabilities                               | <u>19,996,373</u>          | <u>20,766,430</u>   | -                           | -                 | <u>19,996,373</u>   | <u>20,766,430</u>   |
| Net Investment in Capital Assets                | 5,656,821                  | 5,461,934           | 46,223                      | 51,883            | 5,703,044           | 5,513,817           |
| Restricted                                      | 418,012                    | 242,998             |                             |                   | 418,012             | 242,998             |
| Unrestricted                                    | <u>406,502</u>             | <u>225,134</u>      | <u>60,525</u>               | <u>86,115</u>     | <u>467,027</u>      | <u>311,249</u>      |
| Total Net Assets                                | <u>\$ 6,481,335</u>        | <u>\$ 5,930,066</u> | <u>\$ 106,748</u>           | <u>\$ 137,998</u> | <u>\$ 6,588,083</u> | <u>\$ 6,068,064</u> |

The District's combined net position as of June 30, 2013 and 2012 were \$6,588,083 and \$6,068,064, respectively.

CARLSTADT BOARD OF EDUCATION  
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Management's Discussion and Analysis  
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Table 2 shows changes in net position for fiscal years ended June 30, 2013 and 2012.

**Table 2**  
**Change in Net Position**  
**For The Fiscal Years Ended June 30, 2013 and 2012**

|  | Governmental               |                            | Business-                |                          | Total                      |                            |
|--|----------------------------|----------------------------|--------------------------|--------------------------|----------------------------|----------------------------|
|  | Activities                 |                            | Type                     |                          |                            |                            |
|  | <u>2013</u>                | <u>2012</u>                | <u>2013</u>              | <u>2012</u>              | <u>2013</u>                | <u>2012</u>                |
| <b>Revenues</b>                                  |                            |                            |                          |                          |                            |                            |
| Program Revenues                                 |                            |                            |                          |                          |                            |                            |
| Charges for Services                             | \$ 48,375                  | \$ 39,400                  | \$ 202,079               | \$ 207,542               | \$ 250,454                 | \$ 246,942                 |
| Operating Grants and Contributions               | 1,457,898                  | 1,257,255                  | 115,494                  | 100,089                  | 1,573,392                  | 1,357,344                  |
| General Revenues                                 |                            |                            |                          |                          |                            |                            |
| Property Taxes                                   | 10,759,913                 | 10,601,303                 |                          |                          | 10,759,913                 | 10,601,303                 |
| Other  | 27,997                     | 38,991                     | 170                      | 18                       | 28,167                     | 39,009                     |
| <b>Total Revenues</b>                            | <b><u>12,294,183</u></b>   | <b><u>11,936,949</u></b>   | <b><u>317,743</u></b>    | <b><u>307,649</u></b>    | <b><u>12,611,926</u></b>   | <b><u>12,244,598</u></b>   |
| <b>Expenses</b>                                  |                            |                            |                          |                          |                            |                            |
| Instruction                                      |                            |                            |                          |                          |                            |                            |
| Regular  | 5,948,088                  | 5,187,427                  |                          |                          | 5,948,088                  | 5,187,427                  |
| Special Education                                | 1,257,712                  | 1,284,951                  |                          |                          | 1,257,712                  | 1,284,951                  |
| Other Instruction                                | 252,509                    | 312,235                    |                          |                          | 252,509                    | 312,235                    |
| School Sponsored Activities and Athletics        | 26,917                     | 19,583                     |                          |                          | 26,917                     | 19,583                     |
| Support Services                                 |                            |                            |                          |                          |                            |                            |
| Student and Instruction Related Services         | 1,072,946                  | 979,154                    |                          |                          | 1,072,946                  | 979,154                    |
| School Administrative Services                   | 329,949                    | 321,801                    |                          |                          | 329,949                    | 321,801                    |
| General Administrative Services                  | 438,073                    | 433,145                    |                          |                          | 438,073                    | 433,145                    |
| Plant Operations and Maintenance                 | 999,440                    | 1,550,582                  |                          |                          | 999,440                    | 1,550,582                  |
| Pupil Transportation                             | 125,624                    | 181,371                    |                          |                          | 125,624                    | 181,371                    |
| Business Svcs/Central Services/Admin. Info Tech. | 395,054                    | 409,172                    |                          |                          | 395,054                    | 409,172                    |
| Interest on Long-Term Debt                       | 896,602                    | 927,873                    |                          |                          | 896,602                    | 927,873                    |
| Food Services                                    | -                          | -                          | 348,993                  | 285,404                  | 348,993                    | 285,404                    |
| <b>Total Expenses</b>                            | <b><u>11,742,914</u></b>   | <b><u>11,607,294</u></b>   | <b><u>348,993</u></b>    | <b><u>285,404</u></b>    | <b><u>12,091,907</u></b>   | <b><u>11,892,698</u></b>   |
| <b>Change in Net Position</b>                    | <b>551,269</b>             | <b>329,655</b>             | <b>(31,250)</b>          | <b>22,245</b>            | <b>520,019</b>             | <b>351,900</b>             |
| <b>Net Position, Beginning of Year</b>           | <b><u>5,930,066</u></b>    | <b><u>5,600,411</u></b>    | <b><u>137,998</u></b>    | <b><u>115,753</u></b>    | <b><u>6,068,064</u></b>    | <b><u>5,716,164</u></b>    |
| <b>Net Position, End of Year</b>                 | <b><u>\$ 6,481,335</u></b> | <b><u>\$ 5,930,066</u></b> | <b><u>\$ 106,748</u></b> | <b><u>\$ 137,998</u></b> | <b><u>\$ 6,588,083</u></b> | <b><u>\$ 6,068,064</u></b> |

CARLSTADT BOARD OF EDUCATION  
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**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 87 percent of revenues for governmental activities for the Carlstadt School District in fiscal year 2013. The District's governmental activities total revenues were \$12,294,183 for the year ended June 30, 2013, an increase of \$357,234 from the previous year. Federal, state, and local grants/aid accounted for 12 percent of revenue. The balance of revenues is miscellaneous income which includes investment earnings.

The total cost of all governmental activities programs and services was \$11,742,914. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$7,485,226 (64%) of total expenditures. Student support services, exclusive of administration and interest on long-term debt, total \$2,198,010 or (19%) of total expenditures. The District's total governmental activities expenses increased \$135,620 over the amount of 2011/2012 expenses.

**Business-Type Activities**

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

- Food service expenses exceeded revenues by \$31,250.
- Charges for services represent 64% percent of revenue. This represents amounts paid for daily lunch service.
- State and Federal reimbursement for school breakfast and lunch was \$115,494 or 36 percent of total revenues.

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**Net Cost of Governmental Activities**

The District's total cost of services was \$11,742,914 for the fiscal year ended June 30, 2013. After applying program revenues derived from charges for services of \$48,375 and operating grants and contributions of \$1,457,898 the net cost of services of the District is \$10,236,641. See Table 3.

**Table 3**  
**Total and Net Cost of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2013 and 2012**

|  | Total Cost<br>of Services |                      | Net Cost<br>of Services |                      |
|--|---------------------------|----------------------|-------------------------|----------------------|
|  | 2013                      | 2012                 | 2013                    | 2012                 |
| Instruction                                  |                           |                      |                         |                      |
| Regular                                      | \$ 5,948,088              | \$ 5,187,427         | \$ 5,112,374            | \$ 4,504,237         |
| Special Education                            | 1,257,712                 | 1,284,951            | 711,375                 | 821,951              |
| Other Instruction                            | 252,509                   | 312,235              | 216,207                 | 198,499              |
| School Sponsored Activities and Athletics    | 26,917                    | 19,583               | 23,072                  | 17,098               |
| Support Services                             |                           |                      |                         |                      |
| Student and Instruction Related Services     | 1,072,946                 | 979,154              | 1,042,402               | 964,839              |
| School Administrative Services               | 329,949                   | 321,801              | 301,323                 | 301,872              |
| General Administrative Services              | 438,073                   | 433,145              | 438,073                 | 433,145              |
| Plant Operations and Maintenance             | 999,440                   | 1,550,582            | 982,247                 | 1,550,582            |
| Pupil Transportation                         | 125,624                   | 181,371              | 117,912                 | 181,371              |
| Business Services/Central Svcs./Admin. Info. | 395,054                   | 409,172              | 395,054                 | 409,172              |
| Interest on Long-Term Debt                   | 896,602                   | 927,873              | 896,602                 | 927,873              |
| <b>Total</b>                                 | <b>\$ 11,742,914</b>      | <b>\$ 11,607,294</b> | <b>\$ 10,236,641</b>    | <b>\$ 10,310,639</b> |

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

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

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

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

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

CARLSTADT BOARD OF EDUCATION  
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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,021,952. For the fiscal year ended June 30, 2012, the fund balance was \$708,437.

Revenues for the District's governmental funds were \$12,294,183, while total expenses were \$11,980,668.

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

The following schedule presents a summary of General Fund Revenues for the fiscal year ended June 30, 2013 and 2012.

|                             | <u>Year Ended</u><br><u>June 30, 2013</u> | <u>Year Ended</u><br><u>June 30, 2012</u> | <u>Amount of</u><br><u>Increase</u><br><u>(Decrease)</u> | <u>Percent</u><br><u>Increase</u><br><u>(Decrease)</u> |
|-----------------------------|---|---|--|--|
| Local Sources               |   |   |  |  |
| Property Tax Levy           | \$ 9,093,292                              | \$ 8,940,482                              | \$ 152,810   | 2%   |
| Interest                    | 3,391                                     | 3,792                                     | (401)  | -11%   |
| State/Federal Sources       | 1,223,141                                 | 1,000,071                                 | 223,070  | 22%  |
| Miscellaneous               | <u>68,185</u>                             | <u>74,401</u>                             | <u>(6,216)</u>   | -8%  |
| Total General Fund Revenues | <u>\$ 10,388,009</u>                      | <u>\$ 10,018,746</u>                      | <u>\$ 369,263</u>  | 4%   |

Total General Fund Revenues increased by \$369,263 or 4% over the previous year.

CARLSTADT BOARD OF EDUCATION  
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Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2013

**General Fund (Continued)**

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

State/federal revenues increased \$223,070 or 22% from the previous year largely attributable to the additional allocation of categorical state aid for the District in 2012/2013 as well as an increase in the State of New Jersey's contribution to pension costs and post-retirement medical benefits on behalf of the Carlstadt School District.

Miscellaneous income decreased largely attributable to a decrease in miscellaneous revenue such as refunds and reimbursements.

The following schedule presents a summary of General Fund expenditures for the fiscal year ended June 30, 2013 and 2012.

|                    | Year Ended<br><u>June 30, 2013</u> | Year Ended<br><u>June 30, 2012</u> | Amount of<br>Increase<br><u>(Decrease)</u> | Percent<br>Increase<br><u>(Decrease)</u> |
|--------------------|------------------------------------|------------------------------------|--|--|
| Instruction        | \$ 6,691,931                       | \$ 6,445,721                       | \$ 246,210                                 | 4%                                       |
| Support Services   | 3,234,414                          | 3,297,908                          | (63,494)                                   | -2%                                      |
| Debt Service       | 22,895                             | 23,628                             | (733)                                      | -3%                                      |
| Capital Outlay     | <u>70,706</u>                      | <u>60,316</u>                      | <u>10,390</u>                              | 17%                                      |
| Total Expenditures | <u>\$ 10,019,946</u>               | <u>\$ 9,827,573</u>                | <u>\$ 192,373</u>                          | 2%                                       |

Total General Fund expenditures increased \$192,273 or 2% from the previous year.

In 2012-2013 General Fund revenues and other financing sources exceeded expenses by \$368,156. As a result, total fund balance increased to \$1,012,908 at June 30, 2013. After deducting statutory transfers and reserves, the unassigned fund balance decreased slightly from \$248,738 at June 30, 2012 to \$242,373 at June 30, 2013.

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

Revenues of the Special Revenue Fund were \$239,460, for the year ended June 30, 2013. Federal sources accounted for all 98% Special Revenue Fund's revenue. The balance (\$4,703) of the revenues come from local donations.

Total Special Revenue Fund revenues decreased \$17,724 or 7% from the previous year. Federal sources decreased \$19,361 while local sources increased \$1,637.

CARLSTADT BOARD OF EDUCATION  
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Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2013

**Special Revenue Fund (Continued)**

Expenditures of the Special Revenue Fund were \$239,460. Instructional expenditures were \$219,595 (92%) of total expended for the year ended June 30, 2013. The balance of the expenditures (\$19,865) were student and instruction related services.

**Capital Projects** - The capital projects expenditures and other financing uses exceeded revenues by \$54,641 resulting in a fund balance of \$8,167 at June 30, 2013. This decrease in fund balance is attributable to expenditures relating to the construction of the new pre-kindergarten to 8<sup>th</sup> grade school in the District. As of June 30, 2013, the entire fund balance of \$8,167 has been earmarked for outstanding commitments remaining on the construction project.

**Proprietary Funds**

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

**Enterprise Fund** - The District uses an Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities. The expenses exceeded the revenues by \$31,250 resulting in net position of \$106,748 at June 30, 2013 down from the balance of \$137,998 at June 30, 2012.

**Internal Service Fund** - The District uses an Internal Service Fund to report the activities that provide services to other programs, including other Boards of Education. The District's shared services agreements relating to Technology Support Services are included in this fund. The District has discontinued the agreement formerly accounted for in this fund. There was no activity for the 2012/2013 year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

CARLSTADT BOARD OF EDUCATION  
CARLSTADT, NEW JERSEY

Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2013

**CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2013 for its governmental activities amounts to \$25,390,654 (net of accumulated depreciation) and \$46,223 for business-type activities. The capital assets consist of land, land improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2012-2013 amounted to \$667,546 for governmental activities and \$5,660 for business-type activities.

**Table A-6**  
**Capital Assets as of June 30, 2013 and 2012**  
**(Net of Accumulated Depreciation)**

|                                    | <u>Governmental</u>  |                      | <u>Business-Type</u> |                  |
|------------------------------------|----------------------|----------------------|----------------------|------------------|
|                                    | <u>Activities</u>    |                      | <u>Activities</u>    |                  |
|                                    | <u>2013</u>          | <u>2012</u>          | <u>2013</u>          | <u>2012</u>      |
| Land                               | \$ 188,036           | \$ 188,036           |                      |                  |
| Improvements Other Than Building   | 260,447              | 279,005              |                      |                  |
| Building and Building Improvements | 24,519,719           | 25,031,375           |                      |                  |
| Machinery and Equipment            | <u>422,452</u>       | <u>434,437</u>       | \$ 46,223            | \$ 51,883        |
| <b>Total Capital Assets, Net</b>   | <u>\$ 25,390,654</u> | <u>\$ 25,932,853</u> | <u>\$ 46,223</u>     | <u>\$ 51,883</u> |

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

**LONG TERM LIABILITIES**

At year end, the District's long-term liabilities consisted of compensated absences payable of \$54,083, bonds payable of \$19,742,000 and capital lease payable of \$3,913.

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2012-2013 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2013-2014. Budgeted expenditures in the General Fund increased 4 percent to \$9,778,678 in fiscal year 2013-2014.

CARLSTADT BOARD OF EDUCATION  
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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

**CARLSTADT BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|--|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                                  |                                    |                                     |                     |
| Cash and Cash Equivalents                      | \$ 1,041,510                       | \$ 45,485                           | \$ 1,086,995        |
| Receivables, net                               | 45,544                             | 13,778                              | 59,322              |
| Inventory                                      |                                    | 1,262                               | 1,262               |
| Capital Assets, Not Being Depreciated          | 188,036                            |                                     | 188,036             |
| Capital Assets, Being Depreciated, Net         | <u>25,202,618</u>                  | <u>46,223</u>                       | <u>25,248,841</u>   |
| Total Assets                                   | <u>26,477,708</u>                  | <u>106,748</u>                      | <u>26,584,456</u>   |
| <b>LIABILITIES</b>                             |                                    |                                     |                     |
| Accounts Payable and Other Current Liabilities | 42,006                             |                                     | 42,006              |
| Accrued Interest Payable                       | 145,170                            |                                     | 145,170             |
| Unearned Revenue                               | 9,201                              |                                     | 9,201               |
| Noncurrent Liabilities                         |                                    |                                     |                     |
| Due Within One Year                            | 813,913                            |                                     | 813,913             |
| Due Beyond One Year                            | <u>18,986,086</u>                  | <u>-</u>                            | <u>18,986,086</u>   |
| Total Liabilities                              | <u>19,996,376</u>                  | <u>-</u>                            | <u>19,996,376</u>   |
| <b>NET POSITION</b>                            |                                    |                                     |                     |
| Net Investment in Capital Assets               | 5,656,821                          | 46,223                              | 5,703,044           |
| Restricted for                                 |                                    |                                     |                     |
| Debt Service                                   | 877                                |                                     | 877                 |
| Capital Projects                               | 12,135                             |                                     | 12,135              |
| Other Purpose                                  | 405,000                            |                                     | 405,000             |
| Unrestricted                                   | <u>406,502</u>                     | <u>60,525</u>                       | <u>467,027</u>      |
| Total Net Position                             | <u>\$ 6,481,335</u>                | <u>\$ 106,748</u>                   | <u>\$ 6,588,083</u> |

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

**CARLSTADT BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| Functions/Programs                                    | Program Revenues     |                         |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     |
|---|----------------------|-------------------------|--|--|--|-----------------------------|---------------------|
|   | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total               |
| <b>Governmental Activities</b>                        |                      |                         |  |  |  |                             |                     |
| Instruction   |                      |                         |  |  |  |                             |                     |
| Regular   | \$ 5,948,088         | \$ 48,375               | \$ 787,339                               |  | \$ (5,112,374)                                       |                             | \$ (5,112,374)      |
| Special Education                                     | 1,257,712            |                         | 546,337                                  |  | (711,375)  |                             | (711,375)           |
| Other Instruction                                     | 252,509              |                         | 36,302                                   |  | (216,207)  |                             | (216,207)           |
| School Sponsored Activities and Athletics             | 26,917               |                         | 3,845                                    |  | (23,072)   |                             | (23,072)            |
| Support Services                                      |                      |                         |  |  |  |                             |                     |
| Student and Instruction Related Services              | 1,072,946            |                         | 30,544                                   |  | (1,042,402)  |                             | (1,042,402)         |
| General Administrative Services                       | 438,073              |                         |  |  | (438,073)  |                             | (438,073)           |
| School Administrative Services                        | 329,949              |                         |  |  | (301,323)  |                             | (301,323)           |
| Plant Operations and Maintenance                      | 999,440              |                         | 28,626                                   |  | (982,247)  |                             | (982,247)           |
| Pupil Transportation                                  | 125,624              |                         | 17,193                                   |  | (117,912)  |                             | (117,912)           |
| Business Services/Central Svcs/Admin. Info.           | 395,054              |                         | 7,712                                    |  | (395,054)  |                             | (395,054)           |
| Interest on Long Term Debt                            | 896,602              |                         |  |  | (896,602)  |                             | (896,602)           |
| <b>Total Governmental Activities</b>                  | <u>11,742,914</u>    | <u>48,375</u>           | <u>1,457,898</u>                         | <u>-</u>                               | <u>(10,236,641)</u>                                  | <u>-</u>                    | <u>(10,236,641)</u> |
| <b>Business-Type Activities</b>                       |                      |                         |  |  |  |                             |                     |
| Food Service  | 348,993              | 202,079                 | 115,494                                  | -                                      | -  | \$ (31,420)                 | (31,420)            |
| <b>Total Business-Type Activities</b>                 | <u>348,993</u>       | <u>202,079</u>          | <u>115,494</u>                           | <u>-</u>                               | <u>-</u>   | <u>(31,420)</u>             | <u>(31,420)</u>     |
| <b>Total Primary Government</b>                       | <u>\$ 12,091,907</u> | <u>\$ 250,454</u>       | <u>\$ 1,573,392</u>                      | <u>\$ -</u>                            | <u>(10,236,641)</u>                                  | <u>(31,420)</u>             | <u>(10,268,061)</u> |
| <b>General Revenues</b>                               |                      |                         |  |  |  |                             |                     |
| Taxes:  |                      |                         |  |  |  |                             |                     |
| Property Taxes, levied for general purposes, net      |                      |                         |  |  | 9,093,292  |                             | 9,093,292           |
| Property Taxes, levied for debt service purposes, net |                      |                         |  |  | 1,666,621  |                             | 1,666,621           |
| Investment Earnings                                   |                      |                         |  |  | 3,484  | 170                         | 3,654               |
| Miscellaneous Income                                  |                      |                         |  |  | 24,513   | -                           | 24,513              |
| <b>Total General Revenues</b>                         |                      |                         |  |  | <u>10,787,910</u>                                    | <u>170</u>                  | <u>10,788,080</u>   |
| <b>Change in Net Position</b>                         |                      |                         |  |  | 551,269  | (31,250)                    | 520,019             |
| <b>Net Position, Beginning of Year</b>                |                      |                         |  |  | 5,930,066  | 137,998                     | 6,068,064           |
| <b>Net Position, End of Year</b>                      |                      |                         |  |  | <u>\$ 6,481,335</u>                                  | <u>\$ 106,748</u>           | <u>\$ 6,588,083</u> |

**FUND FINANCIAL STATEMENTS**

CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2013

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>ASSETS</b>                                     |                         |                                     |                                      |                                  |   |
| Cash and Cash Equivalents                         | \$ 1,018,478            |                                     | \$ 8,260                             | \$ 877                           | \$ 1,027,615                            |
| Due from Other Funds                              | 10,541                  |                                     |                                      |                                  | 10,541                                  |
| Receivables from Other Governments                | <u>16,180</u>           | <u>\$ 28,977</u>                    | <u>-</u>                             | <u>-</u>                         | <u>45,157</u>                           |
| Total Assets                                      | <u>\$ 1,045,199</u>     | <u>\$ 28,977</u>                    | <u>\$ 8,260</u>                      | <u>\$ 877</u>                    | <u>\$ 1,083,313</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>              |                         |                                     |                                      |                                  |   |
| Liabilities                                       |                         |                                     |                                      |                                  |   |
| Accounts Payable                                  | \$ 32,291               | \$ 9,715                            |                                      |                                  | \$ 42,006                               |
| Due to Other Funds                                |                         | 10,061                              | \$ 93                                |                                  | 10,154                                  |
| Unearned Revenue                                  | <u>-</u>                | <u>9,201</u>                        | <u>-</u>                             | <u>-</u>                         | <u>9,201</u>                            |
| Total Liabilities                                 | <u>32,291</u>           | <u>28,977</u>                       | <u>93</u>                            | <u>-</u>                         | <u>61,361</u>                           |
| Fund Balances                                     |                         |                                     |                                      |                                  |   |
| Restricted Fund Balance                           |                         |                                     |                                      |                                  |   |
| Reserved Excess Surplus-Designated for Subsequent |                         |                                     |                                      |                                  |   |
| Year's Expenditures                               | 70,724                  |                                     |                                      |                                  | 70,724                                  |
| Reserved Excess Surplus                           | 205,408                 |                                     |                                      |                                  | 205,408                                 |
| Capital Reserve                                   | 12,135                  |                                     |                                      |                                  | 12,135                                  |
| Maintenance Reserve                               | 405,000                 |                                     |                                      |                                  | 405,000                                 |
| Capital Projects Fund                             |                         |                                     | 8,167                                |                                  | 8,167                                   |
| Debt Service Fund                                 |                         |                                     |                                      | \$ 877                           | 877                                     |
| Assigned Fund Balance                             |                         |                                     |                                      |                                  |   |
| Year End Encumbrances                             | 77,268                  |                                     |                                      |                                  | 77,268                                  |
| Unassigned Fund Balance                           | <u>242,373</u>          | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>242,373</u>                          |
| Total Fund Balances                               | <u>1,012,908</u>        | <u>-</u>                            | <u>8,167</u>                         | <u>877</u>                       | <u>1,021,952</u>                        |
| Total Liabilities and Fund Balances               | <u>\$ 1,045,199</u>     | <u>\$ 28,977</u>                    | <u>\$ 8,260</u>                      | <u>\$ 877</u>                    |   |

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 \$29,549,074 and the accumulated depreciation is \$4,158,420. | 25,390,654          |
| The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:   | (145,170)           |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)   | (19,799,996)        |
| The assets and liabilities of the internal service fund are included with governmental activities.  | <u>13,895</u>       |
| Net Position of Governmental Activities   | <u>\$ 6,481,335</u> |

**CARLSTADT BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>REVENUES</b>                                       |                         |                                     |                                      |                                  |   |
| Local Sources   |                         |                                     |                                      |                                  |   |
| Property Tax Levy                                     | \$ 9,093,292            |                                     |                                      | \$ 1,666,621                     | \$ 10,759,913                           |
| Tuition - Pre-School                                  | 48,375                  |                                     |                                      |                                  | 48,375                                  |
| Interest  | 3,391                   |                                     | \$ 93                                |                                  | 3,484                                   |
| Miscellaneous   | 19,810                  | \$ 4,703                            | -                                    | -                                | 24,513                                  |
| <b>Total - Local Sources</b>                          | <u>9,164,868</u>        | <u>4,703</u>                        | <u>93</u>                            | <u>1,666,621</u>                 | <u>10,836,285</u>                       |
| State Sources   | 1,223,141               |                                     |                                      |                                  | 1,223,141                               |
| Federal Sources                                       | -                       | 234,757                             | -                                    | -                                | 234,757                                 |
| <b>Total Revenues</b>                                 | <u>10,388,009</u>       | <u>239,460</u>                      | <u>93</u>                            | <u>1,666,621</u>                 | <u>12,294,183</u>                       |
| <b>EXPENDITURES</b>                                   |                         |                                     |                                      |                                  |   |
| Current   |                         |                                     |                                      |                                  |   |
| Regular Instruction                                   | 5,302,741               | 71,647                              |                                      |                                  | 5,374,388                               |
| Special Education Instruction                         | 1,113,419               | 144,293                             |                                      |                                  | 1,257,712                               |
| Other Instruction                                     | 248,854                 | 3,655                               |                                      |                                  | 252,509                                 |
| School-Sponsored Activities and Athletics             | 26,917                  |                                     |                                      |                                  | 26,917                                  |
| Support Services                                      |                         |                                     |                                      |                                  |   |
| Student and Instruction Related Services              | 1,053,081               | 19,865                              |                                      |                                  | 1,072,946                               |
| General Administrative Services                       | 438,073                 |                                     |                                      |                                  | 438,073                                 |
| School Administrative Services                        | 329,949                 |                                     |                                      |                                  | 329,949                                 |
| Plant Operations and Maintenance                      | 892,633                 |                                     |                                      |                                  | 892,633                                 |
| Pupil Transportation                                  | 125,624                 |                                     |                                      |                                  | 125,624                                 |
| Business Services/Central Svcs/<br>Admin. Info. Tech. | 395,054                 |                                     |                                      |                                  | 395,054                                 |
| Debt Service  |                         |                                     |                                      |                                  |   |
| Principal   | 22,814                  |                                     |                                      | 765,000                          | 787,814                                 |
| Interest  | 81                      |                                     |                                      | 901,621                          | 901,702                                 |
| Capital Outlay  | 70,706                  | -                                   | 54,641                               | -                                | 125,347                                 |
| <b>Total Expenditures</b>                             | <u>10,019,946</u>       | <u>239,460</u>                      | <u>54,641</u>                        | <u>1,666,621</u>                 | <u>11,980,668</u>                       |
| Excess (Deficiency) of Revenues<br>Over Expenditures  | <u>368,063</u>          | <u>-</u>                            | <u>(54,548)</u>                      | <u>-</u>                         | <u>313,515</u>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                 |                         |                                     |                                      |                                  |   |
| Transfers In  | 93                      |                                     |                                      |                                  | 93                                      |
| Transfers Out   | -                       | -                                   | (93)                                 | -                                | (93)                                    |
| <b>Total Other Financing Sources and Uses</b>         | <u>93</u>               | <u>-</u>                            | <u>(93)</u>                          | <u>-</u>                         | <u>-</u>                                |
| <b>Net Change in Fund Balances</b>                    | <u>368,156</u>          | <u>-</u>                            | <u>(54,641)</u>                      | <u>-</u>                         | <u>313,515</u>                          |
| Fund Balance, Beginning of Year                       | 644,752                 | -                                   | 62,808                               | 877                              | 708,437                                 |
| <b>Fund Balance, End of Year</b>                      | <u>\$ 1,012,908</u>     | <u>\$ -</u>                         | <u>\$ 8,167</u>                      | <u>\$ 877</u>                    | <u>\$ 1,021,952</u>                     |

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

CARLSTADT BOARD OF EDUCATION  
 ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 313,515

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       | \$ | 125,347          |           |
| Depreciation Expense |    | <u>(667,546)</u> | (542,199) |

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

|                                      |  |  |          |
|--------------------------------------|--|--|----------|
| Net Increase in Compensated Absences |  |  | (12,961) |
|--------------------------------------|--|--|----------|

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 |  | 765,000       |         |
| Capital Lease  |  | <u>22,814</u> | 787,814 |

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 expenditures in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

|                              |  |  |              |
|------------------------------|--|--|--------------|
| Decrease in accrued interest |  |  | <u>5,100</u> |
|------------------------------|--|--|--------------|

**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ 551,269

**CARLSTADT BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2013**

|                                  | <b>Business-Type<br/>Activities</b> | <b>Governmental<br/>Internal Service<br/>Fund</b> |
|----------------------------------|-------------------------------------|---|
|                                  | <u><b>Enterprise Fund</b></u>       | <u><b>Shared Service<br/>Agreement</b></u>        |
|                                  | <u><b>Food Services</b></u>         |   |
| <b>ASSETS</b>                    |                                     |   |
| Current Assets                   |                                     |   |
| Cash and Cash Equivalents        | \$ 45,485                           | \$ 13,895   |
| Intergovernmental Receivable     |                                     |   |
| State                            | 635                                 |   |
| Federal                          | 13,143                              |   |
| Inventory                        | <u>1,262</u>                        | <u>-</u>  |
| Total Current Assets             | <u>60,525</u>                       | <u>13,895</u>                                     |
| Capital Assets                   |                                     |   |
| Machinery and Equipment          | 84,900                              |   |
| Less: Accumulated Depreciation   | <u>(38,677)</u>                     | <u>-</u>  |
| Total Capital Assets, Net        | <u>46,223</u>                       | <u>-</u>  |
| Total Assets                     | <u>106,748</u>                      | <u>13,895</u>                                     |
| <b>NET POSITION</b>              |                                     |   |
| Net Investment in Capital Assets | 46,223                              |   |
| Unrestricted                     | <u>60,525</u>                       | <u>13,895</u>                                     |
| Total Net Position               | <u>\$ 106,748</u>                   | <u>\$ 13,895</u>                                  |

The accompanying Notes to the Basic 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, 2013**

|   | <b>Business-Type<br/>Activities</b> | <b>Governmental<br/>Internal Service<br/>Fund</b> |
|---|-------------------------------------|---|
|   | <u>Enterprise Fund</u>              | <u>Shared Service</u>                             |
|   | <u>Food Services</u>                | <u>Agreement</u>                                  |
| <b>OPERATING REVENUES</b>                   |                                     |   |
| Charges for Services                        |                                     |   |
| Daily Sales                                 |                                     |   |
| Reimbursable Programs- School Lunch Program | \$ 197,774                          |   |
| Other Sales - Ala Carte/Milk                | 4,305                               | -   |
|   | <hr/>                               | <hr/>   |
| Total Operating Revenues                    | 202,079                             | -   |
|   | <hr/>                               | <hr/>   |
| <b>OPERATING EXPENSES</b>                   |                                     |   |
| Cost of Sales                               | 122,171                             |   |
| Salaries                                    | 144,107                             |   |
| Employee Benefits/Payroll Taxes             | 12,119                              |   |
| Insurance                                   | 15,924                              |   |
| Supplies                                    | 33,637                              |   |
| Management Fees                             | 15,375                              |   |
| Depreciation                                | 5,660                               | -   |
|   | <hr/>                               | <hr/>   |
| Total Operating Expenses                    | 348,993                             | -   |
|   | <hr/>                               | <hr/>   |
| Operating Loss                              | (146,914)                           | -   |
|   | <hr/>                               | <hr/>   |
| <b>NONOPERATING REVENUES</b>                |                                     |   |
| State Sources                               |                                     |   |
| School Lunch Program                        | 3,297                               |   |
| Federal Sources                             |                                     |   |
| National School Lunch Program               | 102,743                             |   |
| National School Breakfast Program           | 9,454                               |   |
| Interest Earned                             | 170                                 | -   |
|   | <hr/>                               | <hr/>   |
| Total Nonoperating Revenues                 | 115,664                             | -   |
|   | <hr/>                               | <hr/>   |
| Change in Net Position                      | (31,250)                            | -   |
| Net Position, Beginning of Year             | 137,998                             | \$ 13,895   |
|   | <hr/>                               | <hr/>   |
| Net Position, End of Year                   | \$ 106,748                          | \$ 13,895   |
|   | <hr/>                               | <hr/>   |

The accompanying Notes to the Basic 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, 2013

|  | <u>Business-Type<br/>Activities<br/>Enterprise Fund<br/>Food Services</u> | <u>Governmental<br/>Internal Service<br/>Fund<br/>Shared Service<br/>Agreement</u> |
|--|---|--|
| <b>Cash Flows from Operating Activities</b>  |   |  |
| Cash Received from Customers   | \$ 202,079  |  |
| Cash Payment for Employees Salaries and Benefits                                     | (156,226)   |  |
| Cash Payments to Suppliers for Goods and Services                                    | (170,568)   | -  |
|  | <hr/>   | <hr/>  |
| Net Cash Used by Operating Activities  | (124,715)   | -  |
| <b>Cash Flows from Noncapital Financing Activities</b>                               |   |  |
| Cash Received from State and Federal Subsidy Reimbursements                          | 91,457  | -  |
|  | <hr/>   | <hr/>  |
| Net Cash Provided by Noncapital Financing Activities                                 | 91,457  | -  |
| <b>Cash Flows from Investing Activities</b>  |   |  |
| Interest on Investments  | 170   | -  |
|  | <hr/>   | <hr/>  |
| Net Cash Provided by Investing Activities  | 170   | -  |
| Net Decrease in Cash and Cash Equivalents  | (33,088)  | -  |
| Cash and Cash Equivalents, Beginning of Year   | 78,573  | \$ 13,895  |
|  | <hr/>   | <hr/>  |
| Cash and Cash Equivalents, End of Year   | \$ 45,485   | \$ 13,895  |
| <b>Reconciliation of Operating Loss to Net Cash<br/>Used by Operating Activities</b> |   |  |
| Operating Loss   | \$ (146,914)  | \$ -   |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Used by Operating Activities  |   |  |
| Depreciation   | 5,660   |  |
| Non Cash Federal Assistance -<br>Food Distribution Program (USDA Commodities)        | 16,093  |  |
| Change in Assets and Liabilities   |   |  |
| Decrease in Inventory  | 446   | -  |
|  | <hr/>   | <hr/>  |
| Total Adjustments  | 22,199  | -  |
| Net Cash Used by Operating Activities  | \$ (124,715)  | \$ -   |
| <b>Non-Cash Investing, Capital and Financing Activities</b>                          |   |  |
| Value Received for Food Distribution Program   | \$ 16,093   |  |

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

**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2013**

|  | <u>Unemployment<br/>Compensation Trust</u> | <u>Private Purpose<br/>Scholarship<br/>Fund</u> | <u>Agency Fund</u> |
|--|--|---|--------------------|
| <b>ASSETS</b>                                  |  |   |                    |
| Cash and Cash Equivalents                      | \$ 9                                       | \$ 14,652                                       | \$ 57,345          |
| Total Assets                                   | <u>9</u>                                   | <u>14,652</u>                                   | <u>\$ 57,345</u>   |
| <b>LIABILITIES</b>                             |  |   |                    |
| Accounts Payable                               |  |   | \$ 387             |
| Due to Other Fund                              |  |   | 9,327              |
| Accounts Payable                               |  |   | 47,631             |
| Due to Student Groups                          | <u>-</u>                                   | <u>-</u>  | <u>47,631</u>      |
| Total Liabilities                              | <u>-</u>                                   | <u>-</u>  | <u>\$ 57,345</u>   |
| <b>NET POSITION</b>                            |  |   |                    |
| Held in Trust for Unemployment Claims          | 9  |   |                    |
| Held in Trust for Private Purpose Scholarships | <u>-</u>                                   | <u>14,652</u>                                   |                    |
| Total Net Position                             | <u>\$ 9</u>                                | <u>\$ 14,652</u>                                |                    |

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

**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|                                       | <u>Unemployment<br/>Compensation Trust</u> | <u>Private Purpose<br/>Scholarship<br/>Fund</u> |
|---------------------------------------|--|---|
| <b>ADDITIONS</b>                      |  |   |
| Contributions                         |  |   |
| Employees                             | \$ 14,407                                  |   |
| District                              | 19,303                                     |   |
| Interest                              | <u>5</u>                                   | <u>72</u>                                       |
| Total Additions                       | <u>33,715</u>                              | <u>72</u>                                       |
| <b>DEDUCTIONS</b>                     |  |   |
| Unemployment Claims and Contributions | <u>33,710</u>                              | <u>-</u>  |
| Total Deductions                      | <u>33,710</u>                              | <u>-</u>  |
| Change in Net Position                | 5  | 72  |
| Net Position, Beginning of Year       | <u>4</u>                                   | <u>14,580</u>                                   |
| Net Position, End of Year             | <u>\$ 9</u>                                | <u>\$ 14,652</u>                                |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Carlstadt Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. 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 also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. New Accounting Standards (Continued)**

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

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

The basic 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 and internal service funds, while business-type activities incorporate data from the District's enterprise funds.

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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 teachers and special events.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for the shared service agreements for technology support services provided to governmental entities on a cost reimbursement basis.

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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".

D. Measurement Focus and Basis of Accounting

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

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

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

**E. Assets, Liabilities, and Net Position/Fund Balance**

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

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

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

**2. *Receivables***

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

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Assets, Liabilities, 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 expenditures/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 at year-end is reported as unearned revenue.

***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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Position/Fund Balance (Continued)

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and 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. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *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.

7. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Net Position/Fund Balance (Continued)

7. *Net Position/Fund Balance* (Continued)

Governmental Fund Statements (Continued)

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

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 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 3.)

*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.

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

**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.

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. Assets, Liabilities, and Net Position/Fund Balance (Continued)**

***8. Reclassifications***

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 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.

CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$19,799,996 difference are as follows:

|  |                      |
|--|----------------------|
| Bonds Payable  | \$ 19,742,000        |
| Capital Leases Payable   | 3,913                |
| Compensated Absences   | <u>54,083</u>        |
| Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ 19,799,996</u> |

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original General Fund budget by \$93,110 and the original Special Revenue Fund budget by \$57,324. The increase in the General Fund was funded by the prior year Extraordinary Aid allocation and the reappropriation of prior year encumbrances. The increase in the Special Revenue Fund was funded by additional grant awards.

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

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

**B. Capital Reserve**

A capital reserve account was established by the District on October 12, 2000. 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.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

|                        |                  |
|------------------------|------------------|
| Balance, July 1, 2012  | \$ 12,121        |
| Increased by:          |                  |
| Interest Earnings      | <u>14</u>        |
| Balance, June 30, 2013 | <u>\$ 12,135</u> |

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve 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, 2013 is \$276,132. Of this amount, \$70,724 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$205,408 will be appropriated in the 2014/2015 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Cash Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$1,159,001 and bank and brokerage firm balances of the Board's deposits amounted to \$1,413,742. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>Bank<br/>Balance</u> |
|---------------------------|-------------------------|
| Insured                   | \$ <u>1,413,742</u>     |

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

**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, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2013 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                       | <u>General</u> | <u>Special<br/>Revenue</u> | <u>Food<br/>Service</u> | <u>Total</u>  |
|-----------------------|----------------|----------------------------|-------------------------|---------------|
| Receivables:          |                |                            |                         |               |
| Intergovernmental-    |                |                            |                         |               |
| Restricted            | \$ 16,180      | \$ 28,977                  | \$ 13,778               | \$ 58,935     |
| <br>Total Receivables | <br>\$ 16,180  | <br>\$ 28,977              | <br>\$ 13,778           | <br>\$ 58,935 |

**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                 | \$ 9,164        |
| Grant Draw Downs Reserved for Encumbrances    | <u>37</u>       |
| Total Unearned Revenue for Governmental Funds | <u>\$ 9,201</u> |

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

|  | <u>Balance,</u><br><u>July 1, 2012</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Balance,</u><br><u>June 30, 2013</u> |
|--|--|---------------------|------------------|---|
| <b>Governmental Activities:</b>              |  |                     |                  |   |
| Capital Assets, Not Being Depreciated:       |  |                     |                  |   |
| Land   | \$ 188,036                             | -                   | -                | \$ 188,036                              |
| Total Capital Assets, Not Being Depreciated  | <u>188,036</u>                         | <u>-</u>            | <u>-</u>         | <u>188,036</u>                          |
| Capital Assets, Being Depreciated:           |  |                     |                  |   |
| Buildings and Building Improvements          | 28,016,275                             | \$ 54,641           |                  | 28,070,916                              |
| Land Improvements                            | 371,159                                |                     |                  | 371,159                                 |
| Machinery and Equipment                      | 871,848                                | 70,706              | \$ (23,591)      | 918,963                                 |
| Total Capital Assets Being Depreciated       | <u>29,259,282</u>                      | <u>125,347</u>      | <u>(23,591)</u>  | <u>29,361,038</u>                       |
| Less Accumulated Depreciation for:           |  |                     |                  |   |
| Buildings and Building Improvements          | (2,984,900)                            | (566,297)           |                  | (3,551,197)                             |
| Land Improvements                            | (92,154)                               | (18,558)            |                  | (110,712)                               |
| Machinery and Equipment                      | (437,411)                              | (82,691)            | 23,591           | (496,511)                               |
| Total Accumulated Depreciation               | <u>(3,514,465)</u>                     | <u>(667,546)</u>    | <u>23,591</u>    | <u>(4,158,420)</u>                      |
| Total Capital Assets, Being Depreciated, Net | <u>25,744,817</u>                      | <u>(542,199)</u>    | <u>-</u>         | <u>25,202,618</u>                       |
| Governmental Activities Capital Assets, Net  | <u>\$ 25,932,853</u>                   | <u>\$ (542,199)</u> | <u>\$ -</u>      | <u>\$ 25,390,654</u>                    |

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

|  | Balance,<br><u>July 1, 2012</u> | <u>Increases</u>  | <u>Decreases</u> | Balance,<br><u>June 30, 2013</u> |
|--|---------------------------------|-------------------|------------------|----------------------------------|
| <b>Business-Type Activities:</b>             |                                 |                   |                  |                                  |
| Capital Assets, Being Depreciated:           |                                 |                   |                  |                                  |
| Machinery and Equipment                      | \$ 84,900                       | -                 | -                | \$ 84,900                        |
| Total Capital Assets Being Depreciated       | <u>84,900</u>                   | <u>-</u>          | <u>-</u>         | <u>84,900</u>                    |
| Less Accumulated Depreciation for:           |                                 |                   |                  |                                  |
| Machinery and Equipment                      | (33,017)                        | \$ (5,660)        | -                | (38,677)                         |
| Total Accumulated Depreciation               | <u>(33,017)</u>                 | <u>(5,660)</u>    | <u>-</u>         | <u>(38,677)</u>                  |
| Total Capital Assets, Being Depreciated, Net | <u>51,883</u>                   | <u>(5,660)</u>    | <u>-</u>         | <u>46,223</u>                    |
| Business-Type Activities Capital Assets, Net | <u>\$ 51,883</u>                | <u>\$ (5,660)</u> | <u>\$ -</u>      | <u>\$ 46,223</u>                 |

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

**Governmental Activities:**

|  |                   |
|--|-------------------|
| Instruction  |                   |
| Regular  | \$ 106,807        |
| Total Instruction                                    | <u>106,807</u>    |
| Support Services                                     |                   |
| Operations and Maintenance of Plant                  | 560,739           |
| Total Support Services                               | <u>560,739</u>    |
| Total Governmental Funds                             | <u>667,546</u>    |
| Total Depreciation Expense - Governmental Activities | <u>\$ 667,546</u> |

**Business-Type Activities:**

|   |                 |
|---|-----------------|
| Food Service Fund                                     | \$ 5,660        |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 5,660</u> |

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2013, is as follows:

**Due to/from other funds**

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>    |
|------------------------|---------------------|------------------|
| General                | Special Revenue     | \$ 10,061        |
| General                | Capital Projects    | 93               |
| General                | Payroll Agency      | <u>387</u>       |
| Total                  |                     | <u>\$ 10,541</u> |

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

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

**Interfund transfers**

|                       | <u>Transfers In</u> |              |
|-----------------------|---------------------|--------------|
|                       | <u>General</u>      | <u>Total</u> |
|                       | <u>Fund</u>         |              |
| Transfer Out:         |                     |              |
| Capital Projects Fund | <u>\$ 93</u>        | <u>\$ 93</u> |
| Total Transfers Out   | <u>\$ 93</u>        | <u>\$ 93</u> |

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

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Capital Leases**

The District is leasing copiers totaling \$104,390 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

|                         |                                   |
|-------------------------|-----------------------------------|
|                         | Governmental<br><u>Activities</u> |
| Machinery and Equipment | \$ <u>104,390</u>                 |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

|   |                                   |
|---|-----------------------------------|
| Fiscal<br><u>Year Ending June 30</u>    | Governmental<br><u>Activities</u> |
| 2014                                    | \$ <u>3,938</u>                   |
| Total minimum lease payments            | 3,938                             |
| Less: amount representing interest      | <u>(25)</u>                       |
| Present value of minimum lease payments | \$ <u>3,913</u>                   |

**G. 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. 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, 2013 is comprised of the following issue:

|  |                     |
|--|---------------------|
| \$24,447,000, 2005 Bonds, due in annual installments of \$800,000 to \$1,612,000 through May 1, 2030, interest at 4.25% to 4.50% | <u>\$19,742,000</u> |
|--|---------------------|

CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

| Fiscal Year Ending<br>June 30, | <u>Bonds Payable</u> |                     | <u>Total</u>         |
|--------------------------------|----------------------|---------------------|----------------------|
|                                | <u>Principal</u>     | <u>Interest</u>     |                      |
| 2014                           | \$ 800,000           | \$ 871,021          | \$ 1,671,021         |
| 2015                           | 835,000              | 837,021             | 1,672,021            |
| 2016                           | 870,000              | 801,536             | 1,671,536            |
| 2017                           | 910,000              | 764,558             | 1,674,558            |
| 2018                           | 955,000              | 725,884             | 1,680,884            |
| 2019-2023                      | 5,440,000            | 2,978,719           | 8,418,719            |
| 2024-2028                      | 6,775,000            | 1,651,500           | 8,426,500            |
| 2029-2030                      | <u>3,157,000</u>     | <u>214,605</u>      | <u>3,371,605</u>     |
|                                | <u>\$ 19,742,000</u> | <u>\$ 8,844,844</u> | <u>\$ 28,586,844</u> |

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

|   |                      |
|---|----------------------|
| 3% of Equalized Valuation Basis (Municipal) | \$ 64,522,987        |
| Less: Net Debt                              | <u>19,742,181</u>    |
| Remaining Borrowing Power                   | <u>\$ 44,780,806</u> |

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

|  | <u>Balance,</u><br><u>July 1, 2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance,</u><br><u>June 30, 2013</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|--|--|------------------|-------------------|---|--|
| <b>Governmental Activities:</b>                |  |                  |                   |   |  |
| Bonds Payable                                  | \$ 20,507,000                          |                  | \$ 765,000        | \$ 19,742,000                           | \$ 800,000                                     |
| Capital Leases Payable                         | 26,727                                 |                  | 22,814            | 3,913                                   | 3,913  |
| Compensated Absences                           | <u>41,122</u>                          | <u>\$ 12,961</u> | <u>-</u>          | <u>54,083</u>                           | <u>10,000</u>                                  |
| Governmental Activity<br>Long-Term Liabilities | <u>\$ 20,574,849</u>                   | <u>\$ 12,961</u> | <u>\$ 787,814</u> | <u>\$ 19,799,996</u>                    | <u>\$ 813,913</u>                              |

**CARLSTADT BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Changes in Long-Term Liabilities (Continued)**

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

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

The relationship between the Board and the insurance fund 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 fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund 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 insurance fund is on file with the School's Business Administrator.

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

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

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>District<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|---|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2013                                      | \$ 19,303                         | \$ 14,407                         | \$ 33,710                    | \$ 9                      |
| 2012                                      | 19,275                            | 13,824                            | 33,101                       | 4                         |
| 2011                                      | 19,155                            | 13,937                            | 33,098                       | 2                         |

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 OTHER INFORMATION**

**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, 2013, 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, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, 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 and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**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 and are considered in the annual actuarial calculation of the required State contribution for the system.

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

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Significant Legislation (Continued)**

- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

**Funding Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**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 member 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 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer 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.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>PERS</u> | On-behalf<br><u>TPAF</u> | <u>DCRP</u> |
|---|-------------|--------------------------|-------------|
| 2013                                    | \$ 119,825  | \$ 275,776               | \$ 3,137    |
| 2012                                    | 118,955     | 145,410                  | 2,289       |
| 2011                                    | 122,431     | 13,365                   | 1,138       |

The State contributed \$275,776 and \$145,410 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$13,365 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$329,814 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 OTHER INFORMATION (Continued)

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$311,834, \$292,315 and \$283,869, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | Original<br>Budget | Adjustments    | Final<br>Budget  | Actual            | Variance<br>Final Budget<br>To Actual |
|---|--------------------|----------------|------------------|-------------------|---------------------------------------|
| <b>REVENUES</b>   |                    |                |                  |                   |                                       |
| Local Sources   |                    |                |                  |                   |                                       |
| Property Tax Levy   | \$ 9,093,292       |                | \$ 9,093,292     | \$ 9,093,292      |                                       |
| Other Tuition (Preschool)   | 30,000             |                | 30,000           | 48,375            | \$ 18,375                             |
| Interest  |                    |                |                  | 3,377             | 3,377                                 |
| Interest on Capital Reserve Funds   | 150                |                | 150              | 14                | (136)                                 |
| Miscellaneous   | 5,000              | -              | 5,000            | 19,810            | 14,810                                |
| <b>Total Local Sources</b>  | <b>9,128,442</b>   | <b>-</b>       | <b>9,128,442</b> | <b>9,164,868</b>  | <b>36,426</b>                         |
| State Sources   |                    |                |                  |                   |                                       |
| Transportation Aid  | 7,965              |                | 7,965            | 7,965             |                                       |
| Security Aid  | 17,757             |                | 17,757           | 17,757            |                                       |
| Categorical Special Education Aid   | 214,304            |                | 214,304          | 214,304           |                                       |
| Extraordinary Aid   |                    |                |                  | 98,722            | 98,722                                |
| On-behalf TPAF Pension System Contributions-Normal Costs<br>& Accrued Liability(Non-Budget)       |                    |                |                  | 261,992           | 261,992                               |
| On-behalf TPAF Pension System Contributions-NCGI<br>(Non-Budget)                                  |                    |                |                  | 13,784            | 13,784                                |
| On-behalf TPAF Pension System Contributions-Post<br>Retirement Medical Contributions (Non-Budget) |                    |                |                  | 311,834           | 311,834                               |
| Reimbursed TPAF Social Security Payments<br>(Non-Budget)  | -                  | -              | -                | 329,814           | 329,814                               |
| <b>Total State Sources</b>  | <b>240,026</b>     | <b>-</b>       | <b>240,026</b>   | <b>1,256,172</b>  | <b>1,016,146</b>                      |
| <b>Total Revenues</b>   | <b>9,368,468</b>   | <b>-</b>       | <b>9,368,468</b> | <b>10,421,040</b> | <b>1,052,572</b>                      |
| <b>EXPENDITURES</b>   |                    |                |                  |                   |                                       |
| Instruction - Regular Programs  |                    |                |                  |                   |                                       |
| Salaries of Teachers  |                    |                |                  |                   |                                       |
| Preschool   | 24,945             | \$ 55,521      | 80,466           | 80,466            |                                       |
| Kindergarten  | 266,515            | 985            | 267,500          | 267,495           | 5                                     |
| Grades 1-5  | 1,490,367          | 31,527         | 1,521,894        | 1,516,851         | 5,043                                 |
| Grades 6-8  | 971,623            | (4,988)        | 966,635          | 965,691           | 944                                   |
| Regular Program - Home Instruction  |                    |                |                  |                   |                                       |
| Salaries of Teachers  | 10,000             | 3,500          | 13,500           | 10,365            | 3,135                                 |
| Other Salaries for Instruction  | 20,000             | (20,000)       |                  |                   |                                       |
| Regular Programs - Undistributed Instruction  |                    |                |                  |                   |                                       |
| Other Salaries for Instruction  | 363,236            | 13,467         | 376,703          | 376,439           | 264                                   |
| Health Benefits   | 1,071,334          | 9,775          | 1,081,109        | 1,070,930         | 10,179                                |
| Purchased Professional-Educational Services   | 43,800             | -              | 43,800           | 43,000            | 800                                   |
| Purchased Technical Services  | -                  | 1,000          | 1,000            | 375               | 625                                   |
| Other Purchased Services  | 24,000             | -              | 24,000           | 14,790            | 9,210                                 |
| General Supplies  | 118,693            | 39,229         | 157,922          | 138,964           | 18,958                                |
| Textbooks   | 65,000             | (3,413)        | 61,587           | 50,834            | 10,753                                |
| <b>Total Regular Programs</b>   | <b>4,469,513</b>   | <b>126,603</b> | <b>4,596,116</b> | <b>4,536,200</b>  | <b>59,916</b>                         |

Continued

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final Budget<br/>To Actual</u> |
|---|----------------------------|--------------------|-------------------------|----------------|--|
| <b>EXPENDITURES</b>                         |                            |                    |                         |                |  |
| <b>CURRENT EXPENDITURES (Continued)</b>     |                            |                    |                         |                |  |
| Special Education                           |                            |                    |                         |                |  |
| Learning and/or Language Disabilities       |                            |                    |                         |                |  |
| Salaries of Teachers                        | \$ 59,450                  | -                  | \$ 59,450               | \$ 58,450      | \$ 1,000                                       |
| Total Learning and/or Language Disabilities | <u>59,450</u>              | <u>-</u>           | <u>59,450</u>           | <u>58,450</u>  | <u>1,000</u>                                   |
| Multiple Disabilities                       |                            |                    |                         |                |  |
| Salaries of Teachers                        | 186,008                    | \$ 5,400           | 191,408                 | 191,408        |  |
| Other Salaries for Instruction              | 20,457                     | 881                | 21,338                  | 20,458         | 880  |
| Total Multiple Disabilities                 | <u>206,465</u>             | <u>6,281</u>       | <u>212,746</u>          | <u>211,866</u> | <u>880</u>                                     |
| Resource Room/ Resource Center              |                            |                    |                         |                |  |
| Salaries of Teachers                        | 140,048                    | 12,242             | 152,290                 | 152,290        | -  |
| Total Resource Room                         | <u>140,048</u>             | <u>12,242</u>      | <u>152,290</u>          | <u>152,290</u> | <u>-</u>                                       |
| Autism                                      |                            |                    |                         |                |  |
| Salaries of Teachers                        | 80,160                     |                    | 80,160                  | 80,160         |  |
| Other Salaries for Instruction              | 24,163                     | 955                | 25,118                  | 25,116         | 2  |
| Total Autism                                | <u>104,323</u>             | <u>955</u>         | <u>105,278</u>          | <u>105,276</u> | <u>2</u>                                       |
| Total Special Education                     | <u>510,286</u>             | <u>19,478</u>      | <u>529,764</u>          | <u>527,882</u> | <u>1,882</u>                                   |
| Basic Skills/Remedial                       |                            |                    |                         |                |  |
| Salaries of Teachers                        | 120,934                    | (27,325)           | 93,609                  | 93,608         | 1  |
| Total Basic Skills/Remedial                 | <u>120,934</u>             | <u>(27,325)</u>    | <u>93,609</u>           | <u>93,608</u>  | <u>1</u>                                       |
| Bilingual Education                         |                            |                    |                         |                |  |
| Salaries of Teachers                        | 50,016                     | (1,468)            | 48,548                  | 48,548         | -  |
| Total Bilingual Education                   | <u>50,016</u>              | <u>(1,468)</u>     | <u>48,548</u>           | <u>48,548</u>  | <u>-</u>                                       |

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | Original<br>Budget | Adjustments | Final<br>Budget | Actual    | Variance<br>Final Budget<br>To Actual |
|---|--------------------|-------------|-----------------|-----------|---------------------------------------|
| <b>EXPENDITURES</b>                                   |                    |             |                 |           |                                       |
| <b>CURRENT EXPENDITURES (Continued)</b>               |                    |             |                 |           |                                       |
| Undistributed Expenditures (Continued)                |                    |             |                 |           |                                       |
| School Sponsored Co/Extra Curricular Activities       |                    |             |                 |           |                                       |
| Salaries  | \$ 13,000          | \$ 3,741    | \$ 16,741       | \$ 16,741 |                                       |
| Supplies and Materials                                | 8,000              | (328)       | 7,672           | 5,733     | \$ 1,939                              |
| Total School Sponsored Co/Extra Curricular Activities | 21,000             | 3,413       | 24,413          | 22,474    | 1,939                                 |
| Total Instruction                                     | 5,171,749          | 120,701     | 5,292,450       | 5,228,712 | 63,738                                |
| Undistributed Expenditures                            |                    |             |                 |           |                                       |
| Instruction   |                    |             |                 |           |                                       |
| Tuition to Other LEAs Within the State-Special        | 298,433            | (136,312)   | 162,121         | 139,182   | 22,939                                |
| Tuition to CSSD & Regional Day Schools                | 118,300            | 55,040      | 173,340         | 154,800   | 18,540                                |
| Tuition to Priv. Sch. For the Disabled W/I State      | 162,091            | 5,000       | 167,091         | 161,047   | 6,044                                 |
| Total Undistributed Expenditures -<br>Instruction     | 578,824            | (76,272)    | 502,552         | 455,029   | 47,523                                |
| Attendance and Social Work Services                   |                    |             |                 |           |                                       |
| Salaries  | 32,861             | (2,534)     | 30,327          | 30,238    | 89                                    |
| Total Attendance and Social Work Services             | 32,861             | (2,534)     | 30,327          | 30,238    | 89                                    |
| Health Services                                       |                    |             |                 |           |                                       |
| Salaries  | 86,498             | 4,712       | 91,210          | 91,201    | 9                                     |
| Purchased Professional and Technical Services         | 4,500              |             | 4,500           | 4,000     | 500                                   |
| Supplies and Materials                                | 2,000              | -           | 2,000           | 1,632     | 368                                   |
| Total Health Services                                 | 92,998             | 4,712       | 97,710          | 96,833    | 877                                   |
| Speech, OT, PT & Related Services                     |                    |             |                 |           |                                       |
| Salaries  | 63,461             | 3,571       | 67,032          | 65,247    | 1,785                                 |
| Purchased Professional-Educational Services           | 155,000            | 98,356      | 253,356         | 206,297   | 47,059                                |
| Supplies and Materials                                | 250                | 85          | 335             | 264       | 71                                    |
| Total Speech, OT, PT & Related Services               | 218,711            | 102,012     | 320,723         | 271,808   | 48,915                                |
| Other Support Serv. Students- Extra Serv.             |                    |             |                 |           |                                       |
| Other Objects   | 5,000              | (5,000)     | -               | -         | -                                     |
| Total Other Support Serv. Students- Extra Serv.       | 5,000              | (5,000)     | -               | -         | -                                     |

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|  | Original<br>Budget | Adjustments | Final<br>Budget | Actual    | Variance<br>Final Budget<br>To Actual |
|--|--------------------|-------------|-----------------|-----------|---------------------------------------|
| <b>EXPENDITURES</b>                              |                    |             |                 |           |                                       |
| <b>CURRENT EXPENDITURES (Continued)</b>          |                    |             |                 |           |                                       |
| Undistributed Expenditures (Continued)           |                    |             |                 |           |                                       |
| Guidance   |                    |             |                 |           |                                       |
| Salaries of Other Professional Staff             | \$ 54,046          | \$ 3,275    | \$ 57,321       | \$ 57,317 | \$ 4                                  |
| Supplies and Materials                           | 2,000              | 649         | 2,649           | 2,493     | 156                                   |
| Total Guidance                                   | 56,046             | 3,924       | 59,970          | 59,810    | 160                                   |
| Child Study Teams                                |                    |             |                 |           |                                       |
| Salaries of Other Professional Staff             | 284,417            | (501)       | 283,916         | 283,912   | 4                                     |
| Purchased Professional-Educational Services      | 15,000             | 765         | 15,765          | 9,853     | 5,912                                 |
| Other Purchased Services                         |                    | 581         | 581             | 434       | 147                                   |
| Supplies and Materials                           | 3,000              |             | 3,000           | 1,261     | 1,739                                 |
| Other Objects                                    | 5,000              | (761)       | 4,239           | 2,271     | 1,968                                 |
| Total Child Study Teams                          | 307,417            | 84          | 307,501         | 297,731   | 9,770                                 |
| Improvement of Instructional Services            |                    |             |                 |           |                                       |
| Purchased Professional-Educational Services      | 55,000             | (8,000)     | 47,000          | 43,083    | 3,917                                 |
| Total Improvement of Instructional Services      | 55,000             | (8,000)     | 47,000          | 43,083    | 3,917                                 |
| Educational Media Services/School Library        |                    |             |                 |           |                                       |
| Salaries   | 120,389            | 2,435       | 122,824         | 122,823   | 1                                     |
| Supplies and Materials                           | 10,000             | (375)       | 9,625           | 9,376     | 249                                   |
| Total Educational Media Serv./School Library     | 130,389            | 2,060       | 132,449         | 132,199   | 250                                   |
| Instructional Staff Training Services            |                    |             |                 |           |                                       |
| Other Purch. Professional and Technical Services | 1,500              |             | 1,500           | 630       | 870                                   |
| Other Purchased Services                         | 3,500              | -           | 3,500           | -         | 3,500                                 |
| Total Instructional Staff Training Services      | 5,000              | -           | 5,000           | 630       | 4,370                                 |
| Support Services General Administration          |                    |             |                 |           |                                       |
| Salaries   | 233,545            |             | 233,545         | 233,545   |                                       |
| Health Benefits                                  | 40,000             |             | 40,000          | 40,000    |                                       |
| Legal Services                                   | 15,000             | 15,393      | 30,393          | 12,634    | 17,759                                |
| Audit Fees                                       | 22,000             | 320         | 22,320          | 22,320    | -                                     |
| Architectural/Engineering Services               |                    | 9,253       | 9,253           | 7,774     | 1,479                                 |
| Other Purchased Professional Services            | 14,000             | (6,320)     | 7,680           | 5,195     | 2,485                                 |
| Purchased Technical Services                     | 4,500              | 413         | 4,913           | 2,413     | 2,500                                 |
| Communications/Telephone                         | 36,000             | (5,986)     | 30,014          | 24,843    | 5,171                                 |
| BOE Other Purchased Services                     | 4,500              | (500)       | 4,000           | 1,192     | 2,808                                 |
| Misc Purchased Services                          | 3,000              | 1,000       | 4,000           |           | 4,000                                 |
| General Supplies                                 | 9,000              |             | 9,000           | 7,615     | 1,385                                 |
| Miscellaneous Expenditures                       | 3,000              |             | 3,000           | 250       | 2,750                                 |
| BOE Membership Dues and Fees                     | 9,000              | (500)       | 8,500           | 7,974     | 526                                   |
| Total Support Services General Administration    | 393,545            | 13,073      | 406,618         | 365,755   | 40,863                                |

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | Original<br>Budget | Adjustments     | Final<br>Budget | Actual         | Variance<br>Final Budget<br>To Actual |
|---|--------------------|-----------------|-----------------|----------------|---------------------------------------|
| <b>EXPENDITURES</b>                                 |                    |                 |                 |                |                                       |
| <b>CURRENT EXPENDITURES (Continued)</b>             |                    |                 |                 |                |                                       |
| Undistributed Expenditures (Continued)              |                    |                 |                 |                |                                       |
| Support Services School Administration              |                    |                 |                 |                |                                       |
| Salaries of Principal/Asst. Principals              | \$ 114,444         | \$ 10,200       | \$ 124,644      | \$ 124,644     |                                       |
| Salaries of Other Professional Staff                | 92,317             | (92,317)        |                 |                |                                       |
| Salaries of Secretarial and Clerical Assistants     |                    | 85,905          | 85,905          | 83,743         | \$ 2,162                              |
| Health Benefits                                     | 45,000             |                 | 45,000          | 45,000         |                                       |
| Purchased Professional and Technical Services       | 10,000             | 230             | 10,230          | 10,230         |                                       |
| Other Purchased Services                            | 1,000              |                 | 1,000           | 825            | 175                                   |
| Supplies and Materials                              | 7,000              | 4,902           | 11,902          | 7,173          | 4,729                                 |
| Other Objects                                       | 7,000              | (4,875)         | 2,125           | 2,125          | -                                     |
| <b>Total Support Services School Administration</b> | <b>276,761</b>     | <b>4,045</b>    | <b>280,806</b>  | <b>273,740</b> | <b>7,066</b>                          |
| Central Services                                    |                    |                 |                 |                |                                       |
| Salaries  | 176,388            | (24,612)        | 151,776         | 151,776        |                                       |
| Health Benefits                                     | 37,500             |                 | 37,500          | 37,500         |                                       |
| Miscellaneous Purchased Services                    |                    | 1,200           | 1,200           | 647            | 553                                   |
| Supplies and Materials                              | 5,000              |                 | 5,000           | 2,845          | 2,155                                 |
| Miscellaneous Expenditures                          | 5,000              | (1,200)         | 3,800           | 1,215          | 2,585                                 |
| <b>Total Central Services</b>                       | <b>223,888</b>     | <b>(24,612)</b> | <b>199,276</b>  | <b>193,983</b> | <b>5,293</b>                          |
| Admin. Info. Technology                             |                    |                 |                 |                |                                       |
| Salaries  | 95,131             |                 | 95,131          | 95,131         |                                       |
| Purchased Professional Services                     | 28,400             |                 | 28,400          | 28,400         |                                       |
| Purchased Technical Services                        | 15,000             | (2,657)         | 12,343          | 7,957          | 4,386                                 |
| Health Benefits                                     | 27,463             | -               | 27,463          | 27,463         | -                                     |
| <b>Total Admin. Info. Technology</b>                | <b>165,994</b>     | <b>(2,657)</b>  | <b>163,337</b>  | <b>158,951</b> | <b>4,386</b>                          |
| Required Maintenance for School Facilities          |                    |                 |                 |                |                                       |
| Cleaning, Repair and Maint. Serv.                   | 35,000             | 10,896          | 45,896          | 45,859         | 37                                    |
| General Supplies                                    | 20,000             | 113             | 20,113          | 14,766         | 5,347                                 |
| <b>Total Required Maintenance for School Fac.</b>   | <b>55,000</b>      | <b>11,009</b>   | <b>66,009</b>   | <b>60,625</b>  | <b>5,384</b>                          |
| Custodial Services                                  |                    |                 |                 |                |                                       |
| Salaries  | 294,967            | (4,926)         | 290,041         | 290,040        | 1                                     |
| Salaries of Non-Instructional Aides                 | 70,000             | (31,272)        | 38,728          | 11,772         | 26,956                                |
| Health Benefits                                     | 46,794             |                 | 46,794          | 46,794         |                                       |
| Purchased Professional and Technical Services       | 17,000             | 5,021           | 22,021          | 22,021         |                                       |
| Cleaning, Repair and Maint. Serv.                   | 15,000             | 19,729          | 34,729          | 24,363         | 10,366                                |
| Other Purchased Property Services                   | 60,000             | (1,537)         | 58,463          | 54,061         | 4,402                                 |
| Insurance   | 92,000             | (8,300)         | 83,700          | 83,667         | 33                                    |
| Miscellaneous Purchased Services                    | 20,000             | (5,016)         | 14,984          | 13,944         | 1,040                                 |
| General Supplies                                    | 20,000             | (1,924)         | 18,076          | 18,076         |                                       |
| Energy (Electricity)                                | 280,000            | (11,306)        | 268,694         | 220,630        | 48,064                                |
| Energy (Natural Gas)                                | 80,000             | (36,400)        | 43,600          | 27,581         | 16,019                                |
| Other Objects                                       | 4,000              | -               | 4,000           | 3,270          | 730                                   |
| <b>Total Custodial Services</b>                     | <b>999,761</b>     | <b>(75,931)</b> | <b>923,830</b>  | <b>816,219</b> | <b>107,611</b>                        |

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|   | Original<br>Budget | Adjustments | Final<br>Budget | Actual    | Variance<br>Final Budget<br>To Actual |
|---|--------------------|-------------|-----------------|-----------|---------------------------------------|
| <b>EXPENDITURES</b>   |                    |             |                 |           |                                       |
| <b>CURRENT EXPENDITURES (Continued)</b>   |                    |             |                 |           |                                       |
| Undistributed Expenditures (Continued)  |                    |             |                 |           |                                       |
| Security  |                    |             |                 |           |                                       |
| Cleaning, Repair, and Maintenance Services  | -                  | \$ 16,833   | \$ 16,833       | \$ 6,278  | \$ 10,555                             |
| Total Security  | -                  | 16,833      | 16,833          | 6,278     | 10,555                                |
| Student Transportation Services   |                    |             |                 |           |                                       |
| Salaries of Non-Instructional Aides   | \$ 22,249          | (22,249)    |                 |           |                                       |
| Salaries For Pupil Trans (Bet Home & Sch)-Sp Ed   |                    | 21,458      | 21,458          | 21,458    |                                       |
| Contract. Svcs.(Spec Ed. Students)- Joint Agrmts  | 180,000            | (53,602)    | 126,398         | 100,560   | 25,838                                |
| Total Student Transportation Services   | 202,249            | (54,393)    | 147,856         | 122,018   | 25,838                                |
| Unallocated Benefits - Employee Benefits  |                    |             |                 |           |                                       |
| Group Insurance   | 9,000              | (2,699)     | 6,301           | 4,594     | 1,707                                 |
| Social Security Contributions   | 130,000            | (10,175)    | 119,825         | 101,225   | 18,600                                |
| Board Share Retirement - DCRP   |                    | 4,000       | 4,000           | 3,137     | 863                                   |
| Other Retirement Contributions-PERS   |                    | 124,973     | 124,973         | 124,973   |                                       |
| Unemployment Compensation   | 20,000             |             | 20,000          | 19,555    | 445                                   |
| Workmen's Compensation  | 75,000             | (24,945)    | 50,055          | 50,055    |                                       |
| Tuition Reimbursement   | 15,000             | 3,600       | 18,600          | 13,487    | 5,113                                 |
| Other Employee Benefits   | 141,000            | (138,840)   | 2,160           | 2,160     | -                                     |
| Total Unallocated Benefits - Employee Benefits  | 390,000            | (44,086)    | 345,914         | 319,186   | 26,728                                |
| On-behalf TPAF Pension System Contributions- Normal<br>Costs & Accrued Liability (Non-Budget)     |                    |             |                 | 261,992   | (261,992)                             |
| On-behalf TPAF Pension System Contributions-NCGI<br>Cost (Non-Budget)                             |                    |             |                 | 13,784    | (13,784)                              |
| On-behalf TPAF Pension System Contributions-Post<br>Retirement Medical Contributions (Non-Budget) |                    |             |                 | 311,834   | (311,834)                             |
| Reimbursed TPAF Social Security Payments<br>(Non-Budget)  | -                  | -           | -               | 329,814   | (329,814)                             |
| Total Undistributed Expenditures  | 4,189,444          | (135,733)   | 4,053,711       | 4,621,540 | (567,829)                             |
| Total Expenditures - Current Expenditures   | 9,361,193          | (15,032)    | 9,346,161       | 9,850,252 | (504,091)                             |
| <b>CAPITAL OUTLAY</b>   |                    |             |                 |           |                                       |
| Interest Deposit to Capital Reserve   | 150                | -           | 150             | -         | 150                                   |
| Equipment   |                    |             |                 |           |                                       |
| Undistributed Expenditures-Instruction  |                    | 24,636      | 24,636          | 24,636    |                                       |
| Undistributed Expenditures-Required Maint. For School Facilities                                  | -                  | 45,232      | 45,232          | 37,544    | 7,688                                 |
| Total Equipment   | -                  | 69,868      | 69,868          | 62,180    | 7,688                                 |
| Facilities Acquisition and Construction Services  |                    |             |                 |           |                                       |
| Other Objects- Debt Service Assessment  | 36,191             | -           | 36,191          | 36,191    | -                                     |
| Total Facilities Acquisition and Construction Services  | 36,191             | -           | 36,191          | 36,191    | -                                     |
| Total Capital Outlay  | 36,341             | 69,868      | 106,209         | 98,371    | 7,838                                 |

CARLSTADT BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final Budget<br/>To Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------------|--|
| <b>TRANSFER OF FUNDS TO CHARTER SCHOOL</b>   | \$ 33,049                  | \$ 38,274          | \$ 71,323               | \$ 71,323           | -  |
| Total Expenditures   | <u>9,430,583</u>           | <u>93,110</u>      | <u>9,523,693</u>        | <u>10,019,946</u>   | <u>\$ (496,253)</u>                            |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures                             | <u>(62,115)</u>            | <u>(93,110)</u>    | <u>(155,225)</u>        | 401,094             | <u>556,319</u>                                 |
| Other Financing Sources<br>Operating Transfers In  | <u>-</u>                   | <u>-</u>           | <u>-</u>                | 93                  | <u>93</u>                                      |
| Total Other Financing Sources  | <u>-</u>                   | <u>-</u>           | <u>-</u>                | 93                  | <u>93</u>                                      |
| Excess (Deficiency) of Revenues Over/(Under)<br>Expenditures and Other Financing Sources | <u>(62,115)</u>            | <u>(93,110)</u>    | <u>(155,225)</u>        | 401,187             | <u>556,412</u>                                 |
| Fund Balance, Beginning of Year  | <u>718,070</u>             | <u>-</u>           | <u>718,070</u>          | <u>718,070</u>      | <u>-</u>                                       |
| Fund Balance, End of Year  | <u>\$ 655,955</u>          | <u>\$ (93,110)</u> | <u>\$ 562,845</u>       | <u>\$ 1,119,257</u> | <u>\$ 556,412</u>                              |

**Recapitulation of Fund Balance**

|   |  |                |                     |  |
|---|--|----------------|---------------------|--|
| Restricted Fund Balance   |  |                |                     |  |
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures |  |                | \$ 70,724           |  |
| Reserved Excess Surplus   |  |                | 205,408             |  |
| Capital Reserve   |  |                | 12,135              |  |
| Maintenance Reserve   |  |                | 405,000             |  |
| Assigned Fund Balance   |  |                |                     |  |
| Year-End Encumbrances   |  |                | 77,268              |  |
| Unassigned Fund Balance   |  |                | <u>348,722</u>      |  |
| Reconciliation to Governmental Funds Statements (GAAP):                 |  |                | 1,119,257           |  |
| Less: 2012/2013 Extraordinary Aid not Recognized in a GAAP Basis        |  | \$ (98,722)    |                     |  |
| 2012/2013 State Aid Payments not Recognized in a GAAP Basis             |  | <u>(7,627)</u> |                     |  |
|   |  |                | <u>(106,349)</u>    |  |
| Fund Balance Per Governmental Funds (GAAP)                              |  |                | <u>\$ 1,012,908</u> |  |

CARLSTADT BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|--------------------|-------------------------|----------------|-------------------------------------|
| <b>REVENUES</b>  |                            |                    |                         |                |                                     |
| Intergovernmental  |                            |                    |                         |                |                                     |
| Federal  | \$ 197,324                 | \$ 43,694          | \$ 241,018              | \$ 234,794     | \$ (6,224)                          |
| Local Sources  |                            |                    |                         |                |                                     |
| Miscellaneous  | -                          | 13,360             | 13,630                  | 4,703          | (8,927)                             |
| Total Revenues   | <u>197,324</u>             | <u>57,054</u>      | <u>254,648</u>          | <u>239,497</u> | <u>(15,151)</u>                     |
| <b>EXPENDITURES</b>  |                            |                    |                         |                |                                     |
| Instruction  |                            |                    |                         |                |                                     |
| Salaries of Teachers   | 42,000                     | 2,380              | 44,380                  | 44,380         |                                     |
| Tuition  | 120,000                    | 24,293             | 144,293                 | 144,293        |                                     |
| Purchased Professional-Educational Services                  |                            | 3,200              | 3,200                   | 3,200          |                                     |
| Other Purchased Services                                     |                            | 866                | 866                     | 458            | 408                                 |
| General Supplies   | 12,769                     | 17,040             | 29,809                  | 17,586         | 12,223                              |
| Other Objects  | -                          | 1,100              | 1,100                   | -              | 1,100                               |
| Total Instruction  | <u>174,769</u>             | <u>48,879</u>      | <u>223,648</u>          | <u>209,917</u> | <u>13,731</u>                       |
| Support Services   |                            |                    |                         |                |                                     |
| Purchased Professional-Educational Services                  | 14,155                     | 2,219              | 16,374                  | 16,374         |                                     |
| Other Purchased Services                                     |                            | 2,600              | 2,600                   | 2,600          |                                     |
| Personal Services-Employee Benefits                          | 8,400                      | 1,315              | 9,715                   | 9,715          |                                     |
| General Supplies   |                            | 1,849              | 1,849                   | 891            | 958                                 |
| Other Objects  | -                          | 462                | 462                     | -              | 462                                 |
| Total Support Services                                       | <u>22,555</u>              | <u>8,445</u>       | <u>31,000</u>           | <u>29,580</u>  | <u>1,420</u>                        |
| Total Expenditures   | <u>197,324</u>             | <u>57,324</u>      | <u>254,648</u>          | <u>239,497</u> | <u>15,151</u>                       |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures | -                          | -                  | -                       | -              | -                                   |
| Fund Balances, Beginning of Year                             | -                          | -                  | -                       | -              | -                                   |
| Fund Balances, End of Year                                   | <u>\$ -</u>                | <u>\$ -</u>        | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ -</u>                         |

**CARLSTADT BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

|   | <u>General<br/>Fund</u>  |       | <u>Special<br/>Revenue<br/>Fund</u> |
|---|--------------------------|-------|-------------------------------------|
| <b>Sources/inflows of resources</b>   |                          |       |                                     |
| Actual amounts (budgetary basis) "revenue"<br>from the budgetary comparison schedule  | (C-1) \$ 10,421,040      | (C-2) | \$ 239,497                          |
| Difference - Budget to GAAP:  |                          |       |                                     |
| Grant accounting budgetary basis differs from GAAP in that<br>encumbrances are recognized as expenditures, and the related<br>revenue is recognized.  |                          |       |                                     |
| Encumbrances, June 30, 2013   |                          |       | (37)                                |
| State Aid payments recognized for GAAP purposes, not recognized<br>for Budgetary statements (2011/2012 State Aid and Extraordinary Aid)   | 73,318                   |       |                                     |
| State Aid payment recognized for Budgetary purposes, not recognized<br>for GAAP statements (2012/2013 State Aid and Extraordinary Aid)  | <u>(106,349)</u>         |       | <u>-</u>                            |
| <br>Total revenues as reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds.   | <br><u>\$ 10,388,009</u> |       | <br><u>\$ 239,460</u>               |
| <br><b>Uses/outflows of resources</b>   |                          |       |                                     |
| Actual amounts (budgetary basis) "total outflows" from the<br>budgetary comparison schedule   | (C-1) \$ 10,019,946      | (C-2) | \$ 239,497                          |
| Differences - Budget to GAAP  |                          |       |                                     |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br><i>budgetary</i> purposes, but in the year the supplies are received<br>for financial reporting purposes. |                          |       |                                     |
| Encumbrances, June 30, 2013   | <u>-</u>                 |       | <u>(37)</u>                         |
| <br>Total expenditures as reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances - Governmental Funds   | <br><u>\$ 10,019,946</u> |       | <br><u>\$ 239,460</u>               |

**SCHOOL LEVEL 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, 2013**

|   | <u>NCLB<br/>Title I</u> | <u>NCLB<br/>Title II-A</u> | <u>NCLB<br/>Title III</u> | <u>Local<br/>Grants</u> | <u>IDEA<br/>Basic</u> | <u>IDEA<br/>Preschool</u> | <u>Total</u>      |
|---|-------------------------|----------------------------|---------------------------|-------------------------|-----------------------|---------------------------|-------------------|
| <b>REVENUES</b>                               |                         |                            |                           |                         |                       |                           |                   |
| Intergovernmental                             |                         |                            |                           |                         |                       |                           |                   |
| Local   |                         |                            |                           | \$ 4,703                |                       |                           | \$ 4,703          |
| Federal                                       | \$ 64,836               | \$ 21,973                  | \$ 3,692                  | -                       | \$ 137,704            | \$ 6,589                  | \$ 234,794        |
| <b>Total Revenues</b>                         | <u>\$ 64,836</u>        | <u>\$ 21,973</u>           | <u>\$ 3,692</u>           | <u>\$ 4,703</u>         | <u>\$ 137,704</u>     | <u>\$ 6,589</u>           | <u>\$ 239,497</u> |
| <b>EXPENDITURES</b>                           |                         |                            |                           |                         |                       |                           |                   |
| Instruction                                   |                         |                            |                           |                         |                       |                           |                   |
| Salaries of Teachers                          | \$ 44,380               |                            |                           |                         |                       |                           | \$ 44,380         |
| Tuition - Other Purchased Services            |                         |                            |                           |                         | \$ 137,704            | \$ 6,589                  | \$ 144,293        |
| Purchased Professional - Educational Services | \$ 3,200                |                            |                           |                         |                       |                           | \$ 3,200          |
| Other Purchased Services                      | 458                     |                            |                           |                         |                       |                           | 458               |
| General Supplies                              | 7,683                   | 2,399                      | \$ 3,692                  | \$ 3,812                | -                     | -                         | \$ 17,586         |
| <b>Total Instruction</b>                      | <u>52,521</u>           | <u>5,599</u>               | <u>3,692</u>              | <u>3,812</u>            | <u>137,704</u>        | <u>6,589</u>              | <u>209,917</u>    |
| Support Services                              |                         |                            |                           |                         |                       |                           |                   |
| Purchase Professional-Education Services      |                         | 16,374                     |                           |                         |                       |                           | 16,374            |
| Personal Services - Employee Benefits         | 9,715                   |                            |                           |                         |                       |                           | 9,715             |
| Other Purchased Services                      | 2,600                   |                            |                           |                         |                       |                           | 2,600             |
| General Supplies                              | -                       |                            |                           | 891                     |                       |                           | 891               |
| <b>Total Support Services</b>                 | <u>12,315</u>           | <u>16,374</u>              | <u>-</u>                  | <u>891</u>              | <u>-</u>              | <u>-</u>                  | <u>29,580</u>     |
| <b>Total Expenditures</b>                     | <u>\$ 64,836</u>        | <u>\$ 21,973</u>           | <u>\$ 3,692</u>           | <u>\$ 4,703</u>         | <u>\$ 137,704</u>     | <u>\$ 6,589</u>           | <u>\$ 239,497</u> |

**CARLSTADT BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

CARLSTADT BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| <u>Issue/Project Title</u>                               | <u>Expenditures to Date</u>                             |                    |                     | <u>Unexpended</u>                       |
|--|---|--------------------|---------------------|---|
|  | <u>Appropriation</u>                                    | <u>Prior Years</u> | <u>Current Year</u> | <u>Balance,</u><br><u>June 30, 2013</u> |
| Construction of New Pre-Kindergarten to 8th Grade School | \$ 28,629,810   | \$ 28,566,821      | \$ 54,641           | \$ 8,348                                |
|  |   |                    |                     | \$ 8,348                                |
|  |   |                    |                     | (181)                                   |
|  |   |                    |                     | \$ 8,167                                |
|  | <u>Recapitulation of Fund Balance</u>                   |                    |                     |   |
|  | Restricted for Capital Projects:                        |                    |                     |   |
|  | Year End Encumbrances                                   |                    |                     | \$ 8,167                                |
|  | Total Fund Balance - Restricted<br>for Capital Projects |                    |                     | \$ 8,167                                |

**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, 2013**

|   |                        |
|---|------------------------|
| <b>Revenues and Other Financing Sources</b>               |                        |
| Interest Earnings   | \$ <u>93</u>           |
| Total Revenues  | <u>93</u>              |
| <b>Expenditures and Other Financing Uses</b>              |                        |
| Purchased Professional and Technical Services             | 54,641                 |
| Transfer to General Fund                                  | <u>93</u>              |
| Total Expenditures and Other Financing Uses               | <u>54,734</u>          |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (54,641)               |
| Fund Balance - Beginning of Year                          | <u>62,808</u>          |
| Fund Balance - End of Year                                | <u>\$ <u>8,167</u></u> |

**CARLSTADT BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|  | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|--|----------------------|---------------------|-------------------|--|
| <b>Revenues and Other Financing Sources</b>                  |                      |                     |                   |  |
| State Sources - SCC Grant                                    | \$ 4,182,629         |                     | \$ 4,182,629      | \$ 4,182,629                           |
| Bond Proceeds and Transfers                                  | 24,447,000           |                     | 24,447,000        | 24,447,181                             |
| Interest Earnings  | 1,081,266            | \$ 93               | 1,081,359         | -                                      |
|  | <u>29,710,895</u>    | <u>93</u>           | <u>29,710,988</u> | <u>28,629,810</u>                      |
| <b>Expenditures and Other Financing Uses</b>                 |                      |                     |                   |  |
| Purchased Professional and Technical Services                | 3,703,085            | 54,641              | 3,757,726         | 3,766,074                              |
| Land and Improvements  | 400,000              |                     | 400,000           | 400,000                                |
| Construction Services  | 23,183,209           |                     | 23,183,209        | 23,183,209                             |
| Equipment  | 275,347              |                     | 275,347           | 275,347                                |
| Supplies   | 405                  |                     | 405               | 405                                    |
| Furniture  | 370,157              |                     | 370,157           | 370,157                                |
| Fees and Permits   | 118,363              |                     | 118,363           | 118,363                                |
| Other Objects  | 516,255              |                     | 516,255           | 516,255                                |
| Transfer to Debt Service Fund                                | 111,339              |                     | 111,339           |  |
| Transfer to General Fund                                     | 969,927              | 93                  | 970,020           | -                                      |
|  | <u>29,648,087</u>    | <u>54,734</u>       | <u>29,702,821</u> | <u>28,629,810</u>                      |
| Excess (Deficiency) or Revenues<br>Over (Under) Expenditures | <u>\$ 62,808</u>     | <u>\$ (54,641)</u>  | <u>\$ 8,167</u>   | <u>\$ -</u>                            |
| <b>Additional Project Information:</b>                       |                      |                     |                   |  |
| Project Number   | 0740-N01-04-00GY     |                     |                   |  |
| Grant Date   | 5/3/2004             |                     |                   |  |
| Bond Authorization Date                                      | 3/9/2004             |                     |                   |  |
| Bonds Authorized   | 24,447,181           |                     |                   |  |
| Bonds Issued   | 24,447,000           |                     |                   |  |
| Original Authorized Cost                                     | 28,629,810           |                     |                   |  |
| Additional Authorized Cost                                   | -                    |                     |                   |  |
| Revised Authorized Cost                                      | 28,629,810           |                     |                   |  |
| Percentage Increase Over Original                            |                      |                     |                   |  |
| Authorized Cost  | 0%                   |                     |                   |  |
| Percentage Completion  | 100%                 |                     |                   |  |
| Original Target Completion Date                              | 9/2006               |                     |                   |  |
| Revised Target Completion Date                               | 6/2011               |                     |                   |  |

**ENTERPRISE FUND**

**CARLSTADT BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**

**CARLSTADT BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

|                           | <b>Shared Service<br/>Agreement-<br/>Network<br/>Technology<br/><u>Support</u></b> |
|---------------------------|--|
| <b>ASSETS</b>             |  |
| Current Assets            |  |
| Cash and Cash Equivalents | \$ 13,895  |
| Total Assets              | <u>13,895</u>  |
| <br><b>NET POSITION</b>   |  |
| Unrestricted              | <u>13,895</u>  |
| Total Net Position        | <u>\$ 13,895</u>   |

**CARLSTADT BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|                                  | <b>Shared Service<br/>Agreements-<br/>Network<br/>Technology<br/>Support</b> |
|----------------------------------|--|
| Net Position , Beginning of Year | \$ <u>13,895</u>   |
| Net Position, End of Year        | \$ <u><u>13,895</u></u>  |

**CARLSTADT BOARD OF EDUCATION**  
**INTERNAL SERVICE FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|   | <b>Shared Service<br/>Agreements-<br/>Network<br/>Technology<br/>Support</b> |
|---|--|
| Cash and Cash Equivalents, Beginning of Year                                    | \$ <u>13,895</u>   |
| Cash and Cash Equivalents, End of Year  | \$ <u>13,895</u>   |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities |  |
| Operating Income  | \$ <u>-</u>  |
| Net Cash Provided by Operating Activities                                       | \$ <u>-</u>  |

**FIDUCIARY FUNDS**

**CARLSTADT BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AS OF JUNE 30, 2013**

|                                       | <u>Student<br/>Activity</u> | <u>Payroll</u> | <u>Total<br/>Agency Funds</u> |
|---------------------------------------|-----------------------------|----------------|-------------------------------|
| <b>ASSETS</b>                         |                             |                |                               |
| Cash and Cash Equivalents             | \$ 56,958                   | \$ 387         | \$ 57,345                     |
| Total Assets                          | <u>\$ 56,958</u>            | <u>\$ 387</u>  | <u>\$ 57,345</u>              |
| <b>LIABILITIES</b>                    |                             |                |                               |
| Due to Other Fund<br>Accounts Payable | \$ 9,327                    | \$ 387         | \$ 9,327                      |
| Due to Student Groups                 | <u>47,631</u>               | <u>-</u>       | <u>47,631</u>                 |
| Total Liabilities                     | <u>\$ 56,958</u>            | <u>\$ 387</u>  | <u>\$ 57,345</u>              |

**CARLSTADT BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

|                          | <u>Balance,<br/>July 1, 2012</u> | <u>Receipts</u>  | <u>Disbursements</u> | <u>Balance,<br/>June 30, 2013</u> |
|--------------------------|----------------------------------|------------------|----------------------|-----------------------------------|
| ELEMENTARY/MIDDLE SCHOOL |                                  |                  |                      |                                   |
| Carlstadt School Fund    | \$ 39,110                        | \$ 88,049        | \$ 70,201            | \$ 56,958                         |
| Total                    | <u>\$ 39,110</u>                 | <u>\$ 88,049</u> | <u>\$ 70,201</u>     | <u>\$ 56,958</u>                  |

CARLSTADT BOARD OF EDUCATION  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|                                     | Balance,<br>July 1,<br><u>2012</u> | <u>Additions</u>    | <u>Deletions</u>    | Balance,<br>June 30,<br><u>2013</u> |
|-------------------------------------|------------------------------------|---------------------|---------------------|-------------------------------------|
| <b>ASSETS</b>                       |                                    |                     |                     |                                     |
| Cash                                | \$ 137                             | \$ 6,121,483        | \$ 6,121,233        | \$ 387                              |
| Total Assets                        | <u>\$ 137</u>                      | <u>\$ 6,121,483</u> | <u>\$ 6,121,233</u> | <u>\$ 387</u>                       |
| <b>LIABILITIES</b>                  |                                    |                     |                     |                                     |
| Payroll Deductions and Withholdings |                                    | \$ 2,731,049        | \$ 2,731,049        |                                     |
| Accrued Salaries and Wages          |                                    | 3,390,184           | 3,390,184           |                                     |
| Due to Other Funds                  | <u>\$ 137</u>                      | <u>250</u>          | <u>-</u>            | <u>\$ 387</u>                       |
| Total Liabilities                   | <u>\$ 137</u>                      | <u>\$ 6,121,483</u> | <u>\$ 6,121,233</u> | <u>\$ 387</u>                       |

**LONG-TERM DEBT**

CARLSTADT BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| <u>Issue</u>   | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities Date</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>%</u> | <u>Balance, July 1, 2012</u> | <u>Retired</u> | <u>Balance, June 30, 2013</u> |
|--|----------------------|------------------------|-------------------------------|---------------|----------------------|----------|------------------------------|----------------|-------------------------------|
| 2005 School Bonds-Construction of new pre-kindergarten to 8th grade school | 5/1/2005             | \$ 24,447,000          | 5/1/2014                      | \$ 800,000    | 4.25                 | 4.25     |                              |                |                               |
|  |                      |                        | 5/1/2015                      | 835,000       | 4.25                 |          |                              |                |                               |
|  |                      |                        | 5/1/2016                      | 870,000       | 4.25                 |          |                              |                |                               |
|  |                      |                        | 5/1/2017                      | 910,000       | 4.25                 |          |                              |                |                               |
|  |                      |                        | 5/1/2018                      | 955,000       | 4.25                 |          |                              |                |                               |
|  |                      |                        | 5/1/2019                      | 995,000       | 4.25                 |          |                              |                |                               |
|  |                      |                        | 5/1/2020                      | 1,040,000     | 4.25                 |          |                              |                |                               |
|  |                      |                        | 5/1/2021                      | 1,085,000     | 4.375                |          |                              |                |                               |
|  |                      |                        | 5/1/2022                      | 1,135,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2023                      | 1,185,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2024                      | 1,240,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2025                      | 1,295,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2026                      | 1,350,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2027                      | 1,415,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2028                      | 1,475,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2029                      | 1,545,000     | 4.50                 |          |                              |                |                               |
|  |                      |                        | 5/1/2030                      | 1,612,000     | 4.50                 |          | \$ 20,507,000                | \$ 765,000     | \$ 19,742,000                 |
|  |                      |                        | Totals                        |               |                      |          | \$ 20,507,000                | \$ 765,000     | \$ 19,742,000                 |
|  |                      |                        | Paid by Budget Appropriation  |               |                      |          |                              | \$ 765,000     |                               |

EXHIBIT I-2

CARLSTADT BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|  | Original<br>Amount | Interest | Balance,<br>June 30, 2012 | Retired          | Balance,<br>June 30, 2013 |
|--|--------------------|----------|---------------------------|------------------|---------------------------|
| Various Digital Copiers with Accessories | \$ 104,390         | 4.89%    | \$ 26,727                 | \$ 22,814        | \$ 3,913                  |
|  |                    |          | <u>\$ 26,727</u>          | <u>\$ 22,814</u> | <u>\$ 3,913</u>           |

CARLSTADT BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|--|----------------------------|--------------------|-------------------------|------------------|-------------------------------------|
| <b>REVENUES</b>  |                            |                    |                         |                  |                                     |
| Local Sources  |                            |                    |                         |                  |                                     |
| Local Tax Levy   | \$ 1,666,621               | -                  | \$ 1,666,621            | \$ 1,666,621     | -                                   |
| Total Revenues   | <u>1,666,621</u>           | <u>-</u>           | <u>1,666,621</u>        | <u>1,666,621</u> | <u>-</u>                            |
| <b>EXPENDITURES</b>  |                            |                    |                         |                  |                                     |
| Regular Debt Service   |                            |                    |                         |                  |                                     |
| Principal  | 765,000                    |                    | 765,000                 | 765,000          |                                     |
| Interest   | 901,621                    |                    | 901,621                 | 901,621          |                                     |
| Total Expenditures   | <u>1,666,621</u>           | <u>-</u>           | <u>1,666,621</u>        | <u>1,666,621</u> | <u>-</u>                            |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                          | -                  | -                       | -                | -                                   |
| Fund Balance, Beginning of Year                              | <u>877</u>                 | <u>-</u>           | <u>877</u>              | <u>877</u>       | <u>-</u>                            |
| Fund Balance, End of Year                                    | <u>\$ 877</u>              | <u>\$ -</u>        | <u>\$ 877</u>           | <u>\$ 877</u>    | <u>\$ -</u>                         |
| <b><u>Recapitulation of Fund Balance</u></b>                 |                            |                    |                         |                  |                                     |
| Available for Future Debt Service Expenditures               |                            |                    | \$ 877                  | \$ 877           | \$ 877                              |
| Total Fund Balance - Restricted for Debt Service             |                            |                    | \$ 877                  | \$ 877           | \$ 877                              |

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

|   | Fiscal Year Ended June 30, |              |              |              |              |              |              |              |              |              |
|---|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2004                       | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         |
| <b>Governmental Activities</b>              |                            |              |              |              |              |              |              |              |              |              |
| Net Investment in Capital Assets            | \$ 928,445                 | \$ 1,352,477 | \$ 1,227,191 | \$ 5,304,258 | \$ 5,384,844 | \$ 5,192,883 | \$ 5,300,976 | \$ 5,244,675 | \$ 5,461,934 | \$ 5,656,821 |
| Restricted                                  | 13,331                     | 114,964      | 166,857      | 56,691       | 16,122       | 16,522       | 12,122       | 12,998       | 242,998      | 418,012      |
| Unrestricted                                | 610,521                    | (295,741)    | 361,067      | 632,121      | 102,678      | (92,680)     | (158,324)    | 342,738      | 225,134      | 406,502      |
| Total Governmental Activities Net Position  | \$ 1,552,297               | \$ 1,171,700 | \$ 1,755,115 | \$ 5,993,070 | \$ 5,503,644 | \$ 5,116,725 | \$ 5,154,774 | \$ 5,600,411 | \$ 5,930,066 | \$ 6,481,335 |
| <b>Business-type Activities</b>             |                            |              |              |              |              |              |              |              |              |              |
| Net Investment in Capital Assets            | \$ 480                     | \$ 1,037     | \$ 1,636     | \$ 80,183    | \$ 85,206    | \$ 78,603    | \$ 63,203    | \$ 57,543    | \$ 51,883    | \$ 46,223    |
| Restricted                                  | 480                        | 1,037        | 1,636        | 3,597        | 9,102        | 14,230       | 35,691       | 58,210       | 86,115       | 60,525       |
| Unrestricted                                | -                          | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Total Business-Type Activities Net Position | \$ 480                     | \$ 1,037     | \$ 1,636     | \$ 83,780    | \$ 94,308    | \$ 92,833    | \$ 98,894    | \$ 115,753   | \$ 137,998   | \$ 106,748   |
| <b>District-wide</b>                        |                            |              |              |              |              |              |              |              |              |              |
| Net Investment in Capital Assets            | \$ 928,445                 | \$ 1,352,477 | \$ 1,227,191 | \$ 5,384,441 | \$ 5,470,050 | \$ 5,271,486 | \$ 5,364,179 | \$ 5,302,218 | \$ 5,513,817 | \$ 5,703,044 |
| Restricted                                  | 13,331                     | 114,964      | 166,857      | 56,691       | 16,122       | 16,522       | 12,122       | 12,998       | 242,998      | 418,012      |
| Unrestricted                                | 611,001                    | (294,704)    | 362,703      | 635,718      | 111,780      | (78,450)     | (122,633)    | 400,948      | 311,249      | 467,027      |
| Total District Net Position                 | \$ 1,552,177               | \$ 1,172,737 | \$ 1,756,751 | \$ 6,076,850 | \$ 5,597,952 | \$ 5,209,558 | \$ 5,253,668 | \$ 5,716,164 | \$ 6,068,064 | \$ 6,588,083 |

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

|  | Fiscal Year Ended June 30, |                       |                       |                       |                       |                        |                       |                       |                        |                        |
|--|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
|  | 2004                       | 2005                  | 2006                  | 2007                  | 2008                  | 2009                   | 2010                  | 2011                  | 2012                   | 2013                   |
| <b>Expenses</b>  |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| <b>Governmental Activities</b>                         |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| <b>Instruction</b>                                     |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| Regular  | \$ 3,617,396               | \$ 3,890,489          | \$ 4,302,812          | \$ 4,534,787          | \$ 4,748,821          | \$ 4,870,074           | \$ 4,921,499          | \$ 4,946,784          | \$ 5,187,427           | \$ 5,948,088           |
| Special Education                                      | 897,442                    | 1,109,437             | 1,003,358             | 1,283,968             | 1,422,783             | 1,464,019              | 1,239,255             | 1,041,124             | 1,284,951              | 1,257,712              |
| Other Instruction                                      | 276,860                    | 283,449               | 272,507               | 372,780               | 239,117               | 430,879                | 233,466               | 114,477               | 312,235                | 252,509                |
| School Sponsored Activities and Athletics              | 23,068                     | 22,718                | 20,540                | 15,813                | 18,426                | 23,320                 | 26,782                | 24,084                | 19,583                 | 26,917                 |
| Community Service Programs                             |                            |                       |                       |                       |                       |                        | 40,000                |                       |                        |                        |
| <b>Support Services:</b>                               |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| Student & Instruction Related Services                 | 786,981                    | 809,539               | 1,000,359             | 730,316               | 822,097               | 793,598                | 1,140,575             | 1,061,883             | 979,154                | 1,072,946              |
| School Administrative Services                         | 645,344                    | 582,520               | 375,264               | 296,246               | 293,758               | 414,706                | 342,746               | 317,607               | 321,801                | 329,849                |
| General Administration                                 | 432,117                    | 341,422               | 294,639               | 349,099               | 306,511               | 360,938                | 351,870               | 404,109               | 433,145                | 438,075                |
| Plant Operations and Maintenance                       | 784,027                    | 805,267               | 812,218               | 870,099               | 1,601,787             | 1,544,301              | 1,506,301             | 1,526,383             | 1,550,582              | 999,440                |
| Pupil Transportation                                   | 205,789                    | 176,101               | 180,826               | 214,652               | 253,191               | 199,963                | 199,780               | 194,250               | 181,371                | 125,624                |
| Business/Central Svc./Admin. Info.                     | 189,329                    | 218,542               | 202,098               | 319,873               | 434,574               | 243,635                | 457,726               | 454,975               | 409,172                | 395,054                |
| Interest on Long-Term Debt                             |                            | 176,537               | 1,059,222             | 1,056,238             | 1,031,721             | 1,011,375              | 985,125               | 957,124               | 923,873                | 896,602                |
| <b>Total Governmental Activities Expenses</b>          | <u>7,858,353</u>           | <u>8,417,821</u>      | <u>9,523,843</u>      | <u>10,044,572</u>     | <u>11,192,786</u>     | <u>11,357,470</u>      | <u>11,445,125</u>     | <u>11,042,800</u>     | <u>11,607,294</u>      | <u>11,742,914</u>      |
| <b>Business-Type Activities:</b>                       |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| Food service   | 29,198                     | 31,005                | 35,271                | 44,139                | 246,905               | 230,371                | 245,682               | 258,326               | 285,404                | 348,993                |
| <b>Total Business-Type Activities Expense</b>          | <u>29,198</u>              | <u>31,005</u>         | <u>35,271</u>         | <u>44,139</u>         | <u>246,905</u>        | <u>230,371</u>         | <u>245,682</u>        | <u>258,326</u>        | <u>285,404</u>         | <u>348,993</u>         |
| <b>Total District Expenses</b>                         | <u>\$ 7,887,551</u>        | <u>\$ 8,448,826</u>   | <u>\$ 9,559,114</u>   | <u>\$ 10,088,711</u>  | <u>\$ 11,439,691</u>  | <u>\$ 11,607,841</u>   | <u>\$ 11,690,807</u>  | <u>\$ 11,301,126</u>  | <u>\$ 11,892,698</u>   | <u>\$ 12,091,907</u>   |
| <b>Program Revenues</b>                                |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| <b>Governmental Activities:</b>                        |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| Charges for Services                                   | \$ 1,035,511               | \$ 1,055,643          | \$ 1,148,094          | \$ 1,415,342          | \$ 1,060,000          | \$ 43,876              | \$ 55,601             | \$ 106,667            | \$ 39,400              | \$ 48,375              |
| Operating Grants and Contributions                     | 20,913                     |                       |                       | 4,161,716             | 1,381,938             | 1,238,975              | 1,386,606             | 937,791               | 1,257,255              | 1,457,898              |
| Capital Grants and Contributions                       |                            |                       |                       | 5,381,058             | 1,487,938             | 1,282,851              | 1,442,207             | 1,044,458             | 1,296,655              | 1,506,273              |
| <b>Total Governmental Activities Program Revenues</b>  | <u>\$ 1,056,424</u>        | <u>\$ 1,055,643</u>   | <u>\$ 1,148,094</u>   | <u>\$ 10,958,116</u>  | <u>\$ 2,829,876</u>   | <u>\$ 2,964,702</u>    | <u>\$ 2,824,413</u>   | <u>\$ 2,058,916</u>   | <u>\$ 2,693,255</u>    | <u>\$ 2,992,546</u>    |
| <b>Business-Type Activities:</b>                       |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| Charges for services                                   | \$ 6,566                   | \$ 7,976              | \$ 7,926              | \$ 8,046              | \$ 192,726            | \$ 191,060             | \$ 187,389            | \$ 195,964            | \$ 207,542             | \$ 202,079             |
| Food Service   | 6,387                      | 7,476                 | 11,212                | 15,907                | 46,071                | 57,669                 | 74,082                | 79,198                | 100,089                | 115,494                |
| Operating Grants and Contributions                     |                            |                       |                       | 84,900                |                       |                        |                       |                       |                        |                        |
| Capital Grants and Contributions                       |                            |                       |                       | 108,853               | 238,797               | 248,729                | 261,471               | 275,162               | 307,631                | 317,573                |
| <b>Total Business Type Activities Program Revenues</b> | <u>\$ 12,953</u>           | <u>\$ 15,452</u>      | <u>\$ 19,138</u>      | <u>\$ 108,853</u>     | <u>\$ 238,797</u>     | <u>\$ 248,729</u>      | <u>\$ 261,471</u>     | <u>\$ 275,162</u>     | <u>\$ 307,631</u>      | <u>\$ 317,573</u>      |
| <b>Total District Program Revenues</b>                 | <u>\$ 1,069,377</u>        | <u>\$ 1,071,095</u>   | <u>\$ 1,167,232</u>   | <u>\$ 5,689,911</u>   | <u>\$ 1,736,735</u>   | <u>\$ 1,531,580</u>    | <u>\$ 1,703,678</u>   | <u>\$ 1,319,620</u>   | <u>\$ 1,604,286</u>    | <u>\$ 1,823,846</u>    |
| <b>Net (Expense)/Revenue</b>                           |                            |                       |                       |                       |                       |                        |                       |                       |                        |                        |
| <b>Governmental Activities</b>                         | \$ (6,801,929)             | \$ (7,362,178)        | \$ (8,375,749)        | \$ (4,463,514)        | \$ (9,704,848)        | \$ (10,074,619)        | \$ (10,002,918)       | \$ (9,998,342)        | \$ (10,310,639)        | \$ (10,236,641)        |
| <b>Business-Type Activities</b>                        | (16,245)                   | (15,553)              | (16,133)              | 64,714                | (8,108)               | (1,642)                | 15,789                | 15,836                | 22,227                 | (31,420)               |
| <b>Total District-Wide Net Expense</b>                 | <u>\$ (6,818,174)</u>      | <u>\$ (7,377,731)</u> | <u>\$ (8,391,882)</u> | <u>\$ (4,398,800)</u> | <u>\$ (9,712,956)</u> | <u>\$ (10,076,261)</u> | <u>\$ (9,987,129)</u> | <u>\$ (9,982,506)</u> | <u>\$ (10,288,412)</u> | <u>\$ (10,268,061)</u> |

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

|   | Fiscal Year Ended June 30, |                     |                     |                     |                     |                     |                      |                      |                      |                      |
|---|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2004                       | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                 | 2011                 | 2012                 | 2013                 |
| <b>General Revenues and Other Changes in Net Position</b> |                            |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Governmental Activities:                                  |                            |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Property taxes levied for general purposes, net           | \$ 6,219,059               | \$ 6,811,889        | \$ 7,076,225        | \$ 7,349,150        | \$ 7,443,116        | \$ 7,997,855        | \$ 8,380,526         | \$ 8,765,178         | \$ 8,940,482         | \$ 9,093,292         |
| Taxes levied for debt service                             | 51,753                     | 65,326              | 1,109,115           | 1,533,835           | 1,609,852           | 1,651,221           | 1,655,621            | 1,658,821            | 1,660,821            | 1,666,621            |
| Unrestricted grants and contributions                     | (227)                      |                     | 65,781              | 67,187              | 78,308              | 2,778               | 2,259                | 248                  |                      |                      |
| Loss on disposal of capital assets                        | 3,961                      | 118,453             | 731,401             | 244,212             | 84,726              | 8,047               | 1,661                | 3,738                | 3,990                | 3,484                |
| Investment earnings                                       | 10,862                     | 2,023               | 2,374               | 2,255               | 17,535              | 27,799              | 14,984               | 15,994               | 35,001               | 24,513               |
| Miscellaneous income                                      | (15,495)                   | (16,110)            | (16,732)            | (17,430)            | (18,115)            |                     |                      |                      |                      |                      |
| Transfers   |                            |                     |                     | (477,740)           |                     |                     |                      |                      |                      |                      |
| Loss on Disposal of Capital Assets                        |                            |                     |                     | 8,701,469           | 9,215,422           | 9,687,700           | 10,055,051           | 10,443,979           | 10,640,294           | 10,787,910           |
| <b>Total Governmental Activities</b>                      | <b>6,269,913</b>           | <b>6,981,581</b>    | <b>8,959,164</b>    | <b>8,701,469</b>    | <b>9,215,422</b>    | <b>9,687,700</b>    | <b>10,055,051</b>    | <b>10,443,979</b>    | <b>10,640,294</b>    | <b>10,787,910</b>    |
| Business-Type Activities:                                 |                            |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Investment earnings                                       |                            |                     |                     |                     | 521                 | 167                 | 12                   | 23                   | 18                   | 170                  |
| Transfers   | 15,495                     | 16,110              | 16,732              | 17,430              | 18,115              | 167                 | 12                   | 23                   | 18                   | 170                  |
| <b>Total Business-Type Activities</b>                     | <b>15,495</b>              | <b>16,110</b>       | <b>16,732</b>       | <b>17,430</b>       | <b>18,115</b>       | <b>167</b>          | <b>12</b>            | <b>23</b>            | <b>18</b>            | <b>170</b>           |
| <b>Total District-Wide</b>                                | <b>\$ 6,285,408</b>        | <b>\$ 6,997,691</b> | <b>\$ 8,975,896</b> | <b>\$ 8,718,899</b> | <b>\$ 9,234,058</b> | <b>\$ 9,687,867</b> | <b>\$ 10,055,063</b> | <b>\$ 10,444,002</b> | <b>\$ 10,640,312</b> | <b>\$ 10,788,080</b> |
| <b>Change in Net Position</b>                             |                            |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Governmental Activities                                   | \$ (532,016)               | \$ (380,597)        | \$ 583,415          | \$ 4,237,955        | \$ (489,426)        | \$ (386,919)        | \$ 52,133            | \$ 445,637           | \$ 329,655           | \$ 551,269           |
| Business-Type Activities                                  | (730)                      | 557                 | 599                 | 82,144              | 10,528              | (1,475)             | 15,801               | 16,859               | 22,245               | (31,230)             |
| <b>Total District</b>                                     | <b>\$ (532,766)</b>        | <b>\$ (380,040)</b> | <b>\$ 584,014</b>   | <b>\$ 4,320,099</b> | <b>\$ (478,898)</b> | <b>\$ (388,394)</b> | <b>\$ 67,934</b>     | <b>\$ 462,496</b>    | <b>\$ 351,900</b>    | <b>\$ 520,039</b>    |

CARLSTADT BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

|   | Fiscal Year Ended June 30, |                      |                     |                     |                     |                   |                   |                   |                   |                     |
|---|----------------------------|----------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|   | 2004                       | 2005                 | 2006                | 2007                | 2008                | 2009              | 2010              | 2011              | 2012              | 2013                |
| General Fund                              |                            |                      |                     |                     |                     |                   |                   |                   |                   |                     |
| Reserved                                  | \$ 81,407                  | \$ 36,654            | \$ 656,647          | \$ 805,910          | \$ 336,593          | \$ 16,336         | \$ 19,593         |                   |                   |                     |
| Unreserved                                | 197,051                    | 37,038               | 117,496             | 235,719             | 114,938             | 80,784            | 78,883            |                   |                   |                     |
| Restricted                                |                            |                      |                     |                     |                     |                   |                   | \$ 104,236        | \$ 374,960        | \$ 693,267          |
| Committed                                 |                            |                      |                     |                     |                     |                   |                   | 99,145            | 21,054            | 77,268              |
| Assigned                                  |                            |                      |                     |                     |                     |                   |                   | 250,000           | 248,738           | 242,373             |
| Unassigned                                |                            |                      |                     |                     |                     |                   |                   | \$ 453,381        | \$ 644,752        | \$ 1,012,908        |
| <b>Total General Fund</b>                 | <b>\$ 278,458</b>          | <b>\$ 73,692</b>     | <b>\$ 774,143</b>   | <b>\$ 1,041,629</b> | <b>\$ 451,531</b>   | <b>\$ 97,120</b>  | <b>\$ 98,476</b>  | <b>\$ 453,381</b> | <b>\$ 644,752</b> | <b>\$ 1,012,908</b> |
| All Other Governmental Funds              |                            |                      |                     |                     |                     |                   |                   |                   |                   |                     |
| Reserved                                  | \$ 1,008,284               | \$ 21,513,975        | \$ 9,653,101        | \$ 1,227,547        | \$ 149,060          | \$ 152,500        | \$ 11,500         |                   |                   |                     |
| Unreserved                                | (1,463,307)                | 995,382              | (819,724)           | 1,276,886           | 881,263             | 614,706           | 375,336           |                   |                   |                     |
| Restricted                                |                            |                      |                     |                     |                     |                   |                   | \$ 134,619        | \$ 63,685         | \$ 9,044            |
| Committed                                 |                            |                      |                     |                     |                     |                   |                   |                   |                   |                     |
| Assigned                                  |                            |                      |                     |                     |                     |                   |                   |                   |                   |                     |
| Unassigned                                |                            |                      |                     |                     |                     |                   |                   |                   |                   |                     |
| <b>Total All Other Governmental Funds</b> | <b>\$ (455,023)</b>        | <b>\$ 22,509,357</b> | <b>\$ 8,833,377</b> | <b>\$ 2,504,433</b> | <b>\$ 1,030,323</b> | <b>\$ 767,206</b> | <b>\$ 386,836</b> | <b>\$ 134,619</b> | <b>\$ 63,685</b>  | <b>\$ 9,044</b>     |

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

|   | 2004                | 2005                 | 2006                   | 2007                  | 2008                  | 2009                | 2010                | 2011              | 2012              | 2013              |
|---|---------------------|----------------------|------------------------|-----------------------|-----------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>   |                     |                      |                        |                       |                       |                     |                     |                   |                   |                   |
| Property Tax Levy   | \$ 6,219,059        | \$ 6,811,889         | \$ 8,176,340           | \$ 8,882,985          | \$ 9,052,968          | \$ 9,649,076        | \$ 10,036,147       | \$ 10,423,999     | \$ 10,601,303     | \$ 10,759,913     |
| Interest Earnings   | 3,961               | 118,453              | 731,401                | 244,212               | 84,726                | 8,047               | 1,661               | 3,738             | 3,990             | 3,484             |
| Miscellaneous   | 11,754              | 2,137                | 2,389                  | 2,255                 | 17,535                | 27,799              | 15,534              | 55,950            | 77,467            | 72,888            |
| State Sources   | 923,415             | 935,746              | 1,034,670              | 5,476,665             | 1,288,696             | 1,028,518           | 1,079,800           | 665,419           | 984,907           | 1,223,141         |
| Federal Sources   | 183,870             | 185,109              | 179,190                | 171,580               | 171,550               | 213,235             | 308,515             | 272,620           | 269,282           | 234,757           |
| <b>Total Revenues</b>                                     | <b>7,342,059</b>    | <b>8,053,334</b>     | <b>10,123,990</b>      | <b>14,777,697</b>     | <b>10,615,475</b>     | <b>10,926,675</b>   | <b>11,441,657</b>   | <b>11,421,726</b> | <b>11,936,949</b> | <b>12,294,183</b> |
| <b>Expenditures</b>                                       |                     |                      |                        |                       |                       |                     |                     |                   |                   |                   |
| Instruction   |                     |                      |                        |                       |                       |                     |                     |                   |                   |                   |
| Regular Instruction                                       | 3,513,114           | 3,769,935            | 4,173,184              | 4,506,580             | 4,716,080             | 4,749,089           | 4,853,027           | 4,878,455         | 5,080,080         | 5,374,388         |
| Special Education Instruction                             | 897,153             | 1,109,148            | 1,000,109              | 1,283,968             | 1,422,783             | 1,459,747           | 1,239,255           | 1,051,845         | 1,284,951         | 1,257,712         |
| Other Instruction   | 276,860             | 282,973              | 272,507                | 372,780               | 259,117               | 439,491             | 233,466             | 114,477           | 312,235           | 252,509           |
| School Sponsored Activities and Athletics                 | 23,068              | 22,718               | 20,540                 | 15,813                | 18,426                | 22,983              | 26,782              | 24,084            | 19,583            | 26,917            |
| Community Service Programs                                |                     |                      |                        |                       |                       | 40,000              |                     |                   |                   |                   |
| Support Services:   |                     |                      |                        |                       |                       |                     |                     |                   |                   |                   |
| Student & Inst. Related Services                          | 772,783             | 794,049              | 977,681                | 730,316               | 822,097               | 800,478             | 1,139,326           | 1,066,322         | 979,154           | 1,072,946         |
| General Administrative                                    | 429,891             | 339,196              | 300,413                | 364,800               | 318,758               | 338,193             | 387,351             | 395,497           | 433,145           | 438,073           |
| School Administrative Services                            | 640,371             | 577,089              | 366,851                | 296,246               | 321,511               | 439,272             | 344,942             | 326,219           | 321,801           | 329,949           |
| Plant Operations and Maintenance                          | 793,777             | 792,122              | 801,226                | 691,961               | 1,047,851             | 999,639             | 936,718             | 942,845           | 979,321           | 892,633           |
| Pupil Transportation                                      | 205,789             | 176,101              | 180,826                | 214,652               | 253,191               | 199,963             | 199,780             | 194,250           | 181,371           | 125,624           |
| Business Svcs./Central Svcs/Admin. Info. Tech.            | 189,329             | 218,542              | 202,098                | 319,873               | 328,775               | 197,346             | 415,614             | 390,882           | 409,172           | 395,054           |
| Capital outlay  | 515,547             | 1,642,737            | 13,728,130             | 10,452,647            | 1,479,056             | 267,672             | 311,077             | 251,713           | 131,250           | 125,347           |
| Debt service:   |                     |                      |                        |                       |                       |                     |                     |                   |                   |                   |
| Principal   | -                   | -                    | 1,059,222              | 1,059,221             | 1,038,747             | 1,015,642           | 989,592             | 961,791           | 932,739           | 901,703           |
| Interest and other charges                                | -                   | -                    | 23,082,787             | 20,893,857            | 12,664,494            | 11,609,122          | 11,806,587          | 11,319,038        | 11,816,512        | 11,980,668        |
| <b>Total Expenditures</b>                                 | <b>8,257,682</b>    | <b>9,724,610</b>     | <b>23,082,787</b>      | <b>20,893,857</b>     | <b>12,664,494</b>     | <b>11,609,122</b>   | <b>11,806,587</b>   | <b>11,319,038</b> | <b>11,816,512</b> | <b>11,980,668</b> |
| Excess (Deficiency) of Revenues over (under) Expenditures | (915,623)           | (1,671,276)          | (12,958,797)           | (6,116,160)           | (2,049,019)           | (682,447)           | (364,930)           | 102,688           | 120,437           | 313,515           |
| <b>Other Financing sources (uses)</b>                     |                     |                      |                        |                       |                       |                     |                     |                   |                   |                   |
| Proceeds from borrowing                                   |                     | 24,447,000           |                        |                       |                       |                     |                     |                   |                   |                   |
| Capital Leases  |                     |                      |                        | 72,132                |                       | 64,919              |                     |                   |                   |                   |
| Transfers in  | 76                  | 110,387              | 708,667                | 192,846               | 65,147                | 2,432               | 637                 | 876               | 198               | 93                |
| Transfers out   | (15,571)            | (126,497)            | (725,399)              | (210,276)             | (83,262)              | (2,432)             | (637)               | (876)             | (198)             | (93)              |
| <b>Total Other Financing Sources (Uses)</b>               | <b>(15,495)</b>     | <b>24,430,890</b>    | <b>(16,732)</b>        | <b>54,702</b>         | <b>(18,115)</b>       | <b>64,919</b>       | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Net Change in Fund Balances</b>                        | <b>\$ (931,118)</b> | <b>\$ 22,759,614</b> | <b>\$ (12,975,529)</b> | <b>\$ (6,061,458)</b> | <b>\$ (2,067,134)</b> | <b>\$ (617,528)</b> | <b>\$ (364,930)</b> | <b>\$ 102,688</b> | <b>\$ 120,437</b> | <b>\$ 313,515</b> |
| Debt service as a percentage of noncapital expenditures   | 0.00%               | 0.00%                | 11.32%                 | 10.14%                | 9.29%                 | 8.96%               | 8.61%               | 8.69%             | 7.98%             | 7.61%             |

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

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

| <u>Fiscal Year Ended June 30,</u> | <u>Interest Earned</u> | <u>Tuition</u> | <u>Refunds/ Reimbursements</u> | <u>Book Fines</u> | <u>Insurance Settlement</u> | <u>E-Rate</u> | <u>Miscellaneous</u> | <u>Total</u> |
|-----------------------------------|------------------------|----------------|--------------------------------|-------------------|-----------------------------|---------------|----------------------|--------------|
| 2004                              | \$ 3,628               |                |                                |                   |                             |               | \$ 10,862            | \$ 14,490    |
| 2005                              | 7,819                  |                | \$ 1,673                       |                   |                             |               |                      | 9,492        |
| 2006                              | 22,376                 |                | 1,878                          | \$ 129            |                             |               | 317                  | 24,700       |
| 2007                              | 50,844                 |                | 751                            | 204               |                             |               |                      | 51,799       |
| 2008                              | 18,982                 |                |                                |                   | \$ 11,283                   |               | 152                  | 30,417       |
| 2009                              | 4,628                  |                |                                |                   |                             |               | 1,761                | 6,389        |
| 2010                              | 1,024                  |                | 14,583                         | 122               |                             |               | 279                  | 16,008       |
| 2011                              | 2,862                  | \$ 39,956      |                                |                   |                             |               | 15,994               | 58,812       |
| 2012                              | 3,792                  | 39,400         |                                |                   |                             |               | 35,001               | 78,193       |
| 2013                              | 3,391                  | 48,375         |                                |                   |                             | \$ 15,595     | 4,215                | 71,576       |

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 <sup>a</sup> |
|----------------------------|---------------|----------------|-----------|-------|----------------|----------------|--------------|----------------------|------------------|-----------------------|---|---|
| 2004                       | \$ 93,619,340 | \$ 236,537,207 |           |       | \$ 181,635,070 | \$ 529,753,880 | \$ 5,691,900 | \$ 1,047,237,397     | \$ 1,893,057     | \$ 1,049,130,454      | \$ 1,603,684,583                          | \$ 0.654                                  |
| 2005                       | 84,942,340    | 237,712,207    |           |       | 201,179,070    | 523,393,480    | 5,691,900    | 1,052,918,997        | 2,117,102        | 1,055,036,099         | 1,821,979,368                             | 0.775                                     |
| 2006                       | 17,155,380    | 239,279,607    |           |       | 192,661,410    | 525,909,080    | 5,691,900    | 980,697,377          | 2,894,475        | 983,591,852           | 1,835,421,424                             | 0.903                                     |
| 2007                       | 15,548,680    | 242,047,507    |           |       | 190,698,410    | 518,931,180    | 5,691,900    | 972,917,677          | 2,284,763        | 975,202,440           | 2,116,186,545                             | 0.903                                     |
| 2008                       | 17,591,430    | 242,799,307    |           |       | 190,984,410    | 511,520,980    | 5,691,900    | 968,588,027          | 2,081,101        | 970,669,128           | 2,364,059,993                             | 0.994                                     |
| 2009                       | 17,166,930    | 245,689,007    |           |       | 192,848,910    | 501,540,188    | 5,691,900    | 962,936,935          | 1,948,795        | 964,885,730           | 2,599,309,481                             | 1.041                                     |
| 2010                       | 18,265,130    | 246,979,407    |           |       | 191,699,410    | 491,574,688    | 5,691,900    | 954,210,555          | 1,865,607        | 956,076,142           | 2,692,987,959                             | 1.090                                     |
| 2011                       | 18,162,930    | 246,384,007    |           |       | 173,503,810    | 488,209,888    | 5,691,900    | 931,952,535          | 1,813,445        | 933,765,980           | 2,258,731,302                             | 1.135                                     |
| 2012                       | 19,242,430    | 245,690,007    |           |       | 160,241,410    | 488,367,588    | 5,691,900    | 919,233,335          | 1,813,445        | 921,046,780           | 1,987,627,519                             | 1.169                                     |
| *2013                      | 34,305,800    | 515,816,100    |           |       | 377,826,200    | 1,062,832,900  | 12,522,700   | 2,003,303,700        | 3,783,126        | 2,007,086,826         | 2,015,315,081                             | 0.553                                     |

Source: Municipal Tax Collector

<sup>a</sup> Tax rates are per \$100

\* The Borough underwent a revaluation effective calendar year 2013.

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

Overlapping Rates

| Calendar<br>Year | Total Direct<br>School Tax<br>Rate | Regional<br>School District | Municipality | Municipal<br>Library | County   | Total Direct and<br>Overlapping Tax<br>Rate |
|------------------|------------------------------------|-----------------------------|--------------|----------------------|----------|---|
| 2004             | \$ 0.654                           | \$ 0.453                    | \$ 1.120     |                      | \$ 0.315 | \$ 2.542                                    |
| 2005             | 0.775                              | 0.492                       | 1.175        |                      | 0.341    | 2.783                                       |
| 2006             | 0.903                              | 0.536                       | 1.288        |                      | 0.333    | 3.060                                       |
| 2007             | 0.903                              | 0.536                       | 1.279        |                      | 0.341    | 3.059                                       |
| 2008             | 0.994                              | 0.588                       | 1.476        |                      | 0.447    | 3.505                                       |
| 2009             | 1.041                              | 0.595                       | 1.688        |                      | 0.504    | 3.828                                       |
| 2010             | 1.090                              | 0.636                       | 1.727        |                      | 0.548    | 4.001                                       |
| 2011             | 1.135                              | 0.617                       | 1.685        | \$ 0.083             | 0.495    | 4.015                                       |
| 2012             | 1.169                              | 0.634                       | 1.767        | 0.078                | 0.497    | 4.145                                       |
| * 2013           | 0.553                              | 0.297                       | 0.880        | 0.033                | 0.219    | 1.982                                       |

Source: Municipal Tax Collector

\* The Borough underwent a revaluation effective calendar year 2013

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

| Taxpayer            | 2013                   |  | 2004                   |  |
|---------------------|------------------------|--|------------------------|--|
|                     | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Russo               | \$ 225,491,700         | 24.1%                                  |                        |  |
| AMB                 | 90,242,000             | 9.7%                                   |                        |  |
| Prologis            | 39,990,500             | 4.3%                                   |                        |  |
| Trans Con Pipe Line | 85,754,600             | 9.2%                                   |                        |  |
| Meadowland Pms.     | 38,837,200             | 4.2%                                   |                        |  |
| Plank Pat. Realty   | 18,520,900             | 2.0%                                   |                        |  |
| 455 16th St.        | 17,313,700             | 1.9%                                   |                        |  |
| Barell Assoc.       | 16,318,650             | 1.7%                                   |                        |  |
| A.G. Holdings       | 12,524,800             | 1.3%                                   |                        |  |
| Individual Taxpayer | 300,000                | 0.0%                                   |                        |  |
|                     | <u>\$ 545,294,050</u>  | <u>58.4%</u>                           |                        | <u>0.00%</u>                           |

NOT AVAILABLE

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

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes Levied<br>for the Fiscal<br>Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|--|---|-----------------------|---------------------------------------|
|                                     |  | Amount  | Percentage<br>of Levy |                                       |
| 2004                                | \$ 6,219,059                           | \$ 6,219,059                                    | 100.00%               |                                       |
| 2005                                | 6,811,889                              | 6,811,889                                       | 100.00%               |                                       |
| 2006                                | 8,176,340                              | 8,176,340                                       | 100.00%               |                                       |
| 2007                                | 8,882,985                              | 8,882,985                                       | 100.00%               |                                       |
| 2008                                | 9,052,968                              | 9,052,968                                       | 100.00%               |                                       |
| 2009                                | 9,649,076                              | 9,649,076                                       | 100.00%               |                                       |
| 2010                                | 10,036,147                             | 10,036,147                                      | 100.00%               |                                       |
| 2011                                | 10,423,999                             | 10,423,999                                      | 100.00%               |                                       |
| 2012                                | 10,601,303                             | 10,601,303                                      | 100.00%               |                                       |
| 2013                                | 10,759,913                             | 10,759,913                                      | 100.00%               |                                       |

Source: District Records

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

| Fiscal Year Ended June 30, | Governmental Activities  |                | Business-Type Activities |            | Total District | Population | Per Capita |
|----------------------------|--------------------------|----------------|--------------------------|------------|----------------|------------|------------|
|                            | General Obligation Bonds | Capital Leases | Capital Leases           | Activities |                |            |            |
| 2005                       | \$ 24,447,000            |                |                          |            | \$ 24,447,000  | 5,941      | \$ 4,115   |
| 2006                       | 24,447,000               |                |                          |            | 24,447,000     | 5,925      | 4,126      |
| 2007                       | 23,862,000               | \$ 66,542      |                          |            | 23,928,542     | 5,916      | 4,045      |
| 2008                       | 23,247,000               | 43,440         |                          |            | 23,290,440     | 5,965      | 3,905      |
| 2009                       | 22,607,000               | 88,752         |                          |            | 22,695,752     | 5,999      | 3,783      |
| 2010                       | 21,937,000               | 69,095         |                          |            | 22,006,095     | 6,059      | 3,632      |
| 2011                       | 21,237,000               | 48,437         |                          |            | 21,285,437     | 6,134      | 3,470      |
| 2012                       | 20,507,000               | 26,727         |                          |            | 20,533,727     | 6,168      | 3,329      |
| 2013                       | 19,742,000               | 3,913          |                          |            | 19,745,913     | 6,319      | 3,125      |

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions |   |  |                         |
| 2005                                | \$ 24,447,000                   |            | \$ 24,447,000                             | 2.32%  | \$ 4,115                |
| 2006                                | 24,447,000                      |            | 24,447,000                                | 2.49%  | 4,126                   |
| 2007                                | 23,862,000                      |            | 23,862,000                                | 2.45%  | 4,033                   |
| 2008                                | 23,247,000                      |            | 23,247,000                                | 2.39%  | 3,897                   |
| 2009                                | 22,607,000                      |            | 22,607,000                                | 2.34%  | 3,768                   |
| 2010                                | 21,937,000                      |            | 21,937,000                                | 2.29%  | 3,621                   |
| 2011                                | 21,237,000                      |            | 21,237,000                                | 2.27%  | 3,462                   |
| 2012                                | 20,507,000                      |            | 20,507,000                                | 2.23%  | 3,325                   |
| 2013                                | 19,742,000                      |            | 19,742,000                                | 0.98%  | 3,124                   |

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CARLSTADT BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2012  
(Unaudited)**

|   | <u>Gross Debt</u>    | <u>Deductions</u>    | <u>Net Debt</u>          |
|---|----------------------|----------------------|--------------------------|
| Municipal Debt: (1)                                     |                      |                      |                          |
| Carlstadt Board of Education                            | \$ 20,507,000        | \$ 20,507,000        |                          |
| Regional School District (Carlstadt & East Rutherford)  | 3,128,454            | 3,128,454            |                          |
| Borough of Carlstadt                                    | <u>14,039,588</u>    | <u>2,236,000</u>     | \$ 11,803,588            |
|   | <u>\$ 37,675,042</u> | <u>\$ 25,871,454</u> | <u>11,803,588</u>        |
| Overlapping Debt Apportioned to the Municipality:       |                      |                      |                          |
| Bergen County:  |                      |                      |                          |
| County of Bergen (A)                                    |                      |                      | 10,014,023               |
| Bergen County Utilities Authority - Water Pollution (B) |                      |                      | <u>2,757,145</u>         |
|   |                      |                      | <u>12,771,168</u>        |
| <br>Total Direct and Overlapping Debt                   |                      |                      | <br><u>\$ 24,574,756</u> |

## Source:

(1) Borough of Carlstadt's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt by dividing the municipality's 2012 equalized value by the total 2012 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 2013

| Equalized valuation basis |                        |
|---------------------------|------------------------|
| 2012                      | \$1,985,814,074        |
| 2011                      | 2,153,807,569          |
| 2010                      | 2,312,677,012          |
| [A]                       | <u>\$6,452,298,655</u> |

|   |       |                      |
|---|-------|----------------------|
| Average equalized valuation of taxable property | [A/3] | \$2,150,766,218      |
| Debt limit (3 % of average equalization value)  | [B]   | 64,522,987 a         |
| Total Net Debt Applicable to Limit              | [C]   | 19,742,181           |
| Legal debt margin                               | [B-C] | <u>\$ 44,780,806</u> |

Fiscal Year Ended June 30,

|   | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit  | \$ 44,995,107        | \$ 49,171,616        | \$ 53,292,153        | \$ 58,422,538        | \$ 64,019,299        | \$ 70,452,130        | \$ 76,552,647        | \$ 76,190,337        | \$ 71,851,095        | \$ 64,522,987        |
| Total net debt applicable to limit                                      | 28,629,810           | 24,447,181           | 24,447,181           | 23,862,181           | 23,247,181           | 22,607,181           | 21,937,181           | 21,237,181           | 20,507,181           | 19,742,181           |
| Legal debt margin   | <u>\$ 16,365,297</u> | <u>\$ 24,724,435</u> | <u>\$ 28,844,972</u> | <u>\$ 34,560,357</u> | <u>\$ 40,772,118</u> | <u>\$ 47,844,949</u> | <u>\$ 54,615,466</u> | <u>\$ 54,953,156</u> | <u>\$ 51,343,914</u> | <u>\$ 44,780,806</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 63.63%               | 49.72%               | 45.87%               | 40.84%               | 36.31%               | 32.09%               | 28.66%               | 27.87%               | 28.54%               | 30.60%               |

Source: Annual Debt Statements

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

| <u>Year</u> | <u>Population</u> | <u>County Per<br/>Capita Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|-------------|-------------------|--|------------------------------|
| 2004        | 5,932             | \$ 54,462  | 3.0%                         |
| 2005        | 5,941             | 56,706   | 3.1%                         |
| 2006        | 5,925             | 62,714   | 3.3%                         |
| 2007        | 5,916             | 67,394   | 3.0%                         |
| 2008        | 5,965             | 68,227   | 3.9%                         |
| 2009        | 5,999             | 63,198   | 7.0%                         |
| 2010        | 6,059             | 65,486   | 7.20%                        |
| 2011        | 6,134             | 66,096   | 7.10%                        |
| 2012        | 6,168             | N/A  | 7.20%                        |
| 2013        | 6,319             | N/A  | N/A                          |

N/A - Not Available

Source: New Jersey State Department of Education

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

| Employer           | 2013      |  | 2004          |  |
|--------------------|-----------|--|---------------|--|
|                    | Employees | Percentage of Total Municipal Employment | Employees     | Percentage of Total Municipal Employment |
| Allied Beverages   |           | N/A                                      | NOT AVAILABLE |  |
| Coca-Cola          |           | N/A                                      |               |  |
| Thumann's          |           | N/A                                      |               |  |
| Impact Clothing    |           | N/A                                      |               |  |
| Cadent-Ortho       |           | N/A                                      |               |  |
| Medi/media         |           | N/A                                      |               |  |
| Manhattan Products |           | N/A                                      |               |  |
| Sun Chemical       |           | N/A                                      |               |  |
| Nash Distributors  |           | N/A                                      |               |  |
| Water-Jel          |           | N/A                                      |               |  |

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

| Function/Program                       | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Instruction                            |           |           |           |           |           |           |           |           |           |           |
| Regular                                | 45        | 45        | 46        | 45        | 46        | 47        | 46        | 47        | 49        | 50        |
| Special Education                      |           |           |           |           |           |           |           |           |           |           |
| Other Special Education                | 5         | 5         | 4         | 14        | 5         | 5         | 6         | 6         | 11        | 8         |
| Vocational                             |           |           |           |           |           |           |           |           |           |           |
| Other Instruction                      |           |           |           |           |           |           |           |           |           | 3         |
| Nonpublic school programs              |           |           |           |           |           |           |           |           |           |           |
| Adult/continuing education programs    |           |           |           |           |           |           |           |           |           |           |
| Support Services:                      |           |           |           |           |           |           |           |           |           |           |
| Student & instruction related services | 6         | 6         | 6         | 8         | 2         | 6         | 6         | 6         | 8         | 9         |
| General administration                 | 2         | 2         | 2         | 2         | 3         | 3         | 3         | 3         | 2         | 2         |
| School administrative services         | 6         | 6         | 5         | 3         | 3         | 3         | 3         | 3         | 3         | 3         |
| Other administrative services          |           |           |           |           |           |           |           |           |           |           |
| Central services                       | 2         | 2         | 2         | 2         | 2         | 2         | 2         | 2         | 2         | 2         |
| Administrative Information Technology  |           |           |           |           |           |           |           |           | 1         |           |
| Plant operations and maintenance       | 5         | 5         | 5         | 5         | 5         | 5         | 5         | 5         | 7         | 8         |
| Pupil transportation                   |           |           |           |           |           |           |           |           |           |           |
| Other support services                 |           |           |           |           |           |           |           |           |           |           |
| Special Schools                        |           |           |           |           |           |           |           |           |           |           |
| Food Service                           |           |           |           |           |           |           |           |           |           |           |
| Child Care                             |           |           |           |           |           |           |           |           |           |           |
| <b>Total</b>                           | <b>71</b> | <b>71</b> | <b>70</b> | <b>79</b> | <b>66</b> | <b>71</b> | <b>71</b> | <b>72</b> | <b>83</b> | <b>85</b> |

Source: District Personnel Records

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

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff | Teacher/Pupil Ratio |       | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|---------------------|-------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                | Elementary          | Ratio |                                |                                |                                      |                               |
| 2004        | 519                     | \$ 7,742,135                        | \$ 14,917                   | 6.19%             | 50             | 1:10                | 519   | 492                            | 1.76%                          | 94.80%                               |                               |
| 2005        | 508                     | 8,081,873                           | 15,909                      | 6.65%             | 50             | 1:02                | 508   | 483                            | -2.12%                         | 95.08%                               |                               |
| 2006        | 525                     | 8,295,435                           | 15,801                      | -0.68%            | 49             | 1:11                | 525   | 499                            | 3.35%                          | 95.05%                               |                               |
| 2007        | 545                     | 8,615,159                           | 15,808                      | 0.04%             | 49             | 1:11                | 536   | 507                            | 2.10%                          | 94.59%                               |                               |
| 2008        | 548                     | 9,531,691                           | 17,394                      | 10.03%            | 50             | 1:11                | 567   | 540                            | 5.78%                          | 95.24%                               |                               |
| 2009        | 591                     | 9,666,201                           | 16,356                      | -5.97%            | 50             | 1:11                | 582   | 557                            | 2.65%                          | 95.70%                               |                               |
| 2010        | 588                     | 9,816,261                           | 16,694                      | 2.07%             | 50             | 1:12                | 575   | 548                            | -1.20%                         | 95.30%                               |                               |
| 2011        | 595                     | 9,384,876                           | 15,773                      | -5.52%            | 53             | 1:13                | 592   | 564                            | 2.96%                          | 95.27%                               |                               |
| 2012        | 584                     | 10,000,813                          | 17,125                      | 8.57%             | 48             | 1:12                | 580   | 555                            | -2.03%                         | 95.69%                               |                               |
| 2013        | 603                     | 10,165,805                          | 16,859                      | -1.55%            | 47             | 1:13                | 599   | 569                            | 3.28%                          | 94.99%                               |                               |

Sources: District records

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

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

| District Building              | 2004   | 2005   | 2006   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    |
|--------------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| <b>Lincoln School</b>          |        |        |        |         |         |         |         |         |         |         |
| Square Feet                    | 28,000 | 28,000 | 28,000 |         |         |         |         |         |         |         |
| Capacity (students)            | N/A    | N/A    | N/A    |         |         |         |         |         |         |         |
| Enrollment                     | 135    | 134    | 190    |         |         |         |         |         |         |         |
| <b>Lindbergh</b>               |        |        |        |         |         |         |         |         |         |         |
| Square Feet                    | 70,434 | 70,434 | 70,434 |         |         |         |         |         |         |         |
| Capacity (students)            | N/A    | N/A    | N/A    |         |         |         |         |         |         |         |
| Enrollment <sup>a</sup>        | 106    | 100    | -      |         |         |         |         |         |         |         |
| <b>Washington</b>              |        |        |        |         |         |         |         |         |         |         |
| Square Feet                    | 44,000 | 44,000 | 44,000 |         |         |         |         |         |         |         |
| Capacity (students)            | N/A    | N/A    | N/A    |         |         |         |         |         |         |         |
| Enrollment                     | 278    | 274    | 335    |         |         |         |         |         |         |         |
| <b>Carlstadt Public School</b> |        |        |        |         |         |         |         |         |         |         |
| Square Feet                    |        |        |        | 111,000 | 111,000 | 111,000 | 111,000 | 111,000 | 111,000 | 111,000 |
| Capacity (students)            |        |        |        |         |         |         |         |         |         |         |
| Enrollment                     |        |        |        | 531     | 567     | 582     | 580     | 595     | 584     | 603     |

Number of Schools at June 30, 2013  
 Elementary/Middle = 1

Source: District Records

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

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

| Project # (s)                  | <u>2004</u>          | <u>2005</u>          | <u>2006</u>          | <u>2007</u>          | <u>2008</u>         | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| School Facilities              |                      |                      |                      |                      |                     |                      |                      |                      |                      |                      |
| Lincoln Elementary School      | \$ 11,532            | \$ 11,684            | \$ 12,268            |                      |                     |                      |                      |                      |                      |                      |
| Lindbergh Elementary School    | 10,986               | 4,368                |                      |                      |                     |                      |                      |                      |                      |                      |
| Washington Middle School       | 27,029               | 12,749               | 12,442               |                      |                     |                      |                      |                      |                      |                      |
| Carlstadt School Public School | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>\$ 15,600</u>     | <u>\$ 9,726</u>     | <u>\$ 27,612</u>     | <u>\$ 29,770</u>     | <u>\$ 38,954</u>     | <u>\$ 42,399</u>     | <u>\$ 60,625</u>     |
| <br>Grand Total                | <br><u>\$ 49,547</u> | <br><u>\$ 28,801</u> | <br><u>\$ 24,710</u> | <br><u>\$ 15,600</u> | <br><u>\$ 9,726</u> | <br><u>\$ 27,612</u> | <br><u>\$ 29,770</u> | <br><u>\$ 38,954</u> | <br><u>\$ 42,399</u> | <br><u>\$ 60,625</u> |

Source: District Records

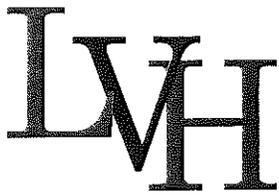
Source: School District's financial statements

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2013  
(Unaudited)**

|  | <u>Coverage</u>               | <u>Deductible</u>               |
|--|-------------------------------|---------------------------------|
| Property *   |                               |                                 |
| Blanket Buildings and Contents   | \$ 27,247,008                 | \$5,000                         |
| Commercial General Liability *   | \$ 1,000,000/<br>\$ 2,000,000 |                                 |
| Employers Liability  | \$ 1,000,000                  | \$1,000                         |
| Automobile *   | \$ 1,000,000                  | \$ 1,000 comp.<br>\$1,000 coll. |
| Commercial Umbrella  | \$ 1,000,000                  | Primary Policies                |
| Selective Way Insurance  | \$ 9,000,000                  | First Umbrella Layer            |
| Fireman's Fund Insurance Co.   | \$ 50,000,000                 | Shared Pool Excess Layer        |
| Boiler and Machinery*  | \$ 250,000<br>\$ 5,000        | Shared Pool Limit<br>Deductible |
| Education Legal Liability/Employment Practices Liability<br>Darwin Insurance Co. | \$ 1,000,000                  |                                 |
| Excess & Special Risk<br>(Terrorism)<br>American Alternative Insurance Co.       | \$ 1,000,000                  |                                 |
| Public Employee Dishonesty *   | \$ 400,000                    | \$100,000 per Employee          |
| * Selective Way Insurance Co.  |                               |                                 |

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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CINDY JANACEK, CPA, RMA  
EDWARD N. KERE, CPA  
LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2013 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 2, 2013.

**Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

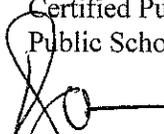
We noted certain matters that we reported to management of the Carlstadt Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 2, 2013.

### Purpose of this Report

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

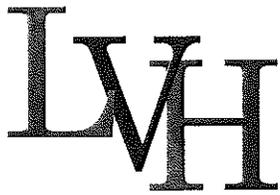
*Lerch, Vinci & Higgins, LLP*

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



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
October 2, 2013



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Carlstadt Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 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, 2013. The Carlstadt Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Carlstadt Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Carlstadt Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Carlstadt Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

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

Management of the Carlstadt Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carlstadt Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt Board of Education's internal control over compliance.

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

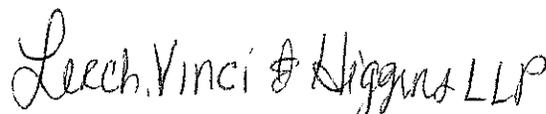
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. 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 04-04**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 2, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 is 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

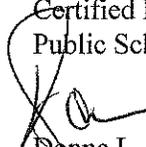
auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Donna L. Japhet

Public School Accountant

PSA Number CS002314

Fair Lawn, New Jersey  
October 2, 2013

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| Federal/Grantor/Pass-Through/Program Title          | Federal CFDA Number | Grant or State Project Number | Grant Period   | Award Amount | Unearned Revenue | (Accounts Receivable) | Due to Grantor | Carryover Amount | Adjust Receivable | Adjustment | Cash Received | Budgetary Expenditures | Unearned Revenue | (Accounts Receivable) | Due to Grantor | Memo GAAP Receivable |
|---|---------------------|-------------------------------|----------------|--------------|------------------|-----------------------|----------------|------------------|-------------------|------------|---------------|------------------------|------------------|-----------------------|----------------|----------------------|
|   |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| <b>General Fund</b>                                 |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| Education Jobs Fund                                 |                     |                               | 7/1/11-9/30/12 | \$ 15,164    |                  | \$ (2,022)            |                |                  |                   |            | \$ 2,022      |                        |                  |                       |                |                      |
| Total General Fund                                  |                     |                               |                |              |                  | (2,022)               |                |                  |                   |            | 2,022         |                        |                  |                       |                |                      |
| <b>U.S. Department of Agriculture</b>               |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| <b>Passed-through State Department of Education</b> |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| <b>Enterprise Fund</b>                              |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| National School Lunch Program                       | 10.555              |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| Non-Cash Assistance (Food Distribution)             |                     | N/A                           | 9/1/11-6/30/12 | 16,093       |                  |                       |                |                  |                   |            | \$ 16,093     | \$ 16,093              |                  |                       |                | \$ (6,386)           |
| Cash Assistance                                     |                     | N/A                           | 9/1/12-6/30/13 | 82,928       |                  |                       |                |                  |                   |            | 76,542        | 82,928                 |                  |                       |                | (4,945)              |
| Cash Assistance                                     |                     | N/A                           | 9/1/11-6/30/12 | 78,003       |                  | (4,945)               |                |                  |                   |            |               |                        |                  |                       |                |                      |
| Health Hunger-Free Kids Act of 2010                 | 10.555              |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| Cash Assistance                                     |                     | N/A                           | 9/1/12-6/30/13 | 3,406        |                  |                       |                |                  |                   |            | 3,406         | 3,722                  |                  |                       |                | (316)                |
| National School Breakfast Program                   | 10.553              |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| Cash Assistance                                     |                     | N/A                           | 9/1/12-6/30/13 | 9,454        |                  |                       |                |                  |                   |            | 8,653         | 9,454                  |                  |                       |                | (801)                |
| Cash Assistance                                     |                     | N/A                           | 9/1/11-6/30/12 | 6,821        |                  | (695)                 |                |                  |                   |            |               |                        |                  |                       |                | (695)                |
| Total U.S. Department of Agriculture                |                     |                               |                |              |                  | (5,640)               |                |                  |                   |            | 104,694       | 112,197                |                  |                       |                | (13,143)             |
| <b>U.S. Department of Education</b>                 |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| <b>Passed-through State Department of Education</b> |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| <b>Special Revenue Fund</b>                         |                     |                               |                |              |                  |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| NCLB Title I  | 84.010A             | NCLB074013                    | 9/1/12-8/31/13 | 69,622       |                  |                       |                | \$ 1,243         | \$ (1,243)        | \$ (643)   | 42,920        | 64,836                 | \$ 5,386         | (27,945)              |                | (22,559)             |
| NCLB Title I  | 84.010A             | NCLB074012                    | 9/1/11-8/31/12 | 70,025       | 600              | (27,005)              |                | (1,243)          | 1,243             | 643        | 25,762        |                        |                  |                       |                |                      |
| NCLB Title II- A                                    | 84.367A             | NCLB074013                    | 9/1/12-8/31/13 | 14,118       |                  |                       |                | 8,456            | (8,456)           |            | 19,210        | 21,973                 | 601              | (3,364)               |                | (2,763)              |
| NCLB Title II- A                                    | 84.367A             | NCLB074012                    | 9/1/11-8/31/12 | 16,653       | 8,456            | (8,456)               |                | (8,456)          | 8,456             |            |               |                        |                  |                       |                |                      |
| NCLB Title III                                      | 84.365A             | NCLB074013                    | 9/1/12-8/31/13 | 3,655        |                  |                       |                |                  |                   |            | 3,655         | 3,655                  |                  | (3,655)               |                | (3,655)              |
| NCLB Title III                                      | 84.365A             | NCLB074012                    | 9/1/11-8/31/12 | 4,292        | 22               |                       |                |                  |                   |            | 22            |                        |                  |                       |                |                      |
| NCLB Title III                                      | 84.365A             | NCLB074011                    | 9/1/10-8/31/11 | 3,294        | 5                |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| NCLB Title III                                      | 84.365A             | NCLB074010                    | 9/1/09-8/31/10 | 3,243        | 10               |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| NCLB Title IV                                       | 84.186A             | NCLB074010                    | 9/1/09-8/31/10 | 1,419        | 237              |                       |                |                  |                   |            |               |                        |                  |                       |                |                      |
| IDEA Part B   | 84.027              | IDEA074013                    | 9/1/12-8/31/13 | 137,704      |                  |                       |                |                  |                   |            | 137,704       | 137,704                |                  |                       |                |                      |
| IDEA Preschool                                      | 84.173              | IDEA074013                    | 9/1/12-8/31/13 | 6,589        |                  |                       |                |                  |                   |            | 6,589         | 6,589                  |                  |                       |                |                      |
| Total U.S. Department of Education                  |                     |                               |                |              | 9,330            | (35,461)              |                |                  |                   |            | 232,185       | 234,794                | 6,224            | (34,964)              |                | (28,977)             |
| Total Federal Awards                                |                     |                               |                |              | \$ 9,330         | \$ (43,123)           |                | \$ -             | \$ -              | \$ -       | \$ 338,901    | \$ 346,991             | \$ 6,224         | \$ (48,107)           | \$ -           | \$ (42,120)          |

Note: The District is not subject to a Federal Single Audit.

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

**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| State Grantor/Program Title  | Grant or State Project Number | Grant Period   | Award Amount | Balance, July 1, 2012 | Carryover Amount | Cash Received | Budgetary Expenditures | Refund of Prior Year's Balances | Unearned Revenue | MEMO                   |                |                 |
|--|-------------------------------|----------------|--------------|-----------------------|------------------|---------------|------------------------|---------------------------------|------------------|------------------------|----------------|-----------------|
|  |                               |                |              |                       |                  |               |                        |                                 |                  | Balance, June 30, 2013 | Due to Grantor | GAAP Receivable |
| <b>State Department of Education</b>   |                               |                |              |                       |                  |               |                        |                                 |                  |                        |                |                 |
| <b>General Funds</b>   |                               |                |              |                       |                  |               |                        |                                 |                  |                        |                |                 |
| Transportation Aid Security Aid  | 13-495-034-5120-014           | 7/1/12-6/30/13 | \$ 7,865     | \$ 7,865              |                  | \$ 7,712      | \$ 7,965               |                                 | \$ (253)         |                        |                | \$ 7,965        |
| Special Education Categorical Aid  | 13-495-034-5120-084           | 7/1/12-6/30/13 | 17,757       | 17,757                |                  | 17,193        | 17,757                 |                                 | (564)            |                        |                | 17,757          |
| Special Education Categorical Aid  | 13-495-034-5120-089           | 7/1/12-6/30/13 | 214,304      | 214,304               |                  | 207,494       | 214,304                |                                 | (6,810)          |                        |                | 214,304         |
| Extraordinary Aid  | 12-495-034-5120-089           | 7/1/11-6/30/12 | 178,028      | \$ (1,262)            |                  | 1,262         | 98,722                 |                                 | (98,722)         |                        |                | 98,722          |
| Extraordinary Aid  | 13-495-034-5120-044           | 7/1/12-6/30/13 | 98,722       |                       |                  |               | 98,722                 |                                 |                  |                        |                | 98,722          |
| Extraordinary Aid  | 12-495-034-5120-044           | 7/1/11-6/30/12 | 72,056       | (72,056)              |                  | 72,056        |                        |                                 |                  |                        |                |                 |
| On-Behalf TPAF Pension System Contributions NCGI                               | 13-495-034-5095-007           | 7/1/12-6/30/13 | 13,784       |                       |                  | 13,784        |                        |                                 |                  |                        |                | 13,784          |
| On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability | 13-495-034-5095-006           | 7/1/12-6/30/13 | 261,992      |                       |                  | 261,992       |                        |                                 |                  |                        |                | 261,992         |
| On-Behalf TPAF Pension System Contributions (Post Retirement Medical)          | 13-495-034-5095-001           | 7/1/12-6/30/13 | 311,834      |                       |                  | 311,834       |                        |                                 |                  |                        |                | 311,834         |
| Reimbursed TPAF Social Security Contributions                                  | 13-495-034-5095-002           | 7/1/12-6/30/13 | 329,814      |                       |                  | 313,634       | 329,814                |                                 | (16,180)         |                        | \$ (16,180)    | 329,814         |
| Reimbursed TPAF Social Security Contributions                                  | 12-495-034-5095-002           | 7/1/11-6/30/12 | 319,866      | (16,531)              |                  | 16,531        |                        |                                 |                  |                        |                |                 |
| <b>Total General Fund</b>  |                               |                |              | (89,849)              |                  | 1,223,492     | 1,256,172              |                                 | (122,529)        |                        | (16,180)       | 1,256,172       |
| <b>State Department of Agriculture</b>   |                               |                |              |                       |                  |               |                        |                                 |                  |                        |                |                 |
| <b>Enterprise Fund</b>   |                               |                |              |                       |                  |               |                        |                                 |                  |                        |                |                 |
| National School Lunch Program  | 13-100-010-3350-023           | 7/1/12-6/30/13 | 3,297        |                       |                  | 2,856         | 3,297                  |                                 | (441)            |                        | (441)          | 3,297           |
| National School Lunch Program  | 12-100-010-3350-023           | 7/1/11-6/30/12 | 3,115        | (194)                 |                  |               |                        |                                 | (194)            |                        | (194)          |                 |
| <b>Total Enterprise Fund</b>   |                               |                |              | (194)                 |                  | 2,856         | 3,297                  |                                 | (635)            |                        | (635)          | 3,297           |
| <b>Total State Financial Assistance</b>  |                               |                |              | (90,043)              |                  | 1,226,348     | 1,259,469              |                                 | (123,164)        |                        | (16,815)       | 1,259,469       |
| <b>State Financial Assistance Not Subject to Single Audit Determination</b>    |                               |                |              |                       |                  |               |                        |                                 |                  |                        |                |                 |
| <b>General Fund</b>  |                               |                |              |                       |                  |               |                        |                                 |                  |                        |                |                 |
| On-Behalf TPAF Pension System Contributions-NCGI                               | 13-495-034-5095-007           | 7/1/12-6/30/13 | 13,784       |                       |                  | (13,784)      | (13,784)               |                                 |                  |                        |                | (13,784)        |
| On-Behalf TPAF Normal and Accrued Liability                                    | 13-495-034-5095-006           | 7/1/12-6/30/13 | 261,992      |                       |                  | (261,992)     | (261,992)              |                                 |                  |                        |                | (261,992)       |
| On-Behalf TPAF Post-Retirement Medical Contributions                           | 13-495-034-5095-001           | 7/1/12-6/30/13 | 311,834      |                       |                  | (311,834)     | (311,834)              |                                 |                  |                        |                | (311,834)       |
| <b>Total State Financial Assistance Subject to Single Audit</b>                |                               |                |              | (90,043)              |                  | 638,738       | 671,859                |                                 | (123,164)        |                        | (16,815)       | 671,859         |

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, 2013**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic 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 \$33,031 for the general fund and a decrease of \$37 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

|                                | <u>Federal</u>        | <u>State</u>            | <u>Total</u>            |
|--------------------------------|-----------------------|-------------------------|-------------------------|
| General Fund                   |                       | \$ 1,223,141            | \$ 1,223,141            |
| Special Revenue Fund           | \$ 234,757            |                         | 234,757                 |
| Food Service Fund              | <u>112,197</u>        | <u>3,297</u>            | <u>115,494</u>          |
| <br>Total Financial Assistance | <br><u>\$ 346,954</u> | <br><u>\$ 1,226,438</u> | <br><u>\$ 1,573,392</u> |

**CARLSTADT BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$329,814 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$275,776 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$311,834 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits 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 basic 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, 2013**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

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

**Federal Awards Section**

Not Applicable



**CARLSTADT BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*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, 2013**

*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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There are none.

**CARLSTADT BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2012-1**

**Condition**

During our tests of transactions, it was noted that the District misclassified equipment purchased in the General Fund as Regular Instruction – General Supplies. In addition, the entire salary of the Supervisor of Special Services is being charged to Child Study Teams despite certain aspects of the job functions of this position are considered School Administration.

**Current Status**

Corrective action has been taken.