

# **Carlstadt-East Rutherford Regional High School District**

**Carlstadt-East Rutherford Regional High School  
District  
Board of Education  
East Rutherford, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual**

**Financial Report**

**of the**

**Carlstadt-East Rutherford Regional High School District  
Board of Education**

**East Rutherford, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Carlstadt-East Rutherford Regional High School District  
Board of Education Business Office**

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# **INTRODUCTORY SECTION**

# CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

120 PATERSON AVENUE  
EAST RUTHERFORD, N.J. 07073



H. P. BECTON REGIONAL HIGH SCHOOL  
PATERSON AVE. & CORNELIA ST.  
EAST RUTHERFORD, N.J. 07073

NICHOLAS ANNITTI  
BUSINESS ADMINISTRATOR/  
BOARD SECRETARY

TELEPHONE: (201) 935-4940-1  
FAX: (201) 935-5639

November 30, 2011

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

Dear Board Members:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Carlstadt-East Rutherford Regional High School District (District) for the fiscal year ended June 30, 2011. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Carlstadt-East Rutherford Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

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

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

- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

**School District Organization**

The District provides education to 521 students in grades nine through twelve. An elected nine-member Board of Education (the "Board") serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of District tax money.

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

**Reporting Entity**

The Carlstadt-East Rutherford Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Carlstadt-East Rutherford Regional High School District Board of Education and its school constitute the District's reporting entity.

**Economic Conditions and Outlook**

The District completed the 2010-2011 fiscal year with an average daily enrollment of 485.0 students, which is 8.6 students below the previous year's enrollment. The following details the changes in the student average daily enrollment of the District over the last five years.

**Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2010-11	485.0	-1.74 %
2009-10	493.6	0.08
2008-09	493.2	-5.70
2007-08	523.0	-0.53
2006-07	525.8	-2.01

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

The District's primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The proposed budget for fiscal year 2011-2012 was passed by a total of 622 votes out of 1,047 ballots cast. There is no increase in the tax levy for fiscal year 2011-2012 due in part to an increase in Categorical Special Education Aid of \$142,024. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

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

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

### **Educational Program**

The Mission Statement of the Carlstadt-East Rutherford Regional High School District is stated as follows:

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

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

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

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

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

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

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

### **Major Initiatives**

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

### **Financial Information**

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as committed or assigned fund balance at June 30, 2011.

**Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Basic Financial Statements", Notes 1 and 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McKinley, White & Co., L.L.P., 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 by the Single Audit Act Amendments of 1996, the Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA), USOMB Circular A-133, and New Jersey OMB's Circular 04-04. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**Acknowledgements**

We would like to express our appreciation to the members of the Carlstadt-East Rutherford Regional High School District 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.

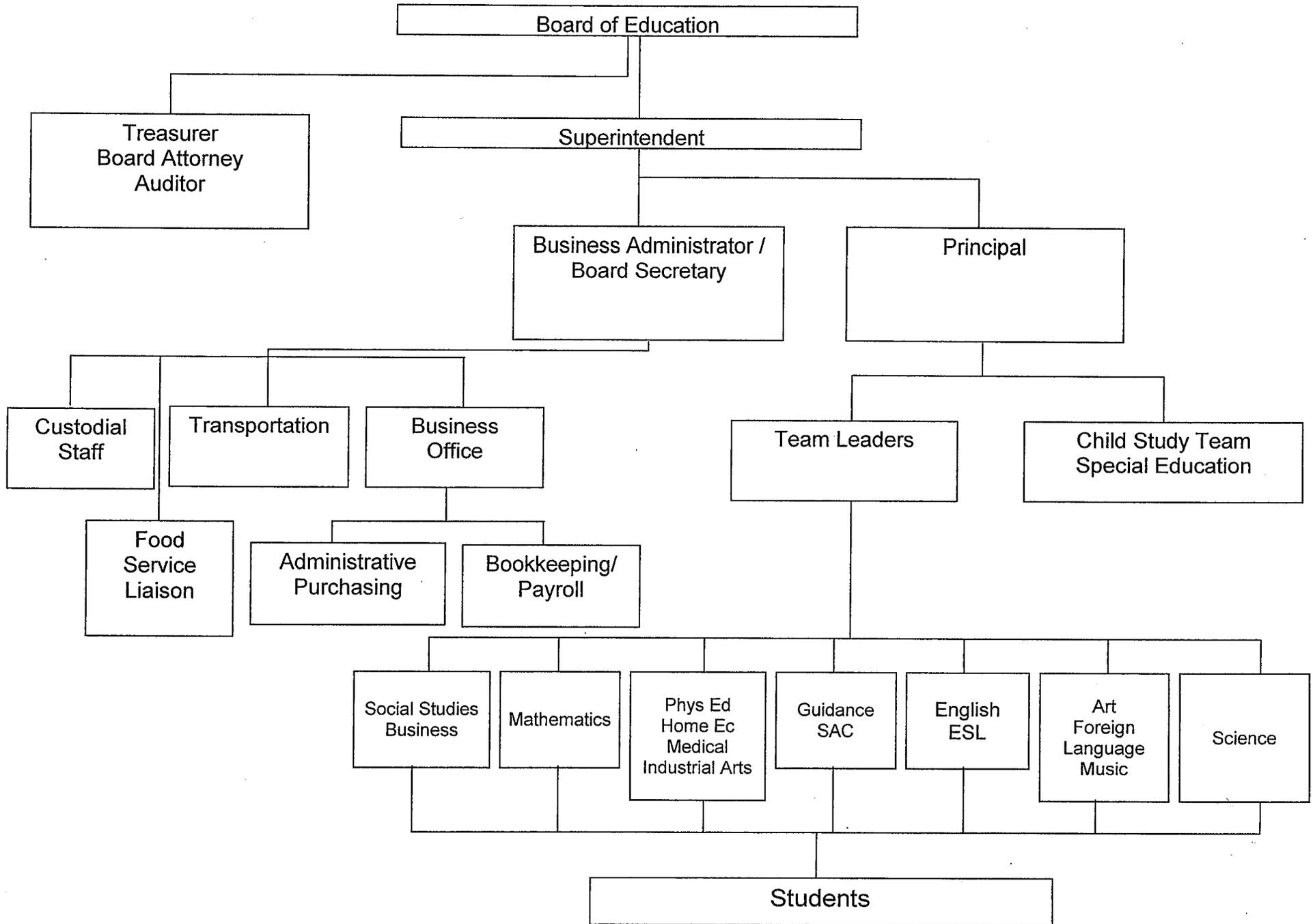
Respectfully submitted,



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Nicholas Annitti  
Board Secretary/Business Administrator

# Carlstadt—East Rutherford Regional School District Organization Chart



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CARLSTADT-EAST RUTHERFORD REGIONAL  
BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Raymond Muszynski, President (Carlstadt)	2012
Joseph Morris, Vice President (East Rutherford)	2012
Jerome Winston, (East Rutherford)	2012
Richard Evans, (East Rutherford)	2013
James J. Albro, (Carlstadt)	2013
Lawrence M. Bongiovanni, (East Rutherford)	2013
Jeffrey R. Allen, (Carlstadt)	2014
Tina M. Cavallo, (East Rutherford)	2014
Fred N. Meo, (Carlstadt)	2014

OTHER OFFICIALS

David Mango, Superintendent (July 1, 2011 to the present)  
Paul J. Saxton, Interim Superintendent (through June 30, 2011)  
Nicholas Annitti, Board Secretary/Business Administrator  
Dominick Giancaspro, Treasurer of School Moneys  
Paul Barbire, Esq., Legal Counsel

CARLSTADT-EAST RUTHERFORD REGIONAL  
BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

McKinley, White & Co., L.L.P.  
One Woodland Avenue  
Paramus, New Jersey 07652

Attorney

Mr. Paul Barbire, Esquire  
9 Lincoln Avenue  
Rutherford, New Jersey 07070

Official Depository

TD Bank  
571 New York Avenue  
Lyndhurst, New Jersey 07071

## **FINANCIAL SECTION**

**MCKINLEY, WHITE & CO., L.L.P.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Independent Auditors' Report**

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

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 Board of Education of the Carlstadt-East Rutherford Regional High School District (the District), in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education of the Carlstadt-East Rutherford Regional High School District's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Carlstadt-East Rutherford Regional High School District, in the County of Bergen, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of the Board of Education of the Carlstadt-East Rutherford Regional High School District'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* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis on pages 12 through 21, and Budgetary Comparison Information on pages 53 through 66, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Carlstadt-East Rutherford Regional High School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, financial schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The combining and individual fund financial statements, financial schedules and the schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McKinley White & Co. LLP*

McKINLEY, WHITE & CO., L.L.P.  
Certified Public Accountants

*Thomas W. McKinley*

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Thomas W. McKinley  
Licensed Public School Accountant  
License #20CS0044200

Paramus, New Jersey

November 30, 2011

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The discussion and analysis of the Carlstadt-East Rutherford Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis 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.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets increased \$485,049 which represents a 6.82 percent increase from 2010.
- General revenues accounted for \$11,652,897 of revenue or 88.38 percent of all revenues. Program specific revenues in the form of charges for services, capital grants, operating grants and contributions accounted for \$1,533,258 or 11.62 percent of total revenues of \$13,186,155.
- Total assets of governmental activities decreased by \$227,964 as cash decreased by \$148,111, receivables increased by \$10,327, and capital assets decreased by \$90,180.
- The School District had \$12,701,106 in expenses; only \$1,533,258 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11,652,897 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$12,439,592 in revenues and \$11,896,027 in expenditures. The General Fund balance increased by \$543,565.

**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 the reader can understand the Carlstadt-East Rutherford Regional High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole 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 tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at all the District's funds. In the case of the Carlstadt-East Rutherford Regional High School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. 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 Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental activities - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Business-type activities - these services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Services enterprise fund is reported as a business activity.

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

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, the Special Revenue Fund and Capital Projects Fund.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

**Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental funds 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds**

The District maintains an Enterprise Fund which is used to report the activity of the Food Service and an Internal Service Fund which reports the governmental activities of the Tri-District Coordinated Curriculum Program. The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**The School District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for fiscal years 2011 and 2010.

TABLE 1

	NET ASSETS						Amount Change	% Change
	Governmental Activities		Business-type Activities		Total			
	2011	2010	2011	2010	2011	2010		
<b>Assets:</b>								
Current and								
Other Assets	\$ 4,242,783	\$ 4,380,567	\$ 54,949	\$ 97,030	\$ 4,297,732	\$ 4,477,597	\$ (179,865)	-4.02%
Capital Assets	<u>3,828,625</u>	<u>3,918,805</u>	<u>58,969</u>	<u>67,995</u>	<u>3,887,594</u>	<u>3,986,800</u>	<u>(99,206)</u>	-2.49%
<b>Total Assets</b>	<u>8,071,408</u>	<u>8,299,372</u>	<u>113,918</u>	<u>165,025</u>	<u>8,185,326</u>	<u>8,464,397</u>	<u>(279,071)</u>	-3.30%
<b>Liabilities:</b>								
Long-term Liabilities	184,311	1,196,948			184,311	1,196,948	(1,012,637)	-84.60%
Other Liabilities	<u>402,431</u>	<u>84,473</u>	<u>4,758</u>	<u>74,199</u>	<u>407,189</u>	<u>158,672</u>	<u>248,517</u>	156.62%
<b>Total Liabilities</b>	<u>586,742</u>	<u>1,281,421</u>	<u>4,758</u>	<u>74,199</u>	<u>591,500</u>	<u>1,355,620</u>	<u>(764,120)</u>	-56.37%
<b>Net Assets:</b>								
Invested in Capital								
Assets, Net of Debt	3,776,538	3,838,924	58,969	67,995	3,835,507	3,906,919	(71,412)	-1.83%
Restricted	3,590,352	3,075,823			3,590,352	3,075,823	514,529	16.73%
Unrestricted (deficit)	<u>117,776</u>	<u>103,204</u>	<u>50,191</u>	<u>22,831</u>	<u>167,967</u>	<u>126,035</u>	<u>41,932</u>	33.27%
<b>Total Net Assets</b>	<u>\$ 7,484,666</u>	<u>\$ 7,017,951</u>	<u>\$ 109,160</u>	<u>\$ 90,826</u>	<u>\$ 7,593,826</u>	<u>\$ 7,108,777</u>	<u>\$ 485,049</u>	6.82%

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

The District's combined net assets were \$7,593,826. This was an increase of 6.82 percent from 2010.

Table 2 shows changes in net assets for fiscal year 2011 and 2010.

**Table 2  
Changes in Net Assets**

	<u>2011</u>	<u>2010</u>	<u>Amount Change</u>	<u>% Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 544,674	\$ 532,642	\$ 12,032	2.26%
Operating Grants and Contributions	973,084	991,907	(18,823)	-1.90%
Capital Grants	15,500		15,500	100.00%
General Revenues:				
Property Taxes	11,373,220	11,031,942	341,278	3.09%
Grants and Entitlements		597,162	(597,162)	-100.00%
Other	<u>279,677</u>	<u>204,478</u>	<u>75,199</u>	<u>36.78%</u>
<b>Total Revenues</b>	<u>13,186,155</u>	<u>13,358,131</u>	<u>(171,976)</u>	<u>-1.29%</u>
<b>Program Expenses:</b>				
Instruction	5,898,014	6,360,085	(462,071)	-7.27%
Support Services:				
Pupils and Instructional Staff	3,331,330	2,935,716	395,614	13.48%
General Administration, School Administration, Business Operations, and Maintenance of Facilities	2,355,147	2,285,527	69,620	3.05%
Pupil Transportation	450,174	541,867	(91,693)	-16.92%
Interest on Debt	3,346	4,691	(1,345)	-28.67%
Unallocated Depreciation	174,182	195,842	(21,660)	-11.06%
Food Service	<u>488,913</u>	<u>487,781</u>	<u>1,132</u>	<u>0.23%</u>
<b>Total Expenses</b>	<u>12,701,106</u>	<u>12,811,509</u>	<u>(110,403)</u>	<u>-0.86%</u>
<b>Increase in Net Assets</b>	<u>\$ 485,049</u>	<u>\$ 546,622</u>	<u>\$ (61,573)</u>	<u>-11.26%</u>

**Governmental Activities**

The District's total governmental activities revenues were \$12,678,908 for the year ended June 30, 2011. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for District operations. Property taxes made up 89.70 percent of revenues for governmental activities for the Carlstadt-East Rutherford Regional High School District for fiscal year 2011. Federal and state grants accounted for another 7.38 percent of governmental activities revenues.

The total cost of all governmental activities programs and services was \$12,212,193. Instruction comprises 48.30 percent of District expenses.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

**Business-type Activities**

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

- Food Service revenues exceeded expenses by \$18,053.
- Food Service charges for services were \$454,674, which represents amounts paid by patrons for daily food service.
- Food Service federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$52,292.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 5,898,014	\$ 5,236,439	\$ 6,360,085	\$ 5,766,239
Support Services:				
Pupils and instructional Staff	3,331,330	3,050,816	2,935,716	2,556,112
General Administration				
School Administration, Business Operations, and Maintenance of Facilities	2,355,147	2,286,444	2,285,527	2,224,491
Pupil Transportation	450,174	450,174	541,867	541,867
Capital Outlay		(15,500)		
Interest on Debt	3,346	3,346	4,691	4,691
Unallocated Depreciation	174,182	174,182	195,842	195,842
Total Expenses	<u>\$ 12,212,193</u>	<u>\$ 11,185,901</u>	<u>\$ 12,323,728</u>	<u>\$ 11,289,242</u>

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

Pupils and instructional staff 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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.

**The School District's Funds**

All governmental funds (i.e., general fund, capital projects fund, and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$12,678,908 and expenditures were \$12,140,233. The net change in fund balance for the year was most significant in the general fund, an increase of \$543,565.

The following table presents a summary of the revenues of the governmental funds for the general fund, and special revenue fund for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues. The capital projects fund has been excluded, as these revenues vary substantially from year to year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2009-10</u>	<u>Percent Of Increase (Decrease)</u>
Local Sources	\$ 11,737,506	92.73 %	\$ 418,114	3.69 %
State Sources	702,086	5.55	(544,217)	(43.67) %
Federal Sources	218,706	1.73	(76,597)	(25.94) %
<b>Total</b>	<b>\$ 12,658,298</b>	<b>100.00 %</b>	<b>\$ (202,700)</b>	<b>(1.58) %</b>

The increase in revenue from local sources of \$418,114 is primarily due to an increase in local tax levy and miscellaneous rental revenues. The increase in local revenue was needed to fund the additional expenditures associated with higher operating costs and the significant decreases in state aid.

Revenues from state sources decreased by \$544,217 primarily due to the elimination of Special Education Categorical Aid, Transportation Aid, Security Aid and Adjustment Aid.

Revenue from federal sources decreased \$76,597 primarily from funding provided by ARRA - I.D.E.A. Part B and ARRA - Title I Part A grants that were spent in full in the prior year.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

The following table presents a summary of the general fund and special revenue fund expenditures for the fiscal year ended June 30, 2011 and the amount of increases and decreases in relation to prior year expenditures. The capital projects fund has been excluded, as these expenditures vary substantially from year to year.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2009-10</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 4,291,704	35.43 %	\$ (527,253)	(10.94)
Undistributed Expenditures	7,540,238	62.24	449,173	6.33
Capital Outlay	64,085	0.53	57,919	939.33
Special Revenue	<u>218,706</u>	<u>1.80</u>	<u>(76,639)</u>	<u>(25.95)</u>
<b>Total</b>	<u><u>\$ 12,114,733</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ (96,800)</u></u>	<u><u>(0.79)</u></u>

Changes in expenditures were the results of varying factors. Current expense instruction primarily decreased due to breakage in salaries from staff retirements and the elimination of two school programs. Current expense undistributed expenditures primarily increased due to higher special education tuition and employee benefits costs.

The decrease in special revenue fund expenditures is primarily due to a decrease in ARRA grants from federal sources.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
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UNAUDITED (CONTINUED)**

- Regular Programs-Undistributed Instruction: General Supplies budgeted increased by \$176,003 for the purchase of additional classroom computers and related supplies and laptops for staff.
- Regular Programs-Undistributed Instruction: Health Benefits budgeted in the amount of \$1,518,109 were reclassified to Unallocated Benefits-Health Benefits.
- Undistributed Expenditures-Instruction: Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate accounts to pay these special education costs. A decrease of \$60,357 in budgeted tuition costs for county vocational school districts - special is the result of a reduction in student placements. Tuition expenditures for County Special Services schools increased over the prior year expenditures.
- Improvement of Instruction Services/Other Support Services-Instructional Staff: Salaries of Supervisors of Instruction budget was decreased by \$71,367 representing approximately two-thirds of the cost for the salary of a Director of Curriculum and Instruction position to be shared by the regional high school and elementary schools of the Borough of Carlstadt and Borough of East Rutherford Boards of Education. These costs were reclassified to the internal service fund.
- Educational Media Services/School Library: Purchased Professional and Technical Services - budget decreased by \$38,500 due to the elimination of certain shared technology services with another district.
- Support Services General Administration: Salaries – budget increased by \$51,425 to reflect an increase in days worked by Interim Superintendent.
- Support Services General Administration: Purchased Technical Services – decreased by \$38,437 due to the reclassification of copier lease costs to Other Purchased Services.
- Custodial Services: Salaries - budget increased by \$223,856 largely due to reclassification of salaries from Care and Upkeep of Grounds – Salaries.
- Custodial Services: Insurance - budget decreased in the amount of \$47,706 due to lower than anticipated insurance premiums.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

**Capital Assets**

At June 30, 2011, the District had \$3,887,594 invested in land, building, improvements, machinery and equipment and construction in progress. Table 4 shows fiscal year 2011 balances compared to 2010.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	<u>2011</u>	<u>2010</u>
Land	\$ 559,343	\$ 559,343
Construction in Progress	2,166,480	2,146,563
Building and Improvements	809,212	915,002
Machinery and Equipment	<u>352,559</u>	<u>365,892</u>
<b>Total</b>	<u><u>\$ 3,887,594</u></u>	<u><u>\$ 3,986,800</u></u>

Overall capital assets decreased \$99,206 from fiscal year 2010 to fiscal year 2011. The decrease in capital assets is primarily due to depreciation recorded in the current year.

**Debt Administration**

At June 30, 2011, the District had \$184,311 of outstanding debt for compensated absences.

At June 30, 2011, the School District's overall legal debt margin was \$134,851,867.

**For the Future**

The Carlstadt-East Rutherford Regional High School District is in good financial condition presently. However, future finances are not without challenges as the community continues to grow and State funding is decreased. Many factors such as decreased State aid, student population and salary and benefit costs, among others, were considered by the District's administration in the development of the 2011-2012 budget. Budgeted expenditures in the general fund current expense increased less than one percent to \$12,233,802 in fiscal year 2011-2012.

The Carlstadt-East Rutherford Regional High School District has recently received approval to proceed with the Aircraft Noise Abatement Program School Soundproofing Project with cumulative combined grants of approximately \$20.5 million dollars from the Federal Aviation Administration and Port Authority of New York and New Jersey.

In conclusion, the Carlstadt-East Rutherford Regional High School District has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
EAST RUTHERFORD, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED (CONTINUED)**

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Nicholas Annitti, Business Administrator/Board Secretary at Carlstadt-East Rutherford Regional Board of Education, Paterson Avenue & Cornelia Street, East Rutherford, New Jersey 07073.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 1,493,407	\$ 3,449	\$ 1,496,856
Receivables, net	1,022,973	46,199	1,069,172
Inventories		5,301	5,301
Restricted assets:			
Cash	204,827		204,827
Capital reserve account, cash	1,521,576		1,521,576
Capital assets, net	<u>3,834,208</u>	<u>58,969</u>	<u>3,893,177</u>
Total assets	<u>8,076,991</u>	<u>113,918</u>	<u>8,190,909</u>
<b>LIABILITIES</b>			
Accounts payable	402,016	4,758	406,774
Payable to other governments	415		415
Noncurrent liabilities:			
Due within one year	93,408		93,408
Due beyond one year	<u>90,903</u>		<u>90,903</u>
Total liabilities	<u>586,742</u>	<u>4,758</u>	<u>591,500</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,782,121	58,969	3,841,090
Restricted for:			
Capital reserve	1,521,576		1,521,576
Capital projects	967,925		967,925
Other purposes	1,100,851		1,100,851
Unrestricted	<u>117,776</u>	<u>50,191</u>	<u>167,967</u>
Total net assets	<u>\$ 7,490,249</u>	<u>\$ 109,160</u>	<u>\$ 7,599,409</u>

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

Function/Programs	Expenses	Indirect Expenses Allocation	Program Charge for Services
Government activities:			
Instruction:			
Regular	\$ 3,518,780	\$ 1,224,023	\$
Special education	356,168	134,782	
Other special instruction	185,831	70,872	
Other instruction	314,943	92,615	
Support services:			
Tuition	2,013,707		
Student and instruction related services	1,069,089	248,534	90,000
General administration services	390,918	92,788	
School administrative services	191,843	70,238	
Central services	263,475	99,216	
Administrative information technology services	89,500	3,014	
Plant operations and maintenance	944,602	209,553	
Pupil transportation	384,274	65,900	
Capital outlay			
Interest on long-term debt	3,346		
Unallocated depreciation	174,182		
Total governmental activities	<u>9,900,658</u>	<u>2,311,535</u>	<u>90,000</u>
Business-type activities			
Food services	<u>488,913</u>		<u>454,674</u>
Total business-type activities	<u>488,913</u>		<u>454,674</u>
Total primary government	<u>\$ 10,389,571</u>		<u>\$ 544,674</u>

Revenues		Net (Expense) Revenue and Changes in Net Assets		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 504,733	\$	\$ (4,238,070)	\$	\$ (4,238,070)
101,737		(389,213)		(389,213)
23,888		(232,815)		(232,815)
31,217		(376,341)		(376,341)
113,733		(1,899,974)		(1,899,974)
76,781		(1,150,842)		(1,150,842)
31,275		(452,431)		(452,431)
17,670		(244,411)		(244,411)
18,742		(343,949)		(343,949)
1,016		(91,498)		(91,498)
		(1,154,155)		(1,154,155)
		(450,174)		(450,174)
	15,500	15,500		15,500
		(3,346)		(3,346)
		(174,182)		(174,182)
<u>920,792</u>	<u>15,500</u>	<u>(11,185,901)</u>		<u>(11,185,901)</u>
<u>52,292</u>			<u>18,053</u>	<u>18,053</u>
<u>52,292</u>			<u>18,053</u>	<u>18,053</u>
<u>\$ 973,084</u>	<u>\$ 15,500</u>	<u>\$ (11,185,901)</u>	<u>\$ 18,053</u>	<u>\$ (11,167,848)</u>
General revenues:				
Property taxes levied for:				
General purposes		\$ 11,373,220	\$	\$ 11,373,220
Interest - capital reserve funds		9,436		9,436
Investment earnings		19,540	281	19,821
Miscellaneous income		250,420		250,420
Total general revenues		<u>11,652,616</u>	<u>281</u>	<u>11,652,897</u>
Change in net assets		466,715	18,334	485,049
Net assets - beginning		<u>7,017,951</u>	<u>90,826</u>	<u>7,108,777</u>
Net assets - ending		<u>\$ 7,484,666</u>	<u>\$ 109,160</u>	<u>\$ 7,593,826</u>

The accompanying notes to basic financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 1,493,407	\$	\$ 204,827	\$ 1,698,234
Cash - capital reserve	1,521,576			1,521,576
Accounts receivable:				
State			768,611	768,611
Federal		24,540	2,268	26,808
Interfund	47,311			47,311
Other	212,149	5,496	8,500	226,145
<b>Total assets</b>	<b>\$ 3,274,443</b>	<b>\$ 30,036</b>	<b>\$ 984,206</b>	<b>\$ 4,288,685</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 402,016	\$	\$	\$ 402,016
Other			415	415
Interfund payables		29,621	16,281	45,902
<b>Total liabilities</b>	<b>402,016</b>	<b>30,036</b>	<b>16,281</b>	<b>448,333</b>
 <b>Fund balances:</b>				
Restricted fund balance:				
Reserved for excess surplus	500,000			500,000
Reserved excess surplus - designated for subsequent year's expenditures	278,715			278,715
Capital reserve account	1,521,576			1,521,576
Capital projects fund			967,925	967,925
Assigned fund balance:				
Year-end encumbrances	100,851			100,851
Designated for subsequent year's expenditures	221,285			221,285
Unassigned fund balance:				
General fund	250,000			250,000
<b>Total fund balances</b>	<b>2,872,427</b>		<b>967,925</b>	<b>3,840,352</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,274,443</b>	<b>\$ 30,036</b>	<b>\$ 984,206</b>	

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The costs of the assets are \$9,124,171 and the accumulated depreciation is \$5,295,546.	3,834,208
Long-term liabilities, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. (See Note 7)	<u>(184,311)</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>7,490,249</u></b>

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
Local sources:				
Local tax levy	\$ 11,373,220	\$	\$	\$ 11,373,220
Interest - capital reserve funds	9,436			9,436
Interest earned on investments	14,430		5,110	19,540
Miscellaneous income	340,420			340,420
<b>Total revenues - local sources</b>	<b>11,737,506</b>		<b>5,110</b>	<b>11,742,616</b>
State sources	702,086			702,086
Federal sources		218,706	15,500	234,206
<b>Total revenues</b>	<b>12,439,592</b>	<b>218,706</b>	<b>20,610</b>	<b>12,678,908</b>
<b>EXPENDITURES:</b>				
Current expense:				
Regular instruction	3,434,762	84,018		3,518,780
Special education instruction	356,168			356,168
Other special instruction	185,831			185,831
Other instruction	314,943			314,943
Support services and undistributed costs:				
Tuition	1,899,974	113,733		2,013,707
Student and instruction related services	1,060,430	8,659		1,069,089
General administration services	422,058			422,058
School administration services	191,843			191,843
Central services	263,475			263,475
Administrative information technology services	89,500			89,500
Plant operations and maintenance	944,602			944,602
Pupil transportation	384,274			384,274
Employee benefits	2,284,082	12,296		2,296,378
Capital outlay	64,085		25,500	89,585
<b>Total expenditures</b>	<b>11,896,027</b>	<b>218,706</b>	<b>25,500</b>	<b>12,140,233</b>
Excess (deficiency) of revenues over (under) expenditures	543,565		(4,890)	538,675
Net change in fund balances	543,565		(4,890)	538,675
Fund balances - July 1	2,328,862		972,815	3,301,677
Fund balances - June 30	\$ 2,872,427	\$	\$ 967,925	\$ 3,840,352

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2)	\$	538,675
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	\$	(174,182)
Capital outlays		<u>89,585</u>
		(84,597)
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		27,794
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the amount earned, the difference is an addition to the reconciliation.</p>		
		<u>(15,157)</u>
Change in net assets of governmental activities	\$	<u><u>466,715</u></u>

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Food Service</u>	<u>Tri-District Coordinated Curriculum Services</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 3,449	\$
Accounts receivable:		
State	41	
Federal	1,620	
Other	44,538	
Inventories	<u>5,301</u>	
Total current assets	<u>54,949</u>	
Noncurrent assets:		
Equipment	161,458	
Less: accumulated depreciation	<u>102,489</u>	
Total noncurrent assets	<u>58,969</u>	
Total assets	<u>113,918</u>	
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	4,339	
Intergovernmental:		
Interfund	<u>419</u>	
Total current liabilities	<u>4,758</u>	
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	58,969	
Unrestricted	<u>50,191</u>	
Total net assets	<u>\$ 109,160</u>	<u>\$</u>

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2011

	Business-type Activities <u>Enterprise Fund</u>	Governmental Activities - Internal Service Fund <u>Tri-District Coordinated Curriculum Services</u>
	Food Service	
<b>OPERATING REVENUES:</b>		
Charges for services:		
Daily sales - reimbursable programs	\$ 115,763	\$
Daily sales - non-reimbursable programs	328,713	
Special functions	10,198	
Miscellaneous revenue - fees		90,000
	<u>454,674</u>	<u>90,000</u>
Total operating revenue		
<b>OPERATING EXPENSES:</b>		
Salaries	122,792	74,793
Payroll taxes	18,103	1,560
Employee benefits	23,012	12,700
Management and administrative fees	45,039	
Insurance	1,645	
Telephone	98	
Supplies	436	
Van and vehicle service	7,442	
Repairs	4,822	
Outside services	2,449	947
Miscellaneous	604	
Uniforms	505	
Depreciation	9,026	
Cost of sales - food and general supplies	252,940	
	<u>488,913</u>	<u>90,000</u>
Total operating expenses		
Operating loss	<u>(34,239)</u>	
Nonoperating revenues:		
State sources:		
State School Lunch Program	1,161	
Federal sources:		
School Breakfast Program	5,009	
National School Lunch Program	37,871	
Food Distribution Program	8,251	
Other sources:		
Interest revenue	281	
	<u>52,573</u>	
Total nonoperating revenues		
Change in net assets	18,334	
Total net assets - July 1	<u>90,826</u>	
Total net assets - June 30	<u>\$ 109,160</u>	<u>\$</u>

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2011

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u> <u>Tri-District Coordinated Curriculum Services</u>
	<u>Food Service</u>	
Cash flows from operating activities:		
Receipts from customers	\$ 452,927	\$ 90,000
Payments to employees	(122,792)	(74,793)
Payment for payroll taxes and employee benefits	(41,115)	(14,260)
Payments to suppliers	<u>(378,400)</u>	<u>(947)</u>
Net cash used by operating activities	<u>(89,380)</u>	<u>          </u>
Cash flows from noncapital financing activities:		
State sources	1,181	
Federal sources	<u>42,517</u>	
Net cash provided by noncapital financing activities	<u>43,698</u>	
Cash flows from investing activities:		
Interest on investments	<u>281</u>	
Net cash provided by investing activities	<u>281</u>	
Net decrease in cash	(45,401)	
Cash - July 1	<u>48,850</u>	
Cash - June 30	<u>\$ 3,449</u>	<u>\$          </u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (34,239)	\$
Adjustments not affecting cash:		
Depreciation	9,026	
Donated commodities received during the year	8,251	
Change in assets and liabilities:		
Increase in accounts receivable, net	(1,747)	
Increase in inventories	(1,230)	
Decrease in accounts payable	<u>(69,441)</u>	
Total adjustments	<u>(55,141)</u>	
Net cash used by operating activities	<u>\$ (89,380)</u>	<u>\$          </u>

The accompanying notes to basic financial statements are an integral part of this statement.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	Private Purpose Scholarship Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash	\$ <u>109,268</u>	\$ <u>42,606</u>
Total assets	<u>109,268</u>	<u>\$ 42,606</u>
<b>LIABILITIES</b>		
Intergovernmental:		
Interfund payable		\$ 990
Payroll deductions and withholdings		7,031
Due to student groups	<u>                    </u>	<u>34,585</u>
Total liabilities	<u>                    </u>	<u>\$ 42,606</u>
<b>NET ASSETS</b>		
Reserved for scholarships	<u>\$ 109,268</u>	

The accompanying notes to basic financial statements are an integral part of this statement.

Exhibit B-8

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2011

	Private Purpose Scholarship Funds
ADDITIONS:	
Contributions:	
Other	\$ <u>5,525</u>
Total contributions	<u>5,525</u>
Investment earnings:	
Interest	<u>890</u>
Net investment earnings	<u>890</u>
Total additions	<u>6,415</u>
 DEDUCTIONS:	
Scholarship/award payments	<u>11,475</u>
Total deductions	<u>11,475</u>
Change in net assets	(5,060)
Net assets - July 1	<u>114,328</u>
Net assets - June 30	\$ <u><u>109,268</u></u>

The accompanying notes to basic financial statements are an integral part of this statement.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education of the Carlstadt-East Rutherford Regional High School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity:**

This District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of nine members elected to three-year terms 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. The purpose of the District is to educate students in grades 9 - 12.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**B. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*District-wide Statements:* The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

*Fund Financial Statements:* During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund - The general fund is the general operating fund of the District. It is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings and the purchase of built-in equipment. These resources cannot be transferred from and to current expense without board resolution and NJDOE approval.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from State and Federal Governments, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are primarily derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election and from voter approved resources and state aid through economic development grants or from federal aid.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs. The District did not have a debt service fund for the year ended June 30, 2011.

The District reports the following proprietary funds:

Enterprise Fund: The enterprise fund accounts for all revenues and expenses pertaining to the District's food services (cafeteria) operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

Governmental Activities – Internal Service Fund: The internal service fund includes the revenues and expenses for the Tri-District Coordinated Curriculum Services Program. The District shares the costs of the program with the Borough of Carlstadt and Borough of East Rutherford Boards of Education. The program's revenues are equal to the expenses incurred in the program.

The District reports the following fiduciary funds:

Agency Funds: The agency funds are used to account for assets held by the District in a trustee capacity or as an agent for outside parties including other governments, on behalf of other funds within the District. Agency funds include payroll, payroll agency and student activity funds.

Private Purpose Scholarship Funds: The District maintains funds from donations to provide scholarship awards.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting:

Measurement focus and basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund. The legal level of budgetary control is established at line item accounts 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. 6A:23-2-2(f) 1.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued):

All budget amendments/transfers must be approved by School Board resolution and may be made at any time during the fiscal year, as long as the "transfer from" does not exceed 10% of the original line item budget, is not going to an administrative account, and is not going to or from capital outlay construction of facilities. If a transfer is anticipated to exceed 10%, the District must obtain NJDOE approval prior to making the transfer. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining capital project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 the one or more June state aid payments and extraordinary special education costs aid for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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.

E. Encumbrance Accounting:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance as appropriate.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Net Assets or Equity:

Cash:

Cash includes cash in banks.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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 Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) 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 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

Receivables and Allowance for Uncollectible Accounts:

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Inventories:

Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in first-out (FIFO) method.

Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Capital Assets:

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets, including assets acquired under capital leases, are reported at cost or estimated historical cost through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Assets, Liabilities and Net Assets or Equity (Continued):**

**Capital Assets (Continued):**

All reported capital assets, except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School buildings and improvements	7-50
Site improvements	5-20
Furniture, fixtures and equipment	5-20
Buses	8-20

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave as directed by GASB Statement No. 16 *Accounting for Compensated Absences*. A liability for compensated absences that is attributable to services already rendered, and that is not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Net Assets or Equity (Continued):

Compensated Absences (Continued):

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. For the District-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Classifications:

Beginning with fiscal year 2011, the District implemented GASB Statement 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.

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 N.J.S.A. 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011-2012 original budget certified for taxes.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Net Assets or Equity (Continued):

Fund Balance Classifications (Continued):

*Reserved for Excess Surplus* - This restriction was created in accordance with N.J.S.A. 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012-2013 original budget certified for taxes.

*Capital Reserve* - This restriction was created by the District in accordance with N.J.A.C.6A:23A-14.1 to fund future capital expenditures (See Note 13.)

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

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

*Year-end Encumbrances* - Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

*Designated for Subsequent Year's Expenditures* - This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011-2012 District budget certified for taxes.

*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 assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

Revenues - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Net Assets or Equity (Continued):

Revenues - Exchange and Nonexchange Transactions (Continued):

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, tuition and miscellaneous revenues.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Tuition:

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. The District did not have tuition revenues for the year ended June 30, 2011.

Tuition Expenditures - Tuition charges for the fiscal year 2010-2011 were based on rates established by the receiving district or private school for the disabled. These rates are subject to change when the actual costs have been certified by the state.

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and fees for the Tri-District Coordinated Curriculum Services. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the proprietary funds.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, pension, workers compensation, compensated absences, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

H. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

I. Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH

As of the June 30, 2011, cash of the district consisted of \$3,223,259 in checking and money market accounts.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy for custodial credit risk. As of June 30, 2011, the District's bank balance of \$3,251,705 was not exposed to custodial credit risk, as the District's deposits are primarily in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. See Note 1.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2011, consisted of accounts, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Amount
Governmental activities	
General fund:	
Interfund	\$ 1,409
Other	212,149
Capital projects fund:	
Federal	2,268
State	768,611
Other	8,500
Special revenue fund:	
Federal	24,540
Other	5,496
	1,022,973
Business-type activities	
Food services - Federal, state and other	46,199
Total receivables	\$ 1,069,172

**NOTE 4. INTERFUND BALANCES AND INTERFUND TRANSFERS**

The following interfund balances remained on the fund financial statements at June 30, 2011:

	Interfund Receivable	Interfund Payable
General fund	\$ 47,311	\$
Special revenue fund		29,621
Fiduciary funds		990
Enterprise fund		419
Capital projects fund		16,281
	\$ 47,311	\$ 47,311

The receivable/payable between the general fund and the fiduciary and enterprise funds resulted from the time lag between the dates that payments are made between funds.

There were no interfund transfers for the year-ended June 30, 2011.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 5. INVENTORIES**

Inventories in the Food Service Fund at June 30, 2011, consisted of the following:

Food	\$	3,625
Supplies		1,676
		5,301
	\$	5,301

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 559,343	\$	\$	\$ 559,343
Construction in progress	2,146,563	25,500		2,172,063
Total capital assets not being depreciated	2,705,906	25,500		2,731,406
Capital assets being depreciated:				
Site improvements	96,293			96,293
Building and building improvements	4,645,903			4,645,903
Machinery and equipment	1,612,717	64,085	(20,650)	1,656,152
Totals at historical cost	6,354,913	64,085	(20,650)	6,398,348
Less accumulated depreciation for:				
Site improvements	(96,293)			(96,293)
Building and building improvements	(3,730,901)	(105,790)		(3,836,691)
Machinery and equipment	(1,314,820)	(68,392)	20,650	(1,362,562)
Total accumulated depreciation	(5,142,014)	(174,182)	20,650	(5,295,546)
Total capital assets being depreciated, net of accumulated depreciation	1,212,899	(110,097)		1,102,802
Government activity capital assets, net	\$ 3,918,805	\$ (84,597)	\$	\$ 3,834,208
Business-type activities:				
Equipment	\$ 161,458	\$	\$	\$ 161,458
Less accumulated depreciation	(93,463)	(9,026)		(102,489)
Business-type activities capital assets, net	\$ 67,995	\$ (9,026)	\$	\$ 58,969

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Governmental activities:	
Unallocated	\$ 174,182
Business-type activities:	
Food services	<u>9,026</u>
Total	<u><u>\$ 183,208</u></u>

**NOTE 7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Amounts due within one year</u>
Note payable - grant anticipation	\$ 1,000,000	\$	\$ 1,000,000	\$	\$
Compensated absences payable	117,067	69,399	54,242	132,224	64,199
Obligations under lease agreements	<u>79,881</u>		<u>27,794</u>	<u>52,087</u>	<u>29,209</u>
	<u><u>\$ 1,196,948</u></u>	<u><u>\$ 69,399</u></u>	<u><u>\$ 1,082,036</u></u>	<u><u>\$ 184,311</u></u>	<u><u>\$ 93,408</u></u>

Compensated absences and capital leases have been liquidated in the general fund.

**A. General Obligation Bonds:**

The District had no outstanding general obligation bonds at June 30, 2011

**B. Bonds Authorized But Not Issued:**

The District had no authorized but not issued bonds at June 30, 2011.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)**

**C. Capital Leases Payable:**

The District is leasing copiers totaling approximately \$137,600, under a capital lease. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2011.

<u>Year Ending June 30,</u>	
2012	\$ 31,140
2013	<u>23,355</u>
Total minimum lease payments	54,495
Less: Amounts representing interest	<u>2,408</u>
Present value of net minimum lease payments	<u>\$ 52,087</u>

**D. Note Payable - Grant Anticipation**

The District borrowed \$1,000,000 in August 2006 and renewed the note during December 2009, to finance costs for the Port Authority of New York and New Jersey Aircraft Noise Abatement Grant. The note matured on December 10, 2010, with an interest rate of 1.00%.

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS**

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:

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

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

The Public Employees' Retirement System was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey of any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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

**Defined Contribution Retirement Program (DCRP):**

The DCRP was 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.

**Description of Plans:**

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 obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

**Vesting and Benefit Provisions:**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. (See Significant Legislation).

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Significant Legislation:**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. It also repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Contribution Requirements:**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Non-Contributory Group Life Insurance (NCGI)</u>	<u>Total Pension and NCGI</u>
2011	\$ 64,817	\$ 4,923	\$ 69,740
2010	46,424	6,438	52,862
2009	38,625	4,904	43,529

During the fiscal year ended June 30, 2011, the District contributed \$64,817 to the PERS for pension costs and \$4,923 for non-contributory group insurance premiums.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 8. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

Three-Year Trend Information for TPAF  
(Paid on Behalf of the District)

Year Funding	Annual Pension Cost (APC)	Non-Contributory Group Life Insurance (NCGI)	Post- Retirement Medical Contributions	Total Pension and NCGI
2011	\$ -0-	\$ 14,602	\$ 310,138	\$ 324,740
2010	-0-	14,192	266,542	280,734
2009	-0-	14,375	274,242	288,617

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$324,740 to the TPAF on behalf of the District, \$310,138 for post-retirement medical benefits and \$14,602 for non-contributory group insurance premiums. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$321,038 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund based statements as a revenue and expenditure in accordance with GASB 24.

The member contributions in the DCRP, which is a defined contribution plan, are matched by a 3% employer contribution. There were no employer contributions paid to the DCRP for the fiscal year ended June 30, 2011.

**NOTE 9. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 10. COMPENSATED ABSENCES.**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions. See Note 1(F) for additional information.

**NOTE 11. OPERATING LEASE**

The District entered into a lease agreement on July 20, 2004 with the Borough of East Rutherford for the rental of certain real property known as Riggin Field to be utilized for its Athletic Program. Total payments required under the lease are \$750,000 which are to be paid in annual installments of \$75,000 for the initial ten years. At the end of ten years, the rent will be renegotiated with an increase or decrease in the \$75,000 annual rental for the balance of the lease term. The lease expires in July 2029.

**NOTE 12. DEFERRED COMPENSATION**

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Legend Group

AXA Equitable

Lincoln Investments

**NOTE 13. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education on October 11, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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 (June 1 to June 30) 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 13. CAPITAL RESERVE ACCOUNT (CONTINUED)**

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 1,175,202
Interest earnings	9,436
Deposit - approved by Board resolution June 22, 2011	<u>336,938</u>
Ending balance, June 30, 2011	<u><u>\$ 1,521,576</u></u>

The June 30, 2011 LRFPP balance of local support costs of uncompleted capital projects is approximately \$28,165,000.

**NOTE 14. FUND BALANCE APPROPRIATED**

General Fund - Of the \$2,872,427 general fund balance in the fund financial statements at June 30, 2011, \$100,851 is assigned for encumbrances; \$778,715 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$278,715 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$1,521,576 has been reserved in the capital reserve account; \$221,285 has been assigned and designated and included as anticipated revenue for the year ending June 30, 2012; and \$250,000 is unreserved and undesignated. During the fiscal year ended June 30, 2011, authorized and approved appropriations of \$32,162 from surplus were made on March 2, 2011, from 2010 additional state aid for extraordinary special education costs aid.

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

The designation for Restricted Fund Balance – Reserve for Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance 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, 2011 is \$500,000. There was \$278,715 in excess fund balance at June 30, 2010.

**NOTE 16. CONTINGENCIES AND OTHER MATTERS**

The District is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material effect on the financial position of the District or will be covered under the District's insurance policies.

The District is a participant, together with other school districts, in a joint insurance workers' compensation trust. In the event that claims against the trust exceed annual revenues, the District would be obligated to contribute its ratable share of the losses to pay the liabilities.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 16. CONTINGENCIES AND OTHER MATTERS (CONTINUED)

The District participates in federal awards and state financial assistance grant programs. Expenditures financed by such assistance are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited, but the District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the District. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

NOTE 17. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property, Liability and Workers' Compensation Insurance:

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. The District also participates, together with other school districts, in a joint insurance workers compensation trust (Note 16). A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 11,373,220	\$	\$ 11,373,220	\$ 11,373,220	\$
Interest - capital reserve funds	1,000		1,000	9,436	8,436
Interest on investments				14,430	14,430
Miscellaneous income	<u>200,000</u>		<u>200,000</u>	<u>340,420</u>	<u>140,420</u>
Total - local sources	<u>11,574,220</u>		<u>11,574,220</u>	<u>11,737,506</u>	<u>163,286</u>
State sources:					
Extraordinary special education costs aid				27,623	27,623
On-behalf TPAF pension - non-contributory insurance (non-budgeted)				14,602	14,602
On-behalf TPAF pension - post-retirement medical contributions (non-budgeted)				310,138	310,138
Reimbursed TPAF social security contributions (non-budgeted)				<u>321,038</u>	<u>321,038</u>
Total - state sources				<u>673,401</u>	<u>673,401</u>
Total revenues	<u>11,574,220</u>		<u>11,574,220</u>	<u>12,410,907</u>	<u>836,687</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Grades 9-12	\$ 3,093,036	\$ 16,065	\$ 3,109,101	\$ 3,109,101	\$
Home instruction - regular programs:					
Salaries of teachers	25,000		25,000	15,965	9,035
Purchased professional - educational services	15,000		15,000	4,287	10,713
Regular programs - undistributed instruction:					
Health benefits	1,518,109	(1,518,109)			
Other purchased services		7,609	7,609	7,609	
General supplies	172,650	176,003	348,653	263,328	85,325
Textbooks	41,800	(6,138)	35,662	30,262	5,400
Other objects	7,750		7,750	4,210	3,540
Total regular programs - instruction	<u>4,873,345</u>	<u>(1,324,570)</u>	<u>3,548,775</u>	<u>3,434,762</u>	<u>114,013</u>
Special education - instruction:					
Resource room/resource center:					
Salaries of teachers	343,654		343,654	325,554	18,100
Other salaries for instruction		24,000	24,000	22,050	1,950
General supplies	14,000		14,000	2,432	11,568
Textbooks	9,500		9,500	6,132	3,368
Other objects	500		500		500
Total resource room/resource center	<u>367,654</u>	<u>24,000</u>	<u>391,654</u>	<u>356,168</u>	<u>35,486</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 80,247	\$ 1,403	\$ 81,650	\$ 81,095	\$ 555
General supplies	6,000	(1,403)	4,597	138	4,459
Other objects	600		600		600
	<u>86,847</u>		<u>86,847</u>	<u>81,233</u>	<u>5,614</u>
Total basic skills/remedial - instruction					
Bilingual education - instruction:					
Salaries of teachers	111,964		111,964	101,684	10,280
General supplies	8,000	(1,359)	6,641	2,729	3,912
Other objects	1,000		1,000	185	815
	<u>120,964</u>	<u>(1,359)</u>	<u>119,605</u>	<u>104,598</u>	<u>15,007</u>
Total bilingual education - instruction					
School sponsored cocurricular activities - instruction:					
Salaries	33,466		33,466	27,656	5,810
Supplies and materials	7,800	(1,000)	6,800	650	6,150
Other objects	1,500		1,500	368	1,132
Transfers to cover deficit (agency funds)	3,000		3,000		3,000
	<u>45,766</u>	<u>(1,000)</u>	<u>44,766</u>	<u>28,674</u>	<u>16,092</u>
Total school sponsored cocurricular activities - instruction					

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School sponsored athletics - instruction					
Salaries	\$ 190,190	\$ 21,010	\$ 211,200	\$ 211,200	\$
Purchased services	57,000		57,000	38,809	18,191
Supplies and materials	40,000	(1,751)	38,249	34,011	4,238
Other objects	<u>2,200</u>	<u>149</u>	<u>2,349</u>	<u>2,249</u>	<u>100</u>
Total school sponsored athletics - instruction	<u>289,390</u>	<u>19,408</u>	<u>308,798</u>	<u>286,269</u>	<u>22,529</u>
Total - instruction	<u>5,783,966</u>	<u>(1,283,521)</u>	<u>4,500,445</u>	<u>4,291,704</u>	<u>208,741</u>
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	205,675		205,675	162,002	43,673
Tuition to county vocational school-regular	230,550		230,550	169,519	61,031
Tuition to county vocational school districts-special	584,000	(60,357)	523,643	494,537	29,106
Tuition to county special services school districts and regional day schools	691,200	6,797	697,997	677,290	20,707
Tuition to private schools for the handicapped within the state	<u>399,743</u>	<u>7,718</u>	<u>407,461</u>	<u>396,626</u>	<u>10,835</u>
Total undistributed expenditures - instruction	<u>2,111,168</u>	<u>(45,842)</u>	<u>2,065,326</u>	<u>1,899,974</u>	<u>165,352</u>
Attendance and social work services:					
Salaries		48,601	48,601	48,601	
Salaries drop-out prevention officer/coordinator	48,601	(48,601)			
Other purchased services		<u>4,897</u>	<u>4,897</u>	<u>4,897</u>	
Total attendance and social work services	<u>48,601</u>	<u>4,897</u>	<u>53,498</u>	<u>53,498</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Health services:					
Salaries	\$	\$ 84,328	\$ 84,328	\$ 84,328	\$
Salaries of social services coordinator	84,328	(84,328)			
Purchased professional and technical services	11,750	3,151	14,901	14,901	
Other purchased services	200	1,640	1,840	1,820	20
Supplies and materials	2,000		2,000	1,934	66
Other objects	250		250	250	
<b>Total health services</b>	<b>98,528</b>	<b>4,791</b>	<b>103,319</b>	<b>103,233</b>	<b>86</b>
Speech, OT, PT & related services:					
Purchased professional - educational services	28,700	(260)	28,440	2,530	25,910
<b>Total speech, OT, PT &amp; related services:</b>	<b>28,700</b>	<b>(260)</b>	<b>28,440</b>	<b>2,530</b>	<b>25,910</b>
Other support services - students - extra services:					
Salaries	24,000	(24,000)			
Purchased professional - educational services	30,000		30,000	27,260	2,740
<b>Total support services - students- extra services</b>	<b>54,000</b>	<b>(24,000)</b>	<b>30,000</b>	<b>27,260</b>	<b>2,740</b>
Guidance:					
Salaries of other professional staff	269,252	12,686	281,938	281,794	144
Salaries of secretarial and clerical assistants	27,040	(1,040)	26,000	26,000	
Purchased professional - educational services	13,100	(11,709)	1,391	1,391	
Other purchased professional and technical services	12,500		12,500	9,859	2,641
Supplies and materials	2,750	1,680	4,430	4,019	411
Other objects	300	63	363	363	
<b>Total guidance</b>	<b>324,942</b>	<b>1,680</b>	<b>326,622</b>	<b>323,426</b>	<b>3,196</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study teams:					
Salaries of secretarial and clerical assistants	\$ 55,218	\$	\$ 55,218	\$ 18,188	\$ 37,030
Purchased professional - educational services	359,649	(2,486)	357,163	337,626	19,537
Other purchased professional and technical services	1,200	2,486	3,686	3,686	
Supplies and materials	1,200		1,200	667	533
Other objects	200		200		200
<b>Total child study teams</b>	<b>417,467</b>		<b>417,467</b>	<b>360,167</b>	<b>57,300</b>
Improvement of instruction services/ other support services - instructional staff:					
Salaries of supervisors of instruction	168,811	(71,367)	97,444	37,407	60,037
Other purchased services		474	474	474	
Supplies and materials	1,000	(474)	526	296	230
<b>Total improvement of instruction services/ other support services-instructional staff</b>	<b>169,811</b>	<b>(71,367)</b>	<b>98,444</b>	<b>38,177</b>	<b>60,267</b>
Educational media services/school library:					
Salaries					
Salaries of technology coordinators	109,939	777	110,716	110,716	
Purchased professional and technical services	45,000	(38,500)	6,500	6,500	
Other purchased services	300		300		300
Supplies and materials	20,000	2,798	22,798	22,798	
Other objects	500		500	500	
<b>Total educational media services/school library</b>	<b>175,739</b>	<b>(34,925)</b>	<b>140,814</b>	<b>140,514</b>	<b>300</b>
Instructional staff training services:					
Salaries of other professional staff	10,000	(777)	9,223	6,996	2,227
Other purchased services	8,000		8,000	4,629	3,371
<b>Total instructional staff training services</b>	<b>18,000</b>	<b>(777)</b>	<b>17,223</b>	<b>11,625</b>	<b>5,598</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support services general administration:					
Salaries	\$ 189,368	\$ 51,425	\$ 240,793	\$ 239,302	\$ 1,491
Legal services	40,000	(12,393)	27,607	27,607	
Audit fees	30,000	39,120	69,120	43,665	25,455
Expenditure and internal control audit fees	3,000		3,000		3,000
Architectural/engineering services	4,000		4,000		4,000
Purchased technical services	46,000	(38,437)	7,563	4,884	2,679
Communications/telephone	60,000		60,000	22,043	37,957
BOE other purchased services	16,500	(5,561)	10,939	807	10,132
Other purchased services	37,000	19,002	56,002	53,502	2,500
General Supplies	12,000	5,561	17,561	11,697	5,864
BOE in-house training/meeting supplies	3,000		3,000		3,000
Miscellaneous expenditures	13,500		13,500	10,767	2,733
BOE membership dues and fees	9,500		9,500	7,784	1,716
<b>Total support services general administration</b>	<b><u>463,868</u></b>	<b><u>58,717</u></b>	<b><u>522,585</u></b>	<b><u>422,058</u></b>	<b><u>100,527</u></b>
Support services school administration:					
Salaries of principals/assistant principals	135,200		135,200	135,200	
Salaries of secretarial and clerical assistants	35,095	512	35,607	35,607	
Other purchased services	9,750	(532)	9,218	7,185	2,033
Supplies and materials	11,000	20	11,020	11,020	
Other objects	3,000		3,000	2,831	169
<b>Total support services school administration</b>	<b><u>194,045</u></b>		<b><u>194,045</u></b>	<b><u>191,843</u></b>	<b><u>2,202</u></b>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support services central services:					
Salaries	\$ 214,688	\$ 15,882	\$ 230,570	\$ 230,570	\$
Purchased professional services	23,000	2,525	25,525	25,525	
Miscellaneous purchased services	7,000	(3,375)	3,625	2,737	888
Supplies and materials	5,000	(414)	4,586	4,296	290
Interest on lease purchase agreements	3,500		3,500		3,500
Miscellaneous expenditures	1,500	(450)	1,050	347	703
<b>Total support services central services</b>	<b><u>254,688</u></b>	<b><u>14,168</u></b>	<b><u>268,856</u></b>	<b><u>263,475</u></b>	<b><u>5,381</u></b>
Support services administrative information technology:					
Salaries		9,069	9,069	7,773	1,296
Purchased professional services	40,000	26,714	66,714	66,711	3
Purchased technical services	14,000	370	14,370	14,370	
Other purchased services		646	646	646	
Supplies and materials		4,888	4,888		4,888
<b>Total support services administrative information technology</b>	<b><u>54,000</u></b>	<b><u>41,687</u></b>	<b><u>95,687</u></b>	<b><u>89,500</u></b>	<b><u>6,187</u></b>
Required maintenance for school facilities:					
Salaries	145,212	11,888	157,100	154,438	2,662
Cleaning, repair and maintenance services	127,723	(22,927)	104,796	60,740	44,056
General supplies	25,000	453	25,453	19,834	5,619
Other objects	3,000		3,000	2,345	655
<b>Total required maintenance for school facilities</b>	<b><u>300,935</u></b>	<b><u>(10,586)</u></b>	<b><u>290,349</u></b>	<b><u>237,357</u></b>	<b><u>52,992</u></b>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Custodial services:					
Salaries	\$ 41,340	\$ 223,856	\$ 265,196	\$ 264,391	\$ 805
Cleaning, repair and maintenance services		20,994	20,994	14,470	6,524
Rental of land and buildings other than lease purchase agreements	75,000		75,000	75,000	
Other purchased property services	8,000	6,401	14,401	14,401	
Insurance	140,000	(47,706)	92,294	92,294	
Miscellaneous purchased services	700		700		700
General supplies		35,642	35,642	35,642	
Energy (natural gas)	120,000	(5,869)	114,131	65,053	49,078
Energy (electricity)	<u>170,000</u>		<u>170,000</u>	<u>131,825</u>	<u>38,175</u>
Total custodial services	<u>555,040</u>	<u>233,318</u>	<u>788,358</u>	<u>693,076</u>	<u>95,282</u>
Care and upkeep of grounds:					
Salaries	190,422	(190,422)			
Purchased professional and technical services	15,000	(6,300)	8,700	165	8,535
Cleaning, repair and maintenance services	20,000	6,200	26,200	14,004	12,196
General supplies	400		400		400
Other objects	<u>50</u>		<u>50</u>		<u>50</u>
Total care and upkeep of grounds	<u>225,872</u>	<u>(190,522)</u>	<u>35,350</u>	<u>14,169</u>	<u>21,181</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries for pupil transportation (between home and school) - regular	\$ 45,000	\$ 16,380	\$ 61,380	\$ 52,863	\$ 8,517
Salaries for pupil transportation (between home and school) - special education	70,000	(1,530)	68,470	48,069	20,401
Salaries for pupil transportation (other than between home and school)	48,000	(2,859)	45,141	30,780	14,361
Cleaning, repair and maintenance services school) - vendors	15,000 11,600	12,120 (7,180)	27,120 4,420	27,120 4,420	
Contracted services (special education students) - joint agreements	275,000	(11,000)	264,000	193,560	70,440
Miscellaneous purchased services - transportation	15,000	(9,724)	5,276		5,276
General supplies	26,000	4,011	30,011	24,608	5,403
Transportation supplies	3,000	(216)	2,784	2,238	546
Other objects	250	366	616	616	
<b>Total student transportation services</b>	<b>508,850</b>	<b>368</b>	<b>509,218</b>	<b>384,274</b>	<b>124,944</b>
Unallocated benefits:					
Social security contributions	135,000		135,000	118,756	16,244
Other retirement contributions	55,000	14,740	69,740	69,740	
Unemployment compensation	18,000		18,000	16,159	1,841
Workmen's compensation	75,000		75,000	62,859	12,141
Health benefits		1,363,888	1,363,888	1,349,418	14,470
Tuition reimbursement	30,000	(14,740)	15,260	13,680	1,580
Other employee benefits	17,000		17,000	7,692	9,308
	<b>330,000</b>	<b>1,363,888</b>	<b>1,693,888</b>	<b>1,638,304</b>	<b>55,584</b>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF pension - non-contributory insurance (non-budgeted)	\$	\$	\$	\$ 14,602	\$ (14,602)
On-behalf TPAF pension - post-retirement medical contributions (non budgeted)				310,138	(310,138)
Reimbursed TPAF social security contributions (non budgeted)				321,038	(321,038)
				<u>645,778</u>	<u>(645,778)</u>
Total undistributed expenditures	<u>6,334,254</u>	<u>1,345,235</u>	<u>7,679,489</u>	<u>7,540,238</u>	<u>139,251</u>
Total expenditures - current expense	<u>12,118,220</u>	<u>61,714</u>	<u>12,179,934</u>	<u>11,831,942</u>	<u>347,992</u>
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Instruction		34,159	34,159	28,704	5,455
Required maintenance for school facilities		4,847	4,847	4,847	
Custodial services		30,534	30,534	30,534	
Total equipment		<u>69,540</u>	<u>69,540</u>	<u>64,085</u>	<u>5,455</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total capital outlay	\$ _____	\$ 69,540	\$ 69,540	\$ 64,085	\$ 5,455
Total expenditures	<u>12,118,220</u>	<u>131,254</u>	<u>12,249,474</u>	<u>11,896,027</u>	<u>353,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(544,000)</u>	<u>(131,254)</u>	<u>(675,254)</u>	<u>514,880</u>	<u>1,190,134</u>
Other financing sources (uses):					
Operating transfers out - Food Service Fund	<u>(5,000)</u>	<u>_____</u>	<u>(5,000)</u>	<u>_____</u>	<u>5,000</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>_____</u>	<u>(5,000)</u>	<u>_____</u>	<u>5,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(549,000)</u>	<u>(131,254)</u>	<u>(680,254)</u>	<u>514,880</u>	<u>1,195,134</u>
Fund balance - July 1	<u>2,385,170</u>	<u>_____</u>	<u>2,385,170</u>	<u>2,385,170</u>	<u>_____</u>
Fund balance - June 30	<u>\$ 1,836,170</u>	<u>\$ (131,254)</u>	<u>\$ 1,704,916</u>	<u>\$ 2,900,050</u>	<u>\$ 1,195,134</u>

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CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Adjustment for prior year encumbrance	\$	\$ (99,091)	\$ (99,091)	\$ (99,091)	\$
Increase in capital reserve:					
Interest earned	1,000		1,000	9,436	8,436
Principal				336,938	336,938
Budgeted fund balance	<u>(550,000)</u>	<u>(32,163)</u>	<u>(582,163)</u>	<u>267,597</u>	<u>849,760</u>
 Total	 <u>\$ (549,000)</u>	 <u>\$ (131,254)</u>	 <u>(680,254)</u>	 <u>\$ 514,880</u>	 <u>\$ 1,195,134</u>
 Recapitulation:					
Restricted fund balance:					
Reserved excess surplus - designated for subsequent year's expenditures				\$ 278,715	
Reserve for excess surplus				500,000	
Capital reserve				1,521,576	
Assigned fund balance:					
Year-end encumbrances				100,851	
Designated for subsequent year's expenditures				221,285	
Unassigned fund balance				<u>277,623</u>	
 Total fund balance				 2,900,050	
 Reconciliation to Governmental Funds Statements (GAAP):					
State aid payments not recognized on GAAP basis				<u>(27,623)</u>	
 Fund balance per Governmental Funds (GAAP)				 <u>\$ 2,872,427</u>	

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CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources	\$ 150,000	\$ 80,966	\$ 230,966	\$ 218,706	\$ (12,260)
Total revenues	<u>150,000</u>	<u>80,966</u>	<u>230,966</u>	<u>218,706</u>	<u>(12,260)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	50,000	11,478	61,478	61,478	
Purchased professional - educational services		7,290	7,290	5,617	1,673
Tuition	100,000	13,733	113,733	113,733	
General supplies		<u>24,459</u>	<u>24,459</u>	<u>16,923</u>	<u>7,536</u>
Total instruction	<u>150,000</u>	<u>56,960</u>	<u>206,960</u>	<u>197,751</u>	<u>9,209</u>
Support services:					
Personal services - employee benefits		12,296	12,296	12,296	
Purchased professional and technical services		10,569	10,569	7,658	2,911
Other purchased services		140	140		140
Supplies and materials		<u>1,001</u>	<u>1,001</u>	<u>1,001</u>	
Total support services		<u>24,006</u>	<u>24,006</u>	<u>20,955</u>	<u>3,051</u>
Total expenditures/outflows	<u>150,000</u>	<u>80,966</u>	<u>230,966</u>	<u>218,706</u>	<u>12,260</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Reconciliation of Budgetary Inflows and Outflows and  
 Budget-to-GAAP Reconciliation  
 For the Fiscal Year Ended June 30, 2011

Note A - Explanation of Differences Between Budgetary Inflows and Outflows and  
 GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 12,410,907	\$ 218,706
Difference - budget to GAAP:		
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes	56,308	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(27,623)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 12,439,592	\$ 218,706
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,896,027	\$ 218,706
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 11,896,027	\$ 218,706

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

	(Exhibit E-1a) <u>E.S.E.A.</u>	I.D.E.A. <u>Basic</u>	<u>Totals</u>
<b>REVENUES:</b>			
Federal sources	\$ <u>104,973</u>	\$ <u>113,733</u>	\$ <u>218,706</u>
Total revenues	<u>104,973</u>	<u>113,733</u>	<u>218,706</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	61,478		61,478
Purchased professional - educational services	5,617		5,617
Tuition		113,733	113,733
General supplies	<u>16,923</u>		<u>16,923</u>
Total instruction	<u>84,018</u>	<u>113,733</u>	<u>197,751</u>
Support services:			
Personal services - employee benefits	12,296		12,296
Purchased professional and technical services	7,658		7,658
Supplies and materials	<u>1,001</u>		<u>1,001</u>
Total support services	<u>20,955</u>		<u>20,955</u>
Total expenditures	<u>\$ 104,973</u>	<u>\$ 113,733</u>	<u>\$ 218,706</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Special Revenue Fund  
E.S.E.A.  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

	Title I		Title II Part A		Title III Part A	Title III Emergency Immigrant		Totals
	Current Year	Carryover	Current Year	Carryover	Current Year	Current Year	Summer	
REVENUES:								
Federal sources	\$ 61,774	\$ 4,483	\$ 12,106	\$ 8,307	\$ 5,496	\$ 10,001	\$ 2,806	\$ 104,973
EXPENDITURES:								
Instruction:								
Salaries of teachers	51,478				2,500	7,500		61,478
Purchased professional - educational services		1,200	4,417					5,617
General supplies			7,689	3,932	2,496		2,806	16,923
Total instruction	51,478	1,200	12,106	3,932	4,996	7,500	2,806	84,018
Support services:								
Personal services - employee benefits	10,296				500	1,500		12,296
Purchased professional and technical services		3,283		4,375				7,658
Supplies and materials						1,001		1,001
Total support services	10,296	3,283		4,375	500	2,501		20,955
Total expenditures	\$ 61,774	\$ 4,483	\$ 12,106	\$ 8,307	\$ 5,496	\$ 10,001	\$ 2,806	\$ 104,973

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2011

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Total Expenditures to Date</u>		<u>Unexpended Balance June 30, 2011</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Port Authority of New York & New Jersey Aircraft Noise Abatement Program School Soundproofing Project H.P. Becton Regional High School Block Grant TEB 18-03	2004-2005	\$ 21,566,050	\$ 1,152,683	\$ 25,500	\$ 20,387,867
Henry P. Becton Regional High School - New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms SDA Grant G5-2946	2008-2009	<u>11,080,556</u>	<u>768,611</u>	<u>                    </u>	<u>10,311,945</u>
Totals		<u>\$ 32,646,606</u>	<u>\$ 1,921,294</u>	<u>\$ 25,500</u>	<u>\$ 30,699,812</u>
Fund balance - budgetary basis					\$ 30,699,812
Less unrecognized grant awards					<u>(29,731,887)</u>
Fund balance - GAAP basis					<u>\$ 967,925</u>

## CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT

## Capital Projects Fund

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year Ended June 30, 2011

Revenues and other financing sources	
Federal sources - FAA grant	\$ 18,192,425
Local sources - Port Authority of NY/NJ	956,680
Interest income	<u>5,110</u>
Total revenues	<u>19,154,215</u>
Expenditures and other financing uses	
Purchased professional and technical services	15,500
Interest expense	<u>10,000</u>
Total expenditures	<u>25,500</u>
Excess of revenues over expenditures	19,128,715
Fund balances - July 1	<u>11,571,097</u>
Fund balances - June 30 (budgetary)	<u>\$ 30,699,812</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Port Authority of New York & New Jersey Aircraft Noise Abatement**  
**Program School Soundproofing Project H.P. Becton Regional High School**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis**  
**From Inception and for the Fiscal Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Federal sources - FAA grant	\$ 1,405,020	\$ 18,192,425	\$ 19,597,445	\$ 19,597,445
Local sources - Port Authority of NY/NJ		956,680	956,680	956,680
Transfer from capital reserve	1,000,000		1,000,000	1,000,000
Interest	6,815	5,110	11,925	11,925
Total revenues	2,411,835	19,154,215	21,566,050	21,566,050
Expenditures and other financing uses				
Purchased professional and technical services	1,118,683	15,500	1,134,183	1,420,520
Construction services				19,133,605
Interest expense	34,000	10,000	44,000	1,011,925
Total expenditures	1,152,683	25,500	1,178,183	21,566,050
Excess of revenues over expenditures	\$ 1,259,152	\$ 19,128,715	\$ 20,387,867	\$

Additional project information:

Project number	N/A
FAA/Port Authority	TEB 18-03, 31-05, 35-06, 113-07
Grant date	Various
Bond authorization date	N/A
Bonds authorized	N/A
Original authorized cost	1,405,020
Additional authorized cost	20,161,030
Revised authorized cost	21,566,050
Percentage increase over original authorized cost	N/A
Percentage completion	N/A
Original target completion date	January 2014
Revised target completion date	January 2014

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Capital Projects Fund  
 Henry P. Becton Regional High School  
 New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis  
 From Inception and for the Fiscal Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 11,080,556	\$	\$ 11,080,556	\$ 11,080,556
Total revenues	<u>11,080,556</u>	<u></u>	<u>11,080,556</u>	<u>11,080,556</u>
Expenditures and other financing uses				
Purchased professional and technical services	768,611	.	768,611	<u></u>
Total expenditures	<u>768,611</u>	<u></u>	<u>768,611</u>	<u>11,080,556</u>
Excess of revenues over expenditures	\$ <u>10,311,945</u>	\$ <u></u>	\$ <u>10,311,945</u>	<u></u>

## Additional project information:

Project number	SDA 0745-050-09-0JAW
Grant date	2008-2009
Bond authorization date	N/A
Bonds authorized	N/A
Original authorized cost	\$ 11,080,556
Additional authorized cost	N/A
Revised authorized cost	\$ 11,080,556
Percentage increase over original authorized cost	N/A
Percentage completion	N/A
Original target completion date	January 2014
Revised target completion date	January 2014

## **PROPRIETARY FUNDS DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** - This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.**

## FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

**Private Purpose Scholarship Funds** - These are funds used to account for assets held by the district for scholarships or awards to students.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll and Payroll Agency Funds** - These agency funds are used to account for the payroll transactions of the school district.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Assets  
 June 30, 2011

	<u>Private Purpose Scholarship Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
<b>ASSETS:</b>			
Cash	\$ <u>109,268</u>	\$ <u>42,606</u>	\$ <u>151,874</u>
Total assets	\$ <u><u>109,268</u></u>	\$ <u><u>42,606</u></u>	\$ <u><u>151,874</u></u>
 <b>LIABILITIES AND NET ASSETS</b>			
Liabilities:			
Intergovernmental:			
Interfund payable	\$	\$ 990	\$ 990
Payroll deductions and withholdings		7,031	7,031
Due to student groups		<u>34,585</u>	<u>34,585</u>
Total liabilities		<u>42,606</u>	<u>42,606</u>
Net assets:			
Reserved for scholarships	<u>109,268</u>		<u>109,268</u>
Total net assets	<u>109,268</u>		<u>109,268</u>
Total liabilities and net assets	\$ <u><u>109,268</u></u>	\$ <u><u>42,606</u></u>	\$ <u><u>151,874</u></u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Assets  
 For the Fiscal Year Ended June 30, 2011

	<u>Private Purpose Scholarship Funds</u>
ADDITIONS:	
Contributions:	
Other	\$ <u>5,525</u>
Total contributions	<u>5,525</u>
Investment earnings:	
Interest	<u>890</u>
Net investment earnings	<u>890</u>
Total additions	<u>6,415</u>
DEDUCTIONS:	
Scholarship/award payments	<u>11,475</u>
Total deductions	<u>11,475</u>
Change in net assets	(5,060)
Net assets - July 1	<u>114,328</u>
Net assets - June 30	<u>\$ <u>109,268</u></u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2011

	<u>Cash Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Interfund Payable</u>	<u>Balance June 30, 2011</u>
SENIOR HIGH SCHOOL:					
H.P. Becton Regional High School	\$ 24,530	\$ 72,284	\$ 62,229	\$	\$ 34,585
ATHLETICS:					
H.P. Becton Regional High School	<u>                    </u>	<u>37,991</u>	<u>37,823</u>	<u>168</u>	<u>                    </u>
Total all schools	<u>\$ 24,530</u>	<u>\$ 110,275</u>	<u>\$ 100,052</u>	<u>\$ 168</u>	<u>\$ 34,585</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash	\$ <u>6,718</u>	\$ <u>2,815,306</u>	\$ <u>2,814,655</u>	\$ <u>7,369</u>
Total assets	\$ <u><u>6,718</u></u>	\$ <u><u>2,815,306</u></u>	\$ <u><u>2,814,655</u></u>	\$ <u><u>7,369</u></u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ <u>5,516</u>	\$ <u>2,814,968</u>	\$ <u>2,813,453</u>	\$ <u>7,031</u>
Interfund payables	<u>1,202</u>	<u>338</u>	<u>1,202</u>	<u>338</u>
Total liabilities	\$ <u><u>6,718</u></u>	\$ <u><u>2,815,306</u></u>	\$ <u><u>2,814,655</u></u>	\$ <u><u>7,369</u></u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Payroll Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash	\$ <u>553</u>	\$ <u>3,563,528</u>	\$ <u>3,563,597</u>	\$ <u>484</u>
Total assets	\$ <u><u>553</u></u>	\$ <u><u>3,563,528</u></u>	\$ <u><u>3,563,597</u></u>	\$ <u><u>484</u></u>
 <b>LIABILITIES:</b>				
Accrued salaries and wages	\$	\$ 3,563,044	\$ 3,563,044	\$
Interfund payables	<u>553</u>	<u>484</u>	<u>553</u>	<u>484</u>
Total liabilities	\$ <u><u>553</u></u>	\$ <u><u>3,563,528</u></u>	\$ <u><u>3,563,597</u></u>	\$ <u><u>484</u></u>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases. The District has no outstanding serial bonds at June 30, 2011.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Obligations under Capital Leases  
 For the Fiscal Year Ended June 30, 2011

Purpose	Date of Lease	Term of Lease	Original Amount of Lease		Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
			Principal	Interest					
Copiers	3/31/2013	5 Years	137,578	18,122	4.97%	\$ 79,881	\$ _____	\$ 27,794	\$ 52,087

# Carlstadt-East Rutherford Regional High School District Statistical Section (Unaudited)

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	80 - 87
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.</p>	
<b>Revenue Capacity</b>	88 - 91
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	92 - 95
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	96 - 97
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
<b>Operating Information</b>	98 - 102
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Net Assets by Component  
 Last Eight Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:								
Invested in capital assets, net of related debt	\$ 2,260,226	\$ 2,254,517	\$ 2,540,513	\$ 2,735,485	\$ 3,301,405	\$ 3,981,362	\$ 3,838,924	\$ 3,782,121
Restricted	367,692	312,072	440,472	741,749	1,440,828	2,579,693	3,075,823	3,590,352
Unrestricted	50,928	45,404	48,162	68,670	63,052	(57,231)	103,204	117,776
Total governmental activities net assets	<u>2,678,846</u>	<u>2,611,993</u>	<u>3,029,147</u>	<u>3,545,904</u>	<u>4,805,285</u>	<u>6,503,824</u>	<u>7,017,951</u>	<u>7,490,249</u>
Business-type activities:								
Invested in capital assets, net of related debt	16,185	21,129	27,173	23,512	56,032	48,355	67,995	58,969
Unrestricted	21,787	35,174	37,508	42,797	5,040	9,976	22,831	50,191
Total business-type activities net assets	<u>37,972</u>	<u>56,303</u>	<u>64,681</u>	<u>66,309</u>	<u>61,072</u>	<u>58,331</u>	<u>90,826</u>	<u>109,160</u>
District-wide:								
Invested in capital assets, net of related debt	2,276,411	2,275,646	2,567,686	2,758,997	3,357,437	4,029,717	3,906,919	3,841,090
Restricted	367,692	312,072	440,472	741,749	1,440,828	2,579,693	3,075,823	3,590,352
Unrestricted	72,715	80,578	85,670	111,467	68,092	(47,255)	126,035	167,967
Total district net assets	<u>\$ 2,716,818</u>	<u>\$ 2,668,296</u>	<u>\$ 3,093,828</u>	<u>\$ 3,612,213</u>	<u>\$ 4,866,357</u>	<u>\$ 6,562,155</u>	<u>\$ 7,108,777</u>	<u>\$ 7,599,409</u>

Source: District Records

Notes: GASB requires that ten years of statistical data be presented. Statistical data only available starting in 2004. Each year thereafter, an additional year's data will be included until ten years of data is presented.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Changes in Net Assets  
 Last Eight Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
Governmental activities:								
Instruction:								
Regular	\$ 3,532,221	\$ 4,357,703	\$ 4,520,978	\$ 4,884,101	\$ 4,985,314	\$ 5,037,266	\$ 5,314,920	\$ 4,742,803
Special education	386,564	403,325	437,723	317,866	357,161	517,521	446,920	490,950
Other special education	529,257	245,027	226,500	230,429	225,933	124,335	215,490	256,703
Other instruction	340,920	316,192	360,222	377,732	337,275	377,139	382,755	407,558
Support services:								
Tuition	1,164,961	1,313,208	1,602,403	1,701,341	1,788,998	1,617,764	1,726,704	2,013,707
Student and instruction related services	975,206	892,770	1,017,726	1,019,209	1,049,360	1,064,133	1,209,012	1,317,623
General administration services	394,762	462,455	435,971	494,431	493,574	480,767	544,596	483,706
School administrative services	380,970	232,013	211,734	237,164	229,560	224,161	246,425	262,081
Central services		327,116	268,579	277,592	285,952	345,969	327,031	362,691
Administrative information technology		81,497	81,536	66,581	69,072	66,941	68,937	92,514
Business and other support services	263,889							
Plant operations and maintenance	811,559	881,733	937,690	1,056,237	986,035	1,041,564	1,098,538	1,154,155
Pupil transportation	403,389	389,326	477,493	573,901	519,942	474,136	541,867	450,174
Interest on long-term debt	16,128	12,912	36,076	48,770	43,467	5,180	4,691	3,346
Unallocated depreciation	226,261	216,537	200,720	176,136	193,246	189,008	195,842	174,182
Total governmental activities expenses	<u>9,426,087</u>	<u>10,131,814</u>	<u>10,815,351</u>	<u>11,461,490</u>	<u>11,564,889</u>	<u>11,565,884</u>	<u>12,323,728</u>	<u>12,212,193</u>
Business-type activities:								
Food service	<u>406,425</u>	<u>462,999</u>	<u>481,780</u>	<u>384,664</u>	<u>370,431</u>	<u>494,342</u>	<u>487,781</u>	<u>488,913</u>
Total business-type activities expense	<u>406,425</u>	<u>462,999</u>	<u>481,780</u>	<u>384,664</u>	<u>370,431</u>	<u>494,342</u>	<u>487,781</u>	<u>488,913</u>
Total district expenses	<u>\$ 9,832,512</u>	<u>\$ 10,594,813</u>	<u>\$ 11,297,131</u>	<u>\$ 11,846,154</u>	<u>\$ 11,935,320</u>	<u>\$ 12,060,226</u>	<u>\$ 12,811,509</u>	<u>\$ 12,701,106</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Changes in Net Assets  
 Last Eight Years  
*(accrual basis of accounting)*  
 Unaudited

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues:								
Governmental activities:								
Charges for services:								
Student and instruction related services	\$	\$	\$	\$	\$	\$	\$ 90,000	\$ 90,000
Plant operations and maintenance	22,212							
Operating grants and contributions	402,683	703,131	901,649	1,185,685	1,094,304	863,184	944,486	920,792
Capital grants								15,500
Total governmental activities program revenues	<u>424,895</u>	<u>703,131</u>	<u>901,649</u>	<u>1,185,685</u>	<u>1,094,304</u>	<u>863,184</u>	<u>1,034,486</u>	<u>1,026,292</u>
Business-type activities:								
Charges for services:								
Food service	387,767	427,938	455,565	350,276	328,392	455,493	442,642	454,674
Operating grants and contributions	28,968	33,987	32,891	33,064	35,369	35,893	47,421	52,292
Total business type activities program revenues	<u>416,735</u>	<u>461,925</u>	<u>488,456</u>	<u>383,340</u>	<u>363,761</u>	<u>491,386</u>	<u>490,063</u>	<u>506,966</u>
Total district program revenues	<u>\$ 841,630</u>	<u>\$ 1,165,056</u>	<u>\$ 1,390,105</u>	<u>\$ 1,569,025</u>	<u>\$ 1,458,065</u>	<u>\$ 1,354,570</u>	<u>\$ 1,524,549</u>	<u>\$ 1,533,258</u>
Net (expense)/revenue:								
Governmental activities	\$ (9,001,192)	\$ (9,428,683)	\$ (9,913,702)	\$ (10,275,805)	\$ (10,470,585)	\$ (10,702,700)	\$ (11,289,242)	\$ (11,185,901)
Business-type activities	10,310	(1,074)	6,676	(1,324)	(6,670)	(2,956)	2,282	18,053
Total district-wide net expense	<u>\$ (8,990,882)</u>	<u>\$ (9,429,757)</u>	<u>\$ (9,907,026)</u>	<u>\$ (10,277,129)</u>	<u>\$ (10,477,255)</u>	<u>\$ (10,705,656)</u>	<u>\$ (11,286,960)</u>	<u>\$ (11,167,848)</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Changes in Net Assets  
 Last Eight Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets:								
Governmental activities:								
Property taxes levied for:								
General purposes	\$ 8,130,712	\$ 8,784,468	\$ 9,372,596	\$ 9,850,324	\$ 10,274,317	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220
Unrestricted grants and contributions	830,524	471,190	727,868	682,434	1,190,292	1,374,891	597,162	
Interest - capital reserve funds	7	2	1,660	1,819	1,335	942	6,827	9,436
Investment earnings	3,526	17,715	69,309	115,328	94,086	38,313	20,811	19,540
Miscellaneous income	129,158	107,860	159,423	142,657	169,936	301,803	176,627	250,420
Transfers		(19,405)					(30,000)	
<b>Total governmental activities</b>	<u>9,093,927</u>	<u>9,361,830</u>	<u>10,330,856</u>	<u>10,792,562</u>	<u>11,729,966</u>	<u>12,401,239</u>	<u>11,803,369</u>	<u>11,652,616</u>
Business-type activities:								
Investment earnings			1,702	2,952	1,433	215	213	281
Transfers		19,405					30,000	
<b>Total business-type activities</b>		<u>19,405</u>	<u>1,702</u>	<u>2,952</u>	<u>1,433</u>	<u>215</u>	<u>30,213</u>	<u>281</u>
<b>Total district-wide</b>	<u>\$ 9,093,927</u>	<u>\$ 9,381,235</u>	<u>\$ 10,332,558</u>	<u>\$ 10,795,514</u>	<u>\$ 11,731,399</u>	<u>\$ 12,401,454</u>	<u>\$ 11,833,582</u>	<u>\$ 11,652,897</u>
Change in net assets								
Governmental activities	\$ 92,735	\$ (66,853)	\$ 417,154	\$ 516,757	\$ 1,259,381	\$ 1,698,539	\$ 514,127	\$ 466,715
Business-type activities	10,310	18,331	8,378	1,628	(5,237)	(2,741)	32,495	18,334
<b>Total district</b>	<u>\$ 103,045</u>	<u>\$ (48,522)</u>	<u>\$ 425,532</u>	<u>\$ 518,385</u>	<u>\$ 1,254,144</u>	<u>\$ 1,695,798</u>	<u>\$ 546,622</u>	<u>\$ 485,049</u>

Source: District Records

Notes: GASB requires that ten years of statistical data be presented. Statistical data only available starting in 2004. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Central Service and Administrative Information Technology Services account classifications were added beginning with year ended June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology Services were combined in Other Support Services as Business and Other Support Services.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Fund Balances - Governmental Funds  
 Last Eight Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General fund:								
Reserved	\$ 91,548	\$ 242,951	\$ 427,173	\$ 700,450	\$ 1,426,604	\$ 1,979,693	\$ 1,553,008	\$
Unreserved	610,159	249,974	201,176	236,304	240,441	729,662	775,854	
Restricted								2,300,291
Assigned								322,136
Unassigned								250,000
<b>Total general fund</b>	<b><u>\$ 701,707</u></b>	<b><u>\$ 492,925</u></b>	<b><u>\$ 628,349</u></b>	<b><u>\$ 936,754</u></b>	<b><u>\$ 1,667,045</u></b>	<b><u>\$ 2,709,355</u></b>	<b><u>\$ 2,328,862</u></b>	<b><u>\$ 2,872,427</u></b>
All other governmental funds:								
Unreserved	\$ (144)		\$ 26,003	\$ 41,299	\$ 14,224		\$ 972,815	\$
Restricted								967,925
<b>Total all other governmental funds</b>	<b><u>\$ (144)</u></b>		<b><u>\$ 26,003</u></b>	<b><u>\$ 41,299</u></b>	<b><u>\$ 14,224</u></b>		<b><u>\$ 972,815</u></b>	<b><u>\$ 967,925</u></b>

Source: District Records

Notes: GASB requires that ten years of statistical data be presented. Statistical data only available starting in 2004. Each year thereafter, an additional year's data will be included until ten years of data is presented.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Changes in Fund Balances, Governmental Funds  
 Last Eight Years  
 (modified accrual basis of accounting)  
 (Unaudited)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>								
Tax levy	\$ 8,130,712	\$ 8,784,468	\$ 9,372,596	\$ 9,850,324	\$ 10,274,317	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220
Interest earnings	3,533	17,717	70,969	117,147	95,421	39,255	27,638	28,976
Miscellaneous income	151,370	107,860	159,423	142,657	169,936	301,803	266,627	340,420
State sources	1,096,715	1,060,494	1,155,745	1,483,491	1,493,239	2,035,250	1,246,303	702,086
Federal sources	136,492	113,827	473,772	384,628	791,357	202,825	295,345	234,206
<b>Total revenue</b>	<b>9,518,822</b>	<b>10,084,366</b>	<b>11,232,505</b>	<b>11,978,247</b>	<b>12,824,270</b>	<b>13,264,423</b>	<b>12,867,855</b>	<b>12,678,908</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Regular Instruction	2,828,726	3,479,873	3,517,254	3,635,806	3,692,417	3,895,222	4,073,863	3,518,780
Special education instruction	302,742	322,502	333,130	232,536	259,943	393,106	334,341	356,168
Other special instruction	416,587	196,924	173,438	170,801	166,094	94,181	161,165	185,831
Other instruction	286,263	267,596	294,641	295,882	266,950	305,904	306,436	314,943
<b>Support Services:</b>								
Tuition	1,164,961	1,313,208	1,602,403	1,701,341	1,788,998	1,617,764	1,726,704	2,013,707
Student and instruction related services	863,249	745,681	852,337	826,149	868,064	892,812	988,681	1,069,089
General administration services	362,672	386,137	363,533	389,830	415,705	415,396	460,491	422,058
School administrative services	268,754	183,513	165,044	179,256	176,377	173,143	187,605	191,843
Central services		286,045	221,118	216,953	225,897	273,593	246,432	263,475
Administrative information technology services		81,497	81,536	66,581	69,072	66,941	68,937	89,500
Business and other support services	258,565							
Plant operations and maintenance	727,066	810,310	849,236	937,599	892,630	926,558	934,235	944,602
Pupil transportation	365,001	407,335	431,769	530,321	476,341	422,724	482,496	384,274
Employee benefits	1,473,387	1,637,611	1,698,923	2,071,283	2,019,900	1,900,972	2,233,981	2,296,378
Capital outlay	201,304	196,878	486,716	371,108	896,744	843,797	40,166	89,585
<b>Debt service:</b>								
Interest and other charges				29,100	43,500	14,224		
<b>Total expenditures</b>	<b>9,519,277</b>	<b>10,315,110</b>	<b>11,071,078</b>	<b>11,654,546</b>	<b>12,258,632</b>	<b>12,236,337</b>	<b>12,245,533</b>	<b>12,140,233</b>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Changes in Fund Balances, Governmental Funds  
 Last Eight Years  
 (modified accrual basis of accounting)  
 (Unaudited)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Excess (Deficiency) of revenues over (under) expenditures	\$ (455)	\$ (230,744)	\$ 161,427	\$ 323,701	\$ 565,638	\$ 1,028,086	\$ 622,322	\$ 538,675
Other Financing sources (uses):								
Capital leases (non-budgeted)	74,994	41,511			137,578			
Transfers in			26,147	44,396	16,281	3,306	1,000,000	
Transfers out		(19,405)	(26,147)	(44,396)	(16,281)	(3,306)	(1,030,000)	
Total other financing sources (uses)	74,994	22,106			137,578		(30,000)	
Net change in fund balances	\$ 74,539	\$ (208,638)	\$ 161,427	\$ 323,701	\$ 703,216	\$ 1,028,086	\$ 592,322	\$ 538,675
Debt service as a percentage of noncapital expenditures				0.26%	0.38%	0.12%		

Source: District records

Notes: GASB requires that ten years of statistical data be presented. Statistical data only available starting in 2004. Each year thereafter, an additional year's data will be included until ten years of data is presented.

Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology services account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 General Fund Other Local Revenue By Source  
 Last Ten Years  
 (modified accrual basis of accounting)  
 Unaudited

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Athletic receipts	\$ 4,760	\$ 17,391	\$ 15,751	\$ 3,256	\$ 7,681	\$ 5,287	\$ 8,876	\$ 12,735	\$ 10,118	\$ 10,674
Prior year's refunds	10,346	36,610	66,090	11,099	468	1,232	459	1,183		
Transportation jointures	44,325	7,600	17,650	51,165	86,841	70,377	71,590	67,200	87,486	92,225
Rentals	23,446	37,541	26,306	19,805	23,903	56,520	83,500	146,300	160,425	235,690
Miscellaneous - restricted:										
Reimbursement of custodial and other costs	32,808	32,649	22,212	19,805	27,752					
Book and other fines						4,086	4,149	1,822	315	820
Miscellaneous - unrestricted	<u>2,406</u>	<u>2,197</u>	<u>3,361</u>	<u>2,730</u>	<u>12,778</u>	<u>5,155</u>	<u>1,002</u>	<u>72,563</u>	<u>8,283</u>	<u>1,011</u>
Total General Fund	<u>\$ 118,091</u>	<u>\$ 133,988</u>	<u>\$ 151,370</u>	<u>\$ 107,860</u>	<u>\$ 159,423</u>	<u>\$ 142,657</u>	<u>\$ 169,576</u>	<u>\$ 301,803</u>	<u>\$ 266,627</u>	<u>\$ 340,420</u>

Source: District records.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Years  
 (Unaudited)

**Borough of Carlstadt**

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial/Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Memo Only Tax Exempt Property	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2002	\$ 98,414,360	\$ 232,611,080	\$ 706,213,440	\$ 5,691,900	\$ 1,042,948,080	\$ 2,724,856	\$ 1,045,672,936	\$ N/A	\$ 1,627,029,147	1.005
2003	96,071,340	234,397,907	707,637,840	5,691,900	1,043,798,787	1,953,339	1,045,752,126	N/A	1,559,146,942	1.045
2004	93,619,340	236,537,207	711,388,950	5,691,900	1,047,237,397	1,893,057	1,049,130,454	N/A	1,624,323,077	1.101
2005	84,942,340	237,712,207	724,572,550	5,691,900	1,052,918,997	2,117,102	1,055,036,099	N/A	1,821,979,368	1.267
2006	17,155,380	239,279,607	718,570,490	5,691,900	980,697,377	2,894,475	983,591,852	102,407,520	1,835,421,424	1.439
2007	15,548,680	242,047,507	709,629,590	5,691,900	972,917,677	2,284,763	975,202,440	102,407,520	2,116,186,545	1.531
2008	17,591,430	242,799,307	702,505,390	5,691,900	968,588,027	2,081,101	970,669,128	102,407,520	2,589,812,939	1.582
2009	17,166,930	245,689,007	694,389,098	5,691,900	962,936,935	1,948,795	964,885,730	102,738,120	2,364,059,993	1.636
2010	18,265,130	246,979,407	683,274,098	5,691,900	954,210,535	1,865,607	956,076,142	N/A	2,693,987,959	1.726
2011	18,162,930	246,384,007	661,713,698	5,691,900	931,952,535	1,813,445	933,765,980	N/A	2,693,987,959	1.752

**Borough of East Rutherford**

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial/Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Memo Only Tax Exempt Property	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2002	\$ 40,401,200	\$ 266,563,260	\$ 495,391,371	\$ 34,792,700	\$ 837,148,531	\$ 3,543,461	\$ 840,691,992	\$ N/A	\$ 1,037,328,072	1.421
2003	51,090,300	269,091,960	484,977,271	34,796,700	839,956,231	3,118,167	843,074,398	N/A	1,059,700,880	1.555
2004	50,825,500	270,132,460	510,073,271	34,804,500	865,835,731	2,574,913	868,410,644	N/A	1,297,851,393	1.622
2005	47,465,600	272,871,460	524,975,671	34,804,500	880,117,231	2,530,352	882,647,583	N/A	1,370,638,696	1.652
2006	47,083,500	274,214,160	523,873,071	34,804,500	879,975,231	2,139,598	882,114,829	1,109,093,000	1,540,525,845	1.766
2007	21,907,100	279,467,160	565,369,971	61,099,600	927,843,831	2,028,598	929,872,429	1,109,318,400	1,681,665,242	1.701
2008	20,490,500	280,089,160	586,362,871	45,923,100	932,865,631	2,051,427	934,917,058	1,113,725,500	1,976,788,156	1.799
2009	21,340,200	281,850,450	536,103,400	59,773,100	899,067,150	1,869,582	900,936,732	1,085,792,800	2,127,370,972	1.950
2010	24,087,200	620,913,200	1,240,878,900	132,949,800	2,018,829,100	4,629,139	2,023,458,239	2,067,302,900	2,348,978,853	0.906
2011	30,169,900	620,239,000	1,223,887,500	130,562,300	2,004,858,700	4,220,950	2,009,079,650	2,067,578,700	N/A	N/A

Source: Municipal Tax Assessor and Abstract of Ratables, County Board of Taxation.

Notes: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100.

N/A - At the time of CAFR completion, this data was not yet available

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Direct and Overlapping Property Tax Rates  
 Last Ten Years  
 (rate per \$100 of assessed value)  
 (Unaudited)

Fiscal Year Ended June 30,	Carlstadt - East Rutherford Regional High School District			Overlapping Rates			Total direct and overlapping tax rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School	Borough of Carlstadt	Municipal Library	County of Bergen	
2002	\$ 1.005	\$	\$ 1.005	\$ 0.922	\$	\$ 0.338	\$ 2.265
2003	1.045		1.045	1.002		0.309	2.356
2004	1.101		1.101	1.129		0.303	2.533
2005	1.267		1.267	1.179		0.334	2.780
2006	1.439		1.439	1.288		0.333	3.060
2007	1.531		1.531	1.393		0.366	3.290
2008	1.582		1.582	1.476		0.447	3.505
2009	1.636		1.636	1.688		0.504	3.828
2010	1.726		1.726	1.727		0.548	4.001
2011	1.752		1.752	1.685	0.083	0.495	4.015

Fiscal Year Ended June 30,	Carlstadt - East Rutherford Regional High School District			Overlapping Rates		Total direct and overlapping tax rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School	Borough of East Rutherford	County of Bergen	
2002	\$ 1.421	\$	\$ 1.421	\$ 0.471	\$ 0.269	\$ 2.161
2003	1.555		1.555	0.417	0.258	2.230
2004	1.622		1.622	0.449	0.297	2.368
2005	1.652		1.652	0.543	0.305	2.500
2006	1.766		1.766	0.605	0.319	2.690
2007	1.701		1.701	0.563	0.306	2.570
2008	1.799		1.799	0.661	0.381	2.841
2009	1.950		1.950	0.688	0.446	3.084
2010	0.906		0.906	0.424	0.222	1.552
2011	N/A		N/A	N/A	N/A	N/A

Source: Municipal Tax Collector

Notes: N.J.S.A. 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation.

a - The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b - Rates for debt service are based on each year's requirements.

N/A - Information is not available

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	Borough of Carlstadt					
	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Individual Taxpayer # 1	\$ 86,198,850	1	9.23%	\$ 96,116,900	1	9.19%
Trans Con Pipe Line	45,047,100	2	4.82%	38,019,300	3	3.64%
AMB Properties	38,248,800	3	4.10%	26,276,900	4	
Prologis Trust	25,018,000	4	2.68%			
Meadowland Ptns.	11,000,000	5	1.18%			
Paterson Plank Realty	8,107,000	6	0.87%	8,965,600	8	0.86%
455 Sixteenth St.	7,750,000	7	0.83%			
Barell Associates	7,190,000	8	0.77%	11,184,200	7	1.07%
A.G. Holdings	5,825,000	9	0.62%			
Individual Taxpayer #2	200,000	10	0.02%	8,900,000	9	0.85%
Empire Ltd.				68,061,300	2	6.51%
WXIII, MWL Real Estate				25,607,900	5	2.45%
Gotham Industrial Park				15,992,700	6	1.53%
Individual Taxpayer #3				7,500,000	10	0.72%
<b>Total</b>	<b>\$ 234,584,750</b>		<b>25.12%</b>	<b>\$ 306,624,800</b>		<b>26.81%</b>

Taxpayer	Borough of East Rutherford					
	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 321,169,300	1	15.99%	\$ 94,000,000	1	11.18%
New York Football Giants, Inc.	100,000,000	2	4.98%			
SPUSV5 One Meadowlands, LP	70,000,000	3	3.48%			
BPG Hotel XVII Owner, LLC	42,500,000	4	2.12%			
Honeywell International , Inc.	37,207,300	5	1.85%			
Avalon NJ Value II, LLC	35,715,600	6	1.78%			
Liberty Commons, LLC	27,904,600	7	1.39%			
Liberty Terrace at E. Rutherford, LLC	26,854,800	8	1.34%			
Branca Properties, Inc.	23,745,700	9	1.18%	26,983,971	3	3.21%
AMB Property Corp.	23,504,100	10	1.17%			0.00%
Meadowlands Plaza				81,277,500	2	9.67%
EM Sector Holdings				19,423,000	4	2.31%
BRE/HV Properties, LLC				9,108,000	5	1.08%
450 Murray Hill Corporation				8,077,500	6	0.96%
G.F.C.				6,688,000	7	0.80%
Carpro				6,500,000	8	
Union Avenue Associates				6,380,000	9	0.76%
<b>Total</b>	<b>\$ 708,601,400</b>		<b>35.28%</b>	<b>\$ 258,437,971</b>		<b>29.97%</b>

Source: Municipal Tax Assessor

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Property Tax Levies and Collections  
Last Ten Years  
Unaudited

COMBINED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 7,288,517	\$ 7,288,517	100.00 %	\$
2003	7,435,843	7,435,843	100.00	
2004	8,130,712	8,130,712	100.00	
2005	8,784,468	8,784,468	100.00	
2006	9,372,596	9,372,596	100.00	
2007	9,850,324	9,850,324	100.00	
2008	10,274,317	10,274,317	100.00	
2009	10,685,290	10,685,290	100.00	
2010	11,031,942	11,031,942	100.00	
2011	11,373,220	11,373,220	100.00	

CARLSTADT

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 4,119,787	\$ 4,119,787	100.00 %	\$
2003	4,254,697	4,254,697	100.00	
2004	4,705,774	4,705,774	100.00	
2005	4,744,322	4,744,322	100.00	
2006	5,191,018	5,191,018	100.00	
2007	5,267,232	5,267,232	100.00	
2008	5,872,620	5,872,620	100.00	
2009	5,704,941	5,704,941	100.00	
2010	5,741,541	5,741,541	100.00	
2011	6,078,856	6,078,856	100.00	

EAST RUTHERFORD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 3,168,730	\$ 3,168,730	100.00 %	\$
2003	3,181,146	3,181,146	100.00	
2004	3,424,938	3,424,938	100.00	
2005	4,040,146	4,040,146	100.00	
2006	4,181,578	4,181,578	100.00	
2007	4,583,092	4,583,092	100.00	
2008	4,401,697	4,401,697	100.00	
2009	4,980,349	4,980,349	100.00	
2010	5,290,401	5,290,401	100.00	
2011	5,294,364	5,294,364	100.00	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Notes: a - School taxes are collected by the Municipal Tax Collector.  
Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Ratios of Outstanding Debt by Type  
Last Ten Years  
(Unaudited)

Borough of Carlstadt

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2002	\$	\$ 197,451	\$ 197,451	0.06%	\$ 33
2003		170,696	170,696	0.06%	29
2004		149,659	149,659	0.05%	25
2005		101,594	101,594	0.03%	17
2006		71,226	71,226	0.02%	12
2007		35,267	35,267	0.01%	6
2008		74,954	74,954	0.02%	12
2009		56,355	56,355	0.01%	9
2010		41,538	56,355	N/A	N/A
2011		27,840	27,840	N/A	N/A

Borough of East Rutherford

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases			
2002	\$	\$ 151,870	\$ 151,870	0.04%	\$ 18
2003		127,626	127,626	0.03%	16
2004		108,924	108,924	0.02%	14
2005		86,515	86,515	0.02%	11
2006		57,376	57,376	0.01%	7
2007		30,687	30,687	0.01%	4
2008		56,544	56,544	0.01%	6
2009		49,975	49,975	0.01%	6
2010		38,343	38,343	N/A	N/A
2011		24,247	24,247	N/A	N/A

Source: District Records

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

N/A - At the time of CAFR completion, this data was not yet available.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Ratios of General Bonded Debt Outstanding  
 Last Ten Years  
 (Unaudited)

Borough of Carlstadt

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ N/A	\$	\$		\$
2003	N/A				
2004	N/A				
2005	N/A				
2006	N/A				
2007	N/A				
2008	N/A				
2009	N/A				
2010	N/A				
2011	N/A				

Borough of East Rutherford

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ N/A	\$	\$		\$
2003	N/A				
2004	N/A				
2005	N/A				
2006	N/A				
2007	N/A				
2008	N/A				
2009	N/A				
2010	N/A				
2011	N/A				

Source: District Records

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
 The District has no outstanding bonds

a - See Exhibit J-6 for property tax data.

b - See Exhibit J-14 for population data.

N/A - Not applicable. The District has no general bonded debt outstanding in the past ten years.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2011  
 (Unaudited)

<u>Governmental Unit</u>		<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:				
Borough of Carlstadt	(1)	\$ 13,278,954	100%	\$ 13,278,954
Carlstadt Public Schools K-8	(1)	21,937,000	100%	21,937,000
Borough of East Rutherford	(1)	49,349,829	100%	49,349,829
East Rutherford Public Schools K-8	(1)	5,019,000	100%	5,019,000
County of Bergen - Borough of Carlstadt's share	(2);(A)	N/A	N/A	
County of Bergen - Borough of East Rutherford's share	(2);(A)	N/A	N/A	
Other debt:				
Borough of East Rutherford - Sewer System	(2)	449,384	100%	449,384
Subtotal, overlapping debt				90,034,167
Carlstadt-East Rutherford Regional High School District Direct Debt				_____
Total direct and overlapping debt				\$ 90,034,167

Sources: (1) Municipal Chief Financial Officer  
 (2) Municipal Chief Financial Officer

(A) The debt for this entity was apportioned to the Boroughs of Carlstadt and East Rutherford by applying the Municipality-to-County Net Valuation on which County taxes are apportioned for Bergen County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Carlstadt and East Rutherford. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

N/A - Information is not available

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2010			
Year	Borough of Carlstadt Equalized Valuation Basis	Borough of East Rutherford Equalized Valuation Basis	Combined Equalized Valuation Basis
2010	\$ 2,312,677,012	\$ 1,977,693,084	\$ 4,290,370,096
2009	2,718,624,887	1,913,723,180	4,632,348,067
2008	2,587,731,838	1,974,736,729	4,562,468,567
		[A]	<u>\$ 13,485,186,730</u>
	Average equalized valuation of taxable property		[A/3] <u>\$ 4,495,062,243</u>
		Debt limit (3 % of average equalization value)	[B] <u>\$ 134,851,867<sup>a</sup></u>
		Total Net Debt Applicable to Limit	[C] <u>-</u>
		Legal debt margin	[B-C] <u>\$ 134,851,867</u>

Fiscal Year Ending June 30,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 62,637,210	\$ 69,236,766	\$ 74,815,994	\$ 85,037,731	\$ 93,991,528	\$ 102,456,285	\$ 111,762,424	\$ 122,804,727	\$ 132,359,439	\$ 134,851,867
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 62,637,210</u>	<u>\$ 69,236,766</u>	<u>\$ 74,815,994</u>	<u>\$ 85,037,731</u>	<u>\$ 93,991,528</u>	<u>\$ 102,456,285</u>	<u>\$ 111,762,424</u>	<u>\$ 122,804,727</u>	<u>\$ 132,359,439</u>	<u>\$ 134,851,867</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized valuation bases were obtained from the Annual Debt Statement, Borough of Carlstadt and Borough of East Rutherford

<sup>a</sup> Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other district types.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Demographic and Economic Statistics  
Last Ten Years  
(Unaudited)

Borough of Carlstadt				
Year	Population <sup>a (1)</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c (2)</sup>	Unemployment Rate <sup>d</sup>
2002	5,928	\$ 307,846,968	\$ 51,931	3.80%
2003	5,932	304,258,212	51,291	3.70%
2004	5,941	324,788,529	54,669	3.00%
2005	5,925	337,505,775	56,963	3.10%
2006	5,916	372,832,236	63,021	3.30%
2007	5,965	400,329,045	67,113	3.00%
2008	5,999	411,177,459	68,541	3.90%
2009	6,059	390,126,892	64,388	7.00%
2010	N/A	N/A	N/A	7.20%
2011	N/A	N/A	N/A	N/A

Borough of East Rutherford				
Year	Population <sup>a (1)</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c (2)</sup>	Unemployment Rate <sup>d</sup>
2002	8,354	\$ 433,831,574	\$ 51,931	5.60%
2003	8,187	419,919,417	51,291	5.50%
2004	8,047	439,921,443	54,669	4.50%
2005	8,078	460,147,114	56,963	4.90%
2006	7,884	496,857,564	63,021	5.20%
2007	7,721	518,179,473	67,113	4.70%
2008	8,708	596,855,028	68,541	6.10%
2009	8,785	565,648,580	64,388	10.70%
2010	N/A	N/A	N/A	11.00%
2011	N/A	N/A	N/A	N/A

## Source:

- a - Population information provided by the NJ Dept of Labor and Workforce Development
- b - Personal income has been estimated based upon the municipal population and per capita personal income presented
- c - US Bureau of Economic Analysis per capita personal income for New Jersey by county
- d - Unemployment data provided by the NJ Dept of Labor and Workforce Development

## Notes:

- (1) Represents estimate as of July 1
- (2) Represents county information vs. municipality
- N/A - At the time of CAFR completion, this data was not yet available

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Principal Employers  
 Current Year and Nine Years Ago  
 (Unaudited)

Borough of Carlstadt						
Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
	N/A	1	N/A	N/A	1	N/A
	N/A	2	N/A	N/A	2	N/A
	N/A	3	N/A	N/A	3	N/A
	N/A	4	N/A	N/A	4	N/A
	N/A	5	N/A	N/A	5	N/A
	N/A	6	N/A	N/A	6	N/A
	N/A	7	N/A	N/A	7	N/A
	N/A	8	N/A	N/A	8	N/A
	N/A	9	N/A	N/A	9	N/A
	N/A	10	N/A	N/A	10	N/A
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Borough of East Rutherford						
Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
	N/A	1	N/A	N/A	1	N/A
	N/A	2	N/A	N/A	2	N/A
	N/A	3	N/A	N/A	3	N/A
	N/A	4	N/A	N/A	4	N/A
	N/A	5	N/A	N/A	5	N/A
	N/A	6	N/A	N/A	6	N/A
	N/A	7	N/A	N/A	7	N/A
	N/A	8	N/A	N/A	8	N/A
	N/A	9	N/A	N/A	9	N/A
	N/A	10	N/A	N/A	10	N/A
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Source: Borough of Carlstadt, Borough of East Rutherford and State of New Jersey Department of Labor and Industry Annual Labor Force Estimates by Municipality

N/A - At the time of CAFR completion, this data was not yet available

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	41.4	44.6	44.6	44.6	44.6	44.6	44.6	43.9	43.9	40.0
Special education	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Support Services:										
Student & instruction related services	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	5.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>65.4</u>	<u>68.6</u>	<u>67.6</u>	<u>66.6</u>	<u>66.6</u>	<u>66.6</u>	<u>66.6</u>	<u>65.9</u>	<u>65.9</u>	<u>62.0</u>

Source: District Personnel Records

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Operating Statistics  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	462	8,062,644	\$ 17,452	1.84%	49.4	1:10	504.5	475.7	0.47%	94.29%
2003	512	8,663,928	16,922	-3.04%	53.6	1:11	509.0	476.8	0.89%	93.67%
2004	525	9,317,973	17,749	4.89%	52.6	1:12	529.6	499.0	4.05%	94.22%
2005	556	10,118,232	18,198	2.53%	52.6	1:11	526.8	496.6	-0.53%	94.27%
2006	577	10,584,362	18,344	0.80%	52.6	1:11	536.6	504.3	1.86%	93.98%
2007	555	11,254,338	20,278	10.54%	52.6	1:11	525.8	492.3	-2.01%	93.63%
2008	549	11,318,388	20,616	1.67%	52.6	1:11	523.0	495.1	-0.53%	94.67%
2009	506	11,378,316	22,487	9.07%	51.9	1:10	493.2	465.6	-5.70%	94.40%
2010	534	12,205,367	22,856	1.64%	51.9	1:10	493.6	462.1	0.08%	93.62%
2011	521	12,050,648	23,130	1.20%	47.0	1:10	485.0	451.9	-1.74%	93.18%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

## **SINGLE AUDIT SECTION**

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 School Building Information  
 Last Ten Fiscal Years  
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>High School</u>										
Becton Regional High School (1971)										
Square Feet	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	462	512	525	556	577	555	549	506	534	521
 Number of Schools at June 30, 2010										
High School = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Required Maintenance Expenditures by School Facility  
 Last Ten Fiscal Years  
 (Unaudited)

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

* School Facilities Project # (s)	Becton High School	Total
2002	\$ 194,797	\$ 194,797
2003	181,849	181,849
2004	217,474	217,474
2005	264,232	264,232
2006	249,455	249,455
2007	308,164	308,164
2008	255,002	255,002
2009	253,506	253,506
2010	249,600	249,600
2011	<u>237,357</u>	<u>237,357</u>
Total School Facilities	<u>\$ 2,411,436</u>	<u>\$ 2,411,436</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Insurance Schedule  
June 30, 2011  
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance Co.		
Property - Blanket Building & Contents	\$ 25,539,409	\$ 5,000
Earthquake Damage	5,000,000	50,000
Flood Damage - Outside Flood Zone	5,000,000	50,000
Flood Damage - Inside Flood Zone	1,000,000	50,000
Comprehensive General Liability (Each Occurrence/Aggregate)	1,000,000/2,000,000	1,000
Comprehensive Automobile Liability	1,000,000	1,000
Building Ordinance Costs - Demolition Costs and Cost of Construction - each	2,000,000	1,000
Systems Power (Boiler and Machinery)	250,000	5,000
Abuse or Molestation Occurrence Liability	1,000,000	1,000
Computer Equipment	2,500,000	5,000
Valuable Papers	5,000,000	1,000
Contractors Equipment	250,000	1,000
Cameras and Audio Visual Equipment	250,000	1,000
Musical Instruments and Related Equipment	250,000	1,000
Unscheduled Miscellaneous Property	100,000	1,000
Employee Dishonesty and Faithful Performance - Per Employee	100,000	5,000
Per Theft	400,000	100,000
Computer Fraud	50,000	1,000
Crime - Inside and Outside	50,000	1,000
Forgery and Alteration	50,000	1,000
Pesticide and Herbicide Applicator	1,000,000	1,000
Employee Benefits:		
Each Loss	1,000,000	1,000
Aggregate	2,000,000	1,000
Educator's Legal Liability - Ace American Insurance Co.	1,000,000	5,000
Public/Educational Entity Pollution Liability - Ace American Insurance Co. (Per Condition/Pool Aggregate)	1,000,000/20,000,000	15,000
Excess Umbrella Liability - Fireman's Fund (excess of \$10,000,000)	50,000,000	
Excess Umbrella Liability - American Alternative Insurance Corp. (excess of \$1,000,000)	9,000,000	10,000
Public Employee Surety Bonds - Travelers Casualty and Surety Company of America		
Treasurer of School Moneys	200,000	
Board Secretary	200,000	
Blanket Accident Insurance for Full-time Employees - Gerber Life Insurance Co.		
Each Loss	100,000	
Aggregate	500,000	
Workers' Compensation - Starr Insurance Company	Statutory	
Excess Workers' Compensation	1,000,000	350,000
Student Accident - National Union Fire Insurance Company of Pittsburgh, PA	500,000	
Student Catastrophic - National Union Fire Insurance Company of Pittsburgh, PA	6,000,000	25,000
Volunteer Workers Accident & Health - United States Fire Insurance Company	500,000	

Source: District records.

Note: The District is part of the Northeast School Board Insurance Group (NESBIG). Several of the above coverages are the combined amounts for all the school districts under master policies with insurance companies.

**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***

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

We have audited the financial statements of the Board of Education of the Carlstadt-East Rutherford Regional High School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the Carlstadt-East Rutherford Regional High School District is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the Board of Education of the Carlstadt-East Rutherford Regional High School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Carlstadt-East Rutherford Regional High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Carlstadt-East Rutherford Regional High School District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Carlstadt-East Rutherford Regional High School District's financial statements are free of 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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Carlstadt-East Rutherford Regional High School District in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 30, 2011.

This report is intended solely for the information and use of management, the Board of Education of the Carlstadt-East Rutherford Regional High School District, the New Jersey State Department of Education (the cognizant audit agency), and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



McKINLEY, WHITE & CO., L.L.P.  
Certified Public Accountants



Thomas W. McKinley  
Licensed Public School Accountant  
License #20CS00442200

Paramus, New Jersey

November 30, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND NEW JERSEY OMB'S CIRCULAR 04-04**

Independent Auditor's Report

Not Applicable

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust- ments	Repayment of Prior Years' Balances	June 30, 2011				
											Accounts Receivable	Deferred Revenue	Due to Grantor		
<b>U.S. Department of Agriculture</b>															
<b>Passed-through State Department of Education:</b>															
<b>Enterprise Fund:</b>															
<b>Child Nutrition Cluster:</b>															
<b>Non-Cash Food Assistance (Food Distribution):</b>															
Food Distribution Program	10.555	N/A	\$ 8,078	7/1/10 - 6/30/11	\$	\$	\$ 8,078	\$ (7,819)	\$	\$	\$	259	\$		
Food Distribution Program	10.555	N/A	7,189	7/1/09 - 6/30/10	432			(432)							
<b>Cash Assistance:</b>															
School Breakfast Program	10.553	N/A	5,009	7/1/10 - 6/30/11			4,601	(5,009)				(408)			
National School Lunch Program	10.555	N/A	37,871	7/1/10 - 6/30/11			36,659	(37,871)				(1,212)			
National School Lunch Program	10.555	N/A	37,842	7/1/09 - 6/30/10	(1,257)		1,257								
<b>Total Enterprise Fund</b>					<b>(825)</b>		<b>50,595</b>	<b>(51,131)</b>				<b>(1,620)</b>	<b>259</b>		
<b>U.S. Department of Education</b>															
<b>Passed-through State Department of Education:</b>															
<b>Special Revenue Fund:</b>															
<b>I.D.E.A. Part B:</b>															
Current Year	84.027	FT-0745-11	113,733	9/1/10 - 8/31/11			113,733	(113,733)							
Prior Year	84.027	FT-0745-10	106,742	9/1/09 - 8/31/10	(25,205)		25,205								
<b>ARRA - I.D.E.A. Part B:</b>															
Prior Year	84.391	ARRA-0745-10	112,829	9/1/09 - 8/31/10	(540)		540								
<b>E.S.E.A. Title I Part A, Improving Basic Programs:</b>															
Current Year	84.010A	NCLB-0745-11	61,774	9/1/10 - 8/31/11			61,774	(61,774)							
Carryover	84.010A	NCLB-0745-10	9,968	9/1/09 - 8/31/10	(5,017)		5,017	(4,483)				(4,483)			
<b>ARRA - Title I Part A:</b>															
Prior Year	84.389	ARRA-0745-10	14,390	9/1/09 - 8/31/10	(2,789)		2,789								
<b>E.S.E.A. Title II Part A, Teacher and Principal Training and Recruiting:</b>															
Current Year	84.367A	NCLB-0745-11	14,444	9/1/10 - 8/31/11			10,282	(12,106)				(1,824)			
Carryover	84.367A	NCLB-0745-10	8,307	9/1/09 - 8/31/10	(6,190)		3,732	(8,307)				(10,765)			
Carryover	84.367A	NCLB-0745-09	9,740	9/1/08 - 8/31/09	(1,268)		1,268								
<b>E.S.E.A. Title II Part D, Enhancing Education Through Technology:</b>															
Current Year	84.318X	NCLB-0745-11	140	9/1/10 - 8/31/11											
Carryover	84.318X	NCLB-0745-10	376	9/1/09 - 8/31/10	(96)		96								
Carryover	84.318X	NCLB-0745-09	371	9/1/08 - 8/31/09	(371)		371								
<b>E.S.E.A. Title III, English Language Acquisition and Language Enhancement:</b>															
Current Year	84.365A	NCLB-0745-11	5,496	9/1/10 - 8/31/11			5,496	(5,496)							
<b>E.S.E.A. Title III, Emergency Immigrant</b>															
Current Year	84.365A	NCLB-0745-11	10,001	9/1/10 - 8/31/11			5,339	(10,001)				(4,662)			
Summer	84.365A	NCLB-0745-09	3,031	9/1/08 - 8/31/09				(2,806)				(2,806)			
<b>E.S.E.A. Title IV, Safe &amp; Drug-Free Schools &amp; Communities Act:</b>															
Carryover	84.186A	NCLB-0745-10	1,225	9/1/09 - 8/31/10											
Carryover	84.186A	NCLB-0745-09	527	9/1/08 - 8/31/09											
<b>Total Special Revenue Fund</b>					<b>(41,476)</b>		<b>235,642</b>	<b>(218,706)</b>				<b>(24,540)</b>			
<b>U.S. Department of Labor</b>															
<b>Passed-through State Department of Education:</b>															
<b>General Fund:</b>															
Education Jobs Fund	84.410A		19,139	9/1/10 - 8/31/11											
<b>Total General Fund</b>															
<b>U.S. Department of Transportation</b>															
<b>Passed-through Federal Aviation Administration and Port Authority of New York and New Jersey:</b>															
<b>Capital Projects Fund:</b>															
<b>Block Grant TEB 18-03 - Aircraft Noise Abatement Program School Soundproofing Project H.P. Becton Regional High School</b>															
	20.106	TEB 18-03, 31-05, 35-06, 113-07	19,597,445	9/1/10 - 8/31/11	(2,268)		15,500	(15,500)				(2,268)			
<b>Total Capital Projects Fund</b>					<b>(2,268)</b>		<b>15,500</b>	<b>(15,500)</b>				<b>(2,268)</b>			
<b>Total Federal Awards</b>					<b>\$ (44,569)</b>	<b>\$</b>	<b>\$ 301,737</b>	<b>\$ (285,337)</b>	<b>\$</b>	<b>\$</b>	<b>\$ (28,428)</b>	<b>\$ 259</b>	<b>\$</b>		

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Expenditures of State Financial Assistance  
 For the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2010		Carryover/Walkover Amount	GAAP Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO		
				Deferred Revenue (Accounts Receivable)	Due to Grantor					Accounts Receivable	Deferred Revenue/Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Transportation Aid	10-495-034-5120-014	117,976	7/1/09 - 6/30/10	\$	\$	\$	5,017	(5,017)							5,017
Special Education Categorical Aid	10-495-034-5120-089	291,035	7/1/09 - 6/30/10				12,186	(12,186)							12,186
Security Aid	10-495-034-5120-084	56,862	7/1/09 - 6/30/10				2,400	(2,400)							2,400
Adjustment Aid	10-495-034-5120-085	104,854	7/1/09 - 6/30/10				4,543	(4,543)							4,543
Extraordinary Special Education Costs Aid	11-100-034-5120-473	27,623	7/1/10 - 6/30/11											27,623	
Extraordinary Special Education Costs Aid	10-100-034-5120-473	32,162	7/1/09 - 6/30/10												32,162
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	321,038	7/1/10 - 6/30/11				321,038	(321,038)							321,038
TPAF Pension - Non-contributory Insurance	11-495-034-5095-007	14,602	7/1/10 - 6/30/11				14,602	(14,602)							14,602
TPAF Pension - Post-retirement Medical Contributio	11-495-034-5095-001	310,138	7/1/10 - 6/30/11				310,138	(310,138)							310,138
<b>Total General Fund</b>							<b>702,086</b>	<b>(702,086)</b>						<b>27,623</b>	<b>702,086</b>
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
National School Lunch Program (State Share)	11-100-010-3350-023	1,161	7/1/10 - 6/30/11				1,120	(1,161)			(41)			41	1,161
National School Lunch Program (State Share)	10-100-010-3350-023	1,874	7/1/09 - 6/30/10	(61)			61								
<b>Total Enterprise Fund</b>				<b>(61)</b>			<b>1,181</b>	<b>(1,161)</b>			<b>(41)</b>			<b>41</b>	<b>1,161</b>
<b>State of New Jersey Schools Development Authority:</b>															
<b>Capital Projects Fund:</b>															
Section 15 Grant - Henry P. Becton Regional High School New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms	0745-050-09-OJAW	11,080,556	7/1/10 - 6/30/11	(768,611)							(768,611)			768,611	768,611
<b>Total Capital Projects Fund</b>				<b>(768,611)</b>							<b>(768,611)</b>			<b>768,611</b>	<b>768,611</b>
<b>Total State Financial Assistance</b>				<b>(768,672)</b>			<b>703,267</b>	<b>(703,247)</b>			<b>(768,652)</b>			<b>796,275</b>	<b>1,471,858</b>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>															
<b>General Fund</b>															
TPAF Pension - Non-contributory Insurance	11-495-034-5095-007	14,602	7/1/10 - 6/30/11				(14,602)	14,602							(14,602)
TPAF Pension - Post-retirement Medical Contributio	11-495-034-5095-001	310,138	7/1/10 - 6/30/11				(310,138)	310,138							(310,138)
<b>Total State Financial Assistance Subject to Single Audit</b>				<b>\$ (768,672)</b>	<b>\$</b>	<b>\$</b>	<b>\$ 378,527</b>	<b>\$ (378,507)</b>	<b>\$</b>	<b>\$ (768,652)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 796,275</b>	<b>\$ 1,147,118</b>

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**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**June 30, 2011**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance includes all federal and state award activity of the Board of Education of the Carlstadt-East Rutherford Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on 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 Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular Letter 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 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, special revenue fund and capital projects 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 the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2, and extraordinary special education costs aid. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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, whereas the GAAP basis does not. The District did not have one or more June state aid payments in the special revenue fund, however, if it did, the special revenue fund would recognize the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**June 30, 2011**

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$28,685 for the general fund. There are no adjustments for the special revenue fund or capital projects 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. Federal awards and state financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 702,086	\$ 702,086
Special Revenue Fund	218,706		218,706
Capital Projects Fund	15,500		15,500
Food Service Fund	51,131	1,161	52,292
	<u>285,337</u>	<u>703,247</u>	<u>988,584</u>
Total financial assistance - GAAP basis			
Less: On-behalf TPAF - non-contributory insurance		(14,602)	(14,602)
On-behalf TPAF - post-retirement medical contributions		<u>(310,138)</u>	<u>(310,138)</u>
Total per schedules of expenditures of federal awards and state financial assistance	<u>\$ 285,337</u>	<u>\$ 378,507</u>	<u>\$ 663,844</u>

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

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. OTHER**

Revenues and expenditures reported under the National School Lunch Program, non-cash assistance (Food Distribution) represent current year value received and current year distributions, respectively of the Federal Food Distribution Program.

The amounts reported as TPAF Pension Post-Retirement Medical and Non-Contributory Insurance Contributions represents the amount paid by the State of New Jersey on behalf of the District for the year ended June 30, 2011. Reimbursed TPAF Social Security Contributions represents the amount reimbursed by the State of New Jersey for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**June 30, 2011**

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

On-behalf state programs for TPAF Pension Non-Contributory Insurance and Post-Retirement Medical Contributions are not subject to a state single audit and, therefore, are excluded from major program determination. The schedule of expenditures 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-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2011

Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted?            yes   x   no

**Federal Awards** Not applicable

**State Financial Assistance** Not applicable

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Fiscal Year Ended June 30, 2011**

Section II - 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 were no 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*.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs (Continued)  
For the Fiscal Year Ended June 30, 2011**

Section III – Schedules of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the audit findings required to be reported by section .510(a) of U.S. OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Current Year Federal Awards

Not Applicable

Current Year State Financial Assistance

Not Applicable

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT**  
**Summary Schedule of Prior-Year Audit Findings**  
**and Questioned Costs as Prepared by Management**  
**For the Fiscal Year Ended June 30, 2011**

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.

There were no prior-year audit findings.