

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Carlstadt-East Rutherford Regional Board of Education

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

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION

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

**120 PATERSON AVENUE
EAST RUTHERFORD, N.J. 07073**



**NICHOLAS ANNITTI
BUSINESS ADMINISTRATOR/
BOARD SECRETARY**

**H. P. BECTON REGIONAL HIGH SCHOOL
120 PATERSON AVENUE
EAST RUTHERFORD, N.J. 07073**

**TELEPHONE: (201)-935-4940-1
FAX: (201) 935-3047**

December 18, 2015

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, 2015. 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 Auditor's Report and includes the Management's Discussion and Analysis, the Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information of the District, generally presented on a multi-year basis;

- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

School District Organization

The District provides education to 529 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). All funds of the District are included in this report. The Carlstadt-East Rutherford Regional Board of Education and its school constitute the District’s reporting entity.

Economic Conditions and Outlook

The District completed the 2014-2015 fiscal year with an average daily enrollment of 529 students. The following details the changes in the student average daily enrollment of the District over the last nine years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	529.0	5.5%
2013-14	501.0	1.8%
2012-13	492.6	1.61
2011-12	484.8	0%
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 2015-2016 provides the necessary funding to continue the excellent educational programs available to all District students. Starting with the 2013-2014 school year, there is no vote on budgets within the 2% “CAPS”.

There is a 2% increase in the tax levy for fiscal year 2015-2016. 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 Board of Education is stated as follows:

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

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

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, extracurricular activities, counseling and special services, our school assists each pupil in achieving his/her goals, developing character and recognizing responsibility.

All staff members share the responsibility of insuring that students attain their greatest potential educationally, socially and vocationally. Working as a team, counselors, teachers, administrators, special education and support

services staff, nurse and parents help students achieve this goal. Counselors meet with students on an individual basis or in small groups to discuss school adjustment, career planning and personal concerns. If additional help is needed, other members of the support staff are consulted.

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

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

Major Initiatives

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, 2015.

Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the governmental Unit Deposit

Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, U.S. Office of Management and Budget Circular A-133, and New Jersey OMB’s Circular 15-08. The auditor’s report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

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

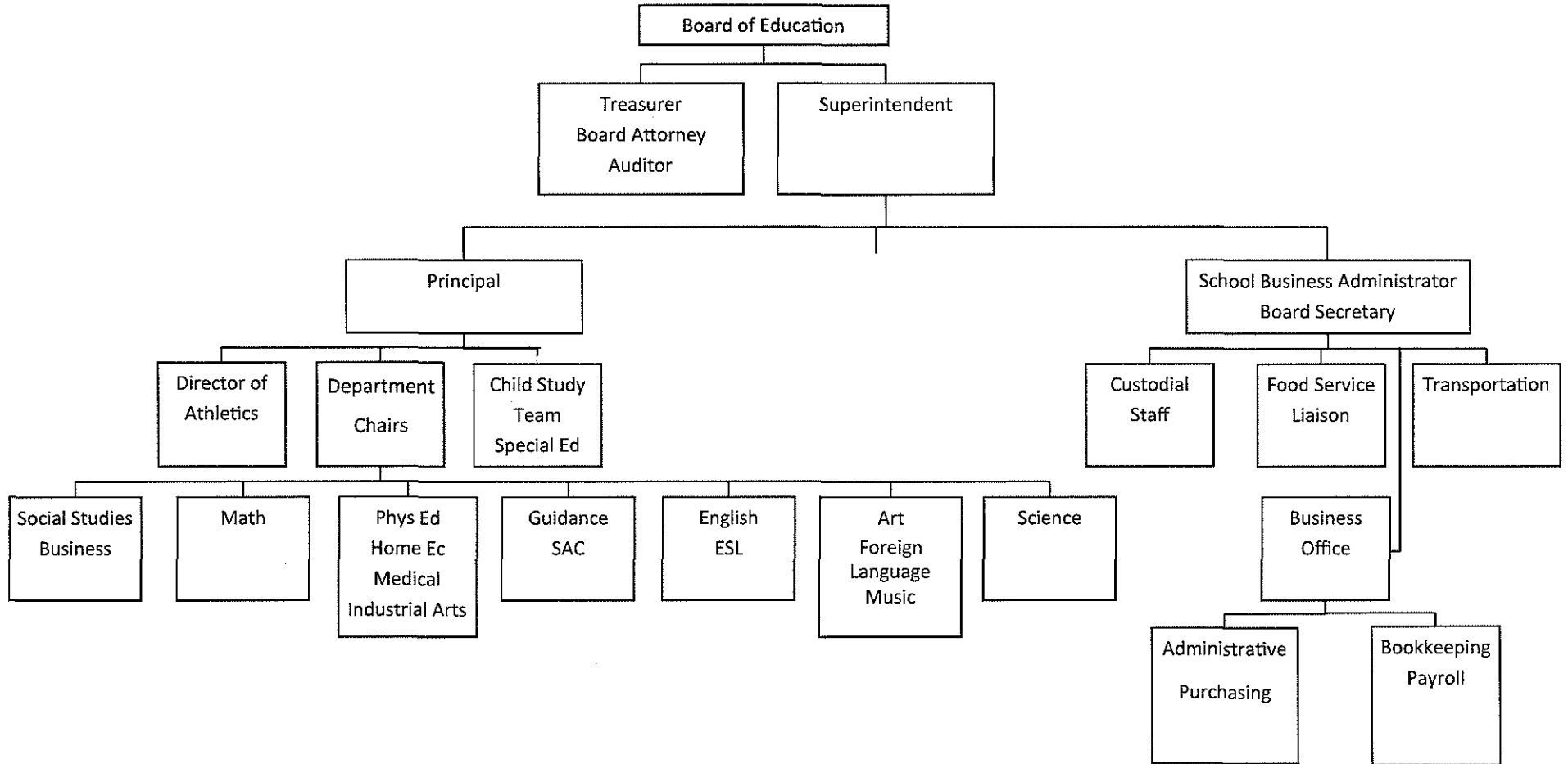
Respectfully submitted,



Nicholas Annitti
Board Secretary/Business Administrator

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

ORGANIZATION CHART



**CARLSTADT – EAST RUTHERFORD REGIONAL
HIGH SCHOOL DISTRICT**

**ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Tina M. Cavallo, President (East Rutherford)	2017
Raymond Muszynski, Vice President (Carlstadt)	2015
Lawrence M. Bongiovanni (East Rutherford)	2016
Richard J. Evans, Ph.D. (East Rutherford)	2016
Natalie Grskovic (Carlstadt)	2017
Fred Meo, (Carlstadt)	2017
Joseph Morris (East Rutherford)	2015
Helen M. Rohrman (Carlstadt)	2016
Jerome Winston (East Rutherford)	2015

OTHER OFFICIALS

Louise Clarke, Superintendent

Dario Sforza, Ed.D., Principal

Nicholas Annitti, Board Secretary/Business Administrator

Dominick Giancaspro, Treasurer of School Moneys

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, New Jersey 07410

OFFICIAL DEPOSITORY

TD Bank
71 Union Avenue
East Rutherford, New Jersey 07073

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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 Carlstadt-East Rutherford Regional Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Carlstadt-East Rutherford Regional Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt-East Rutherford Regional Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt-East Rutherford Regional Board of Education.

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2015 on our consideration of the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 18, 2015

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

This section of Carlstadt-East Rutherford Regional Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The assets and deferred outflows of the Carlstadt-East Rutherford Regional Board of Education exceeded its liabilities and deferred inflows at the close of the fiscal year by \$28,474,867. (Net Position)
- The District's total net position increased by \$906,933.
- Overall District revenues were \$16,614,324. General revenues accounted for \$12,101,648 or 73% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,512,676 or 27% of total revenues.
- The school district had \$15,008,726 in expenses for governmental activities; only \$3,830,348 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$12,101,648 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,698,390. Of this amount, \$266,511 (10%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2015 was \$2,972,524, a decrease of \$469,199 compared to the ending fund balance at June 30, 2014 of \$3,441,723.
- The General Fund unassigned budgetary fund balance at June 30, 2015 was \$324,939, which represents an increase of \$14,341 compared to the ending unassigned budgetary fund balance at June 30, 2014 of \$310,598.
- The District's governmental activities capital assets increased \$1,500,467 during the current fiscal year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

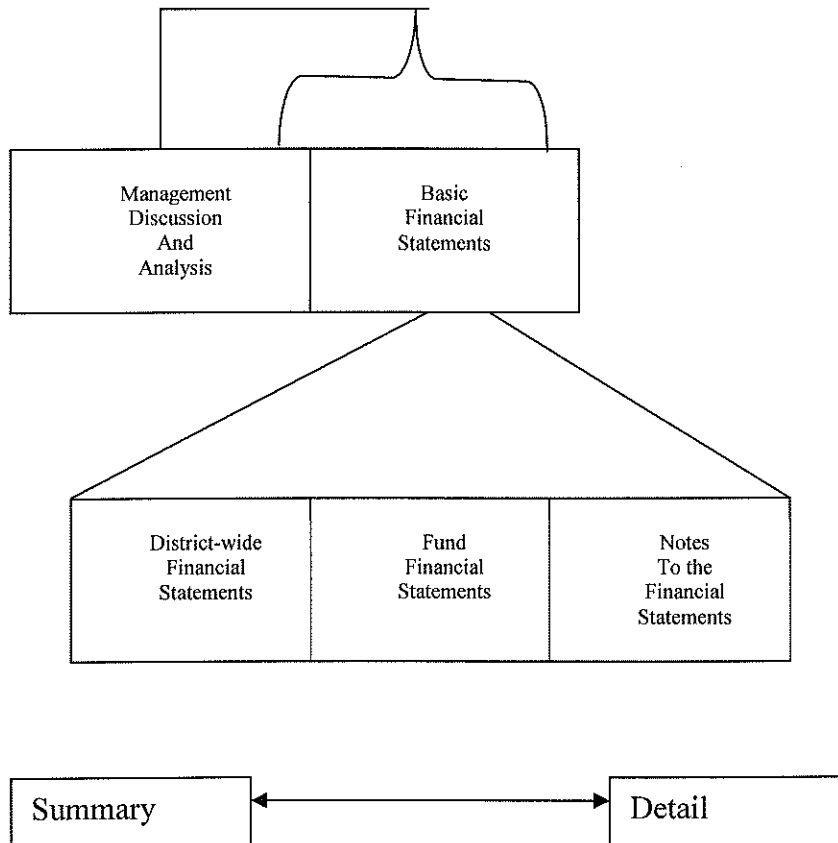
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2015

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

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Fund Financial Statements (Continued)

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$28,474,867 and \$27,567,934 on June 30, 2015 and 2014, respectively as follows:

	Net Position As of June 30, 2015 and 2014					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current Assets	\$ 6,740,188	\$ 11,050,152	\$ 157,185	\$ 138,936	\$ 6,897,373	\$ 11,189,088
Capital Assets, Net	28,750,534	27,250,067	23,437	31,871	28,773,971	27,281,938
Total Assets	<u>35,490,722</u>	<u>38,300,219</u>	<u>180,622</u>	<u>170,807</u>	<u>35,671,344</u>	<u>38,471,026</u>
Deferred Outflows of Resources	121,467	-	-	-	121,467	-
Total Assets and Deferred Outflows	<u>35,612,189</u>	<u>38,300,219</u>	<u>180,622</u>	<u>170,807</u>	<u>35,792,811</u>	<u>38,471,026</u>
Liabilities						
Long-Term liabilities	3,053,251	818,595	-	-	3,053,251	818,595
Other Liabilities	4,046,224	10,035,361	74,827	49,136	4,121,051	10,084,497
Total Liabilities	<u>7,099,475</u>	<u>10,853,956</u>	<u>74,827</u>	<u>49,136</u>	<u>7,174,302</u>	<u>10,903,092</u>
Deferred Inflows of Resources	143,181	-	461	-	143,642	-
Total Liabilities and Deferred Inflows	<u>7,242,656</u>	<u>10,853,956</u>	<u>75,288</u>	<u>49,136</u>	<u>7,317,944</u>	<u>10,903,092</u>
Net Position						
Net Investment in Capital Assets	28,171,002	26,500,315	23,437	31,871	28,194,439	26,532,186
Restricted	1,599,992	2,151,663	-	-	1,599,992	2,151,663
Unrestricted	(1,401,461)	(1,205,715)	81,897	89,800	(1,319,564)	(1,115,915)
Total Net Position	<u>\$ 28,369,533</u>	<u>\$ 27,446,263</u>	<u>\$ 105,334</u>	<u>\$ 121,671</u>	<u>\$ 28,474,867</u>	<u>\$ 27,567,934</u>

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

The District's total net position of \$28,474,867 at June 30, 2015 represent a \$906,933 or 3%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2015 and 2014.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Change in Net Position
For The Years Ended June 30, 2015 and 2014

	Governmental Activities		Business- Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 356,125	\$ 424,050	\$ 613,865	\$ 438,367	\$ 969,990	\$ 862,417
Operating Grants and Contributions	2,554,231	1,336,900	68,463	57,414	2,622,694	1,394,314
Capital Grants and Contributions	919,992	7,397,885			919,992	7,397,885
General Revenues						
Property Taxes	12,069,351	11,832,698			12,069,351	11,832,698
Unrestricted State Aid	21,737				21,737	-
Other	10,560	42,571	-	12	10,560	42,583
Total Revenues	15,931,996	21,034,104	682,328	495,793	16,614,324	21,529,897
Expenses						
Instruction						
Regular	5,722,852	5,033,334			5,722,852	5,033,334
Special Education	3,243,691	2,764,697			3,243,691	2,764,697
Other Instruction	197,667	172,315			197,667	172,315
School Sponsored Activities and Athletics	431,300	427,761			431,300	427,761
Support Services						
Student and Instruction Related Services	1,644,704	1,553,049			1,644,704	1,553,049
General Administrative Services	540,825	461,320			540,825	461,320
School Administrative Services	352,560	271,174			352,560	271,174
Central Services and Info. Technology	578,771	507,443			578,771	507,443
Plant Operations and Maintenance	1,713,511	1,375,347			1,713,511	1,375,347
Pupil Transportation	564,270	508,110			564,270	508,110
Interest on Long-Term Debt	18,575	14,602			18,575	14,602
Food Services	-	-	698,665	504,397	698,665	504,397
Total Expenses	15,008,726	13,089,152	698,665	504,397	15,707,391	13,593,549
Change in Net Position	923,270	7,944,952	(16,337)	(8,604)	906,933	7,936,348
Net Position, Beginning of Year	27,446,263	21,899,493	121,671	130,275	27,567,934	22,029,768
Prior Period Adjustment	-	(2,398,182)	-	-	-	(2,398,182)
Net Position, End of Year	\$ 28,369,533	\$ 27,446,263	\$ 105,334	\$ 121,671	\$ 28,474,867	\$ 27,567,934

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

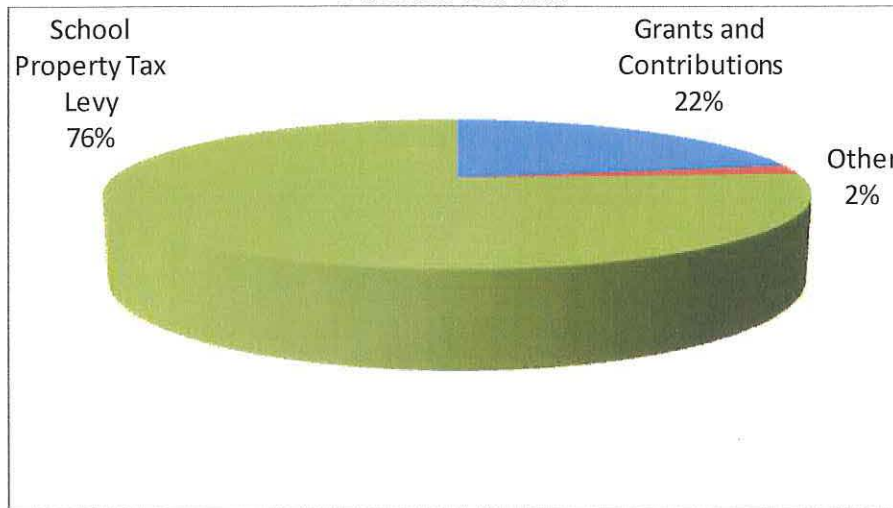
Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2015

Governmental Activities. The District’s total governmental activities’ revenues, which includes State and Federal grants, were \$15,931,996 for the fiscal year ended June 30, 2015, property taxes of \$12,069,351 represented 76% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$3,474,223 and represented 22% of revenues. In addition, charges for services from, transportation fees, building rental fees and general revenue from unrestricted state aid and miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

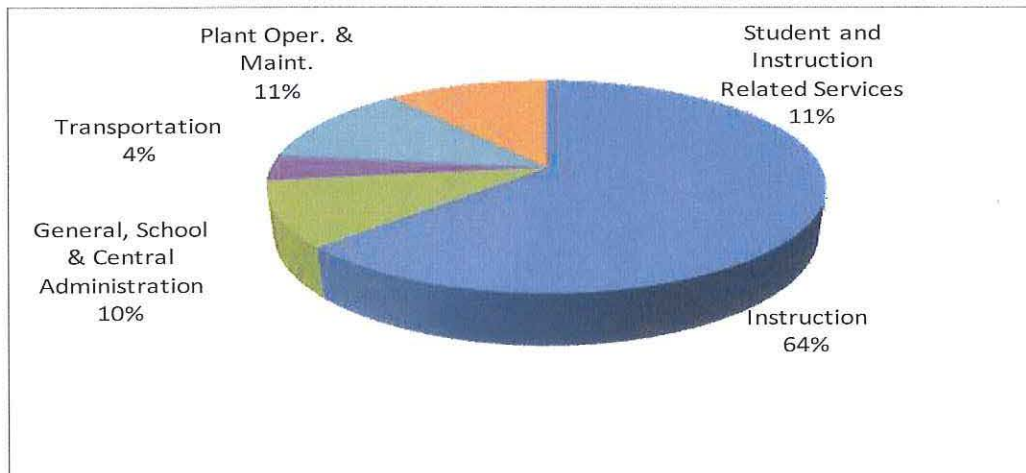
The total cost of all governmental activities programs and services was \$15,008,726 for the fiscal year ended June 30, 2015. The District’s expenses are predominantly related to educating and caring for students. Instruction costs were \$9,595,510 (64%) of total expenses. Support service costs were \$5,394,641 (36%) of total expenses and interest on debt totaled \$18,575 (less than 1%) of total expenses.

For fiscal year 2015, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$923,270 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2015



Expenses by Use – Governmental Activities
For Fiscal Year 2015



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$15,008,726. After applying program revenues, derived from operating and capital grants and contributions of \$3,474,223, and charges for services of \$356,125, the net cost of services of the District is \$11,178,378 for the fiscal year ended June 30, 2015.

**Total and Net Cost of Governmental Activities
For the Years Ended June 30, 2015 and 2014**

	Total Cost of Services		Net Cost (Revenue) of Services	
	2015	2014	2015	2014
Instruction				
Regular	\$ 5,722,852	\$ 5,033,334	\$ 4,251,060	\$ 4,422,471
Special Education	3,243,691	2,764,697	2,624,229	2,271,364
Other Instruction	197,667	172,315	145,015	150,098
School Sponsored Activities and Athletics	431,300	427,761	431,300	427,761
Support Services				
Student and Instruction Related Services	1,644,704	1,553,049	1,418,934	1,440,447
General Administrative Services	540,825	461,320	540,825	384,770
School Administrative Services	352,560	271,174	281,742	245,885
Central Services & Info. Technology	578,771	507,443	509,804	479,617
Plant Operations and Maintenance	1,713,511	1,375,347	528,982	(6,281,375)
Pupil Transportation	564,270	508,110	427,912	374,677
Interest on Long-Term Debt	18,575	14,602	18,575	14,602
Total	\$ 15,008,726	\$ 13,089,152	\$ 11,178,378	\$ 3,930,317

For the fiscal year ended June 30, 2015, the total cost of governmental activities reflects the implementation of the new accounting standard GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The effect of implementing GASB 68 was to recognize additional pension expenses of \$1,089,996 for the PERS and on-behalf TPAF pension systems and additional state aid revenues for on-behalf TPAF pension contributions of \$1,063,875 for fiscal year 2015.

Business-Type Activities – The District's total business-type activities revenues were \$682,328 for the fiscal year ended June 30, 2015 and relate entirely to the District's food service (cafeteria) operations. Charges for services accounted for \$613,865, 90% of total revenues and operating grants and contributions accounted for \$68,463, 10% of total revenue.

Total cost of all business-type activities programs and services was \$698,665 for the fiscal year ended June 30, 2015.

For fiscal year 2015, total business-type activities expenses exceeded revenues, decreasing net position by \$16,337 from the previous year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$2,698,390 at June 30, 2015, a decrease of \$720,424 from last year's fund balance of \$3,418,814. This decrease was mainly attributable to capital project expenditures which exceeded capital project revenues for the 2014/2015 school year.

Revenues for the District's governmental funds were \$14,868,121, while total expenditures were \$15,602,332 for the fiscal year ended June 30, 2015.

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 12,069,351	\$ 11,832,698	\$ 236,653	2%
Interest	7,279	7,935	(656)	-8%
Miscellaneous	370,583	381,285	(10,702)	-3%
State Sources	<u>1,315,156</u>	<u>1,193,589</u>	<u>121,567</u>	10%
Total General Fund Revenues	<u>\$ 13,762,369</u>	<u>\$ 13,415,507</u>	<u>\$ 346,862</u>	3%

For fiscal year 2015, total General Fund revenues increased \$346,862 or 3% from the previous year. Property taxes increased 2% to support increases in operating costs. As indicated, State aid increased \$121,567 or 10% mainly due to increases in on-behalf TPAF pension and post retirement medical benefit contributions paid by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Amount of Increase (Decrease)	Percent Change
Instruction	\$ 8,553,057	\$ 8,268,292	\$ 284,765	3%
Support Services	4,674,514	4,456,020	218,494	5%
Debt Service	203,997	205,370	(1,373)	-1%
Capital Outlay	<u>13,787</u>	<u>106,868</u>	<u>(93,081)</u>	-87%
Total Expenditures	<u>\$ 13,445,355</u>	<u>\$ 13,036,550</u>	<u>\$ 408,805</u>	3%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

For fiscal year 2015, total General Fund expenditures increased \$408,805 or 3% from the previous year. Notable increases during the year were attributed to increases in special education instructional costs and general and school administrative support services.

In fiscal year 2015 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$469,199. Therefore, total fund balance decreased to \$2,972,524 at June 30, 2015. However, after deducting restricted and assigned fund balances, the unassigned fund balance increased to \$266,511 for the year ending June 30, 2015 from \$262,135 for the year ended June 30, 2014. In addition, the District designated fund balance of \$546,608 at year end for use in the subsequent school year's budget and has restricted \$1,599,992 of its fund balance at year end for the capital reserve.

General Fund Budgetary Highlights

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

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over as an encumbrance.
- Increases in appropriations for significant unbudgeted costs.

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

For fiscal year 2015 General Fund budgetary expenditures and other financing uses exceeded budgetary revenues other financing sources decreasing budgetary fund balance \$459,234 from the previous year. However, after deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$14,341 from \$310,598 at June 30, 2014 to \$324,939 at June 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2015, the District had \$28,750,534 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$23,437 for business-type activities. During fiscal year 2015, the District increased its governmental activities capital assets by \$1,500,467. The following is a comparison of the June 30, 2015 and 2014 balances:

**Capital Assets as of June 30, 2015 and 2014
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 559,343	\$ 559,343		
Construction in Progress		25,938,997		
Building and Building Improvements	27,943,860	488,384		
Machinery and Equipment	<u>247,331</u>	<u>263,343</u>	<u>\$ 23,437</u>	<u>\$ 31,870</u>
Total Capital Assets, Net	<u>\$ 28,750,534</u>	<u>\$ 27,250,067</u>	<u>\$ 23,437</u>	<u>\$ 31,870</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

LONG TERM LIABILITIES

At June 30, 2015 the District had \$3,053,251 of total long-term outstanding liabilities. This amount is for capital leases, compensated absences and net pension liabilities. The District's total long-term liabilities decreased \$163,526 during the year. The following is a comparison of the June 30, 2015 and 2014 balances:

**Outstanding Long-Term Liabilities
as of June 30, 2015 and 2014**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Capital Leases Payable	\$ 579,532	\$ 749,752
Compensated Absences	71,130	68,843
Net Pension Liability	<u>2,402,589</u>	<u>2,398,182</u>
Total	<u>\$ 3,053,251</u>	<u>\$ 3,216,777</u>

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund increased approximately 3% to \$13,659,018 for fiscal year 2015-2016. Overall increases in contractual salary requirements and employee benefit costs were the main factors for the increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,504,806	\$ 57,516	\$ 4,562,322
Receivables, net	2,235,197	90,629	2,325,826
Internal Balances	185	(185)	
Inventory		9,225	9,225
Capital Assets, Not Being Depreciated	559,343		559,343
Capital Assets, Being Depreciated, Net	<u>28,191,191</u>	<u>23,437</u>	<u>28,214,628</u>
Total Assets	<u>35,490,722</u>	<u>180,622</u>	<u>35,671,344</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>121,467</u>	<u>-</u>	<u>121,467</u>
Total Deferred Outflows of Resources	<u>121,467</u>	<u>-</u>	<u>121,467</u>
Total Assets and Deferred Outflows of Resources	<u>35,612,189</u>	<u>180,622</u>	<u>35,792,811</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	486,490	74,827	561,317
Accrued Interest Payable	4,426		4,426
Note Payable	3,000,000		3,000,000
Unearned Revenue	555,308		555,308
Noncurrent Liabilities			
Due Within One Year	298,402		298,402
Due Beyond One Year	<u>2,754,849</u>	<u>-</u>	<u>2,754,849</u>
Total Liabilities	<u>7,099,475</u>	<u>74,827</u>	<u>7,174,302</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		461	461
Deferred Amounts on Net Pension Liability	<u>143,181</u>	<u>-</u>	<u>143,181</u>
Total Deferred Inflows of Resources	<u>143,181</u>	<u>461</u>	<u>143,642</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,242,656</u>	<u>75,288</u>	<u>7,317,944</u>
NET POSITION			
Net Investment in Capital Assets	28,171,002	23,437	28,194,439
Restricted for			
Capital Projects	1,599,992		1,599,992
Unrestricted	<u>(1,401,461)</u>	<u>81,897</u>	<u>(1,319,564)</u>
Total Net Position	<u>\$ 28,369,533</u>	<u>\$ 105,334</u>	<u>\$ 28,474,867</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 5,722,852		\$ 1,471,792		\$ (4,251,060)		\$ (4,251,060)
Special Education	3,243,691		619,462		(2,624,229)		(2,624,229)
Other Instruction	197,667		52,652		(145,015)		(145,015)
School Sponsored Activities and Athletics	431,300				(431,300)		(431,300)
Support Services							
Student and Instruction Related Services	1,644,704		225,770		(1,418,934)		(1,418,934)
General Administrative Services	540,825				(540,825)		(540,825)
School Administrative Services	352,560		70,818		(281,742)		(281,742)
Central Services and Info. Technology	578,771		68,967		(509,804)		(509,804)
Plant Operations and Maintenance	1,713,511	\$ 248,000	16,537	\$ 919,992	(528,982)		(528,982)
Pupil Transportation	564,270	108,125	28,233		(427,912)		(427,912)
Interest on Long Term Debt	18,575	-	-	-	(18,575)	-	(18,575)
Total Governmental Activities	15,008,726	356,125	2,554,231	919,992	(11,178,378)	-	(11,178,378)
Business-Type Activities							
Food Service	698,665	613,865	68,463	-	-	\$ (16,337)	(16,337)
Total Business-Type Activities	698,665	613,865	68,463	-	-	(16,337)	(16,337)
Total Primary Government	\$ 15,707,391	\$ 969,990	\$ 2,622,694	\$ 919,992	(11,178,378)	(16,337)	(11,194,715)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes					12,069,351		12,069,351
Investment Earnings					7,279		7,279
Unrestricted State Aid					10,560		10,560
Miscellaneous Income					14,458		14,458
Total General Revenues					12,101,648	-	12,101,648
Change in Net Position					923,270	(16,337)	906,933
Net Position, Beginning of Year - Restated					27,446,263	121,671	27,567,934
Net Position, End of Year					\$ 28,369,533	\$ 105,334	\$ 28,474,867

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

FUND FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,431,721		\$ 1,073,085	\$ 4,504,806
Receivables from Other Governments	178,356	\$ 169,986	1,871,597	2,219,939
Other Receivables	6,758		8,500	15,258
Due from Other Funds	159,933	-	782,621	942,554
	<u>3,776,768</u>	<u>169,986</u>	<u>3,735,803</u>	<u>7,682,557</u>
Total Assets	<u>\$ 3,776,768</u>	<u>\$ 169,986</u>	<u>\$ 3,735,803</u>	<u>\$ 7,682,557</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 19,534	\$ 9,812	\$ 455,055	\$ 484,401
Notes Payable			3,000,000	3,000,000
Due to Other Funds	784,710	\$ 159,748	-	944,458
Unearned Revenue	-	426	554,882	555,308
	<u>804,244</u>	<u>169,986</u>	<u>4,009,937</u>	<u>4,984,167</u>
Total Liabilities	<u>804,244</u>	<u>169,986</u>	<u>4,009,937</u>	<u>4,984,167</u>
Fund Balances (Deficits)				
Restricted				
Capital Reserve	1,419,992			1,419,992
Capital Reserve - Designated For Subsequent Year's Expenditures	180,000			180,000
Excess Surplus	500,000			500,000
Excess Surplus-Designated for Subsequent Year's Expenditures	500,000			500,000
Assigned				
Year End Encumbrances	59,413			59,413
Designated for Subsequent Year's Expenditures	46,608			46,608
Unassigned	266,511	-	(274,134)	(7,623)
	<u>2,972,524</u>	<u>-</u>	<u>(274,134)</u>	<u>2,698,390</u>
Total Fund Balances (Deficits)	<u>2,972,524</u>	<u>-</u>	<u>(274,134)</u>	<u>2,698,390</u>
Total Liabilities and Fund Balances	<u>\$ 3,776,768</u>	<u>\$ 169,986</u>	<u>\$ 3,735,803</u>	<u>\$ 7,682,557</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 2,698,390

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$34,291,625 and the accumulated depreciation is \$5,541,091 28,750,534

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

Deferred Outflows of Resources	\$	121,467	
Deferred Inflows of Resources		(143,181)	(21,714)

The District has financed capital assets through the issuance of long-term lease obligations. The interest accrual at year end is: (4,426)

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

Capital Leases		(579,532)	
Compensated Absences		(71,130)	
Net Pension Liability		(2,402,589)	(3,053,251)

Net position of governmental activities (Exhibit A-1) \$ 28,369,533

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 12,069,351			\$ 12,069,351
Interest	7,279			7,279
Miscellaneous	<u>370,583</u>	\$ 15,774	-	<u>386,357</u>
Total - Local Sources	12,447,213	15,774	-	12,462,987
State Sources	1,315,156		\$ 323,227	1,638,383
Federal Sources		169,986	566,305	736,291
Other Intermediate Sources	<u>-</u>	<u>-</u>	<u>30,460</u>	<u>30,460</u>
Total Revenues	<u>13,762,369</u>	<u>185,760</u>	<u>919,992</u>	<u>14,868,121</u>
EXPENDITURES				
Current				
Regular Instruction	4,904,701	52,950		4,957,651
Special Education Instruction	3,048,094	113,330		3,161,424
Other Instruction	169,232			169,232
School-Sponsored Activities and Athletics	431,030			431,030
Support Services				
Student and Instruction Related Services	1,510,528	19,480		1,530,008
General Administrative Services	519,279			519,279
School Administrative Services	305,487			305,487
Central Services and Info. Technology	540,126			540,126
Plant Operations and Maintenance	1,243,509			1,243,509
Pupil Transportation	555,585			555,585
Debt Service				
Principal	184,007			184,007
Interest and Other Charges	19,990			19,990
Capital Outlay	<u>13,787</u>	<u>-</u>	<u>1,971,217</u>	<u>1,985,004</u>
Total Expenditures	<u>13,445,355</u>	<u>185,760</u>	<u>1,971,217</u>	<u>15,602,332</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>317,014</u>	<u>-</u>	<u>(1,051,225)</u>	<u>(734,211)</u>
Other Financing Sources (Uses)				
Capital Lease Proceeds	13,787			13,787
Transfer In	-		800,000	800,000
Transfer Out	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>(800,000)</u>
Total Other Financing Sources (Uses)	<u>(786,213)</u>	<u>-</u>	<u>800,000</u>	<u>13,787</u>
Net Change in Fund Balance	(469,199)	-	(251,225)	(720,424)
Fund Balance (Deficit), Beginning of Year	<u>3,441,723</u>	<u>-</u>	<u>(22,909)</u>	<u>3,418,814</u>
Fund Balance (Deficit) , End of Year	<u>\$ 2,972,524</u>	<u>\$ -</u>	<u>\$ (274,134)</u>	<u>\$ 2,698,390</u>

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (720,424)

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

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

Capital Outlay	\$ 1,985,004	
Depreciation Expense	<u>(484,537)</u>	
		1,500,467

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

Increase in Compensated Absences	(2,287)	
Increase in Net Pension Liability	<u>(26,121)</u>	
		(28,408)

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

Capital Lease Principal		184,007
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The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Capital Lease Proceeds		(13,787)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>1,415</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 923,270**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 57,516
Intergovernmental Receivable	90,629
Inventory	<u>9,225</u>
Total Current Assets	<u>157,370</u>
Capital Assets	
Machinery and Equipment	161,458
Less: Accumulated Depreciation	<u>(138,021)</u>
Total Capital Assets, Net	<u>23,437</u>
Total Assets	<u>180,807</u>
LIABILITIES	
Accounts Payable	74,827
Due to Other Funds	<u>185</u>
Total Liabilities	<u>75,012</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>461</u>
Total Liabilities and Deferred Inflow of Resources	<u>75,473</u>
NET POSITION	
Investment in Capital Assets	23,437
Unrestricted	<u>81,897</u>
Total Net Position	<u>\$ 105,334</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 105,989
Non-Reimbursable Programs	499,999
Special Functions	<u>7,877</u>
Total Operating Revenues	<u>613,865</u>
OPERATING EXPENSES	
Cost of Sales	351,570
Salaries and Benefits	194,867
Purchased Management Services	62,690
Van and Vehicle Services	10,239
Purchased Technical Service	5,446
Insurance	3,764
Other Purchased Services	8,137
General Supplies	53,518
Depreciation	<u>8,434</u>
Total Operating Expenses	<u>698,665</u>
Operating Loss	<u>(84,800)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	1,306
Federal Sources	
National School Breakfast Program	6,079
National School Lunch Program	<u>61,078</u>
Total Nonoperating Revenues	<u>68,463</u>
Change in Net Position	(16,337)
Net Position , Beginning of Year	<u>121,671</u>
Net Position, End of Year	<u>\$ 105,334</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 649,706
Cash Payment for Employees Salaries and Benefits	(194,867)
Cash Payments to Suppliers for Goods and Services	<u>(459,315)</u>
Net Cash (Used For) Operating Activities	<u>(4,476)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Payments to Other Funds	(66)
Cash Received from State and Federal Subsidy Reimbursements	<u>56,887</u>
Net Cash Provided by Noncapital Financing Activities	<u>56,821</u>
Net Increase in Cash and Cash Equivalents	52,345
Cash and Cash Equivalents, Beginning of Year	<u>5,171</u>
Cash and Cash Equivalents, End of Year	<u>\$ 57,516</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating Loss	<u>\$ (84,800)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities	
Depreciation	8,434
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	13,200
Change in Assets, Liabilities and Deferred Inflows	
(Increase)/Decrease in Intergovernmental Receivable - Other	35,841
(Increase)/Decrease in Inventory	(3,303)
Increase/(Decrease) in Accounts Payable	25,691
Increase/(Decrease) in Deferred Commodities Revenue	<u>461</u>
Total Adjustments	<u>80,324</u>
Net Cash (Used for) by Operating Activities	<u>\$ (4,476)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 13,661

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 107,488	\$ 58,300
Due from Other Funds	<u>12</u>	<u>2,077</u>
Total Assets	<u>107,500</u>	<u>\$ 60,377</u>
LIABILITIES		
Accrued Salaries and Wages		\$ 6,357
Payroll Deductions and Withholdings		13,186
Flexible Spending Deposits	-	1,620
Due to Student Groups	<u>-</u>	<u>39,214</u>
Total Liabilities	<u>-</u>	<u>\$ 60,377</u>
NET POSITION		
Held in Trust for Private Purpose Scholarships	<u>\$ 107,500</u>	

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS	
Contributions	
Donations	\$ 4,850
Board Contributions	<u>500</u>
Total Additions	<u>5,350</u>
DEDUCTIONS	
Scholarships Awarded	<u>10,850</u>
Total Deductions	<u>10,850</u>
Change in Net Position	(5,500)
Net Position, Beginning of Year	<u>113,000</u>
Net Position, End of Year	<u><u>\$ 107,500</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carlstadt-East Rutherford Regional Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

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

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Land Improvements	5-20
Buildings	20-50
Building Improvements	7-30
Office Equipment and Furniture	5-20
Computer Equipment	5

5. Deferred Outflows/Inflows of Resources

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

Capital Reserve – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was voted upon at the annual school election on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 8, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$895,474. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Deficit Fund Equity

The District has an accumulated fund deficit of \$274,134 in the Capital Projects Fund as of June 30, 2015. This deficit is the result of the District incurring expenditures for certain capital projects prior to earning grant revenues. As the District earns grant award funding it will realize revenue. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

C. Capital Reserve

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 2,151,663
Increased by	
Deposits Approved by Board Resolution	<u>248,329</u>
	2,399,992
Decreased by	
Withdrawals approved by Board Resolution	<u>800,000</u>
Balance, June 30, 2015	<u>\$ 1,599,992</u>

At June 30, 2015 \$180,000 of the capital reserve balance was designated and appropriated in the 2015/2016 original budget certified for taxes. The withdrawals from the capital reserve were for use in the department approved facilities project, consistent with the District’s Long Range Facilities Plan.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2015 is \$1,000,000. Of this amount, \$500,000 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$500,000 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$4,728,490 and bank and brokerage firm balances of the Board’s deposits amounted to \$5,332,424. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 5,332,424</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015, none of the Board’s bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Local	\$ 166,650			\$ 88,302	\$ 254,952
State	11,706		\$ 414,326	51	426,083
Federal		\$ 169,986	1,384,408	2,276	1,556,670
Other			72,863		72,863
Other Accounts	<u>6,758</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>15,258</u>
Gross Receivables	185,114	169,986	1,880,097	90,629	2,325,826
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 185,114</u>	<u>\$ 169,986</u>	<u>\$ 1,880,097</u>	<u>\$ 90,629</u>	<u>\$ 2,325,826</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	426
Capital Projects Fund		
Unrealized Grants Awards		<u>554,882</u>
Total Unearned Revenue for Governmental Funds	\$	<u>555,308</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 559,343			\$ 559,343
Construction in Progress	<u>25,938,997</u>	<u>\$ 1,971,217</u>	<u>\$ (27,910,214)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>26,498,340</u>	<u>1,971,217</u>	<u>(27,910,214)</u>	<u>559,343</u>
Capital Assets, Being Depreciated:				
Land Improvements	96,443			96,443
Building and Building Improvements	4,650,132	27,910,214		32,560,346
Machinery and Equipment	<u>1,061,706</u>	<u>13,787</u>	<u>-</u>	<u>1,075,493</u>
Total Capital Assets Being Depreciated	<u>5,808,281</u>	<u>27,924,001</u>	<u>-</u>	<u>33,732,282</u>
Less Accumulated Depreciation for:				
Land Improvements	(96,443)			(96,443)
Building and Building Improvements	(4,161,748)	(454,738)		(4,616,486)
Machinery and Equipment	<u>(798,363)</u>	<u>(29,799)</u>	<u>-</u>	<u>(828,162)</u>
Total Accumulated Depreciation	<u>(5,056,554)</u>	<u>(484,537)</u>	<u>-</u>	<u>(5,541,091)</u>
Total Assets, Being Depreciation, Net	<u>751,727</u>	<u>27,439,464</u>	<u>-</u>	<u>28,191,191</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,250,067</u>	<u>\$ 29,410,681</u>	<u>\$ (27,910,214)</u>	<u>\$ 28,750,534</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 161,458	-	-	\$ 161,458
Total Capital Assets Being Depreciated	<u>161,458</u>	<u>-</u>	<u>-</u>	<u>161,458</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(129,587)</u>	\$ (8,434)	-	<u>(138,021)</u>
Total Accumulated Depreciation	<u>(129,587)</u>	<u>(8,434)</u>	<u>-</u>	<u>(138,021)</u>
Total Capital Assets, Being Depreciated, Net	<u>31,871</u>	<u>(8,434)</u>	<u>-</u>	<u>23,437</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,871</u>	<u>\$ (8,434)</u>	<u>\$ -</u>	<u>\$ 23,437</u>

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

Governmental Activities:	
Instruction	
Regular Instruction	\$ 5,741
School Sponsored Activities and Athletics	270
Total Instruction	<u>6,011</u>
Support Services	
Plant Operations and Maintenance	469,841
Pupil Transportation	8,685
Total Support Services	<u>478,526</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 484,537</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 8,434</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Modify)

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Aircraft Noise Abatement Project and Various Improvements to Becton Regional High School	<u>\$ 26,845,432</u>	<u>\$ 99,235</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 159,748
General Fund	Food Service Fund	185
Capital Projects Fund	General Fund	782,621
Scholarship Fund	General Fund	12
Payroll Agency Fund	General Fund	<u>2,077</u>
 Total		 <u>\$ 944,643</u>

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	Transfer In:
	Capital
	Projects
	<u>Fund</u>
Transfer Out:	
General Fund	\$ <u>800,000</u>

The above transfers are the result of restricted fund balances in one fund appropriated to finance expenditures in another fund.

F. Leases

Operating Leases

The District entered into a lease agreement on July 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 to be paid in annual installments of \$75,000. The lease expires in July 2029.

Capital Leases

The District is leasing copiers and technology upgrades totaling \$960,148 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental
	<u>Activities</u>
Building Improvements	\$ 839,493
Machinery and Equipment	<u>120,655</u>
	<u>\$ 960,148</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Fiscal Year Ending June 30	Governmental <u>Activities</u>
2016	\$ 202,673
2017	202,673
2018	196,747
2019	3,228
2020	<u>1,076</u>
Total minimum lease payments	606,397
Less: amount representing interest	<u>(26,865)</u>
Present value of minimum lease payments	<u>\$ 579,532</u>

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 119,765,859
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 119,765,859</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, <u>July 1, 2014</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2015</u>	Due Within <u>One Year</u>
Governmental Activities:					
Capital Lease Payable	\$ 749,752	\$ 13,787	\$ 184,007	\$ 579,532	\$ 189,205
Compensated Absences	68,843	2,287		71,130	
Net Pension Liability	<u>2,398,182</u>	<u>26,121</u>	<u>21,714</u>	<u>2,402,589</u>	<u>109,197</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,216,777</u>	<u>\$ 42,195</u>	<u>\$ 205,721</u>	<u>\$ 3,053,251</u>	<u>\$ 298,402</u>

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

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2015 was as follows:

Grant Anticipation Notes

The Board issues Grant Anticipation Notes to interim finance Capital Projects funded by federal and state construction grants. The Board's short-term debt activity for the fiscal year ended June 30, 2015 was as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Noise Abatement Project	1.40%	10/3/2014	\$ 6,000,000		\$ 6,000,000	
Noise Abatement Project	1.25	7/7/2015	<u>-</u>	<u>\$ 3,000,000</u>	<u>-</u>	<u>\$ 3,000,000</u>
			<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 105,789	\$ 227,000	\$ 2,070
2014	96,047	189,883	4,715
2013	85,917	286,962	None

For fiscal years 2014/2015 and 2012/2013, the state contributed \$227,000 and \$286,962, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$189,883 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$318,658 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$2,402,589 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .01283 percent, which was an increase of .00028 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$131,910 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 75,550	
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	\$ 143,181
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	<u>45,917</u>	<u>-</u>
 Total	 <u>\$ 121,467</u>	 <u>\$ 143,181</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (13,467)
2017	(13,467)
2018	(13,467)
2019	(13,467)
2020	22,328
Thereafter	<u>9,826</u>
	 <u>\$ (21,714)</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

PERS

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
 Municipal Bond Rate *	 From July 1, 2033 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,022,529</u>	<u>\$ 2,402,589</u>	<u>\$ 1,881,996</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,290,875 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$23,989,774. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

TPAF

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 28,853,461</u>	<u>\$ 23,989,774</u>	<u>\$ 19,944,618</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$360,363, \$311,336 and \$324,481, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2014, the Carlstadt-East Rutherford Regional Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Carlstadt-East Rutherford Regional Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$2,398,182. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$29,844,445 as originally reported to \$27,446,263 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,069,351		\$ 12,069,351	\$ 12,069,351	
Interest	1,000		1,000	7,279	\$ 6,279
Miscellaneous	273,501	-	273,501	370,583	97,082
Total Local Sources	<u>12,343,852</u>	<u>-</u>	<u>12,343,852</u>	<u>12,447,213</u>	<u>103,361</u>
State Sources					
Special Education Aid	305,342		305,342	305,342	
Transportation Aid	28,233		28,233	28,233	
Security Aid	16,537		16,537	16,537	
PARCC Readiness Aid	5,280		5,280	5,280	
Per Pupil Growth Aid	5,280		5,280	5,280	
Extraordinary Aid				58,428	58,428
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution				211,764	211,764
NCGI Premium				15,236	15,236
Post Retirement Medical Benefits				360,363	360,363
Reimbursed TPAF Social Security Payments (Non-Budget)					
	-	-	-	318,658	318,658
Total State Sources	<u>360,672</u>	<u>-</u>	<u>360,672</u>	<u>1,325,121</u>	<u>964,449</u>
Total Revenues	<u>12,704,524</u>	<u>-</u>	<u>12,704,524</u>	<u>13,772,334</u>	<u>1,067,810</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	3,080,413	\$ (6,492)	3,073,921	3,047,364	26,557
Regular Program - Home Instruction					
Salaries of Teachers	25,000	5,866	30,866	17,971	12,895
Purchased Professional - Educational Services	15,000	626	15,626	15,626	-
Regular Programs - Undistributed Instruction					
Other Purchased Services	35,500	(24,939)	10,561	3,000	7,561
General Supplies	146,200	95,257	241,457	234,540	6,917
Textbooks	15,500	(4,231)	11,269	10,278	991
Other Objects	5,400	(500)	4,900	1,549	3,351
Total Regular Programs	<u>3,323,013</u>	<u>65,587</u>	<u>3,388,600</u>	<u>3,330,328</u>	<u>58,272</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Resource Room					
Salaries of Teachers	\$ 288,279	\$ 40,815	\$ 329,094	\$ 329,094	-
Other Salaries for Instruction		17,712	17,712	17,712	-
General Supplies	14,000	(9,712)	4,288	1,002	\$ 3,286
Textbooks	1,000	-	1,000		1,000
Other Objects	500	-	500	-	500
	<u>303,779</u>	<u>48,815</u>	<u>352,594</u>	<u>347,808</u>	<u>4,786</u>
Total Resource Room					
	<u>303,779</u>	<u>48,815</u>	<u>352,594</u>	<u>347,808</u>	<u>4,786</u>
Total Special Education					
Basic Skills/Remedial					
Salaries of Teachers	33,874	(33,037)	837	150	687
General Supplies	5,000	(5,000)			-
Textbooks	3,000	(3,000)			-
Other Objects	600	-	600	-	600
	<u>42,474</u>	<u>(41,037)</u>	<u>1,437</u>	<u>150</u>	<u>1,287</u>
Total Basic Skills/Remedial					
Bilingual Education					
Salaries of Teachers	115,214	-	115,214	113,603	1,611
General Supplies	6,000	-	6,000	4,250	1,750
Other Objects	1,000	-	1,000	-	1,000
	<u>122,214</u>	<u>-</u>	<u>122,214</u>	<u>117,853</u>	<u>4,361</u>
Total Bilingual Education					
School Sponsored Co/Extra Curricular Activities					
Salaries	36,000	-	36,000	30,193	5,807
Supplies and Materials	7,800	-	7,800	4,471	3,329
Other Objects	1,500	-	1,500	300	1,200
Transfers to Cover Deficit (Agency Funds)	3,000	-	3,000	974	2,026
	<u>48,300</u>	<u>-</u>	<u>48,300</u>	<u>35,938</u>	<u>12,362</u>
Total School Sponsored Co/Extra Curricular Activities					

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 240,988	\$ (1,660)	\$ 239,328	\$ 222,145	\$ 17,183
Purchased Services	60,000	-	60,000	36,889	23,111
Supplies and Materials	35,000	1,510	36,510	36,510	-
Other Objects	<u>2,000</u>	<u>150</u>	<u>2,150</u>	<u>2,150</u>	<u>-</u>
Total School Sponsored Athletics	<u>337,988</u>	<u>-</u>	<u>337,988</u>	<u>297,694</u>	<u>40,294</u>
Total Instruction	<u>4,177,768</u>	<u>73,365</u>	<u>4,251,133</u>	<u>4,129,771</u>	<u>121,362</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	231,263	704	231,967	190,771	41,196
Tuition to County Vocational School - Regular	214,200	(14,027)	200,173	200,173	-
Tuition to County Vocational School - Districts - Special	631,638	(81,675)	549,963	549,963	-
Tuition to County Special Services School Districts and Regional Day Schools	623,500	(31,610)	591,890	580,184	11,706
Tuition to Priv. Sch. For the Disabled W/I State	1,063,608	164,121	1,227,729	1,226,053	1,676
Tuition - Other	<u>18,000</u>	<u>(17,100)</u>	<u>900</u>	<u>900</u>	<u>-</u>
Total Undistributed Expenditures - Instruction	<u>2,782,209</u>	<u>20,413</u>	<u>2,802,622</u>	<u>2,748,044</u>	<u>54,578</u>
Attendance and Social Work Services					
Salaries	55,502	2,577	58,079	58,079	-
Other Purchased Services	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Attendance and Social Work Services	<u>60,502</u>	<u>2,577</u>	<u>63,079</u>	<u>63,079</u>	<u>-</u>
Health Services					
Salaries	106,681	(813)	105,868	105,802	66
Purchased Professional and Technical Services	14,000	5,153	19,153	19,153	-
Other Purchased Services		306	306	306	-
Supplies and Materials	3,000	(1,561)	1,439	1,387	52
Other Objects	<u>400</u>	<u>(315)</u>	<u>85</u>	<u>85</u>	<u>-</u>
Total Health Services	<u>124,081</u>	<u>2,770</u>	<u>126,851</u>	<u>126,733</u>	<u>118</u>
Speech, OT, PT & Related Services					
Purchased Professional-Educational Services	<u>33,000</u>	<u>19,243</u>	<u>52,243</u>	<u>52,243</u>	<u>-</u>
Total Speech, OT, PT & Related Services	<u>33,000</u>	<u>19,243</u>	<u>52,243</u>	<u>52,243</u>	<u>-</u>
Other Support Serv. Students- Extra Serv.					
Purchased Professional-Educational Services	<u>62,000</u>	<u>(9,719)</u>	<u>52,281</u>	<u>51,060</u>	<u>1,221</u>
Total Other Support Serv. Students- Extra Serv.	<u>62,000</u>	<u>(9,719)</u>	<u>52,281</u>	<u>51,060</u>	<u>1,221</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 343,617	\$ (36,147)	\$ 307,470	\$ 293,299	\$ 14,171
Salaries of Secretarial and Clerical Assistants	31,000		31,000	30,040	960
Purchased Professional-Educational Services	14,000	(6,000)	8,000	7,290	710
Other Purchased Professional and Technical Services	15,000		15,000	12,944	2,056
Supplies and Materials	3,000	-	3,000	2,653	347
Other Objects	300	-	300	247	53
	<u>406,917</u>	<u>(42,147)</u>	<u>364,770</u>	<u>346,473</u>	<u>18,297</u>
Total Guidance					
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	64,000	(33,795)	30,205	22,465	7,740
Purchased Professional-Educational Services	350,000	27,783	377,783	377,783	-
Other Purchased Professional and Technical Services	1,200	2,596	3,796	3,796	-
Supplies and Materials	1,200	-	1,200	380	820
	<u>416,400</u>	<u>(3,416)</u>	<u>412,984</u>	<u>404,424</u>	<u>8,560</u>
Total Child Study Teams					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	44,000	-	44,000	31,317	12,683
Supplies and Materials	1,000	-	1,000	-	1,000
	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>31,317</u>	<u>13,683</u>
Total Improvement of Instructional Services					
Educational Media Services/School Library					
Salaries of Technology Coordinators	200,864	(79,802)	121,062	121,062	-
Purchased Professional and Technical Services	12,000	-	12,000	10,763	1,237
Other Purchased Services	300	-	300	204	96
Supplies and Materials	12,500	-	12,500	10,261	2,239
Other Objects	500	-	500	-	500
	<u>226,164</u>	<u>(79,802)</u>	<u>146,362</u>	<u>142,290</u>	<u>4,072</u>
Total Educational Media Serv./School Library					
Instructional Staff Training Services					
Salaries of Other Professional Staff	10,000	-	10,000		10,000
Other Purchased Professional and Technical Services		-			
Other Purchased Services	8,000	40	8,040	6,044	1,996
	<u>18,000</u>	<u>40</u>	<u>18,040</u>	<u>6,044</u>	<u>11,996</u>
Total Instructional Staff Training Services					

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 206,616	\$ (11,949)	\$ 194,667	\$ 175,615	\$ 19,052
Legal Services	30,000	75,855	105,855	105,855	-
Audit Fees	20,000	37,423	57,423	32,423	25,000
Expenditure and Internal Control Audit Fees	3,000	-	3,000	2,400	600
Architectural/Engineering Services	4,000	(4,000)	-	-	-
Purchased Technical Services	24,000	(15,446)	8,554	7,155	1,399
Communications/Telephone	50,000	8,149	58,149	45,445	12,704
BOE Other Purchased Services	16,500	(6,122)	10,378	4,452	5,926
Misc Purchased Services	37,000	18,120	55,120	50,737	4,383
General Supplies	10,000	1,640	11,640	11,228	412
BOE In-House Training/Meeting Supplies	3,000	-	3,000	-	3,000
Miscellaneous Expenditures	13,500	(845)	12,655	2,797	9,858
BOE Membership Dues and Fees	9,500	3,887	13,387	13,387	-
Total Support Services General Administration	<u>427,116</u>	<u>106,712</u>	<u>533,828</u>	<u>451,494</u>	<u>82,334</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	120,000	5,000	125,000	125,000	-
Salaries of Other Professional Staff	-	36,400	36,400	28,000	8,400
Salaries of Secretarial and Clerical Assistants	40,000	(239)	39,761	38,965	796
Other Purchased Services	9,000	(1,548)	7,452	7,349	103
Supplies and Materials	11,000	1,787	12,787	12,787	-
Other Objects	3,000	-	3,000	2,813	187
Total Support Services School Administration	<u>183,000</u>	<u>41,400</u>	<u>224,400</u>	<u>214,914</u>	<u>9,486</u>
Central Services					
Salaries	229,440	22,820	252,260	252,260	-
Purchased Professional Services	33,000	(19,816)	13,184	13,184	-
Miscellaneous Purchased Services	7,000	(2,327)	4,673	1,412	3,261
Supplies and Materials	5,000	1,423	6,423	6,423	-
Interest on Lease-Purchase Agreements	3,500	14,019	17,519	14,019	3,500
Other Objects	1,500	(1,196)	304	292	12
Total Central Services	<u>279,440</u>	<u>14,923</u>	<u>294,363</u>	<u>287,590</u>	<u>6,773</u>
Admin. Info. Technology					
Salaries	-	89,232	89,232	89,232	-
Purchased Professional Services	7,000	(5,877)	1,123	1,123	-
Purchased Technical Services	20,000	781	20,781	20,781	-
Total Admin. Info. Technology	<u>27,000</u>	<u>84,136</u>	<u>111,136</u>	<u>111,136</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	159,952	24,523	184,475	184,475	-
Cleaning, Repair and Maint. Serv.	292,120	(156,712)	135,408	90,614	44,794
General Supplies	25,000	14,799	39,799	39,799	-
Other Objects	3,000	-	3,000	2,705	295
Total Required Maintenance for School Fac.	<u>480,072</u>	<u>(117,390)</u>	<u>362,682</u>	<u>317,593</u>	<u>45,089</u>

Continued

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 294,542	\$ 6,906	\$ 301,448	\$ 294,449	\$ 6,999
Cleaning, Repair and Maint. Serv.	7,000	-	7,000	3,960	3,040
Rental of Land & Building Other than Lease Purchase Agreer	75,000	-	75,000	75,000	
Other Purchased Property Services	10,000	5,000	15,000	14,917	83
Insurance	145,000	(28,787)	116,213	102,196	14,017
Miscellaneous Purchased Services	700	-	700		700
General Supplies	25,000	-	25,000		25,000
Energy (Natural Gas)	165,000	-	165,000	94,012	70,988
Energy (Electricity)	165,000	(8,530)	156,470	153,790	2,680
Total Custodial Services	887,242	(25,411)	861,831	738,324	123,507
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	15,000		15,000	1,292	13,708
Cleaning, Repair and Maint. Serv.	23,000		23,000	15,461	7,539
General Supplies	400		400		400
Other Objects	50	-	50	-	50
Total Care and Upkeep of Grounds	38,450	-	38,450	16,753	21,697
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School)- Regular	45,000	-	45,000	28,314	16,686
Salaries for Pupil Transportation (Between Home and School)- Spec. Ed	70,000	-	70,000	66,966	3,034
Salaries for Pupil Transportation (Other Than Between Home and School)	48,000	-	48,000	26,917	21,083
Cleaning, Repair and Maint. Serv.	17,000	19,512	36,512	36,512	-
Contract. Svcs. (Bet. Home & Sch) - Vendors	12,000	-	12,000	10,867	1,133
Contract. Svcs. (Spec Ed. Students)- Joint Agrmts	260,000	54,668	314,668	314,668	-
Miscellaneous Purchased Services - Transportation	15,000	(14,886)	114		114
General Supplies	26,000	(1,505)	24,495	15,796	8,699
Transportation Supplies	15,000	965	15,965	7,329	8,636
Other Objects	700	351	1,051	1,051	-
Total Student Transportation Services	508,700	59,105	567,805	508,420	59,385
Unallocated Benefits - Employee Benefits					
Social Security Contributions	135,000	-	135,000	114,120	20,880
Other Retirement Contributions-PERS	112,000	-	112,000	105,789	6,211
Other Retirement Contributions-DCRP	5,000	-	5,000	2,070	2,930
Unemployment Compensation	20,000	-	20,000	13,395	6,605
Workmen's Compensation	75,000	-	75,000	57,166	17,834
Health Benefits	1,440,463	(125,504)	1,314,959	1,288,307	26,652
Tuition Reimbursement	30,000	-	30,000	21,484	8,516
Other Employee Benefits	18,000	-	18,000	6,676	11,324
Total Unallocated Benefits - Employee Benefits	1,835,463	(125,504)	1,709,959	1,609,007	100,952

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Payments - (Non-Budget)					
Pension Benefit Contribution				\$ 211,764	\$ (211,764)
NCGI Premium				15,236	(15,236)
Post Retirement Medical Benefits				360,363	(360,363)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	318,658	(318,658)
Total On-Behalf and Reimbursed Payments	-	-	-	906,021	(906,021)
Total Undistributed Expenditures	\$ 8,840,756	\$ (52,070)	\$ 8,788,686	9,132,959	(344,273)
Total Expenditures - Current Expenditures	13,018,524	21,295	13,039,819	13,262,730	(222,911)
CAPITAL OUTLAY					
Equipment					
Grades 9-12		483	483	483	
Undistributed Expenditures					
General Administration	-	6,629	6,629	6,629	-
Admin Info Tech.	180,000	(180,000)	-	-	-
Total Equipment	180,000	(172,888)	7,112	7,112	-
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	-	179,518	179,518	161,726	17,792
Total Facilities Acquisition and Construction Services	-	179,518	179,518	161,726	17,792
Increase in Capital Reserve	1,000	-	1,000	-	1,000
Assets Acquired Under Capital Leases (Non- Budget)					
Equipment - Central Services	-	-	-	13,787	(13,787)
Total Capital Outlay	181,000	6,630	187,630	182,625	5,005
Total Expenditures	13,199,524	27,925	13,227,449	13,445,355	(217,906)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(495,000)	(27,925)	(522,925)	326,979	849,904
Other Financing Sources					
Capital Lease Proceeds				13,787	13,787
Transfer Out - Food Service Fund	(5,000)		(5,000)		5,000
Transfer Out - Capital Projects Fund	-	(800,000)	(800,000)	(800,000)	-
Total Other Financing Sources	(5,000)	(800,000)	(805,000)	(786,213)	18,787

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (500,000)	\$ (827,925)	\$ (1,327,925)	\$ (459,234)	\$ 868,691
Fund Balance, Beginning of Year	<u>3,490,186</u>	<u>-</u>	<u>3,490,186</u>	<u>3,490,186</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,990,186</u>	<u>\$ (827,925)</u>	<u>\$ 2,162,261</u>	<u>\$ 3,030,952</u>	<u>\$ 868,691</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 1,419,992	
Capital Reserve - Designated for Subsequent Year's Expenditures				180,000	
Excess Surplus				500,000	
Excess Surplus Designated for Subsequent Year's Expenditures				500,000	
Assigned					
Year-End Encumbrances				59,413	
Designated for Subsequent Year's Expenditures				46,608	
Unassigned					
				<u>324,939</u>	
Reconciliation to Governmental Funds Statements (GAAP):				3,030,952	
Less: State Aid Payments not Recognized on GAAP Basis				<u>(58,428)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,972,524</u>	

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 16,200	\$ 16,200	15,774	\$ - 426
Federal	\$ 127,500	51,349	178,849	\$ 169,986	8,863
Total Revenues	<u>127,500</u>	<u>67,549</u>	<u>195,049</u>	<u>185,760</u>	<u>9,289</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	42,500	67	42,567	42,564	3
Other Purchased Services	85,000	28,330	113,330	113,330	-
General Supplies	-	1,000	1,000	574	426
Total Instruction	<u>127,500</u>	<u>29,397</u>	<u>156,897</u>	<u>156,468</u>	<u>429</u>
Support Services					
Other Salaries		14,000	14,000	14,000	
Personal Services-Employee Benefits		11,172	11,172	9,812	1,360
Purchase Professional Educational Services		6,280	6,280	4,280	2,000
Other Purchased Services		5,500	5,500	5,500	5,500
General Supplies	-	1,200	1,200	1,200	-
Total Support Services	<u>-</u>	<u>38,152</u>	<u>38,152</u>	<u>29,292</u>	<u>8,860</u>
Total Expenditures	<u>127,500</u>	<u>67,549</u>	<u>195,049</u>	<u>185,760</u>	<u>9,289</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 13,772,334	(C-2)	\$ 185,760
Difference - Budget to GAAP:			
Delayed State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2013/2014 State Aid)	48,463		
Delayed State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2014/2015 State Aid)	<u>(58,428)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 13,762,369</u>		 <u>\$ 185,760</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ 13,445,355	(C-2)	\$ 185,760
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 13,445,355</u>		 <u>\$ 185,760</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Two Fiscal Years*

	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.01283 %	0.01255 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,402,589	\$ 2,398,182
District's Covered-Employee Payroll	\$ 870,268	\$ 881,888
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	276.07 %	271.94 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08 %	48.72 %

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

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

**CARLSTADT EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 105,789	\$ 96,047
Contributions in Relation to the Contractually Required Contribution	<u>105,789</u>	<u>96,047</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 870,268	\$ 881,888
Contributions as a Percentage of Covered-Employee Payroll	\$ 12.16 %	\$ 10.89 %

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

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

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

	<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%
District's Proportionate Share of the Net Pension Liability (Asset)	-		-	
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 23,989,774</u>		<u>\$ 22,444,712</u>	
Total	<u>\$ 23,989,774</u>		<u>\$ 22,444,712</u>	
District's Covered-Employee Payroll	\$ 4,332,959		\$ 4,228,545	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64	%	33.76	%

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

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

**CARLSTADT EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>IDEIA Part B Basic</u>	<u>Title I Part A</u>	<u>Title II Part A</u>	<u>Title III Part A</u>	<u>Local Grants</u>	<u>Total</u>
REVENUES						
Intergovernmental						
Local					\$ 15,774	\$ 15,774
Federal	\$ 113,330	\$ 50,843	\$ 4,280	\$ 1,533	-	169,986
Total Revenues	<u>\$ 113,330</u>	<u>\$ 50,843</u>	<u>\$ 4,280</u>	<u>\$ 1,533</u>	<u>\$ 15,774</u>	<u>\$ 185,760</u>
EXPENDITURES						
Instruction						
Salaries of Teachers		\$ 41,430		\$ 1,134		\$ 42,564
Other Purchased Services	\$ 113,330					113,330
General Supplies	-	-	\$ -	-	574	574
Total Instruction	<u>113,330</u>	<u>41,430</u>	<u>-</u>	<u>1,134</u>	<u>574</u>	<u>156,468</u>
Support Services						
Other Salaries					14,000	14,000
Personal Services - Employee Benefits		9,413		399		9,812
Purchase Professional Educational Service	-	-	4,280	-	-	4,280
General Supplies	-	-	-	-	1,200	1,200
Total Support Services	<u>-</u>	<u>9,413</u>	<u>4,280</u>	<u>399</u>	<u>15,200</u>	<u>29,292</u>
Total Expenditures	<u>\$ 113,330</u>	<u>\$ 50,843</u>	<u>\$ 4,280</u>	<u>\$ 1,533</u>	<u>\$ 15,774</u>	<u>\$ 185,760</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2015</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	\$ 27,126,180	\$ 24,953,364	\$ 1,892,068	\$ 280,748
Technology Upgrade	<u>839,513</u>	<u>760,364</u>	<u>79,149</u>	<u>-</u>
Totals	<u>27,965,693</u>	<u>25,713,728</u>	<u>1,971,217</u>	<u>280,748</u>

Reconciliation to GAAP

Project Balance, June 30, 2015	\$ 280,748
Less Unrealized Grant Awards	<u>(554,882)</u>
Fund Balance, June 30, 2015 - GAAP Basis	<u>\$ (274,134)</u>

Recapitulation of Fund Balance

Restricted for Capital Projects:	
Year End Encumbrances	\$ 99,235
Available for Capital Projects	<u>(373,369)</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ (274,134)</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, 2015**

Revenues and Other Financing Sources

Transfer from Capital Reserve	\$ 800,000
Total Revenues	800,000

Expenditures and Other Financing Uses

Architect/Engineer	47,940
Construction Services	1,774,657
Furniture Equipment & Technology	64,620
Other Objects - Interest on Notes	84,000

Total Expenditures and Other Financing Uses	1,971,217
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Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,171,217)
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Fund Balance - Beginning of Year	1,451,965
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Fund Balance - End of Year	\$ 280,748
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Reconciliation to Governmental Fund Statements (GAAP)

Fund Balance - End of Year - Budgetary Basis	\$ 280,748
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Less Unearned Revenue	(554,882)
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Fund Balance - End of Year - GAAP	\$ (274,134)
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**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
NOISE ABATEMENT PROGRAM SCHOOL SOUNDPROOFING PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Federal Sources - FAA Grant	\$ 14,518,274		\$ 14,518,274	\$ 14,518,274
State Sources - SDA Grant	8,286,520		8,286,520	8,286,520
Local Sources - Port Authority of NY/NJ	780,905		780,905	780,905
Transfer from Capital Reserve	2,702,263	800,000	3,502,263	3,502,263
Interest Earnings	38,218	-	38,218	38,218
	<u>26,326,180</u>	<u>800,000</u>	<u>27,126,180</u>	<u>27,126,180</u>
Expenditures and Other Financing Uses				
Architect Engineer	2,508,130	47,940	2,556,070	2,678,620
Construction Services	21,826,588	1,695,508	23,522,096	23,432,629
Furniture Equipment & Technology	345,218	64,620	409,838	700,000
Other Objects - Miscellaneous	57,242		57,242	100,000
Other Objects- Interest on Notes	216,186	84,000	300,186	214,931
	<u>24,953,364</u>	<u>1,892,068</u>	<u>26,845,432</u>	<u>27,126,180</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 1,372,816</u>	<u>\$ (1,092,068)</u>	<u>\$ 280,748</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
FAA/Port Authority	TEB 18-03, 31-05, 35-06, 113-07, 48-11
Project Number	SDA 0745-050-09-OJAW
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	32,646,666
Reduced Authorized Cost	(5,520,486)
Revised Authorized Cost	27,126,180
Percentage Decrease Over Original Authorized Cost	NA
Percentage Completion	100.00%
Original Target Completion Date	January 2015
Revised Target Completion Date	January 2015

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
TECHNOLOGY UPGRADE - BUDGETARY BASIS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 839,493		\$ 839,493	\$ 839,493
Interest Earnings	<u>20</u>	<u>-</u>	<u>20</u>	<u>20</u>
Total Revenues	<u>839,513</u>	<u>-</u>	<u>839,513</u>	<u>839,513</u>
Expenditures and Other Financing Uses				
Construction Services	750,000	79,149	829,149	829,149
Other Objects	<u>10,364</u>	<u>-</u>	<u>10,364</u>	<u>10,364</u>
Total Expenditures	<u>760,364</u>	<u>79,149</u>	<u>839,513</u>	<u>839,513</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 79,149</u>	<u>\$ (79,149)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	839,493			
Additional Authorized Cost	20			
Revised Authorized Cost	839,513			
Percentage Decrease Over Original Authorized Cost	N/A			
Percentage Completion	100.00%			
Original Target Completion Date	February 2014			
Revised Target Completion Date	July 2014			

ENTERPRISE FUND

EXHIBIT G-1

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activities</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 39,214	\$ 19,086	\$ 58,300
Due from Other Funds	-	2,077	2,077
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 39,214</u>	<u>\$ 21,163</u>	<u>\$ 60,377</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 6,357	\$ 6,357
Payroll Deductions and Withholdings		13,186	13,186
Flexible Spending Deposits		1,620	1,620
Due to Student Groups	\$ 39,214	-	39,214
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 39,214</u>	<u>\$ 21,163</u>	<u>\$ 60,377</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
SENIOR HIGH SCHOOL				
H.P. Becton Regional High School	\$ 38,986	\$ 85,876	\$ 85,774	\$ 39,088
ATHLETICS				
H.P. Becton Regional High School	<u>2,062</u>	<u>44,328</u>	<u>46,264</u>	<u>126</u>
Total	<u>\$ 41,048</u>	<u>\$ 130,204</u>	<u>\$ 132,038</u>	<u>\$ 39,214</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
ASSETS				
Cash	\$ 13,435	\$ 6,381,811	\$ 6,376,160	\$ 19,086
Due from Other Funds	<u>1,578</u>	<u>499</u>	<u>-</u>	<u>2,077</u>
Total Assets	<u>\$ 15,013</u>	<u>\$ 6,382,310</u>	<u>\$ 6,376,160</u>	<u>\$ 21,163</u>
LIABILITIES				
Accrued Salaries and Wages	\$ 3,870	\$ 3,402,227	\$ 3,399,740	\$ 6,357
Payroll Deductions and Withholdings	11,143	2,975,533	2,973,490	13,186
Flexible Spending Deposits	<u>-</u>	<u>4,550</u>	<u>2,930</u>	<u>1,620</u>
Total Liabilities	<u>\$ 15,013</u>	<u>\$ 6,382,310</u>	<u>\$ 6,376,160</u>	<u>\$ 21,163</u>

LONG-TERM DEBT

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Technology Upgrade	\$ 839,493	2.10%	\$ 667,568		\$ 161,726	\$ 505,842
Copiers-2013	106,868	4.14%	82,184		20,686	61,498
Copier-2014	13,787		-	\$ 13,787	1,595	12,192
			\$ 749,752	\$ 13,787	\$ 184,007	\$ 579,532

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	2006		2007		2008		2009		Fiscal Year Ended June 30,		2012		2013		2014		2015	
									2010	2011								
Governmental activities																		
Net Investment in capital assets	\$ 2,540,513	\$ 2,735,485	\$ 3,301,405	\$ 3,981,362	\$ 3,838,924	\$ 3,758,554	\$ 7,076,552	\$ 17,574,904	\$ 26,500,315	\$ 28,171,002								
Restricted	440,472	741,749	1,440,828	2,579,693	3,075,823	3,590,352	2,982,122	3,117,350	2,151,663	1,599,992								
Unrestricted	48,162	68,670	63,052	(57,231)	103,204	117,776	1,188,512	1,207,239	(1,205,715)	(1,401,461)								
Total governmental activities net position	\$ 3,029,147	\$ 3,545,904	\$ 4,805,285	\$ 6,503,824	\$ 7,017,951	\$ 7,466,682	\$ 11,247,186	\$ 21,899,493	\$ 27,446,263	\$ 28,369,533								
Business-type activities																		
Net Investment in capital assets	\$ 27,173	\$ 23,512	\$ 56,032	\$ 48,355	\$ 67,995	\$ 58,969	\$ 49,766	\$ 40,567	\$ 31,871	\$ 23,437								
Unrestricted	37,508	42,797	5,040	9,976	22,831	50,191	81,118	89,708	89,800	81,897								
Total business-type activities net position	\$ 64,681	\$ 66,309	\$ 61,072	\$ 58,331	\$ 90,826	\$ 109,160	\$ 130,884	\$ 130,275	\$ 121,671	\$ 105,334								
District-wide																		
Net Investment in capital assets	\$ 2,567,686	\$ 2,758,997	\$ 3,357,437	\$ 4,029,717	\$ 3,906,919	\$ 3,817,523	\$ 7,126,318	\$ 17,615,471	\$ 26,532,186	\$ 28,194,439								
Restricted	440,472	741,749	1,440,828	2,579,693	3,075,823	3,590,352	2,982,122	3,117,350	2,151,663	1,599,992								
Unrestricted	85,670	111,467	68,092	(47,255)	126,035	167,967	1,269,630	1,296,947	(1,115,915)	(1,319,564)								
Total district net position	\$ 3,093,828	\$ 3,612,213	\$ 4,866,357	\$ 6,562,155	\$ 7,108,777	\$ 7,575,842	\$ 11,378,070	\$ 22,029,768	\$ 27,567,934	\$ 28,474,867								

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,520,978	\$ 4,884,101	\$ 4,985,314	\$ 5,037,266	\$ 5,314,920	\$ 4,742,803	\$ 4,746,730	\$ 4,889,373	\$ 5,033,334	\$ 5,722,852
Special Education	437,723	317,866	357,161	517,521	446,920	490,950	2,642,019	2,746,559	2,764,697	3,243,691
Other Instruction	226,500	230,429	225,933	124,335	215,490	256,703	298,380	229,418	172,315	197,667
School Sponsored Activities and Athletics	360,222	377,732	337,275	377,139	382,755	407,558	422,891	431,944	427,761	431,300
Support Services:										
Tuition	1,602,403	1,701,341	1,788,988	1,617,764	1,726,704	2,013,707				
Student & Instruction Related Services	1,017,726	1,019,209	1,049,360	1,064,133	1,209,012	1,317,623	1,484,121	1,483,275	1,553,049	1,644,704
General Administration Services	435,971	494,431	493,574	480,767	544,596	483,706	571,735	449,838	461,320	540,825
School Administrative Services	211,734	237,164	229,560	224,161	246,425	262,081	215,687	248,362	271,174	352,560
Central Services and Info. Technology	350,115	344,173	355,024	412,910	395,968	455,205	498,036	537,923	507,443	578,771
Plant Operations and Maintenance	937,690	1,056,237	986,035	1,041,564	1,098,538	1,154,155	1,159,180	1,238,024	1,375,347	1,713,511
Pupil Transportation	477,493	573,901	519,942	474,136	541,867	450,174	362,068	469,164	508,110	564,270
Interest on Long-Term Debt	36,076	48,770	43,467	5,180	4,691	3,346	1,931	504	14,602	18,575
Unallocated Depreciation	200,720	176,136	193,246	189,008	195,842	174,182				
Total governmental activities expenses	10,815,351	11,461,490	11,564,879	11,565,884	12,323,728	12,212,193	12,402,778	12,724,384	13,089,152	15,008,726
Business-type activities:										
Food service	481,780	384,664	370,431	494,342	487,781	488,913	556,895	481,547	504,397	698,665
Total business-type activities expense	481,780	384,664	370,431	494,342	487,781	488,913	556,895	481,547	504,397	698,665
Total district expenses	\$ 11,297,131	\$ 11,846,154	\$ 11,935,310	\$ 12,060,226	\$ 12,811,509	\$ 12,701,106	\$ 12,959,673	\$ 13,205,931	\$ 13,593,549	\$ 15,707,391
Program Revenues										
Governmental activities:										
Charges for Services										
Student and Instruction Related Services					\$ 90,000	\$ 90,000	\$ 93,000	\$ 86,166		
General Administrative Services								78,520	\$ 76,550	
Plant Operations and Maintenance							219,015	240,258	242,300	248,000
Transportation							105,000	104,000	105,200	108,125
Operating Grants and Contributions	\$ 901,649	\$ 1,185,685	\$ 1,094,304	\$ 863,184	944,486	920,792	1,312,693	1,458,642	1,336,900	2,554,231
Capital Grants						15,500	3,042,916	9,767,230	7,397,885	919,992
Total governmental activities program revenues	901,649	1,185,685	1,094,304	863,184	1,034,486	1,026,292	4,772,624	11,734,816	9,158,835	3,830,348
Business-type activities:										
Charges for services										
Food Service	\$ 455,565	\$ 350,276	\$ 328,392	\$ 455,493	\$ 442,642	\$ 454,674	\$ 516,277	\$ 423,180	\$ 438,367	\$ 613,865
Operating Grants and Contributions	32,891	33,064	35,369	35,893	47,421	52,292	62,267	57,600	57,414	68,463
Total business type activities program revenues	488,456	383,340	363,761	491,386	490,063	506,966	578,544	480,780	495,781	682,328
Total district program revenues	\$ 1,390,105	\$ 1,569,025	\$ 1,458,065	\$ 1,354,570	\$ 1,524,549	\$ 1,533,258	\$ 5,351,168	\$ 12,215,596	\$ 9,654,616	\$ 4,512,676
Net (Expense)/Revenue										
Governmental activities	\$ (9,913,702)	\$ (10,275,805)	\$ (10,470,575)	\$ (10,702,700)	\$ (11,289,242)	\$ (11,185,901)	\$ (7,630,154)	\$ (989,568)	\$ (3,930,317)	\$ (11,178,378)
Business-type activities	6,676	(1,324)	(6,670)	(2,956)	2,282	18,053	21,649	(767)	(8,616)	(16,327)
Total district-wide net expense	\$ (9,907,026)	\$ (10,277,129)	\$ (10,477,245)	\$ (10,705,656)	\$ (11,286,960)	\$ (11,167,848)	\$ (7,608,505)	\$ (990,335)	\$ (3,938,933)	\$ (11,194,715)

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,372,596	\$ 9,850,324	\$ 10,274,317	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220	\$ 11,373,220	\$ 11,600,684	\$ 11,832,698	\$ 12,069,351
Unrestricted grants and contributions	727,868	682,434	1,190,292	1,374,891	597,162					10,560
Interest - Capital Reserve Funds	1,660	1,819	1,335	942	6,827	9,436	4,957	7,559	990	-
Investment earnings	69,309	115,328	94,086	38,313	20,811	19,540	13,769	20,442	7,796	7,279
Miscellaneous income	159,423	142,657	169,936	301,803	176,627	250,420	18,712	13,190	33,785	14,458
Transfers					(30,000)					
Total governmental activities	<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>	<u>11,410,658</u>	<u>11,641,875</u>	<u>11,875,269</u>	<u>12,101,648</u>
Business-type activities:										
Investment earnings	1,702	2,952	1,433	215	213	281	75	158	12	
Transfers					30,000					
Total business-type activities	<u>1,702</u>	<u>2,952</u>	<u>1,433</u>	<u>215</u>	<u>30,213</u>	<u>281</u>	<u>75</u>	<u>158</u>	<u>12</u>	<u>-</u>
Total district-wide	<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>	<u>\$ 11,410,733</u>	<u>\$ 11,642,033</u>	<u>\$ 11,875,281</u>	<u>\$ 12,101,648</u>
Change in Net Position										
Governmental activities	\$ 417,154	\$ 516,757	\$ 1,259,391	\$ 1,698,539	\$ 514,127	\$ 466,715	\$ 3,780,504	\$ 10,652,307	\$ 7,944,952	\$ 923,270
Business-type activities	8,378	1,628	(5,237)	(2,741)	32,495	18,334	21,724	(609)	(8,604)	(16,337)
Total district	<u>\$ 425,532</u>	<u>\$ 518,385</u>	<u>\$ 1,254,154</u>	<u>\$ 1,695,798</u>	<u>\$ 546,622</u>	<u>\$ 485,049</u>	<u>\$ 3,802,228</u>	<u>\$ 10,651,698</u>	<u>\$ 7,936,348</u>	<u>\$ 906,933</u>

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

	Fiscal Year Ended June 30.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 427,173	\$ 700,450	\$ 1,426,604	\$ 1,979,693	\$ 1,553,008					
Unreserved	201,176	236,304	240,441	729,662	775,854					
Restricted						\$ 2,300,291	\$ 3,414,936	\$ 3,669,966	\$ 3,151,663	\$ 2,599,992
Assigned						322,136	40,972	35,932	27,925	106,021
Unassigned						250,000	250,000	250,000	262,135	266,511
Total general fund	<u>\$ 628,349</u>	<u>\$ 936,754</u>	<u>\$ 1,667,045</u>	<u>\$ 2,709,355</u>	<u>\$ 2,328,862</u>	<u>\$ 2,872,427</u>	<u>\$ 3,705,908</u>	<u>\$ 3,955,898</u>	<u>\$ 3,441,723</u>	<u>\$ 2,972,524</u>
All Other Governmental Funds										
Unreserved	\$ 26,003	\$ 41,299	\$ 14,224		\$ 972,815					
Restricted						\$ 967,925	\$ 567,186	\$ 447,384		
Unassigned									\$ (22,909)	\$ (274,134)
Total all other governmental funds	<u>\$ 26,003</u>	<u>\$ 41,299</u>	<u>\$ 14,224</u>	<u>\$ -</u>	<u>\$ 972,815</u>	<u>\$ 967,925</u>	<u>\$ 567,186</u>	<u>\$ 447,384</u>	<u>\$ (22,909)</u>	<u>\$ (274,134)</u>

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

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

	2006	2007	2008	2009	Fiscal Year Ended June 30,		2012	2013	2014	2015
					2010	2011				
Revenues										
Property Tax levy	\$ 9,372,596	\$ 9,850,324	\$ 10,274,317	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220	\$ 11,373,220	\$ 11,600,684	\$ 11,832,698	\$ 12,069,351
Interest Earnings	70,969	117,147	95,421	39,255	27,638	28,976	18,726	28,001	8,786	7,279
Miscellaneous Income	159,423	142,657	169,936	301,803	266,627	340,420	342,727	357,448	381,285	386,357
State Sources	1,155,745	1,483,491	1,493,239	2,035,250	1,246,303	702,086	2,189,673	4,666,458	3,723,450	1,638,383
Federal Sources	473,772	384,628	791,357	202,825	295,345	234,206	2,064,909	6,233,347	4,763,065	736,291
Other Intermediate Source	-	-	-	-	-	-	101,027	326,067	248,270	30,460
Total revenue	11,232,505	11,978,247	12,824,270	13,264,423	12,867,855	12,678,908	16,090,282	23,212,005	20,957,554	14,868,121
Expenditures										
Instruction										
Regular Instruction	3,517,254	3,635,806	3,692,417	3,895,222	4,073,863	3,518,780	4,733,858	4,889,242	5,036,953	4,957,651
Special Education Instruction	333,130	232,536	259,943	393,106	334,341	356,168	2,642,019	2,746,559	2,764,697	3,161,424
Other Instruction	173,438	170,801	166,094	94,181	161,165	185,831	298,380	229,418	172,315	169,232
School Sponsored Activities and Athletics	294,641	295,882	266,950	305,904	306,436	314,943	420,262	429,221	427,491	431,030
Support Services:										
Tuition	1,602,403	1,701,341	1,788,998	1,617,764	1,726,704	2,013,707				
Student & Inst. Related Services	852,337	826,149	868,064	892,812	988,681	1,069,089	1,390,839	1,396,327	1,553,345	1,530,008
General Administrative	363,533	389,830	415,705	415,396	460,491	422,058	547,890	377,302	380,365	519,279
School Administrative Services	165,044	179,256	176,377	173,143	187,605	191,843	215,445	246,817	269,389	305,487
Central Services and Info. Tech.	302,654	283,534	294,969	340,534	315,369	352,975	506,575	545,761	509,112	540,126
Plant Operations and Maintenance	849,236	937,599	892,630	926,558	934,235	944,602	1,063,976	1,125,760	1,261,231	1,243,509
Pupil Transportation	431,769	530,321	476,341	422,724	482,496	384,274	346,683	453,779	492,725	555,585
Employee Benefits	1,698,923	2,071,283	2,019,900	1,900,972	2,233,981	2,296,378				
Capital outlay	486,716	371,108	896,744	843,797	40,166	89,585	3,460,473	10,618,249	9,815,390	1,985,004
Debt service:										
Principal							29,209	22,878	196,609	184,007
Interest and other charges		29,100	43,500	14,224			1,931	504	8,761	19,990
Total expenditures	11,071,078	11,654,546	12,258,632	12,236,337	12,245,533	12,140,233	15,657,540	23,081,817	22,888,383	15,602,332
Excess (Deficiency) of revenues over (under) expenditures	161,427	323,701	565,638	1,028,086	622,322	538,675	432,742	130,188	(1,930,829)	(734,211)
Other Financing sources (uses)										
Capital Lease Proceeds			137,578						946,361	13,787
Transfers in	26,147	44,396	16,281	3,306	1,000,000			707,017	1,000,000	800,000
Transfers out	(26,147)	(44,396)	(16,281)	(3,306)	(1,030,000)			(707,017)	(1,000,000)	(800,000)
Total other financing sources (uses)	-	-	137,578	-	(30,000)	-	-	-	946,361	13,787
Net change in fund balances	\$ 161,427	\$ 323,701	\$ 703,216	\$ 1,028,086	\$ 592,322	\$ 538,675	\$ 432,742	\$ 130,188	\$ (984,468)	\$ (720,424)
Debt service as a percentage of noncapital expenditures	0.00%	0.26%	0.38%	0.12%	0.00%	0.00%	0.26%	0.19%	0.16%	0.15%

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Athletic Receipts</u>	<u>E-Rate Reimbursements</u>	<u>Transportation Jointures</u>	<u>Rentals</u>	<u>Books and Other Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 7,681		\$ 86,841	\$ 23,903		\$ 28,220	\$ 146,645
2007	5,287		70,377	56,520	\$ 4,086	1,232	137,502
2008	8,876		71,590	83,500	4,149	459	168,574
2009	12,735		67,200	146,300	1,822	1,183	229,240
2010	10,118		87,486	160,425	315		258,344
2011	10,674		92,225	235,690	820		339,409
2012	8,133		105,000	219,015	1,405	9,174	342,727
2013	8,898	\$ 960	104,000	240,258	815	2,517	357,448
2014	9,621	14,418	105,200	242,300	1,431	8,315	381,285
2015	9,210		108,125	248,000		5,248	370,583

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

Borough of Carlstadt

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2006	\$ 17,155,380	\$ 239,279,607	\$ 192,661,410	\$ 525,909,080	\$ 5,691,900	\$ 980,697,377	\$ 2,894,475	\$ 983,591,852	\$ 1,835,421,424	\$ 0.536
2007	15,548,680	242,047,507	190,698,410	518,931,180	5,691,900	972,917,677	2,284,763	975,202,440	2,116,186,545	0.603
2008	17,591,430	242,799,307	190,984,410	511,520,980	5,691,900	968,588,027	2,081,101	970,669,128	2,364,059,993	0.588
2009	17,166,930	245,689,007	192,848,910	501,540,188	5,691,900	962,936,935	1,948,795	964,885,730	2,599,309,481	0.595
2010	18,265,130	246,979,407	191,699,410	491,574,688	5,691,900	954,210,535	1,865,607	956,076,142	2,692,987,959	0.635
2011	18,162,930	246,384,007	173,503,810	488,209,888	5,691,900	931,952,535	1,813,445	933,765,980	2,258,731,302	0.617
2012	19,242,430	245,690,007	160,241,410	488,367,588	5,691,900	919,233,335	1,813,445	921,046,780	2,147,168,033	0.634
2013	34,305,800	515,816,100	377,826,200	1,062,832,900	12,522,700	2,003,303,700	3,783,126	2,007,086,826	2,015,315,081	0.297
2014	31,223,500	514,640,900	373,118,400	1,087,516,700	12,522,700	2,019,022,200	3,613,428	2,022,635,628	1,932,600,159	0.306
2015	33,288,000	512,603,600	361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,817,993	2,007,262,693	2,058,775,005	0.316

Borough of East Rutherford

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2006	\$ 47,083,500	\$ 274,214,160	\$ 230,132,571	\$ 293,740,500	\$ 34,804,500	\$ 879,977,237	\$ 2,139,598	\$ 882,116,835	\$ 1,540,525,845	\$ 0.519
2007	21,905,600	279,467,660	273,181,971	292,189,000	61,099,600	927,845,838	2,028,598	929,874,436	1,681,665,242	0.474
2008	20,490,500	280,089,160	294,412,871	291,950,000	45,923,100	932,867,639	2,051,427	934,919,066	1,924,641,354	0.533
2009	21,340,200	281,850,450	248,793,300	287,310,100	59,773,100	899,067,150	1,869,582	900,936,732	2,127,370,972	0.587
2010 (A)	24,087,200	620,913,200	549,450,100	691,428,800	132,949,800	2,018,831,110	4,629,139	2,023,460,249	2,348,978,853	0.262
2011	30,169,900	620,286,300	535,068,700	688,918,800	130,562,300	2,005,008,011	4,220,950	2,009,228,961	2,409,474,206	0.280
2012	29,994,900	620,953,700	528,271,700	681,675,500	128,040,300	1,988,936,100	4,142,893	1,993,078,993	2,414,475,439	0.288
2013	28,711,500	620,449,400	527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.297
2014	29,874,100	619,122,800	420,711,800	653,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.318
2015	33,244,900	620,552,400	418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.323

Source: Municipal Tax Collector

(A) East Rutherford underwent a revaluation of property effective January 1, 2010

N/A Not Available

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

Borough of Carlstadt

Calendar Year	<u>Overlapping Rates</u>					Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate Regional School	Local School	Borough of Carlstadt	Municipal Library	County	
2006	\$ 0.536	\$ 0.903	\$ 1.288		\$ 0.333	\$ 3.060
2007	0.603	0.928	1.393		0.376	3.300
2008	0.588	0.994	1.476		0.447	3.505
2009	0.595	1.041	1.688		0.504	3.828
2010	0.635	1.091	1.727		0.548	4.001
2011	0.617	1.136	1.685	\$ 0.083	0.495	4.016
2012	0.634	1.169	1.767	0.078	0.497	4.145
2013	* 0.297	0.553	0.880	0.033	0.219	1.982
2014	0.306	0.565	0.884	0.031	0.205	1.991
2015	0.316	0.578	0.896	0.034	0.246	2.070

* Carlstadt underwent a revaluation of property effective 2013.

Borough of East Rutherford

Calendar Year	<u>Overlapping Rates</u>					Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate Regional School	Local School	Borough of East Rutherford	Municipal Library	County	
2006	\$ 0.519	\$ 1.247	\$ 0.605		\$ 0.319	\$ 2.690
2007	0.474	1.227	0.563		0.316	2.580
2008	0.533	1.266	0.661		0.381	2.841
2009	0.587	1.363	0.688		0.446	3.084
2010	* 0.262	0.644	0.424		0.222	1.552
2011	0.280	0.661	0.424	\$ 0.032	0.221	1.618
2012	0.288	0.675	0.502	0.033	0.237	1.735
2013	0.297	0.704	0.532	0.033	0.279	1.845
2014	0.318	0.762	0.556	0.034	0.234	1.904
2015	0.323	0.779	0.545	0.039	0.281	1.967

* East Rutherford underwent a revaluation of property effective January 1, 2010.

Source: Municipal Tax Collector

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

Taxpayer	Borough of Carlstadt			
	2015		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 223,248,200	11.12%		
AMB Properties	98,673,100	4.92%		
Individual Taxpayer #1			\$ 91,383,500	8.74%
Trans Con Pipe Line	85,754,600	4.27%		
Empire LTD.			68,930,500	6.59%
Prologis Trust	46,678,200	2.33%		
Trans Con Pipe Line			45,047,100	4.31%
AMB Properties			44,868,600	4.29%
Meadowland Ptns	38,837,200	1.93%		
Prologis Trust			37,451,600	3.58%
BRE/US Industrial Prop.	33,385,300	1.66%		
I&G Direct	24,054,700	1.20%		
Plank Pat. Realty	18,520,900	0.92%		
455 16th St.	17,313,700	0.86%		
Keystone, NJ Assoc			16,983,900	1.62%
STRS/CBRE	14,850,000	0.74%		
Gotham Industrial Park			13,354,200	1.27%
Plank Pat. Realty			10,713,500	1.02%
Meadowland Ptns			8,733,900	0.84%
Barrell Associates			7,849,200	0.75%
	<u>\$ 601,315,900</u>	<u>29.96%</u>	<u>\$ 345,316,000</u>	<u>33.01%</u>

Taxpayer	Borough of East Rutherford			
	2015		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 313,740,000	16.96%	\$ 94,250,000	10.68%
KBII (One Meadowlands Plaza)	75,000,000	4.06%	60,000,000	6.80%
Equinox 360 Associates	69,310,000	3.75%		
BPG Hotel XVII c/o Sheraton	42,500,000	2.30%	37,400,000	4.24%
Honeywell International			21,370,000	2.42%
Richard Branca Family LP	41,545,500	2.25%	31,340,471	3.55%
Vornado Realty Trust	37,207,300	2.01%		
Avalon	34,250,000	1.85%	-	
Racioppi, (etals)	23,500,000	1.27%		
Liberty Terrace	23,300,000	1.26%		
Liberty Commons	22,000,000	1.19%	13,600,000	1.54%
Brancasons		0.00%		
BRE/HV Properties (Homestead Village)		0.00%	9,108,000	1.03%
450 Murray Hill Parkway		0.00%	8,077,500	0.92%
Carpro Inc.		0.00%	6,500,000	0.74%
1050 LTD Partnership			6,027,300	0.68%
	<u>\$ 682,352,800</u>	<u>36.89%</u>	<u>\$ 287,673,271</u>	<u>32.60%</u>

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2012	11,373,220	10,425,452	91.67%	\$ 947,768
2013	11,600,684	11,600,684	100.00%	-
2014	11,832,698	11,832,698	100.00%	-
2015	12,069,351	12,069,351	100.00%	-

Source: District Records

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Grant Anticipation Notes	Capital Leases			
2006			\$ 128,602	\$ 128,602	13,800	\$ 9
2007			65,954	65,954	13,686	5
2008			131,498	131,498	14,707	9
2009			106,330	106,330	14,844	7
2010			79,881	79,881	15,057	5
2011			52,087	52,087	15,140	3
2012		\$ 4,000,000	22,878	4,022,878	15,297	263
2013		6,000,000	-	6,000,000	15,947	376
2014		6,000,000	749,752	6,749,752	16,046	421
2015		3,000,000	579,532	3,579,532	16,046 (E)	223

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	N/A				
2007	N/A				
2008	N/A				
2009	N/A				
2010	N/A				
2011	N/A				
2012	N/A				
2013	N/A				
2014	N/A				
2015	N/A				

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

Total Direct Debt of Carlstadt-East Rutherford Regional Board of Education as of June 30, 2015		-
		<hr/>
Total Direct Debt of School District		-
		<hr/>
Municipal Debt: (1)		
Borough of Carlstadt	\$	17,650,934
Carlstadt Public Schools K-8		18,942,000
Borough of East Rutherford		48,514,364
East Rutherford Public Schools K-8		5,496,591
Bergen County:		
County of Bergen (A)		22,029,053
Bergen County Utilities Authority (B)		<u>6,149,572</u>
Total Overlapping Debt		<u>118,782,514</u>
Total Direct and Overlapping Debt		<u>\$ 118,782,514</u>

Source:

(1) Borough of Carlstadt's and East Rutherford's 2014 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt and East Rutherford by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Bergen County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2015			
	Borough of Carlstadt Equalized	Borough of East Rutherford Equalized	Combined Equalized
<u>Year</u>	<u>Valuation Basis</u>	<u>Valuation Basis</u>	<u>Valuation Basis</u>
2014	2,053,521,359	2,155,941,300	4,209,462,659
2013	1,895,811,205	1,923,829,035	3,819,640,240
2012	1,985,814,074	1,961,668,902	3,947,482,976
			<u>\$ 11,976,585,875</u>
Average equalized valuation of taxable property			\$ 3,992,195,292
Debt limit (3 % of average equalization value)			119,765,859
Total Net Debt Applicable to Limit			-
Legal debt margin			<u>\$ 119,765,859</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 93,991,528	\$ 102,456,285	\$ 111,762,424	\$122,804,727	\$132,359,439	\$ 134,851,867	\$ 130,593,244	\$ 123,744,593	\$ 119,037,294	\$ 119,765,859
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 130,593,244</u>	<u>\$ 123,744,593</u>	<u>\$ 119,037,294</u>	<u>\$ 119,765,859</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

Borough of Carlstadt

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	5,916	\$ 63,021	3.30%
2007	5,965	67,113	3.00%
2008	5,999	68,541	3.90%
2009	6,059	64,388	7.00%
2010	6,134	65,486	7.20%
2011	6,168	66,096	7.10%
2012	6,319	69,919	7.20%
2013	6,214	69,495	8.80%
2014	6,248	69,495 (E)	6.60%
2015	6,248 (E)	69,495 (E)	6.60%

Borough of East Rutherford

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	7,884	\$ 63,021	5.20%
2007	7,721	67,113	4.70%
2008	8,708	68,541	6.10%
2009	8,785	64,388	10.70%
2010	8,923	65,486	11.00%
2011	8,972	66,096	10.80%
2012	8,978	69,919	11.00%
2013	9,733	69,495	5.20%
2014	9,798	69,495 (E)	5.90%
2015	9,733 (E)	69,919 (E)	5.90%

N/A - Not Available

(E) Estimated

Source: New Jersey State Department of Education

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

Borough of Carlstadt

<u>Employer</u>	<u>2015</u>		<u>2005</u>	
	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u> <u>% of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

Borough of East Rutherford

<u>Employer</u>	<u>2015</u>		<u>2005</u>	
	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employees</u>	<u>% of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	44.6	44.6	44.6	43.9	43.9	40.0	41	41	39	39
Special Education	4.0	4.0	4.0	4.0	4.0	4.0	4	4	4	4
Support Services:										
Student & instruction related services	4.0	4.0	4.0	4.0	4.0	3.0	3	3	3	3
General administration	2.0	2.0	2.0	2.0	2.0	3.0	3	3	3	3
School administrative services	4.0	4.0	4.0	4.0	4.0	3.0	3	3	3	3
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3	3	3	3
Plant operations and maintenance	3.0	3.0	3.0	3.0	3.0	4.0	4	4	4	4
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2	2	2	1
Total	<u>66.6</u>	<u>66.6</u>	<u>66.6</u>	<u>65.9</u>	<u>65.9</u>	<u>62.0</u>	<u>63.0</u>	<u>63.0</u>	<u>61.0</u>	<u>60.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	High School				
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%
2012	526	12,165,927	23,151	0.09%	45.0	1:11	484.8	455.4	-0.04%	93.94%
2013	543	12,440,186	22,910	-1.04%	45.0	1:12	492.6	467.9	1.61%	94.99%
2014	543	12,867,623	23,697	3.44%	43.0	1:12	492.5	467.7	-0.02%	94.96%
2015	529	13,413,331	25,356	7.00%	44.0	1:12	484.5	456.6	-1.62%	94.24%

Sources: District records

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building											
High School											
Becton Regional High School											
Square Feet	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Capacity (students)	800	800	800	800	800	800	800	800	800	800	800
Enrollment	556	577	555	549	506	534	521	526	543	543	543

Number of Schools at June 30, 2015
 High School = 1

Source: District Records

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

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

Project # (s)	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Becton High School	<u>\$ 249,455</u>	<u>\$ 308,164</u>	<u>\$ 255,002</u>	<u>\$ 253,506</u>	<u>\$ 249,600</u>	<u>\$ 237,357</u>	<u>\$ 214,854</u>	<u>\$ 212,482</u>	<u>\$ 301,732</u>	<u>\$ 317,593</u>
Grand Total	<u>\$ 249,455</u>	<u>\$ 308,164</u>	<u>\$ 255,002</u>	<u>\$ 253,506</u>	<u>\$ 249,600</u>	<u>\$ 237,357</u>	<u>\$ 214,854</u>	<u>\$ 212,482</u>	<u>\$ 301,732</u>	<u>\$ 317,593</u>

Source: District Records

Source: School District's financial statements

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(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	5,000,000	
Student Catastrophic-National Union Fire Insurance Company of Pittsburgh, PA	6,000,000	25,000
Volunteer Workers Accident & Health-United States Fire Insurance Company	5,000,000	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Carlstadt-East Rutherford Regional Board of Education's basic financial statements and have issued our report thereon dated December 18, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carlstadt-East Rutherford Regional Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 18, 2015.

Purpose of this Report

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 18, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Carlstadt-East Rutherford Regional Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt-East Rutherford Regional Board of Education's major federal and state programs for the fiscal year ended June 30, 2015. The Carlstadt-East Rutherford Regional Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Carlstadt-East Rutherford Regional Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Carlstadt-East Rutherford Regional Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Carlstadt-East Rutherford Regional Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Carlstadt-East Rutherford Regional Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carlstadt-East Rutherford Regional Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt-East Rutherford Regional Board of Education's internal control over compliance.

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

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

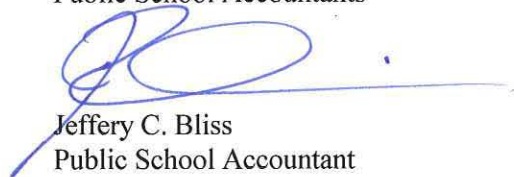
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 18, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 18, 2015

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Cash Received	Budgetary Expenditures	June 30, 2015		Due to Grantor at June 30, 2015	MEMO GAAP Receivable
								(Account Receivable)	Unearned Revenue		
U.S. Department of Agriculture											
Passed-through State Department of Education											
<u>Enterprise Fund</u>											
National School Lunch Program	10.555										*
Non-Cash Assistance (Food Distribution)		N/A	07/1/14-6/30/15	\$ 13,661		\$ 13,661	\$ 13,200		\$ 461		*
Cash Assistance		N/A	07/1/14-6/30/15	47,878		46,070	47,878	\$ (1,808)			* S (1,808)
Cash Assistance		N/A	07/1/13-6/30/14	41,606	\$ (3,126)	3,126					*
National School Breakfast Program	10.553										*
Cash Assistance		N/A	07/1/14-6/30/15	6,079		5,611	6,079	(468)			* (468)
Cash Assistance		N/A	07/1/13-6/30/14	7,122	(743)	743	-	-	-		* -
Total Enterprise Fund					(3,869)	69,211	67,157	(2,276)	461	-	* (2,276)
U.S. Department of Education											
Passed-through State Department of Education											
Special Revenue											
Title I A	84.010A	NCLB4010013	9/1/14-6/30/15	52,206			50,843	(52,206)	1,363		* (50,843)
Title I A	84.010A	NCLB4010013	9/1/13-6/30/14	25,815	(2,532)	2,532					*
Title II A	84.367A	NCLB153008	9/1/14-6/30/15	11,780			4,280	(11,780)	7,500		* (4,280)
Title II A	84.367A	NCLB153008	9/1/13-6/30/14	10,647	(3,131)	3,131					*
Title III	84.365A	NCLB153004	9/1/14-6/30/15	1,533			1,533	(1,533)			* (1,533)
I.D.E.I.A Part B, Basic Regular	84.027	FT-1530-13	9/1/14-6/30/15	113,330	-	-	113,330	(113,330)	-	-	* (113,330)
Total Special Revenue Fund					(5,663)	5,663	169,986	(178,849)	8,863	-	* (169,986)
U.S. Department of Transportation											
Passed-through Federal Aviation Administration and Port Authority of New York and New Jersey											
Capital Projects Fund:											
Airport Improvement Program:											
Block Grant TEB 18-03 - Aircraft Noise Abatement											
Program School Soundproofing Project											
H.P. Becton Regional High School-Construction											
	20.106	35-06, 113-07, 48-11	N/A	11,964,708	(1,392,988)	916,445	566,305	(1,384,408)	\$ 341,560	-	* (1,384,408)
					(1,392,988)	916,445	566,305	(1,384,408)	341,560	-	* (1,384,408)
					\$ (1,402,520)	\$ 991,319	\$ 803,448	\$ (1,565,533)	\$ 350,884	\$ -	* \$ (1,556,670)

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Cash Received	Budgetary Expenditures	Balance, June 30, 2015			MEMO	
							(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
<u>General Fund</u>											
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 305,342		\$ 305,342	\$ 305,342					\$ 305,342
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	28,233		28,233	28,233					28,233
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	16,537		16,537	16,537					16,537
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	5,280		5,280	5,280					5,280
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	5,280		5,280	5,280					5,280
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	58,428			58,428	\$ (58,428)				58,428
Extraordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	48,463	\$ (48,463)	48,463						
TPAF Pension Benefit Contributions	15-495-034-5094-006	7/1/14-6/30/15	211,764		211,764	211,764					211,764
TPAF Pension - NCGI Premium	15-100-034-5094-007	7/1/14-6/30/15	15,236		15,236	15,236					15,236
TPAF Pension-Post Retirement Medical	15-100-034-5094-001	7/1/14-6/30/15	360,363		360,363	360,363					360,363
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	318,658	-	318,658	318,658	-	-	-	-	318,658
Total General Fund				(48,463)	1,315,156	1,325,121	(58,428)	-	-	-	1,325,121
State Department of Agriculture											
<u>Enterprise Fund</u>											
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,306		1,255	1,306	(51)			\$ (51)	1,306
National School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	1,051	(82)	82	-	-	-	-	-	-
Total Enterprise Fund				(82)	1,337	1,306	(51)	-	-	(51)	1,306
State of New Jersey Schools Development Authority:											
Capital Projects:											
Section 15 Grant - Henry P. Becton Regional High School											
New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms											
	0745-050-09-OJAW	N/A	8,286,520	(1,139,127)	1,242,978	323,227	(414,326)	\$ 194,950	-	(414,326)	8,091,570
Total Capital Projects				(1,139,127)	1,242,978	323,227	(414,326)	194,950	-	(414,326)	8,091,570
State Financial Assistance											
Not Subject to Single Audit Determination											
<u>General Fund</u>											
TPAF Pension Contributions	15-495-034-5094-006	7/1/14-6/30/15	211,764		(211,764)	(211,764)					(211,764)
TPAF Pension - NCGI Premium	15-100-034-5094-007	7/1/14-6/30/15	15,236		(15,236)	(15,236)					(15,236)
TPAF Pension-Post Retirement Medical	15-100-034-5094-001	7/1/14-6/30/15	360,363	-	(360,363)	(360,363)	-	-	-	-	(360,363)
Total State Financial Assistance Subject to Single Audit				\$ (1,187,672)	\$ 1,972,108	\$ 1,062,291	\$ (472,805)	\$ 194,950	\$ -	\$ (414,377)	\$ 8,830,634

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an a decrease of \$9,965 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,315,156	\$ 1,315,156
Special Revenue Fund	\$ 169,986		169,986
Capital Projects Fund	566,305	323,227	889,532
Food Service Fund	<u>67,157</u>	<u>1,306</u>	<u>68,463</u>
Total Financial Assistance	<u>\$ 803,448</u>	<u>\$ 1,639,689</u>	<u>\$ 2,443,137</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$318,658 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$227,000 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$360,363 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued on Financial Statements Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no

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

Federal Awards Section

Internal Control over major programs:

(1) Material weaknesses identified? yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
<u>20.106</u>	<u>Airport Improvement Program -</u>
	<u>Noise Abatement Projects</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5094-003</u>	<u>TPAF Social Security</u>
<u>15-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>0745-050-09-0JAW</u>	<u>SDA - Educational Facility Construction and Financing Act Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB’s Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-001

Our audit of bids and contract awards for contracts that were in excess of the bid threshold revealed the following:

- Aggregate contracts for painting services were not publicly advertised for bid.
- Payments for installation of clock was not publicly advertised for bid.
- Purchases for computer equipment and supplies paid in excess of the bid threshold were not bid nor was proof of state contract provided.

State program information:

Security Aid	495-034-5120-084
Special Education Aid	495-034-5120-089
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5129-097

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid – Public
 NJSA 18A:18A – Public School Contracts Law

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs:

None.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

Finding 2015-001 (Continued)

Context:

We noted one (1) instance in which supporting contract information was not available for purchases made through a State contract vendor. We noted two (2) instances where the contract for painting services and payments for installation of clock were in excess of the bid threshold that were not publicly advertised for bids.

Effect:

Noncompliance with the Public School Contracts Law.

Cause:

See condition.

Recommendation:

All purchases for goods or services that exceed the bid threshold be procured in accordance with the Public School Contracts Law.

View of Responsible Officials and Planned Corrective Action:

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.