

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016

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

TELEPHONE: (201) 935-4940-1
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H. P. BECTON REGIONAL HIGH SCHOOL
PATERSON AVE. & CORNELIA ST.
EAST RUTHERFORD, N.J. 07073

December 5, 2016

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, 2016. 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, the U.S. Uniform Guidance, and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

School District Organization

The District provides education to 512 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 2015-2016 fiscal year with an average daily enrollment of 512 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>
2015-16	512.0	-0.03%
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

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 2016-2017 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 assigned fund balance at June 30, 2016.

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. Uniform Guidance and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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.

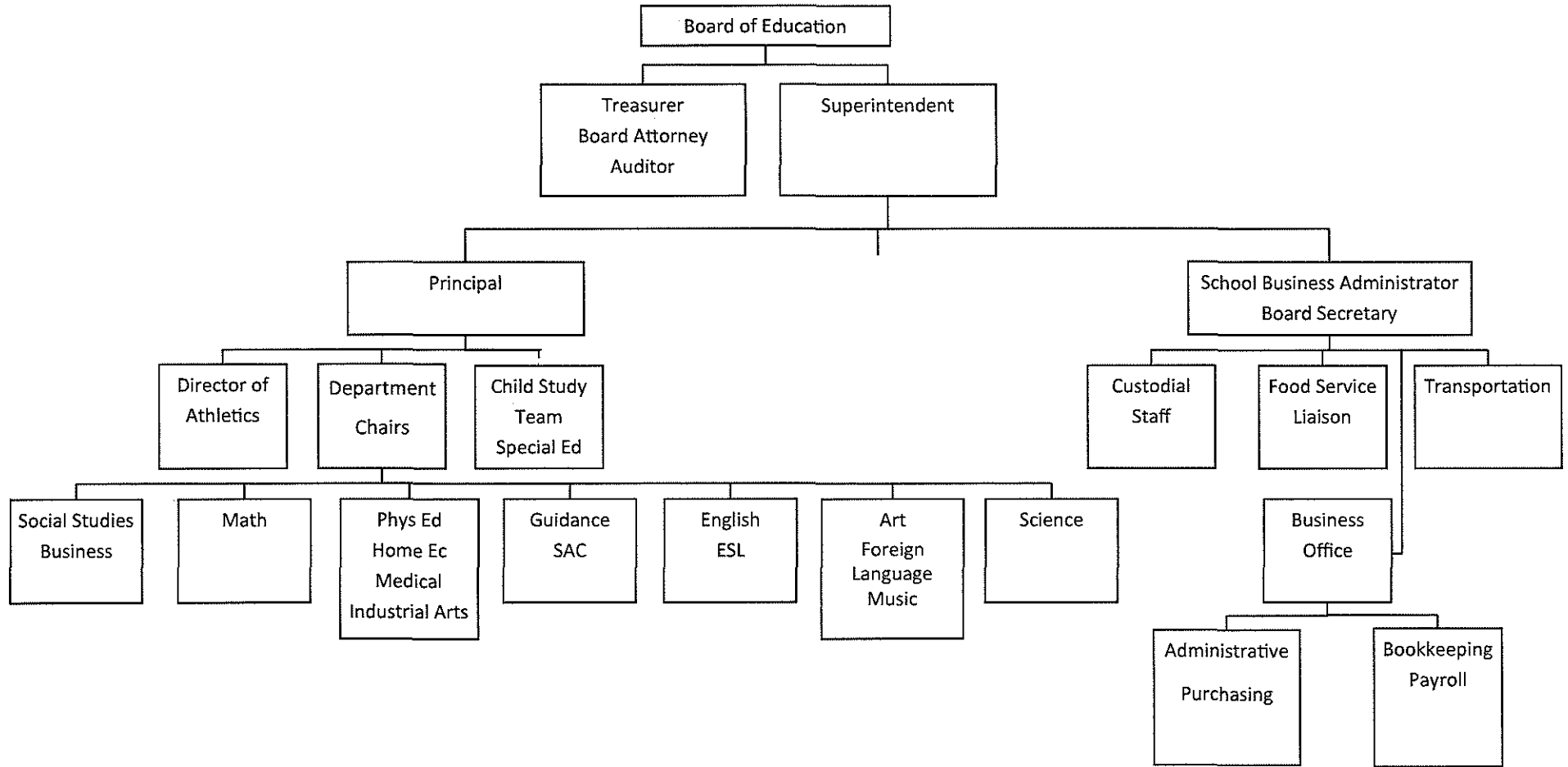
Respectfully submitted,



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, 2016**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Raymond J. Muszynski, President (Carlstadt)	2018
Tina M. Cavallo, Vice President (East Rutherford)	2017
Lawrence M. Bongiovanni (East Rutherford)	2016
Kathryn Fukushima	2018
Natalie Grskovic (Carlstadt)	2017
Kevin Felten (East Rutherford)	2018
Fred Meo, (Carlstadt)	2017
Dennis Monks (East Rutherford)	2016
Helen M. Rohrman (Carlstadt)	2016

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

ATTORNEYS

Schenck, Price, Smith & King, LLP
220 Park Avenue
PO Box 991
Florham Park, New Jersey 07932

Lindabury, McCornick, Estabrook & Cooper, P.C.
53 Cardinal Drive
PO Box 2369
Westfield, New Jersey 07091-2369

AUDIT FIRM

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

OFFICIAL DEPOSITORY

TD Bank
71 Union Avenue
East Rutherford, NJ 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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

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, 2016 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 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 5, 2016 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 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

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, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Carlstadt-East Rutherford Regional Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,165,777. (Net Position)
- The District's total net position decreased by \$309,090.
- Overall District revenues were \$16,604,241. General revenues accounted for \$12,361,393 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,242,848 or 26% of total revenues.
- The school district had \$16,166,092 in expenses for governmental activities; only \$3,514,328 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$12,361,393 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 \$2,872,481. Of this amount, \$272,605 (9%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2016 was \$2,464,907 a decrease of \$507,617 compared to the ending fund balance at June 30, 2015 of \$2,972,524.
- The General Fund unassigned budgetary fund balance at June 30, 2016 was \$305,634, which represents an decrease of \$19,305 compared to the ending unassigned budgetary fund balance at June 30, 2015 of \$324,939.
- The District's long-term liabilities increased \$267,195 during the current fiscal year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

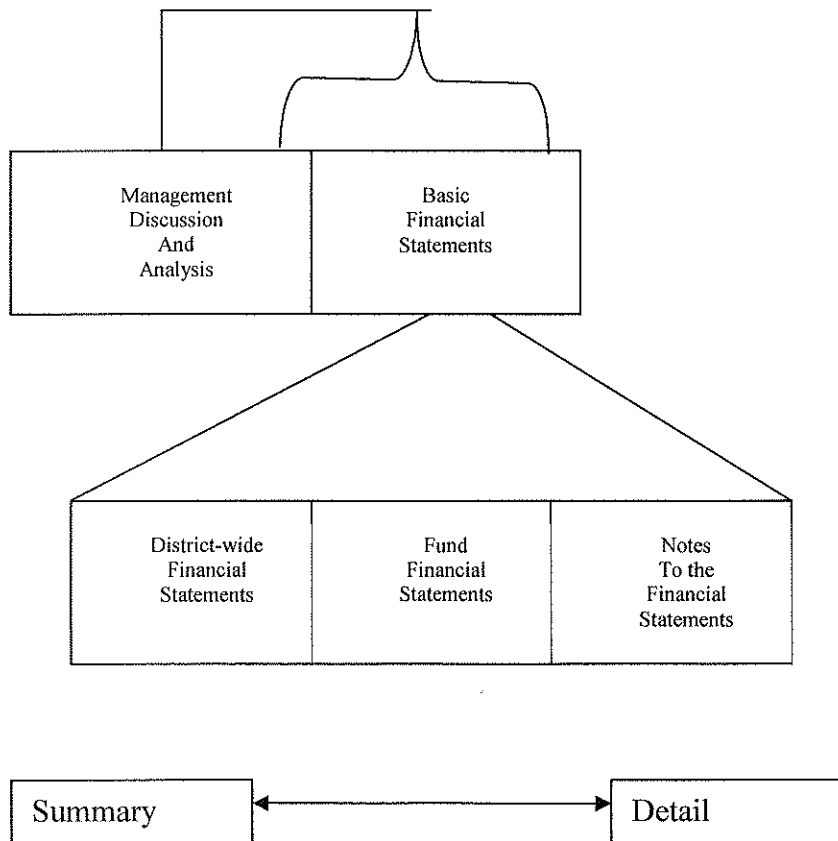
Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

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, 2016

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-term; 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, 2016

- 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, 2016

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 \$28,165,777 and \$28,474,867 on June 30, 2016 and 2015, respectively as follows:

Net Position						
As of June 30, 2016 and 2015						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current Assets	\$ 3,560,891	\$ 6,740,188	\$ 85,183	\$ 157,185	\$ 3,646,074	\$ 6,897,373
Capital Assets, Net	28,178,651	28,750,534	31,553	23,437	28,210,204	28,773,971
Total Assets	<u>31,739,542</u>	<u>35,490,722</u>	<u>116,736</u>	<u>180,622</u>	<u>31,856,278</u>	<u>35,671,344</u>
Deferred Outflows of Resources	<u>412,720</u>	<u>121,467</u>	<u>-</u>	<u>-</u>	<u>412,720</u>	<u>121,467</u>
Total Assets and Deferred Outflows	<u>32,152,262</u>	<u>35,612,189</u>	<u>116,736</u>	<u>180,622</u>	<u>32,268,998</u>	<u>35,792,811</u>
Liabilities						
Long-Term liabilities	3,320,446	3,053,251	-	-	3,320,446	3,053,251
Other Liabilities	691,391	4,046,224	30,121	74,827	721,512	4,121,051
Total Liabilities	<u>4,011,837</u>	<u>7,099,475</u>	<u>30,121</u>	<u>74,827</u>	<u>4,041,958</u>	<u>7,174,302</u>
Deferred Inflows of Resources	<u>61,263</u>	<u>143,181</u>	<u>-</u>	<u>461</u>	<u>61,263</u>	<u>143,642</u>
Total Liabilities and Deferred Inflows	<u>4,073,100</u>	<u>7,242,656</u>	<u>30,121</u>	<u>75,288</u>	<u>4,103,221</u>	<u>7,317,944</u>
Net Position						
Net Investment in Capital Assets	27,788,325	28,171,002	31,553	23,437	27,819,878	28,194,439
Restricted	1,502,566	1,599,992			1,502,566	1,599,992
Unrestricted	<u>(1,211,729)</u>	<u>(1,401,461)</u>	<u>55,062</u>	<u>81,897</u>	<u>(1,156,667)</u>	<u>(1,319,564)</u>
Total Net Position	<u>\$ 28,079,162</u>	<u>\$ 28,369,533</u>	<u>\$ 86,615</u>	<u>\$ 105,334</u>	<u>\$ 28,165,777</u>	<u>\$ 28,474,867</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

The District's total net position of \$28,165,777 at June 30, 2016 represent a \$309,090 or 1%, decrease from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2016 and 2015.

Change in Net Position
For The Years Ended June 30, 2016 and 2015

	Governmental Activities		Business- Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 352,679	\$ 356,125	\$ 660,842	\$ 613,865	\$ 1,013,521	\$ 969,990
Operating Grants and Contributions	2,959,095	2,554,231	67,678	68,463	3,026,773	2,622,694
Capital Grants and Contributions	202,554	919,992			202,554	919,992
General Revenues						
Property Taxes	12,310,738	12,069,351			12,310,738	12,069,351
Unrestricted State Aid	10,560	10,560			10,560	10,560
Other	40,095	21,737	-	-	40,095	21,737
Total Revenues	15,875,721	15,931,996	728,520	682,328	16,604,241	16,614,324
Expenses						
Instruction						
Regular	6,426,622	5,722,852			6,426,622	5,722,852
Special Education	3,153,436	3,243,691			3,153,436	3,243,691
Other Instruction	208,184	197,667			208,184	197,667
School Sponsored Activities and Athletics	453,105	431,300			453,105	431,300
Support Services						
Student and Instruction Related Services	1,646,036	1,644,704			1,646,036	1,644,704
General Administrative Services	721,154	540,825			721,154	540,825
School Administrative Services	319,612	352,560			319,612	352,560
Central Services and Info. Technology	605,589	578,771			605,589	578,771
Plant Operations and Maintenance	2,003,097	1,713,511			2,003,097	1,713,511
Pupil Transportation	617,235	564,270			617,235	564,270
Interest on Long-Term Debt	12,022	18,575			12,022	18,575
Food Services	-	-	747,239	698,665	747,239	698,665
Total Expenses	16,166,092	15,008,726	747,239	698,665	16,913,331	15,707,391
Change in Net Position	(290,371)	923,270	(18,719)	(16,337)	(309,090)	906,933
Net Position, Beginning of Year	28,369,533	27,446,263	105,334	121,671	28,474,867	27,567,934
Net Position, End of Year	\$ 28,079,162	\$ 28,369,533	\$ 86,615	\$ 105,334	\$ 28,165,777	\$ 28,474,867

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

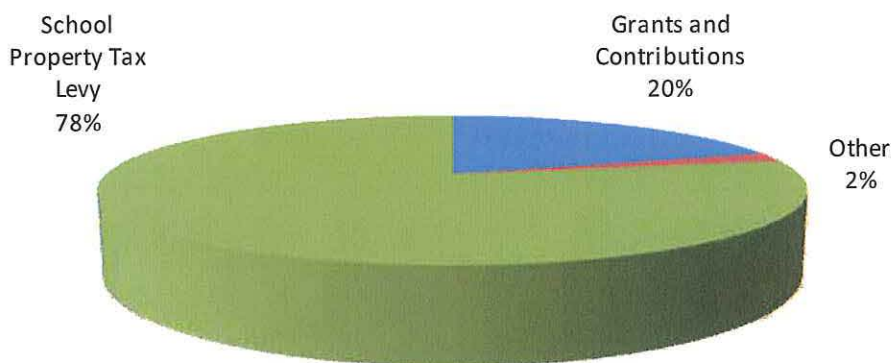
Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$15,875,721 for the fiscal year ended June 30, 2016, property taxes of \$12,310,738 represented 78% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$3,161,649 and represented 20% 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.

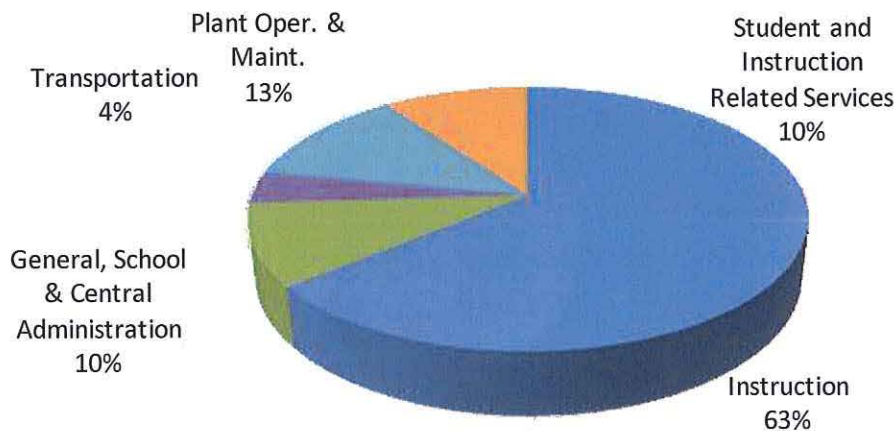
The total cost of all governmental activities programs and services was \$16,166,092 for the fiscal year ended June 30, 2016. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$10,241,347 (63%) of total expenses. Support service costs were \$5,912,723 (37%) of total expenses and interest on debt totaled \$12,022 (less than 1%) of total expenses.

For fiscal year 2016, total governmental activities expenses exceeded revenues decreasing net position for governmental activities by \$290,371 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2016



Expenses by Use – Governmental Activities
For Fiscal Year 2016



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$16,166,092. After applying program revenues, derived from operating and capital grants and contributions of \$3,161,649 and charges for services of \$352,679, the net cost of services of the District is \$12,651,764 for the fiscal year ended June 30, 2016.

**Total and Net Cost of Governmental Activities
For the Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 6,426,622	\$ 5,722,852	\$ 4,592,335	\$ 4,251,060
Special Education	3,153,436	3,243,691	2,516,575	2,624,229
Other Instruction	208,184	197,667	148,697	145,015
School Sponsored Activities and Athletics	453,105	431,300	453,105	431,300
Support Services				
Student and Instruction Related Services	1,646,036	1,644,704	1,429,967	1,418,934
General Administrative Services	721,154	540,825	721,154	540,825
School Administrative Services	319,612	352,560	235,708	281,742
Central Services & Info. Technology	605,589	578,771	521,872	509,804
Plant Operations and Maintenance	2,003,097	1,713,511	1,547,027	528,982
Pupil Transportation	617,235	564,270	473,302	427,912
Interest on Long-Term Debt	12,022	18,575	12,022	18,575
Total	\$ 16,166,092	\$ 15,008,726	\$ 12,651,764	\$ 11,178,378

Business-Type Activities – The District's total business-type activities revenues were \$728,520 for the fiscal year ended June 30, 2016 and relate entirely to the District's food service (cafeteria) operations. Charges for services accounted for \$660,842, 91% of total revenues and operating grants and contributions accounted for \$67,678, 9% of total revenue.

Total cost of all business-type activities programs and services was \$747,239 for the fiscal year ended June 30, 2016.

For fiscal year 2016, total business-type activities expenses exceeded revenues, decreasing net position by \$18,719 from the previous year.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

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 \$2,872,481 at June 30, 2016, an increase of \$174,091 from last year's fund balance of \$2,698,390. This increase was mainly attributable to revenues that exceeded anticipated budget amounts for the 2015/2016 school year.

Revenues for the District's governmental funds were \$14,601,389, while total expenditures were \$14,427,298 for the fiscal year ended June 30, 2016.

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources				
Property Tax Levy	\$ 12,310,738	\$ 12,069,351	\$ 241,387	2%
Interest	4,763	7,279	(2,516)	-35%
Miscellaneous	388,011	370,583	17,428	5%
State Sources	<u>1,497,169</u>	<u>1,315,156</u>	<u>182,013</u>	14%
Total General Fund Revenues	<u>\$ 14,200,681</u>	<u>\$ 13,762,369</u>	<u>\$ 438,312</u>	3%

For fiscal year 2016, total General Fund revenues increased \$438,312 or 3% from the previous year. Property taxes increased 2% to support increases in operating costs. State aid increased \$182,013 or 14% 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.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 8,956,829	\$ 8,553,057	\$ 403,772	5%
Support Services	4,923,796	4,674,514	249,282	5%
Debt Service	202,673	203,997	(1,324)	-1%
Capital Outlay	<u>-</u>	<u>13,787</u>	<u>(13,787)</u>	-100%
Total Expenditures	<u>\$ 14,083,298</u>	<u>\$ 13,445,355</u>	<u>\$ 637,943</u>	5%

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016

For fiscal year 2016, total General Fund expenditures increased \$637,943 or 5% from the previous year. Notable increases during the year were attributed to increases in regular instructional costs and general administrative support services.

In fiscal year 2016 General Fund expenditures and other financing uses exceeded revenues by \$507,617. Therefore, total fund balance decreased to \$2,464,907 at June 30, 2016. However, after deducting restricted and assigned fund balances, the unassigned fund balance increased to \$272,605 for the year ending June 30, 2016 from \$266,511 for the year ended June 30, 2015. In addition, the District designated fund balance of \$551,859 at year end for use in the subsequent school year's budget for operating costs and has restricted \$994,992 of its fund balance at year end for the capital reserve and \$100,000 for the maintenance reserve.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into 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.
- Appropriating capital reserve funds for facilities projects.

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

For fiscal year 2016 General Fund budgetary expenditures and other financing uses exceeded budgetary revenues decreasing budgetary fund balance \$533,016 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$19,305 from \$324,939 at June 30, 2015 to \$305,634 at June 30, 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2016, the District had \$28,178,651 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$31,553 for business-type activities. During fiscal year 2016, the District decreased its governmental activities capital assets by \$571,883. The following is a comparison of the June 30, 2016 and 2015 balances:

**Capital Assets as of June 30, 2016 and 2015
(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 559,343	\$ 559,343		
Construction in Progress				
Building and Building Improvements	27,471,669	27,943,860		
Machinery and Equipment	<u>147,639</u>	<u>247,331</u>	\$ 31,553	\$ 23,437
Total Capital Assets, Net	<u>\$ 28,178,651</u>	<u>\$ 28,750,534</u>	<u>\$ 31,553</u>	<u>\$ 23,437</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, 2016

LONG TERM LIABILITIES

At June 30, 2016 the District had \$3,320,446 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 increased \$267,195 during the year. The following is a comparison of the June 30, 2016 and 2015 balances:

Outstanding Long-Term Liabilities as of June 30, 2016 and 2015

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Capital Leases Payable	\$ 390,326	\$ 579,532
Compensated Absences	71,103	71,130
Net Pension Liability	<u>2,859,017</u>	<u>2,402,589</u>
Total	<u>\$ 3,320,446</u>	<u>\$ 3,053,251</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 2016-2017 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 2016-2017. Budgeted expenditures in the General Fund increased approximately 1% to \$13,842,586 for fiscal year 2016-2017. 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, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,310,477	\$ 64,270	\$ 2,374,747
Receivables, net	1,149,307	115,971	1,265,278
Internal Balances	101,107	(101,107)	
Inventory		6,049	6,049
Capital Assets, Not Being Depreciated	559,343		559,343
Capital Assets, Being Depreciated, Net	<u>27,619,308</u>	<u>31,553</u>	<u>27,650,861</u>
Total Assets	<u>31,739,542</u>	<u>116,736</u>	<u>31,856,278</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>412,720</u>	<u>-</u>	<u>412,720</u>
Total Deferred Outflows of Resources	<u>412,720</u>	<u>-</u>	<u>412,720</u>
Total Assets and Deferred Outflows of Resources	<u>32,152,262</u>	<u>116,736</u>	<u>32,268,998</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	334,656	30,121	364,777
Accrued Interest Payable	2,981		2,981
Unearned Revenue	353,754		353,754
Noncurrent Liabilities			
Due Within One Year	193,746		193,746
Due Beyond One Year	<u>3,126,700</u>	<u>-</u>	<u>3,126,700</u>
Total Liabilities	<u>4,011,837</u>	<u>30,121</u>	<u>4,041,958</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>61,263</u>	<u>-</u>	<u>61,263</u>
Total Deferred Inflows of Resources	<u>61,263</u>	<u>-</u>	<u>61,263</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,073,100</u>	<u>30,121</u>	<u>4,103,221</u>
NET POSITION			
Net Investment in Capital Assets	27,788,325	31,553	27,819,878
Restricted for			
Capital Projects	1,402,566		1,402,566
Plant Maintenance	100,000		100,000
Unrestricted	<u>(1,211,729)</u>	<u>55,062</u>	<u>(1,156,667)</u>
Total Net Position	<u>\$ 28,079,162</u>	<u>\$ 86,615</u>	<u>\$ 28,165,777</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, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,426,622		\$ 1,834,287		\$ (4,592,335)		\$ (4,592,335)
Special Education	3,153,436		636,861		(2,516,575)		(2,516,575)
Other Instruction	208,184		59,487		(148,697)		(148,697)
School Sponsored Activities and Athletics	453,105				(453,105)		(453,105)
Support Services							
Student and Instruction Related Services	1,646,036		216,069		(1,429,967)		(1,429,967)
General Administrative Services	721,154				(721,154)		(721,154)
School Administrative Services	319,612		83,904		(235,708)		(235,708)
Central Services and Info. Technology	605,589		83,717		(521,872)		(521,872)
Plant Operations and Maintenance	2,003,097	\$ 236,979	16,537	\$ 202,554	(1,547,027)		(1,547,027)
Pupil Transportation	617,235	115,700	28,233		(473,302)		(473,302)
Interest on Long Term Debt	12,022	-	-	-	(12,022)	-	(12,022)
Total Governmental Activities	16,166,092	352,679	2,959,095	202,554	(12,651,764)	-	(12,651,764)
Business-Type Activities							
Food Service	747,239	660,842	67,678	-	-	\$ (18,719)	(18,719)
Total Business-Type Activities	747,239	660,842	67,678	-	-	(18,719)	(18,719)
Total Primary Government	\$ 16,913,331	\$ 1,013,521	\$ 3,026,773	\$ 202,554	(12,651,764)	(18,719)	(12,670,483)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes					12,310,738		12,310,738
Unrestricted State Aid					10,560		10,560
Investment Earnings					4,763		4,763
Miscellaneous Income					35,332		35,332
Total General Revenues					12,361,393	-	12,361,393
Change in Net Position					(290,371)	(18,719)	(309,090)
Net Position, Beginning of Year					28,369,533	105,334	28,474,867
Net Position, End of Year					\$ 28,079,162	\$ 86,615	\$ 28,165,777

FUND FINANCIAL STATEMENTS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,111,469	\$ 7,555	\$ 191,453	\$ 2,310,477
Receivables from Other Governments	774,039	7,682	352,328	1,134,049
Other Receivables	6,758		8,500	15,258
Due from Other Funds	<u>101,107</u>	<u>-</u>	<u>207,621</u>	<u>308,728</u>
Total Assets	<u>\$ 2,993,373</u>	<u>\$ 15,237</u>	<u>\$ 759,902</u>	<u>\$ 3,768,512</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 148,488	\$ 4,000		\$ 152,488
Accrued Salaries Payable	170,268			170,268
Due to Other Funds	209,710			209,710
Other Liabilities		9,811		9,811
Unearned Revenue	<u>-</u>	<u>1,426</u>	<u>\$ 352,328</u>	<u>353,754</u>
Total Liabilities	<u>528,466</u>	<u>15,237</u>	<u>352,328</u>	<u>896,031</u>
Fund Balances				
Restricted				
Capital Reserve	814,992			814,992
Capital Reserve - Designated For				
Subsequent Year's Expenditures	180,000			180,000
Maintenance Reserve	100,000			100,000
Excess Surplus	544,951			544,951
Excess Surplus-Designated for Subsequent				
Year's Expenditures	500,000			500,000
Capital Projects			407,574	407,574
Assigned				
Year End Encumbrances	500			500
Designated for Subsequent Year's Expenditures	51,859			51,859
Unassigned	<u>272,605</u>	<u>-</u>	<u>-</u>	<u>272,605</u>
Total Fund Balances	<u>2,464,907</u>	<u>-</u>	<u>407,574</u>	<u>2,872,481</u>
Total Liabilities and Fund Balances	<u>\$ 2,993,373</u>	<u>\$ 15,237</u>	<u>\$ 759,902</u>	<u>\$ 3,768,512</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 2,872,481

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 \$34,437,471 and the accumulated depreciation is \$6,258,820 28,178,651

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	\$	412,720	
Deferred Inflows of Resources		(61,263)	
			351,457

The District has financed capital assets through the issuance of long-term lease obligations. The interest accrual at year end is: (2,981)

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

Capital Leases		(390,326)	
Compensated Absences		(71,103)	
Net Pension Liability		(2,859,017)	
			(3,320,446)

Net Position of Governmental Activities (Exhibit A-1) \$ 28,079,162

**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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 12,310,738			\$ 12,310,738
Interest	4,763			4,763
Miscellaneous	<u>388,011</u>	-	-	<u>388,011</u>
Total - Local Sources	12,703,512	-	-	12,703,512
State Sources	1,497,169		\$ 194,950	1,692,119
Federal Sources		\$ 198,154	6,848	205,002
Other Intermediate Sources	-	-	756	<u>756</u>
Total Revenues	<u>14,200,681</u>	<u>198,154</u>	<u>202,554</u>	<u>14,601,389</u>
EXPENDITURES				
Current				
Regular Instruction	5,390,551	75,694		5,466,245
Special Education Instruction	2,950,694	116,256		3,066,950
Other Instruction	175,924			175,924
School-Sponsored Activities and Athletics	439,660			439,660
Support Services				
Student and Instruction Related Services	1,511,995	6,204		1,518,199
General Administrative Services	708,896			708,896
School Administrative Services	273,392			273,392
Central Services and Info. Technology	554,354			554,354
Plant Operations and Maintenance	1,273,510			1,273,510
Pupil Transportation	601,649			601,649
Debt Service				
Principal	189,206			189,206
Interest and Other Charges	13,467			13,467
Capital Outlay	-	-	145,846	<u>145,846</u>
Total Expenditures	<u>14,083,298</u>	<u>198,154</u>	<u>145,846</u>	<u>14,427,298</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>117,383</u>	-	<u>56,708</u>	<u>174,091</u>
Other Financing Sources (Uses)				
Transfer In	-		625,000	625,000
Transfer Out	<u>(625,000)</u>	-	-	<u>(625,000)</u>
Total Other Financing Sources (Uses)	<u>(625,000)</u>	-	<u>625,000</u>	<u>-</u>
Net Change in Fund Balance	(507,617)	-	681,708	174,091
Fund Balance (Deficit), Beginning of Year	<u>2,972,524</u>	-	<u>(274,134)</u>	<u>2,698,390</u>
Fund Balance, End of Year	<u>\$ 2,464,907</u>	<u>\$ -</u>	<u>\$ 407,574</u>	<u>\$ 2,872,481</u>

See Accompanying Notes to 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, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 174,091**

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

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

Capital Outlay	\$ 145,846	
Depreciation Expense	<u>(717,729)</u>	
		(571,883)

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.

Decrease in Compensated Absences	27	
Increase in Net Pension Liability	<u>(83,257)</u>	
		(83,230)

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		189,206
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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>1,445</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ (290,371)**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 64,270
Intergovernmental Receivable	115,971
Inventory	<u>6,049</u>
Total Current Assets	<u>186,290</u>
Capital Assets	
Machinery and Equipment	177,859
Less: Accumulated Depreciation	<u>(146,306)</u>
Total Capital Assets, Net	<u>31,553</u>
Total Assets	<u>217,843</u>
LIABILITIES	
Accounts Payable	30,121
Due to Other Funds	<u>101,107</u>
Total Liabilities	<u>131,228</u>
NET POSITION	
Investment in Capital Assets	31,553
Unrestricted	<u>55,062</u>
Total Net Position	<u>\$ 86,615</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, 2016**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 30,350
Non-Reimbursable Programs	630,492
	660,842
Total Operating Revenues	660,842
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	49,244
Cost of Sales - Non Reimbursable Programs	343,765
Salaries and Benefits	199,649
Purchased Management Services	68,008
Van and Vehicle Services	8,415
Purchased Technical Service	9,833
Insurance	5,966
Other Purchased Services	6,348
General Supplies	47,726
Depreciation	8,285
	747,239
Total Operating Expenses	747,239
Operating Loss	(86,397)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	1,177
Federal Sources	
National School Breakfast Program	6,247
National School Lunch Program	46,659
Food Distribution Program	13,595
	67,678
Total Nonoperating Revenues	67,678
Change in Net Position	(18,719)
Net Position , Beginning of Year	105,334
Net Position, End of Year	\$ 86,615

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 634,485
Cash Payment for Employees Salaries and Benefits	(199,649)
Cash Payments to Suppliers for Goods and Services	<u>(567,701)</u>
Net Cash (Used For) Operating Activities	<u>(132,865)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from Other Funds	100,922
Cash Received from State and Federal Subsidy Reimbursements	<u>55,098</u>
Net Cash Provided by Noncapital Financing Activities	<u>156,020</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	<u>(16,401)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(16,401)</u>
Net Increase in Cash and Cash Equivalents	6,754
Cash and Cash Equivalents, Beginning of Year	<u>57,516</u>
Cash and Cash Equivalents, End of Year	<u>\$ 64,270</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating Loss	\$ <u>(86,397)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities	
Depreciation	8,285
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	13,595
Change in Assets, Liabilities and Deferred Inflows	
(Increase)/Decrease in Intergovernmental Receivable - Other	(26,357)
(Increase)/Decrease in Inventory	3,176
Increase/(Decrease) in Accounts Payable	(44,706)
Increase/(Decrease) in Deferred Commodities Revenue	<u>(461)</u>
Total Adjustments	<u>(46,468)</u>
Net Cash (Used for) by Operating Activities	<u>\$ (132,865)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 13,134

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 FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 95,988	\$ 50,294
Due from Other Funds	<u>12</u>	<u>2,077</u>
Total Assets	<u>96,000</u>	<u>\$ 52,371</u>
LIABILITIES		
Accrued Salaries and Wages		\$ 2,031
Payroll Deductions and Withholdings		13,171
Flexible Spending Deposits	-	50
Due to Student Groups	<u>-</u>	<u>37,119</u>
Total Liabilities	<u>-</u>	<u>\$ 52,371</u>
NET POSITION		
Held in Trust for Private Purpose Scholarships	<u>\$ 96,000</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, 2016**

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS	
Contributions	
Donations	\$ 4,800
Board Contributions	<u>-</u>
Total Additions	<u>4,800</u>
DEDUCTIONS	
Scholarships Awarded	<u>16,300</u>
Total Deductions	<u>16,300</u>
Change in Net Position	(11,500)
Net Position, Beginning of Year	<u>107,500</u>
Net Position, End of Year	<u>\$ 96,000</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, 2016**

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 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 No. 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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, 2016

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 fund which is organized to be self-supporting through user charges:

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, 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 Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)*

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District 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 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; 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, 2016

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 recognize the face amount of debt issued 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.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

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 2016/2017 District budget certified for taxes.

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 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, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 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 and miscellaneous revenues.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

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

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 required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On 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, 2016**

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$766,571. The increase was funded by the additional appropriation of general fund capital reserve, 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. 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, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 1,599,992
Increased by		
Deposits Approved by Board Resolution		<u>200,000</u>
		1,799,992
Decreased by		
Withdrawals approved by District Budget	\$ 180,000	
Withdrawals approved by Board Resolution	<u>625,000</u>	
		<u>805,000</u>
Balance, June 30, 2016		<u>\$ 994,992</u>

The withdrawals from the capital reserve were for use in department approved facilities projects, consistent with the District's Long-Range Facilities Plan. Of the balance at June 30, 2016, the District designated and appropriated \$180,000 of its capital reserve in the 2016/2017 original budget certified for taxes.

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Increased by		
Deposits Approved by Board Resolution		<u>\$ 100,000</u>
Balance, June 30, 2016		<u>\$ 100,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$866,185.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2016 is \$1,044,951. Of this amount, \$500,000 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$544,951 will be appropriated in the 2017/2018 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, 2016, the book value of the Board's deposits were \$2,521,029 and bank and brokerage firm balances of the Board's deposits amounted to \$3,163,502. 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>3,163,502</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 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, 2016, the Board had no outstanding investments.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Local	\$ 774,039			\$ 114,659	\$ 888,698
State				27	27
Federal		\$ 7,682	\$ 334,712	1,285	343,679
Other			17,616		17,616
Other Accounts	<u>6,758</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>15,258</u>
Gross Receivables	780,797	7,682	360,828	115,971	1,265,278
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 780,797</u>	<u>\$ 7,682</u>	<u>\$ 360,828</u>	<u>\$ 115,971</u>	<u>\$ 1,265,278</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 1,426
Capital Projects Fund	
Unrealized Grants Awards	<u>352,328</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 353,754</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 559,343	-	-	\$ 559,343
Total Capital Assets, Not Being Depreciated	<u>559,343</u>	<u>-</u>	<u>-</u>	<u>559,343</u>
Capital Assets, Being Depreciated:				
Land Improvements	96,443			96,443
Building and Building Improvements	32,560,346	\$ 145,846		32,706,192
Machinery and Equipment	1,075,493	-	-	1,075,493
Total Capital Assets Being Depreciated	<u>33,732,282</u>	<u>145,846</u>	<u>-</u>	<u>33,878,128</u>
Less Accumulated Depreciation for:				
Land Improvements	(96,443)			(96,443)
Building and Building Improvements	(4,616,486)	(618,037)		(5,234,523)
Machinery and Equipment	(828,162)	(99,692)	-	(927,854)
Total Accumulated Depreciation	<u>(5,541,091)</u>	<u>(717,729)</u>	<u>-</u>	<u>(6,258,820)</u>
Total Assets, Being Depreciation, Net	<u>28,191,191</u>	<u>(571,883)</u>	<u>-</u>	<u>27,619,308</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,750,534</u>	<u>\$ (571,883)</u>	<u>\$ -</u>	<u>\$ 28,178,651</u>
 Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 161,458	\$ 16,401	-	\$ 177,859
Total Capital Assets Being Depreciated	<u>161,458</u>	<u>16,401</u>	<u>-</u>	<u>177,859</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(138,021)	(8,285)	-	(146,306)
Total Accumulated Depreciation	<u>(138,021)</u>	<u>(8,285)</u>	<u>-</u>	<u>(146,306)</u>
Total Capital Assets, Being Depreciated, Net	<u>23,437</u>	<u>8,116</u>	<u>-</u>	<u>31,553</u>
Business-Type Activities Capital Assets, Net	<u>\$ 23,437</u>	<u>\$ 8,116</u>	<u>\$ -</u>	<u>\$ 31,553</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular Instruction	\$ 4,784
School Sponsored Activities and Athletics	135
Total Instruction	<u>4,919</u>

Support Services

Plant Operations and Maintenance	703,382
Pupil Transportation	9,428
Total Support Services	<u>712,810</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 717,729</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 8,285</u>
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E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service Fund	\$ 101,107
Capital Projects Fund	General Fund	207,621
Scholarship Fund	General Fund	12
Payroll Agency Fund	General Fund	<u>2,077</u>
Total		<u>\$ 310,817</u>

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>
	Capital Projects <u>Fund</u>
Transfer Out:	
General Fund	\$ <u>625,000</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:

	<u>Governmental 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, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 202,673
2018	196,747
2019	3,228
2020	<u>1,076</u>
Total minimum lease payments	403,724
Less: amount representing interest	<u>(13,398)</u>
Present value of minimum lease payments	<u>\$ 390,326</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, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 121,961,625
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 121,961,625</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Lease Payable	\$ 579,532		\$ 189,206	\$ 390,326	\$ 193,746
Compensated Absences	71,130	\$ 6,020	6,047	71,103	
Net Pension Liability	<u>2,402,589</u>	<u>565,925</u>	<u>109,497</u>	<u>2,859,017</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 3,053,251</u>	<u>\$ 571,945</u>	<u>\$ 304,750</u>	<u>\$ 3,320,446</u>	<u>\$ 193,746</u>

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2016 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, 2016 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Noise Abatement Program, School	1.25	7/7/2015	\$ 3,000,000		\$ 3,000,000	\$ -
Noise Abatement Program, School	1.625	2/29/2016		\$ 2,000,000	2,000,000	
Noise Abatement Program, School	1.625	6/30/2016	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total			<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>

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

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, 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.

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.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2014 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 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% 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, 2016 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.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 109,497	\$ 346,047	\$ 2,988
2015	105,789	227,000	2,070
2014	96,047	189,883	4,715

For fiscal years 2015/2016 and 2014/2015, the state contributed \$346,047 and \$227,000, 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 \$319,975 during the fiscal year ended June 30, 2016 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.

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, 2016, the District reported in the statement of net position (accrual basis) a liability of \$2,859,017 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportionate share was .01274 percent, which was a decrease of .00009 percent from its proportionate share measured as of June 30, 2014 of .01283 percent.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of 192,754 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 68,206	
Changes of Assumptions	307,036	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 45,968
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>37,478</u>	<u>15,295</u>
Total	<u>\$ 412,720</u>	<u>\$ 61,263</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>	
2017	\$ 65,084
2018	65,084
2019	65,084
2020	100,879
2021	<u>55,326</u>
	<u>\$ 351,457</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 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, 2016**

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

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	4.90%

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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:

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 3.80%. 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 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,553,408</u>	<u>\$ 2,859,017</u>	<u>\$ 2,276,844</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. 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 report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,620,379 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, 2016 the State's proportionate share of the net pension liability attributable to the District is \$26,537,917. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .04199 percent, which was a decrease of .00290 percent from its proportionate share measured as of June 30, 2014 of .04489 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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 -
Study Upon Which Actuarial	June 30, 2012
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, 2016**

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	4.13%

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

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 3.80%. 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 4.13%, 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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 31,539,322</u>	<u>\$ 26,537,917</u>	<u>\$ 22,228,907</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 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, 2016**

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 report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 2015.

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, 2016**

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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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, 2014, 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, 2016**

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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$412,047, \$360,363 and \$311,336, 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.

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, 2016**

	<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	\$ 12,310,738		\$ 12,310,738	\$ 12,310,738	
Interest	1,000		1,000	4,763	\$ 3,763
Miscellaneous	260,000	-	260,000	388,011	128,011
Total Local Sources	<u>12,571,738</u>	<u>-</u>	<u>12,571,738</u>	<u>12,703,512</u>	<u>131,774</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				33,029	33,029
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution				329,627	329,627
NCGI Premium				16,420	16,420
Post Retirement Medical Benefits				412,047	412,047
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	319,975	319,975
Total State Sources	<u>360,672</u>	<u>-</u>	<u>360,672</u>	<u>1,471,770</u>	<u>1,111,098</u>
Total Revenues	<u>12,932,410</u>	<u>-</u>	<u>12,932,410</u>	<u>14,175,282</u>	<u>1,242,872</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	3,191,579	\$ 189,925	3,381,504	3,346,177	35,327
Regular Program - Home Instruction					
Salaries of Teachers	25,000	232	25,232	387	24,845
Purchased Professional - Educational Services	15,000	2,465	17,465	17,465	-
Regular Programs - Undistributed Instruction					
Other Purchased Services	30,500	(26,250)	4,250	3,750	500
General Supplies	147,000	90,036	237,036	231,901	5,135
Textbooks	15,500	37,497	52,997	50,619	2,378
Other Objects	5,400	(2,738)	2,662	1,421	1,241
Total Regular Programs	<u>3,429,979</u>	<u>291,167</u>	<u>3,721,146</u>	<u>3,651,720</u>	<u>69,426</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 351,841	-	\$ 351,841	\$ 298,452	\$ 53,389
Other Salaries for Instruction	30,000	-	30,000	25,074	4,926
General Supplies	4,000	-	4,000	2,648	1,352
Textbooks	1,000	-	1,000		1,000
Other Objects	500	-	500	-	500
Total Resource Room	<u>387,341</u>	<u>-</u>	<u>387,341</u>	<u>326,174</u>	<u>61,167</u>
Total Special Education	<u>387,341</u>	<u>-</u>	<u>387,341</u>	<u>326,174</u>	<u>61,167</u>
Basic Skills/Remedial					
Salaries of Teachers	39,315	-	39,315	-	39,315
Other Objects	600	-	600	-	600
Total Basic Skills/Remedial	<u>39,915</u>	<u>-</u>	<u>39,915</u>	<u>-</u>	<u>39,915</u>
Bilingual Education					
Salaries of Teachers	115,964	-	115,964	113,204	2,760
General Supplies	4,000	\$ 1,079	5,079	5,042	37
Other Objects	1,000	-	1,000	1,000	-
Total Bilingual Education	<u>120,964</u>	<u>1,079</u>	<u>122,043</u>	<u>119,246</u>	<u>2,797</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	42,068	3,639	45,707	32,958	12,749
Supplies and Materials	6,000	(3,943)	2,057	1,543	514
Other Objects	1,000	256	1,256	714	542
Transfers to Cover Deficit (Agency Funds)	3,000	(3,000)	-	-	-
Total School Sponsored Co/Extra Curricular Activities	<u>52,068</u>	<u>(3,048)</u>	<u>49,020</u>	<u>35,215</u>	<u>13,805</u>

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 245,682	-	\$ 245,682	\$ 217,593	\$ 28,089
Purchased Services	60,000	-	60,000	33,000	27,000
Supplies and Materials	35,000	19,213	54,213	53,984	229
Other Objects	2,000	150	2,150	2,150	-
Total School Sponsored Athletics	<u>342,682</u>	<u>19,363</u>	<u>362,045</u>	<u>306,727</u>	<u>55,318</u>
Total Instruction	<u>4,372,949</u>	<u>308,561</u>	<u>4,681,510</u>	<u>4,439,082</u>	<u>242,428</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	237,690	(2,017)	235,673	228,952	6,721
Tuition to County Vocational School - Regular	192,060	-	192,060	192,060	-
Tuition to County Vocational School - Districts - Special	487,728	30,406	518,134	494,800	23,334
Tuition to County Special Services School Districts and Regional Day Schools	810,900	(260,044)	550,856	550,856	-
Tuition to Priv. Sch. For the Disabled W/I State	1,212,178	(11,125)	1,201,053	1,122,915	78,138
Tuition - Other	17,699	-	17,699	17,699	-
Total Undistributed Expenditures - Instruction	<u>2,958,255</u>	<u>(242,780)</u>	<u>2,715,475</u>	<u>2,607,282</u>	<u>108,193</u>
Attendance and Social Work Services					
Salaries	61,785	-	61,785	61,785	-
Other Purchased Services	5,000	-	5,000	5,000	-
Total Attendance and Social Work Services	<u>66,785</u>	<u>-</u>	<u>66,785</u>	<u>66,785</u>	<u>-</u>
Health Services					
Salaries	109,431	1,000	110,431	108,431	2,000
Purchased Professional and Technical Services	15,000	14,850	29,850	29,591	259
Other Purchased Services	-	-	-	-	-
Supplies and Materials	3,000	252	3,252	2,539	713
Other Objects	400	-	400	20	380
Total Health Services	<u>127,831</u>	<u>16,102</u>	<u>143,933</u>	<u>140,581</u>	<u>3,352</u>
Speech, OT, PT & Related Services					
Purchased Professional-Educational Services	45,000	4,105	49,105	38,966	10,139
Total Speech, OT, PT & Related Services	<u>45,000</u>	<u>4,105</u>	<u>49,105</u>	<u>38,966</u>	<u>10,139</u>
Other Support Serv. Students- Extra Serv.					
Purchased Professional-Educational Services	62,000	(6,758)	55,242	54,516	726
Total Other Support Serv. Students- Extra Serv.	<u>62,000</u>	<u>(6,758)</u>	<u>55,242</u>	<u>54,516</u>	<u>726</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 288,560	\$ (12,254)	\$ 276,306	\$ 276,306	
Salaries of Secretarial and Clerical Assistants	33,000	-	33,000	30,491	\$ 2,509
Purchased Professional-Educational Services	14,000	(1,320)	12,680	12,516	164
Other Purchased Professional and Technical Services	15,000	-	15,000	14,007	993
Supplies and Materials	3,000	3	3,003	3,003	-
Other Objects	300	-	300	60	240
Total Guidance	<u>353,860</u>	<u>(13,571)</u>	<u>340,289</u>	<u>336,383</u>	<u>3,906</u>
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	66,700	-	66,700	63,033	3,667
Purchased Professional-Educational Services	360,000	(3,300)	356,700	356,700	-
Other Purchased Professional and Technical Services	4,000	(576)	3,424	-	3,424
Supplies and Materials	1,200	1,625	2,825	2,825	-
Total Child Study Teams	<u>431,900</u>	<u>(2,251)</u>	<u>429,649</u>	<u>422,558</u>	<u>7,091</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	50,000	-	50,000	-	50,000
Supplies and Materials	1,000	(638)	362	136	226
Total Improvement of Instructional Services	<u>51,000</u>	<u>(638)</u>	<u>50,362</u>	<u>136</u>	<u>50,226</u>
Educational Media Services/School Library					
Salaries of Technology Coordinators	203,289	1,000	204,289	123,062	81,227
Purchased Professional and Technical Services	15,000	1,400	16,400	16,400	-
Other Purchased Services	300	-	300	204	96
Supplies and Materials	14,000	(75)	13,925	13,664	261
Other Objects	500	-	500	-	500
Total Educational Media Serv./School Library	<u>233,089</u>	<u>2,325</u>	<u>235,414</u>	<u>153,330</u>	<u>82,084</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	10,000	-	10,000	-	10,000
Other Purchased Professional and Technical Services	-	-	-	-	-
Other Purchased Services	10,000	713	10,713	10,713	-
Total Instructional Staff Training Services	<u>20,000</u>	<u>713</u>	<u>20,713</u>	<u>10,713</u>	<u>10,000</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 210,086	\$ 18,950	\$ 229,036	\$ 228,211	\$ 825
Legal Services	30,000	161,978	191,978	191,978	-
Audit Fees	35,000	32,849	67,849	65,634	2,215
Expenditure and Internal Control Audit Fees	3,000	-	3,000	2,400	600
Purchased Technical Services	24,000	(15,106)	8,894	6,855	2,039
Communications/Telephone	50,000	(1,065)	48,935	48,599	336
BOE Other Purchased Services	16,500	(7,825)	8,675	5,133	3,542
Misc Purchased Services	37,000	15,950	52,950	52,815	135
General Supplies	10,500	(1,364)	9,136	8,584	552
BOE In-House Training/Meeting Supplies	3,000	(950)	2,050	-	2,050
Miscellaneous Expenditures	13,500	(6,644)	6,856	2,081	4,775
BOE Membership Dues and Fees	13,000	(5,000)	8,000	7,602	398
Total Support Services General Administration	<u>445,586</u>	<u>191,773</u>	<u>637,359</u>	<u>619,892</u>	<u>17,467</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	125,000	6,667	131,667	131,667	-
Salaries of Other Professional Staff	-	28,000	28,000	28,000	-
Salaries of Secretarial and Clerical Assistants	40,000	(31,168)	8,832	6,689	2,143
Other Purchased Services	9,000	(6,076)	2,924	2,924	-
Supplies and Materials	11,000	15,068	26,068	26,068	-
Other Objects	3,000	(1,593)	1,407	1,407	-
Total Support Services School Administration	<u>188,000</u>	<u>10,898</u>	<u>198,898</u>	<u>196,755</u>	<u>2,143</u>
Central Services					
Salaries	229,000	7,055	236,055	236,055	-
Purchased Professional Services	33,000	15,169	48,169	47,486	683
Miscellaneous Purchased Services	7,000	(100)	6,900	4,484	2,416
Supplies and Materials	5,000	479	5,479	5,454	25
Interest on Lease-Purchase Agreements	11,626	(7,055)	4,571	-	4,571
Other Objects	1,500	-	1,500	195	1,305
Total Central Services	<u>287,126</u>	<u>15,548</u>	<u>302,674</u>	<u>293,674</u>	<u>9,000</u>
Admin. Info. Technology					
Salaries	-	91,016	91,016	91,016	-
Purchased Professional Services	7,000	1,110	8,110	8,110	-
Purchased Technical Services	20,000	2,263	22,263	22,263	-
Total Admin. Info. Technology	<u>27,000</u>	<u>94,389</u>	<u>121,389</u>	<u>121,389</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	164,000	-	164,000	160,962	3,038
Cleaning, Repair and Maint. Serv.	298,612	(183,906)	114,706	89,733	24,973
General Supplies	26,000	3,593	29,593	29,593	-
Other Objects	3,000	(480)	2,520	1,116	1,404
Total Required Maintenance for School Fac.	<u>491,612</u>	<u>(180,793)</u>	<u>310,819</u>	<u>281,404</u>	<u>29,415</u>

Continued

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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)					
Custodial Services					
Salaries	\$ 309,000	\$ 18,128	\$ 327,128	\$ 316,134	\$ 10,994
Cleaning, Repair and Maint. Serv.	7,000	1,482	8,482	8,482	-
Rental of Land & Building Other than Lease Purchase Agree	75,000	-	75,000	75,000	-
Other Purchased Property Services	10,000	8,166	18,166	17,540	626
Insurance	145,000	(27,762)	117,238	113,353	3,885
Miscellaneous Purchased Services	700	-	700	94	606
General Supplies	25,000	(21,087)	3,913	15	3,898
Energy (Natural Gas)	170,000	(124,250)	45,750	44,126	1,624
Energy (Electricity)	170,000	27,150	197,150	197,150	-
Total Custodial Services	911,700	(118,173)	793,527	771,894	21,633
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	15,000	2,993	17,993	17,993	-
Cleaning, Repair and Maint. Serv.	23,000	(6,852)	16,148	16,147	1
General Supplies	400	(99)	301	-	301
Other Objects	50	-	50	-	50
Total Care and Upkeep of Grounds	38,450	(3,958)	34,492	34,140	352
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School)- Regular	45,000	924	45,924	28,305	17,619
Salaries for Pupil Transportation (Between Home and School)- Spec. Ed	70,000	10,999	80,999	80,999	-
Salaries for Pupil Transportation (Other Than Between Home and School)	48,000	(1,307)	46,693	6,636	40,057
Cleaning, Repair and Maint. Serv.	20,000	8,706	28,706	28,706	-
Contract. Svcs. Aid in Lieu Payments - Charter School	-	884	884	884	-
Contract. Svcs. (Bet. Home & Sch) - Vendors	12,000	4,116	16,116	16,116	-
Contract. Svcs. (Bet. Home & Sch)- Joint Agrmts	-	30,000	30,000	24,189	5,811
Contract. Svcs. (Spec Ed. Students)- Joint Agrmts	250,000	102,524	352,524	352,524	-
Miscellaneous Purchased Services - Transportation	15,000	(15,000)	-	-	-
General Supplies	26,000	(15,500)	10,500	5,515	4,985
Transportation Supplies	15,000	(1,352)	13,648	12,070	1,578
Other Objects	700	(213)	487	487	-
Total Student Transportation Services	501,700	124,781	626,481	556,431	70,050
Unallocated Benefits - Employee Benefits					
Social Security Contributions	135,000	10,000	145,000	144,159	841
Other Retirement Contributions-PERS	115,000	-	115,000	109,497	5,503
Other Retirement Contributions-DCRP	5,000	-	5,000	2,988	2,012
Unemployment Compensation	20,000	3,809	23,809	22,428	1,381
Workmen's Compensation	75,000	-	75,000	73,363	1,637
Health Benefits	1,420,000	(176,364)	1,243,636	1,237,240	6,396
Tuition Reimbursement	30,000	(2,465)	27,535	22,079	5,456
Other Employee Benefits	18,000	-	18,000	6,484	11,516
Total Unallocated Benefits - Employee Benefits	1,818,000	(165,020)	1,652,980	1,618,238	34,742

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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				\$ 329,627	\$ (329,627)
NCGI Premium				16,420	(16,420)
Post Retirement Medical Benefits				412,047	(412,047)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	319,975	(319,975)
Total On-Behalf and Reimbursed Payments	-	-	-	1,078,069	(1,078,069)
Total Undistributed Expenditures	\$ 9,058,894	\$ (273,308)	\$ 8,785,586	9,403,136	(617,550)
Total Expenditures - Current Expenditures	13,431,843	35,253	13,467,096	13,842,218	(375,122)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	180,000	-	180,000	175,745	4,255
Total Facilities Acquisition and Construction Services	180,000	-	180,000	175,745	4,255
Increase in Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	181,000	-	181,000	175,745	5,255
Transfers of Funds to Charter Schools	41,175	24,160	65,335	65,335	-
Total Expenditures	13,654,018	59,413	13,713,431	14,083,298	(369,867)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(721,608)	(59,413)	(781,021)	91,984	873,005
Other Financing Sources					
Transfer Out - Food Service Fund	(5,000)		(5,000)		5,000
Transfer Out - Capital Projects Fund	-	(625,000)	(625,000)	(625,000)	-
Total Other Financing Sources	(5,000)	(625,000)	(630,000)	(625,000)	5,000

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ (726,608)	\$ (684,413)	\$ (1,411,021)	\$ (533,016)	\$ 878,005
Fund Balance, Beginning of Year	<u>3,030,952</u>	<u>-</u>	<u>3,030,952</u>	<u>3,030,952</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,304,344</u>	<u>\$ (684,413)</u>	<u>\$ 1,619,931</u>	<u>\$ 2,497,936</u>	<u>\$ 878,005</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 814,992	
Capital Reserve - Designated for Subsequent Year's Expenditures				180,000	
Maintenance Reserve				100,000	
Excess Surplus				544,951	
Excess Surplus Designated for Subsequent Year's Expenditures				500,000	
Assigned					
Year-End Encumbrances				500	
Designated for Subsequent Year's Expenditures				51,859	
Unassigned				<u>305,634</u>	
Reconciliation to Governmental Funds Statements (GAAP):				2,497,936	
Less: State Aid Payments not Recognized on GAAP Basis				<u>(33,029)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,464,907</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, 2016

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 426	\$ 426		\$ (426)
Federal	\$ 130,000	81,732	211,732	\$ 198,154	(13,578)
Total Revenues	130,000	82,158	212,158	198,154	(14,004)
EXPENDITURES					
Instruction					
Salaries of Teachers	40,000	21,553	61,553	60,553	1,000
Other Purchased Services	90,000	26,256	116,256	116,256	-
General Supplies	-	426	426	-	426
Total Instruction	130,000	48,235	178,235	176,809	1,426
Support Services					
Personal Services-Employee Benefits		15,141	15,141	15,141	
Purchase Professional Educational Services		6,000	6,000	6,000	
Other Purchased Services		12,727	12,727	149	12,578
General Supplies	-	55	55	55	-
Total Support Services	-	33,923	33,923	21,345	12,578
Total Expenditures	130,000	82,158	212,158	198,154	14,004
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 14,175,282	(C-2) \$ 198,154
Difference - Budget to GAAP:		
Delayed State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2014/2015 State Aid)	58,428	
Delayed State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)	<u>(33,029)</u>	<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2) \$ <u>14,200,681</u>	 (B-2) \$ <u>198,154</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ <u>14,083,298</u>	(C-2) \$ <u>198,154</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2) \$ <u>14,083,298</u>	 (B-2) \$ <u>198,154</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 Three Fiscal Years*

	<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01274	%	0.01283	%	0.01255
					%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,859,017		\$ 2,402,589		\$ 2,398,182
District's Covered-Employee Payroll	\$ 827,948		\$ 870,268		\$ 881,888
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	345.31	%	276.07	%	271.94
					%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93	%	52.08	%	48.72
					%

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

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

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

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 109,497	\$ 105,789	\$ 96,047
Contributions in Relation to the Contractually Required Contribution	<u>109,497</u>	<u>105,789</u>	<u>96,047</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 827,948	\$ 870,268	\$ 881,888
Contributions as a Percentage of Covered-Employee Payroll	\$ 13.23 %	\$ 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 Three Fiscal Years*

	<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%	0.00	%
District's Proportionate Share of the Net Pension Liability (Asset)	-		-		-	
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 26,537,917</u>		<u>\$ 23,989,774</u>		<u>\$ 22,444,712</u>	
Total	<u>\$ 26,537,917</u>		<u>\$ 23,989,774</u>		<u>\$ 22,444,712</u>	
District's Covered-Employee Payroll	\$ 4,276,160		\$ 4,332,959		\$ 4,228,545	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%	0.00	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71	%	33.64	%	33.76	%

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

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

**CARLSTADT EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	IDEIA Part B <u>Basic</u>	Title I <u>Part A</u>	Title II <u>Part A</u>	Title III <u>Part A</u>	<u>Total</u>
REVENUES					
Intergovernmental					
Federal	\$ 116,256	\$ 74,216	\$ 6,149	\$ 1,533	\$ 198,154
Total Revenues	<u>\$ 116,256</u>	<u>\$ 74,216</u>	<u>\$ 6,149</u>	<u>\$ 1,533</u>	<u>\$ 198,154</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		\$ 59,020		\$ 1,533	\$ 60,553
Other Purchased Services	\$ 116,256				116,256
General Supplies	-	-	-	-	-
Total Instruction	<u>116,256</u>	<u>59,020</u>	<u>-</u>	<u>1,533</u>	<u>176,809</u>
Support Services					
Personal Services - Employee Benefits		15,141			15,141
Purchase Professional Educational Service			\$ 6,000		6,000
Other Purchased Services			149		149
General Supplies	-	55	-	-	55
Total Support Services	<u>-</u>	<u>15,196</u>	<u>6,149</u>	<u>-</u>	<u>21,345</u>
Total Expenditures	<u>\$ 116,256</u>	<u>\$ 74,216</u>	<u>\$ 6,149</u>	<u>\$ 1,533</u>	<u>\$ 198,154</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2016</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	\$ 27,751,180	\$ 26,845,432	\$ 145,846	\$ 759,902
Totals	<u>\$ 27,751,180</u>	<u>\$ 26,845,432</u>	<u>\$ 145,846</u>	<u>\$ 759,902</u>
 <u>Reconciliation to GAAP</u>				
				\$ 759,902
				<u>(352,328)</u>
				<u>\$ 407,574</u>
 <u>Recapitulation of Fund Balance</u>				
				\$ 407,574
				<u>\$ 407,574</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, 2016**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	\$ <u>625,000</u>
 Total Revenues	 <u>625,000</u>
 Expenditures and Other Financing Uses	
Architect/Engineer	-
Construction Services	94,284
Furniture Equipment & Technology	-
Other Objects - Interest on Notes	<u>51,562</u>
 Total Expenditures and Other Financing Uses	 <u>145,846</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 479,154
 Fund Balance - Beginning of Year	 <u>280,748</u>
 Fund Balance - End of Year	 <u>\$ 759,902</u>
 <u>Reconciliation to Governmental Fund Statements (GAAP)</u>	
 Fund Balance - End of Year - Budgetary Basis	 \$ 759,902
Less Unearned Revenue	<u>(352,328)</u>
 Fund Balance - End of Year - GAAP	 <u>\$ 407,574</u>

**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, 2016**

	<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	3,502,263	\$ 625,000	4,127,263	4,127,263
Interest Earnings	38,218	-	38,218	38,218
	<u>27,126,180</u>	<u>625,000</u>	<u>27,751,180</u>	<u>27,751,180</u>
Total Revenues				
Expenditures and Other Financing Uses				
Architect Engineer	2,556,070	-	2,556,070	2,678,620
Construction Services	23,522,096	94,284	23,616,380	24,057,629
Furniture Equipment & Technology	409,838	-	409,838	563,183
Other Objects - Miscellaneous	57,242	-	57,242	100,000
Other Objects- Interest on Notes	300,186	51,562	351,748	351,748
	<u>26,845,432</u>	<u>145,846</u>	<u>26,991,278</u>	<u>27,751,180</u>
Total Expenditures				
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 280,748</u>	<u>\$ 479,154</u>	<u>\$ 759,902</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	(4,895,486)
Revised Authorized Cost	27,751,180
Percentage Decrease Over Original Authorized Cost	-15.00%
Percentage Completion	100.00%
Original Target Completion Date	January 2015
Revised Target Completion Date	January 2015

ENTERPRISE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Student Activities</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 37,119	\$ 13,175	\$ 50,294
Due from Other Funds	-	2,077	2,077
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 37,119</u>	<u>\$ 15,252</u>	<u>\$ 52,371</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 2,031	\$ 2,031
Payroll Deductions and Withholdings		13,171	13,171
Flexible Spending Deposits		50	50
Due to Student Groups	\$ 37,119	-	37,119
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 37,119</u>	<u>\$ 15,252</u>	<u>\$ 52,371</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
SENIOR HIGH SCHOOL				
H.P. Becton Regional High School	\$ 39,088	\$ 79,384	\$ 83,441	\$ 35,031
ATHLETICS				
H.P. Becton Regional High School	<u>126</u>	<u>35,827</u>	<u>33,865</u>	<u>2,088</u>
Total	<u>\$ 39,214</u>	<u>\$ 115,211</u>	<u>\$ 117,306</u>	<u>\$ 37,119</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, 2016**

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
ASSETS				
Cash	\$ 19,086	\$ 6,354,143	\$ 6,360,054	\$ 13,175
Due from Other Funds	<u>2,077</u>	<u>208,758</u>	<u>208,758</u>	<u>2,077</u>
 Total Assets	 <u>\$ 21,163</u>	 <u>\$ 6,562,901</u>	 <u>\$ 6,568,812</u>	 <u>\$ 15,252</u>
LIABILITIES				
Accrued Salaries and Wages	\$ 6,357	\$ 3,414,705	\$ 3,419,031	\$ 2,031
Payroll Deductions and Withholdings	13,186	3,144,146	3,144,161	13,171
Flexible Spending Deposits	<u>1,620</u>	<u>4,050</u>	<u>5,620</u>	<u>50</u>
 Total Liabilities	 <u>\$ 21,163</u>	 <u>\$ 6,562,901</u>	 <u>\$ 6,568,812</u>	 <u>\$ 15,252</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, 2016**

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Technology Upgrade	\$ 839,493	2.10%	\$ 505,842		\$ 165,122	\$ 340,720
Copiers-2013	106,868	4.14%	61,498		21,561	39,937
Copier-2014	13,787	4.22%	<u>12,192</u>	<u>-</u>	<u>2,523</u>	<u>9,669</u>
			<u>\$ 579,532</u>	<u>-</u>	<u>\$ 189,206</u>	<u>\$ 390,326</u>

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 27,788,325
Restricted	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	1,502,566
Unrestricted	68,670	63,052	(57,231)	103,204	117,776	1,188,512	1,207,239	(1,205,715)	(1,401,461)	(1,211,729)
Total governmental activities net position	\$ 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	\$ 28,079,162
Business-type activities										
Net Investment in capital assets	\$ 23,512	\$ 56,032	\$ 48,355	\$ 67,995	\$ 58,969	\$ 49,766	\$ 40,567	\$ 31,871	\$ 23,437	\$ 31,553
Unrestricted	42,797	5,040	9,976	22,831	50,191	81,118	89,708	89,800	81,897	55,062
Total business-type activities net position	\$ 66,309	\$ 61,072	\$ 58,331	\$ 90,826	\$ 109,160	\$ 130,884	\$ 130,275	\$ 121,671	\$ 105,334	\$ 86,615
District-wide										
Net Investment in capital assets	\$ 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	\$ 27,819,878
Restricted	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	1,502,566
Unrestricted	111,467	68,092	(47,255)	126,035	167,967	1,269,630	1,296,947	(1,115,915)	(1,319,564)	(1,156,667)
Total district net position	\$ 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	\$ 28,165,777

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 6,426,622
Special Education	317,866	357,161	517,521	446,920	490,950	2,642,019	2,746,559	2,764,697	3,243,691	3,153,436
Other Instruction	230,429	225,933	124,335	215,490	256,703	298,380	229,418	172,315	197,667	208,184
School Sponsored Activities and Athletics	377,732	337,275	377,139	382,755	407,558	422,891	431,944	427,761	431,300	453,105
Support Services:										
Tuition	1,701,341	1,788,988	1,617,764	1,726,704	2,014,707					
Student & Instruction Related Services	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	1,646,036
General Administration Services	494,431	493,574	480,767	544,596	483,706	571,735	449,838	461,320	540,825	721,154
School Administrative Services	237,164	229,560	224,161	246,425	262,081	215,687	248,362	271,174	352,560	319,612
Central Services and Info. Technology	344,173	355,024	412,910	395,968	455,205	498,036	537,923	507,443	578,771	605,589
Plant Operations and Maintenance	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	2,003,097
Pupil Transportation	573,901	519,942	474,136	541,867	450,174	362,068	469,164	508,110	564,270	617,235
Interest on Long-Term Debt	48,770	43,467	5,180	4,691	3,346		504	14,602	18,575	12,022
Unallocated Depreciation	176,136	193,246	189,008	195,842	174,182					
Total governmental activities expenses	11,461,490	11,564,879	11,565,884	12,323,728	12,213,193	12,402,778	12,724,384	13,089,152	15,008,726	16,166,092
Business-type activities:										
Food service	384,664	370,431	494,342	487,781	488,913	556,895	481,547	504,397	698,665	747,239
Total business-type activities expense	384,664	370,431	494,342	487,781	488,913	556,895	481,547	504,397	698,665	747,239
Total district expenses	\$ 11,846,154	\$ 11,935,310	\$ 12,060,226	\$ 12,811,509	\$ 12,702,106	\$ 12,959,673	\$ 13,205,931	\$ 13,593,549	\$ 15,707,391	\$ 16,913,331
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	\$ 236,979
Transportation						105,000	104,000	105,200	108,125	115,700
Operating Grants and Contributions	\$ 1,185,685	\$ 1,094,304	\$ 863,184	944,486	920,792	1,312,693	1,458,642	1,336,900	2,554,231	2,959,095
Capital Grants					15,500	3,042,916	9,767,230	7,397,885	919,992	202,554
Total governmental activities program revenues	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	3,514,328
Business-type activities:										
Charges for services										
Food Service	\$ 350,276	\$ 328,392	\$ 455,493	\$ 442,642	\$ 454,674	\$ 516,277	\$ 423,180	\$ 438,367	\$ 613,865	\$ 660,842
Operating Grants and Contributions	33,064	35,369	35,893	47,421	52,292	62,267	57,600	57,414	68,463	67,678
Total business type activities program revenues	383,340	363,761	491,386	490,063	506,966	578,544	480,780	495,781	682,328	728,520
Total district program revenues	\$ 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	\$ 4,242,848
Net (Expense)/Revenue										
Governmental activities	\$ (10,275,805)	\$ (10,470,575)	\$ (10,702,700)	\$ (11,289,242)	\$ (11,186,901)	\$ (7,630,154)	\$ (989,568)	\$ (3,930,317)	\$ (11,178,378)	\$ (12,651,764)
Business-type activities	(1,324)	(6,670)	(2,956)	2,282	18,053	21,649	(767)	(8,616)	(16,337)	(18,719)
Total district-wide net expense	\$ (10,277,129)	\$ (10,477,245)	\$ (10,705,656)	\$ (11,286,960)	\$ (11,168,848)	\$ (7,608,505)	\$ (990,335)	\$ (3,938,933)	\$ (11,194,715)	\$ (12,670,483)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 12,310,738
Unrestricted grants and contributions	682,434	1,190,292	1,374,891	597,162					10,560	10,560
Interest - Capital Reserve Funds	1,819	1,335	942	6,827	9,436	4,957	7,559	990	-	-
Investment earnings	115,328	94,086	38,313	20,811	19,540	13,769	20,442	7,796	7,279	4,763
Miscellaneous income	142,657	169,936	301,803	176,627	250,420	18,712	13,190	33,785	14,458	35,332
Transfers				(30,000)						
Total governmental activities	<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>	<u>12,361,393</u>
Business-type activities:										
Investment earnings	2,952	1,433	215	213	281	75	158	12		
Transfers				30,000						
Total business-type activities	<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>	<u>-</u>
Total district-wide	<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>	<u>\$ 12,361,393</u>
Change in Net Position										
Governmental activities	\$ 516,757	\$ 1,259,391	\$ 1,698,539	\$ 514,127	\$ 465,715	\$ 3,780,504	\$ 10,652,307	\$ 7,944,952	\$ 923,270	\$ (290,371)
Business-type activities	1,628	(5,237)	(2,741)	32,495	18,334	21,724	(609)	(8,604)	(16,337)	(18,719)
Total district	<u>\$ 518,385</u>	<u>\$ 1,254,154</u>	<u>\$ 1,695,798</u>	<u>\$ 546,622</u>	<u>\$ 484,049</u>	<u>\$ 3,802,228</u>	<u>\$ 10,651,698</u>	<u>\$ 7,936,348</u>	<u>\$ 906,933</u>	<u>\$ (309,090)</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 700,450	\$ 1,426,604	\$ 1,979,693	\$ 1,553,008						
Unreserved	236,304	240,441	729,662	775,854						
Restricted					\$ 2,300,291	\$ 3,414,936	\$ 3,669,966	\$ 3,151,663	\$ 2,599,992	\$ 2,139,943
Assigned					322,136	40,972	35,932	27,925	106,021	52,359
Unassigned					250,000	250,000	250,000	262,135	266,511	272,605
Total general fund	<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>	<u>\$ 2,464,907</u>
All Other Governmental Funds										
Unreserved	\$ 41,299	\$ 14,224		\$ 972,815						
Restricted					\$ 967,925	\$ 567,186	\$ 447,384			407,574
Unassigned								\$ (22,909)	\$ (274,134)	\$ -
Total all other governmental funds	<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>	<u>\$ 407,574</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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Tax levy	\$ 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	\$ 12,310,738
Interest Earnings	117,147	95,421	39,255	27,638	28,976	18,726	28,001	8,786	7,279	4,763
Miscellaneous Income	142,657	169,936	301,803	266,627	340,420	342,727	357,448	381,285	386,357	388,011
State Sources	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	1,692,119
Federal Sources	384,628	791,357	202,825	295,345	234,206	2,064,909	6,233,347	4,763,065	736,291	205,002
Other Intermediate Source	-	-	-	-	-	101,027	326,067	248,270	30,460	756
Total revenue	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	14,601,389
Expenditures										
Instruction										
Regular Instruction	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	5,466,245
Special Education Instruction	232,536	259,943	393,106	334,341	356,168	2,642,019	2,746,559	2,764,697	3,161,424	3,066,950
Other Instruction	170,801	166,094	94,181	161,165	185,831	298,380	229,418	172,315	169,232	175,924
School Sponsored Activities and Athletics	295,882	266,950	305,904	306,436	314,943	420,262	429,221	427,491	431,030	439,660
Support Services:										
Tuition	1,701,341	1,788,998	1,617,764	1,726,704	2,014,707					
Student & Inst. Related Services	826,149	868,064	892,812	988,681	1,069,089	1,390,839	1,396,327	1,553,345	1,530,008	1,518,199
General Administrative	389,830	415,705	415,396	460,491	422,058	547,890	377,302	380,365	519,279	708,896
School Administrative Services	179,256	176,377	173,143	187,605	191,843	215,445	246,817	269,389	305,487	273,392
Central Services and Info. Tech.	283,534	294,969	340,534	315,369	352,975	506,575	545,761	509,112	540,126	554,354
Plant Operations and Maintenance	937,599	892,630	926,558	934,235	944,602	1,063,976	1,125,760	1,261,231	1,243,509	1,273,510
Pupil Transportation	530,321	476,341	422,724	482,496	384,274	346,683	453,779	492,725	555,585	601,649
Employee Benefits	2,071,283	2,019,900	1,900,972	2,233,981	2,296,378					
Capital outlay	371,108	896,744	843,797	40,166	89,585	3,460,473	10,618,249	9,815,390	1,985,004	145,846
Debt service:										
Principal						29,209	22,878	196,609	184,007	189,206
Interest and other charges	29,100	43,500	14,224			1,931	504	8,761	19,990	13,467
Total expenditures	11,654,546	12,258,632	12,236,337	12,245,533	12,141,233	15,657,540	23,081,817	22,888,383	15,602,332	14,427,298
Excess (Deficiency) of revenues over (under) expenditures	323,701	565,638	1,028,086	622,322	537,675	432,742	130,188	(1,930,829)	(734,211)	174,091
Other Financing sources (uses)										
Capital Lease Proceeds		137,578						946,361	13,787	-
Transfers in	44,396	16,281	3,306	1,000,000			707,017	1,000,000	800,000	625,000
Transfers out	(44,396)	(16,281)	(3,306)	(1,030,000)			(707,017)	(1,000,000)	(800,000)	(625,000)
Total other financing sources (uses)	-	137,578	-	(30,000)	-	-	-	946,361	13,787	-
Net change in fund balances	\$ 323,701	\$ 703,216	\$ 1,028,086	\$ 592,322	\$ 537,675	\$ 432,742	\$ 130,188	\$ (984,468)	\$ (720,424)	\$ 174,091
Debt service as a percentage of noncapital expenditures	0.26%	0.38%	0.12%	0.00%	0.00%	0.26%	0.19%	0.16%	0.15%	0.09%

* 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 June 30,	<u>Athletic Receipts</u>	<u>E-Rate Reimbursements</u>	<u>Transportation Jointures</u>	<u>Rentals</u>	<u>Refunds</u>	<u>Books and Other Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2016			115,700	236,979	\$ 29,422		5,910	388,011

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
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 (A)	34,305,800	515,816,100	377,826,200	1,062,832,900	12,522,700	2,003,303,700	3,783,126	2,007,086,826	2,016,315,081	0.297
2014	31,223,500	514,640,900	373,118,400	1,087,516,700	12,522,700	2,019,022,200	3,613,428	2,022,635,628	1,932,600,159	0.306
2015	33,288,000	512,603,600	361,637,400	1,083,418,000	12,497,700	2,003,444,700	3,817,993	2,007,262,693	2,058,775,005	0.316
2016	30,238,700	512,535,900	337,670,700	1,085,006,205	12,497,700	1,977,949,205	3,473,074	1,981,422,279	2,187,721,816	0.364

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
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	899,069,159	1,869,582	900,938,741	2,127,370,972	0.587
2010 (B)	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
2016	32,423,900	619,817,100	476,992,500	633,405,000	126,427,400	1,889,065,900	4,161,949	1,893,227,849	2,174,965,200	0.283

Source: Municipal Tax Collector

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

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

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

Borough of Carlstadt

Calendar Year	Total Direct <u>School Tax Rate</u> Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Local School	Borough of Carlstadt	Municipal Library	County	
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
2016	0.364	0.596	0.869	0.036	0.261	2.126

* Carlstadt underwent a revaluation of property effective 2013.

Borough of East Rutherford

Calendar Year	Total Direct <u>School Tax Rate</u> Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Local School	Borough of East Rutherford	Municipal Library	County	
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
2016	0.283	0.783	0.532	0.034	0.313	1.945

* 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 NINE YEARS AGO
(Unaudited)**

Taxpayer	Borough of Carlstadt			
	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Russo	\$ 221,871,700	11.2%		
AMB	97,474,600	4.9%		
Trans Con Pipe Line	85,454,600	4.3%		
Prologis	61,460,900	3.1%		
I&G Direct	24,054,700	1.2%		
Plank Pat. Realty	18,520,900	0.9%		
455 16th St.	17,313,700	0.9%		
Barrel Sister Group	10,756,200	0.5%		
Thumann, Inc.	12,317,800	0.6%		
A.G. Holdings	12,000,000	0.6%		
Individual Taxpayer			\$ 91,383,500	8.7%
Trans Con Pipe Line			45,047,100	4.3%
AMB Properties			44,868,600	4.3%
Prologis Trust			37,451,600	3.6%
Keystone, NJ Assoc.			16,983,900	1.6%
Gotham Ind. Park			13,354,200	1.3%
Plank Pat. Realty			10,713,500	1.0%
Barell Assoc.			7,849,200	0.8%
Thumann, Inc.			6,200,000	0.6%
A.G. Holdings			5,300,000	0.5%
	<u>\$ 561,225,100</u>	<u>28.32%</u>	<u>\$ 279,151,600</u>	<u>25.43%</u>
	Borough of East Rutherford			
	2016		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 313,740,000	16.57%	\$ 94,250,000	10.46%
One Met Center LLC	75,000,000	3.96%		
Equinox 360 Associates	66,727,600	3.52%		
ML Plaza Owner	42,500,000	2.24%		
Honeywell International	37,207,300	1.97%		
MFREVEF-Rutherford Station	34,250,000	1.81%		
Racioppi, (etals)	23,500,000	1.24%		
Liberty Terrace	23,300,000	1.23%		
AMB Property Corp	22,252,500	1.18%		
Liberty Commons	22,000,000	1.16%		
SPUSV5 One Meadowlands LP			47,500,000	5.27%
Vornado Realty Trust			32,923,000	3.65%
BPG Hotel XVII c/o Sheraton			27,500,000	3.05%
Branca Properties			25,714,000	2.85%
Liberty Commons			14,150,000	1.57%
Avalon NJ Value II LLC			14,000,000	1.55%
Liberty Terrace			11,356,000	1.26%
East Rutherford (Lodging Residence Inn)			10,400,000	1.15%
BRE/HV Properties (Homestead Village)			8,380,500	0.93%
	<u>\$ 660,477,400</u>	<u>34.88%</u>	<u>\$ 286,173,500</u>	<u>21.28%</u>

Note: 2007 Principal Property Taxpayers was not available for the Borough of East Rutherford. Only 2009 information was available.

**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	
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%	
2016	12,310,738	11,782,250	100.00%	528,488

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			
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	15,443	232
2016			390,326	390,326	15,443 (E)	25

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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				
2016	N/A				

N/A - Not Applicable

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, 2015
(Unaudited)**

Total Direct Debt of Carlstadt-East Rutherford Regional Board of Education as of June 30, 2016	<u>-</u>
Total Direct Debt of School District	<u>-</u>
Municipal Debt: (1)	
Borough of Carlstadt	\$ 16,690,954
Carlstadt Public Schools K-8	16,800,000
Borough of East Rutherford	47,332,555
East Rutherford Public Schools K-8	4,936,000
Bergen County:	
County of Bergen (A)	24,803,162
Bergen County Utilities Authority (B)	<u>5,894,787</u>
Total Overlapping Debt	<u>116,457,458</u>
Total Direct and Overlapping Debt	<u>\$ 116,457,458</u>

Source:

(1) Borough of Carlstadt's and East Rutherford's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Carlstadt and East Rutherford by dividing the municipality's 2015 equalized value by the total 2015 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 2016			
Year	Borough of Carlstadt Equalized Valuation Basis	Borough of East Rutherford Equalized Valuation Basis	Combined Equalized Valuation Basis
2015	2,194,353,450	1,972,706,102	4,167,059,552
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
			\$ 12,196,162,451
	Average equalized valuation of taxable property		\$ 4,065,387,484
	Debt limit (3 % of average equalization value)		121,961,625
	Total Net Debt Applicable to Limit		-
	Legal debt margin		\$ 121,961,625

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 121,961,625
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 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	\$ 121,961,625
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>
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	73,536	6.60%
2015	6,279	73,536 (E)	5.60%
2016	6,279 (E)	73,536 (E)	5.60%

Borough of East Rutherford

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	73,536	5.90%
2015	9,164	73,536 (E)	4.90%
2016	9,164 (E)	73,536 (E)	4.90%

(E) Estimated

Source: New Jersey State Department of Education

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

Borough of Carlstadt

<u>Employer</u>	<u>2016</u>		<u>2007</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>2016</u>		<u>2007</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>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>	<u>2016</u>
Instruction										
Regular	44.6	44.6	43.9	43.9	40.0	41	41	39	39	39
Special Education	4.0	4.0	4.0	4.0	4.0	4	4	4	4	4
Support Services:										
Student & instruction related services	4.0	4.0	4.0	4.0	3.0	3	3	3	3	3
General administration	2.0	2.0	2.0	2.0	3.0	3	3	3	3	3
School administrative services	4.0	4.0	4.0	4.0	3.0	3	3	3	3	3
Central services	3.0	3.0	3.0	3.0	3.0	3	3	3	3	3
Plant operations and maintenance	3.0	3.0	3.0	3.0	4.0	4	4	4	4	4
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2	2	2	1	1
Total	<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>	<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				
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	10.68%	44.0	1:12	484.5	456.6	-1.64%	94.24%
2016	503	14,078,779	28,017	18.23%	43.0	1:12	457.5	432.1	-7.11%	94.45%

Sources: District records

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

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

<u>District Building</u>	<u>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>	<u>2016</u>
High School											
Becton Regional High School											
Square Feet	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Capacity (students)	800	800	800	800	800	800	800	800	800	800	800
Enrollment	577	555	549	506	534	521	526	543	543	529	503

001
 Number of Schools at June 30, 2016
 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>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>	<u>2016</u>
School Facilities										
Becton Regional High School	<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>	<u>\$ 281,404</u>
Grand Total	<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>	<u>\$ 281,404</u>

Source: District Records

Source: School District's financial statements

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(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
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Carlstadt-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, 2016 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 5, 2016.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carlstadt-East Rutherford Regional Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2016.

Carlstadt-East Rutherford Regional Board of Education's Response to Finding

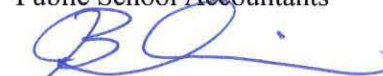
The Carlstadt-East Rutherford Regional Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Carlstadt-East Rutherford Regional Board of Education's response was not subjected to the auditing procedures applied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

Purpose of this Report

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

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 5, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

We have audited the Carlstadt-East Rutherford Regional Board of Education's compliance with the types of compliance requirements described in 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 state programs for the fiscal year ended June 30, 2016. The Carlstadt-East Rutherford Regional Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its 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 state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Carlstadt-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 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 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 state programs for the fiscal year ended June 30, 2016.

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

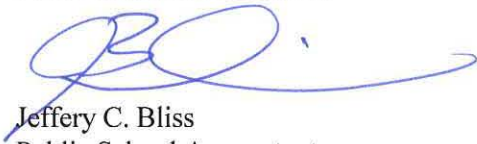
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 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, 2016 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 5, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 5, 2016

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustments	June 30, 2016		Due to Grantor at June 30, 2016	MEMO GAAP Receivable	
							A/R	Def. Revenue				(Account Receivable)	Unearned Revenue			
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund																
National School Lunch Program																
Non-Cash Assistance (Food Distribution)	10.555	16161NJ304N1099	N/A	07/1/15-6/30/16	\$ 13,134				\$ 13,134	\$ 13,134					*	
Non-Cash Assistance (Food Distribution)	10.555		N/A	07/1/14-6/30/15	13,661	\$ 461				461					*	
Cash Assistance	10.555	16161NJ304N1099	N/A	07/1/15-6/30/16	46,659				45,642	46,659		\$ (1,017)		\$ (1,017)	*	
Cash Assistance	10.555		N/A	07/1/14-6/30/15	47,878	(1,808)			1,808						*	
National School Breakfast Program																
Cash Assistance	10.553	16161NJ304N1099	N/A	07/1/15-6/30/16	6,247				5,979	6,247		(268)		(268)	*	
Cash Assistance	10.553		N/A	07/1/14-6/30/15	6,079	(468)			468						*	
Total Child Nutrition Program Cluster / Enterprise Fund						(1,815)			67,031	66,501		(1,285)		(1,285)	*	
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue																
Title I A	84.010A	S010A1500030	NCLB4010013	9/1/15-6/30/16	73,176		\$ (2,040)	\$ 2,040	75,216	74,216		\$ 1,000			*	
Title I A	84.010A		NCLB4010013	9/1/14-6/30/15	52,206	(50,843)	2,040	(2,040)	50,166		\$ 677				*	
						(50,843)			125,382	74,216				1,000	*	
Title II A	84.367A	S367A1500029	NCLB153008	9/1/15-6/30/16	11,227		(7,500)	7,500		6,149		(18,727)	12,578		(6,149)	*
Title II A	84.367A		NCLB153008	9/1/14-6/30/15	11,780	(4,280)	7,500	(7,500)	4,280							*
						(4,280)			4,280	6,149		(18,727)	12,578		(6,149)	*
Title III	84.365A	S335A1500030	NCLB153004	9/1/15-6/30/16	2,596					1,533		(2,596)	1,063		(1,533)	*
Title III	84.365A		NCLB153004	9/1/14-6/30/15	1,533	(1,533)			1,533							*
						(1,533)			1,533	1,533		(2,596)	1,063		(1,533)	*
I.D.E.I.A Part B, Basic Regular	84.027	H027A150100	FT-1530-13	9/1/15-6/30/16	116,256				116,256	116,256						*
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)			229,586	116,256						*
Total Special Revenue Fund						(169,986)			360,781	198,154	677	(21,323)	14,641		(7,682)	*
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		TEB-18-03, 31-05, 35-06, 113-07, 48-11	N/A	11,964,708	(1,042,848)			1,049,696	6,848		(334,712)	334,712		(334,712)	*
Total Capital Projects Fund						(1,042,848)			1,049,696	6,848		(334,712)	334,712		(334,712)	*
Total Federal Awards						\$ (1,214,649)	\$ -	\$ -	\$ 1,477,508	\$ 271,503	\$ 677	\$ (357,320)	\$ 349,353	\$ -	\$ (343,679)	*

Note: This District is not subject to a Federal Single Audit.
FAIN Numbers are only applicable to current year grant awards.

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, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Cash Received	Budgetary Expenditures	Balance, June 30, 2016			MEMO	
							(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
<u>General Fund</u>											
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 305,342		\$ 305,342	\$ 305,342					\$ 305,342
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	16,537		16,537	16,537					16,537
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	5,280		5,280	5,280					5,280
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	5,280	-	5,280	5,280	-	-	-	-	5,280
Total State Aid Public Cluster				-	332,439	332,439	-	-	-	-	332,439
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	28,233		28,233	28,233					28,233
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	33,029			33,029	\$ (33,029)				33,029
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	58,428	\$ (58,428)	58,428						
TPAF Pension Benefit Contributions	16-495-034-5094-002	7/1/15-6/30/16	329,627		329,627	329,627					329,627
TPAF Pension - NCGI Premium	16-100-034-5094-004	7/1/15-6/30/16	16,420		16,420	16,420					16,420
TPAF Pension-Post Retirement Medical	16-100-034-5094-001	7/1/15-6/30/16	412,047		412,047	412,047					412,047
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	319,975	-	319,975	319,975	-	-	-	-	319,975
Total General Fund				(58,428)	1,497,169	1,471,770	(33,029)	-	-	-	1,471,770
State Department of Agriculture											
<u>Enterprise Fund</u>											
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	1,177		1,150	1,177	(27)			\$ (27)	1,177
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	1,306	(51)	51	-	-	-	-	-	-
Total Enterprise Fund				(51)	1,201	1,177	(27)	-	-	(27)	1,177
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	(219,376)	414,326	194,950	-	-	-	-	8,286,520
Total Capital Projects Fund				(219,376)	414,326	194,950	-	-	-	-	8,286,520
Total State Financial Assistance Subject to Single Audit Determination				(277,855)	1,912,696	1,667,897	(33,056)	-	-	(27)	9,759,467
State Financial Assistance Not Subject to Major Program Determination											
<u>General Fund</u>											
TPAF Pension Benefit Contributions	16-495-034-5094-002	7/1/15-6/30/16	329,627		(329,627)	(329,627)					(329,627)
TPAF Pension - NCGI Premium	16-100-034-5094-004	7/1/15-6/30/16	16,420		(16,420)	(16,420)					(16,420)
TPAF Pension-Post Retirement Medical	16-100-034-5094-001	7/1/15-6/30/16	412,047	-	(412,047)	(412,047)	-	-	-	-	(412,047)
Total State Financial Assistance Subject to Major Program Determination				\$ (277,855)	\$ 1,154,602	\$ 909,803	\$ (33,056)	\$ -	\$ -	\$ (27)	\$ 9,001,373

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, 2016**

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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$25,399 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		\$ 1,497,169	\$ 1,497,169
Special Revenue Fund	\$ 198,154		198,154
Capital Projects Fund	6,848	194,950	201,798
Food Service Fund	66,501	1,177	67,678
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 271,503	\$ 1,693,296	\$ 1,964,799

**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, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$319,975 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$346,047 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$412,047 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued on Financial Statements	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> X </u> yes	<u> </u> no
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section - Not Applicable

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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? _____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
16-495-034-5094-003	Reimbursed TPAF Social Security Contrit

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2016-001

We noted the monthly Board Secretary's and Treasurer's reports were not submitted to and approved by the Board in a timely manner, as required by N.J.S.A. 18A:17-36. We noted several months where the reports were not submitted and approved timely and the final June 2016 reports were approved at the October 2016 Board meeting.

Criteria or specific requirement:

N.J.S.A. 18A:17-36, "Accounting Monthly and Annual Reports"

Condition:

See Finding 2016-001.

Context

See Finding 2016-001.

Effect

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

Cause

Unknown.

Recommendation

The monthly financial reports of the Board Secretary and Treasurer be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36..

View of Responsible Officials and Planned Corrective Action

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001

Condition

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

Current Status

Corrective action has been taken.