

EAST RUTHERFORD BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EAST RUTHERFORD, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

East Rutherford Board of Education

East Rutherford, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

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INTRODUCTORY SECTION

EAST RUTHERFORD SCHOOL DISTRICT
Uhland and Grove Streets
East Rutherford, New Jersey 07073
201-804-3100

Kenneth J. Rota
Superintendent of Schools

Phone: 201-804-3100
Telefax: 201-804-3131
Email: krota@erboe.net

October 5, 2011

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the East Rutherford Board of Education for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the East Rutherford Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the East Rutherford Board of Education has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the East Rutherford Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the East Rutherford Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The East Rutherford Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the East Rutherford Board of Education for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' concluded, based upon the audit, that there was a

reasonable basis for rendering an unqualified opinion that the East Rutherford Board of Education's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the East Rutherford Board of Education was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the East Rutherford Board of Education's CAFR.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The East Rutherford Board of Education's MD&A can be found immediately following the report of the independent auditors'.

1. REPORTING ENTITY AND ITS SERVICES: East Rutherford Board of Education is an independent reporting entity with in the criteria adopted by the GASB as established by NCGA statement No. 14. All funds of the District are included in this report. The East Rutherford Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Kindergarten through Grade 8. These include both regular and special education programs. The District completed the 2010-2011 school year with an enrollment of 756 students. The following details the changes in the student enrollment of the District over the last several years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-2011	756	8.93%
2009-2010	694	2.81%
2008-2009	675	-0.01%
2007-2008	698	-7.91%
2006-2007	737	-1.63%
2005-2006	749	-4.01%
2004-2005	779	3.08%

2. ECONOMIC CONDITION AND OUTLOOK: The East Rutherford area is experiencing a period of economic adversity and hardship. There has not been significant development and expansion in businesses or residences. The national economic recession has resulted in a decrease in the employment level. The reduction and elimination of a large percentage of State Aid for the school system has resulted in cut backs in school personnel and cancelling of programs. However, there has been an increase in annual daily enrollment. East Rutherford is expected to continue to feel the effects of the national economic situation.

3. MAJOR INITIATIVES: The East Rutherford Board of Education students in Grades 3 and 4 achieved the New Jersey proficiency standards on the preliminary NJ ASK results. Students in Grades 5-8 did not achieve “adequate yearly progress” in Language Arts. The primary instructional priorities address the needs of all learners through an updated and revised curriculum. Instructional goals focus on improving student achievement in Language Arts literacy and Mathematics performance. The district has implemented a comprehensive literacy approach in all grade levels.

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

As recipient of federal and state financial assistance, the District also is responsible for ensuring compliance with applicable laws and regulations related to federal and state financial assistance programs, as well as to determine that the District complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount is 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30.

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

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which is 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, where the funds are secured in accordance with the Act.

8. 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, fidelity bonds, school board errors and omissions, boiler and machinery, and worker's compensation.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP was selected by the Board's finance committee. 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 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04. The auditors' report on the basic financial statements and schedules are included in the financial section of the report. The auditors' reports relating specifically to the Single Audit are included in the Single Audit Section of this report.

10. ACKNOWLEDGEMENTS:

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

Respectfully submitted,



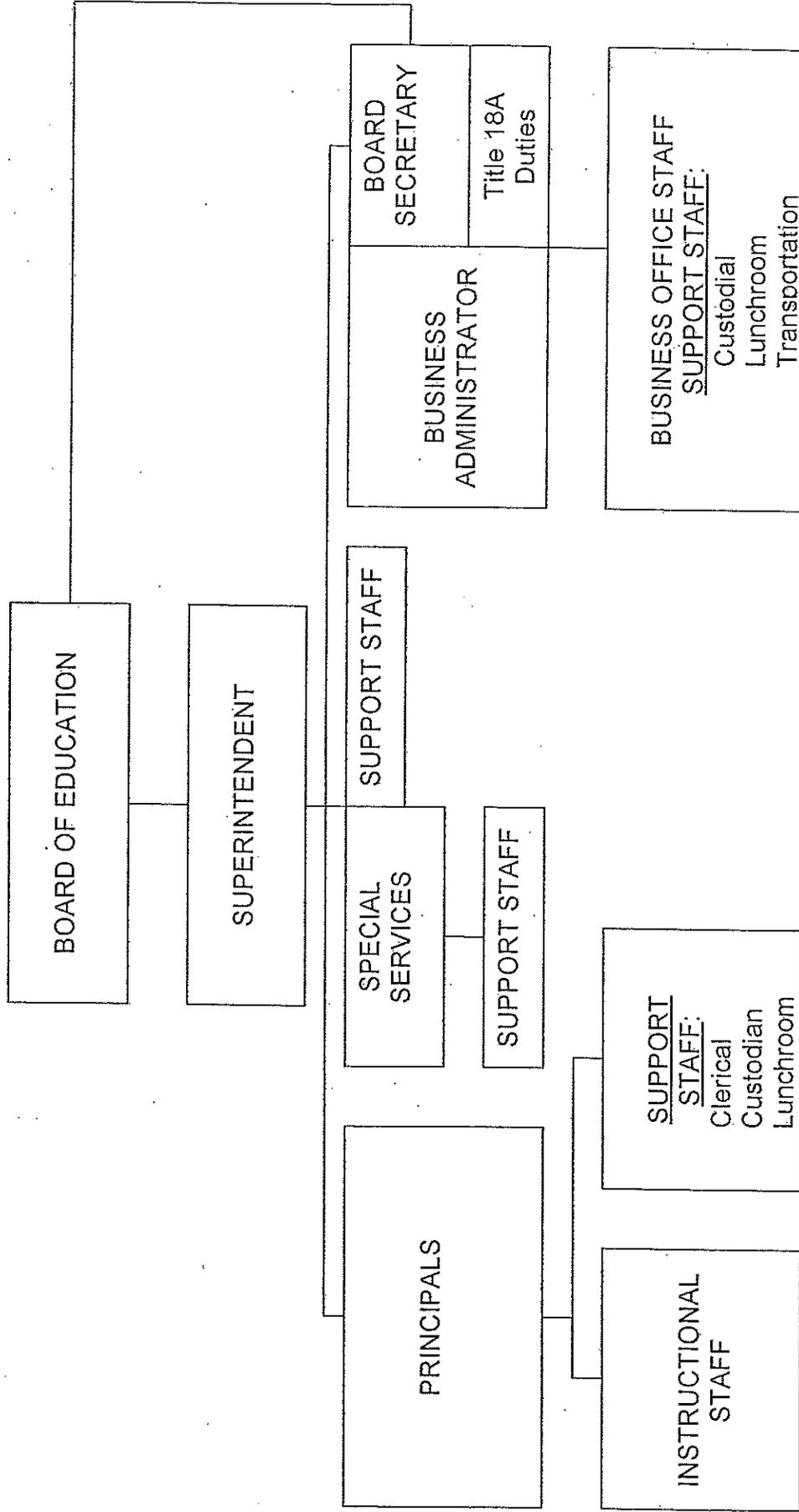
Kenneth Rota
Superintendent of Schools



Anthony Juskiewicz
Business Administrator/Board Secretary

**EAST RUTHERFORD
BOARD OF EDUCATION**

Uhland and Grove Streets East Rutherford, New Jersey 07073



**EAST RUTHERFORD BOARD OF EDUCATION
EAST RUTHERFORD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Kathleen Winston, President	April, 2014
Marguerite Hansen, Vice President	April, 2013
Kevin Felten	April, 2013
Michael Homaychak	April, 2014
Dennis Monks	April, 2012
Maria Caruso	April, 2012
Debra Zoller	April, 2012

OTHER OFFICIALS

Kenneth Rota, Superintendent
Anthony Juskiewicz, Business Administrator/Board Secretary
Diane Chorazy, Treasurer of School Monies
Thomas Kobin, Esq., Solicitor

EAST RUTHERFORD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Thomas Kobin, Esq.
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300 Harmon Meadow Boulevard
Secaucus, New Jersey 07094-3621

OFFICIAL DEPOSITORY

TD Bank
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Ramsey, NJ 07746

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REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

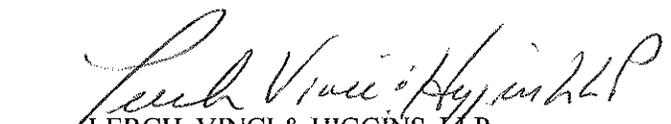
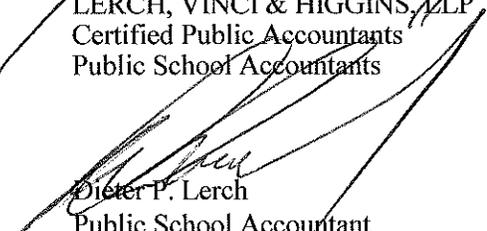
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the East Rutherford Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2011 on our consideration of the East Rutherford 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Rutherford Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.


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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 7, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The discussion and analysis of the East Rutherford Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,791,066 (net assets).
- District-wide general revenues accounted for \$13,075,144 or 85 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,222,875 or 15 percent of total revenues of \$15,298,019.
- Total net assets of governmental activities amounted to \$2,725,833 as of June 30, 2011.
- The District had \$13,877,032 in expenses related to governmental activities; only \$1,947,274 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,074,772 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$13,946,424 in revenues and other financing sources and \$13,075,728 in expenditures. The General Fund's Fund balance increased \$870,696 from the fiscal year ended June 30, 2010.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Using the Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2011?" The *Statement of Net Assets* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, if the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Reporting the District as a Whole (Continued)

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The District as a Whole

The *Statement of Net Assets* provides the perspectives of the District as a whole, showing assets, liabilities and the difference between them (net assets). Net assets may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's net assets as of June 30, 2011 and 2010.

Table A-1
Statement of Net Assets
As of June 30, 2011 and 2010

	Net Assets					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 1,239,160	\$ 328,866	\$ 49,044	\$ 30,382	\$ 1,288,204	\$ 359,248
Capital Assets	<u>6,747,335</u>	<u>10,528,834</u>	<u>16,189</u>	<u>19,255</u>	<u>6,763,524</u>	<u>10,548,089</u>
Total Assets	<u>7,986,495</u>	<u>10,857,700</u>	<u>65,233</u>	<u>49,637</u>	<u>8,051,728</u>	<u>10,907,337</u>
Other Liabilities	226,917	158,529			226,917	158,529
Long-Term Liabilities	<u>5,033,745</u>	<u>5,546,782</u>	<u>-</u>	<u>-</u>	<u>5,033,745</u>	<u>5,546,782</u>
Total Liabilities	<u>5,260,662</u>	<u>5,705,311</u>	<u>-</u>	<u>-</u>	<u>5,260,662</u>	<u>5,705,311</u>
Net Assets						
Invested in capital assets, net						
of related debt	1,877,734	5,178,123	16,189	19,255	1,893,923	5,197,378
Restricted	653,849	303,852			653,849	303,852
Unrestricted	<u>194,250</u>	<u>(329,586)</u>	<u>49,044</u>	<u>30,382</u>	<u>243,294</u>	<u>(299,204)</u>
Total Net Assets	<u>\$ 2,725,833</u>	<u>\$ 5,152,389</u>	<u>\$ 65,233</u>	<u>\$ 49,637</u>	<u>\$ 2,791,066</u>	<u>\$ 5,202,026</u>

The District's combined net assets were \$2,791,066 and \$5,202,026 at June 30, 2011 and 2010, respectively. This was a decrease of 46 percent from the prior year. The decrease is attributable to a prior period adjustment of \$3,571,570 due to the updated capital asset appraisal report.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Table 2 shows changes in net assets for fiscal years ended June 30, 2011 and 2010

Table 2
Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 109,410		\$ 135,425	\$ 119,469	\$ 244,835	\$ 119,469
Operating Grants and Contributions	1,837,864	\$ 2,188,602	140,176	138,097	1,978,040	2,326,699
General Revenues						
Property Taxes	13,024,579	12,281,614			13,024,579	12,281,614
Grants and Entitlements	29,805	360,923			29,805	360,923
Other	20,388	79,051	372	256	20,760	79,307
Total Revenues	<u>15,022,046</u>	<u>14,910,190</u>	<u>275,973</u>	<u>257,822</u>	<u>15,298,019</u>	<u>15,168,012</u>
Expenses						
Instruction						
Regular	6,002,039	6,589,931			6,002,039	6,589,931
Special Education	1,738,445	1,910,352			1,738,445	1,910,352
Other Instruction	853,068	977,927			853,068	977,927
School Sponsored Activities and Athletics	44,083	108,263			44,083	108,263
Support Services						
Student and Instruction Related Services	1,907,795	1,894,003			1,907,795	1,894,003
General Administration Services	525,167	608,174			525,167	608,174
School Administration Services	568,675	615,294			568,675	615,294
Plant Operations and Maintenance	1,422,228	1,322,380			1,422,228	1,322,380
Pupil Transportation	323,705	337,319			323,705	337,319
Central Services	309,420	385,550			309,420	385,550
Interest on Long Term Debt	182,407	199,632			182,407	199,632
Food Service	-	-	260,377	257,099	260,377	257,099
Total Expenses	<u>13,877,032</u>	<u>14,948,825</u>	<u>260,377</u>	<u>257,099</u>	<u>14,137,409</u>	<u>15,205,924</u>
Change in Net Assets	1,145,014	(38,635)	15,596	723	1,160,610	(37,912)
Beginning of Year, Net Assets	<u>5,152,389</u>	<u>5,191,024</u>	<u>49,637</u>	<u>48,914</u>	<u>5,202,026</u>	<u>5,239,938</u>
Prior Period Adjustment	<u>(3,571,570)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,571,570)</u>	<u>-</u>
Beginning of Year, Net Assets Adjusted	<u>1,580,819</u>	<u>5,191,024</u>	<u>49,637</u>	<u>48,914</u>	<u>1,630,456</u>	<u>5,239,938</u>
Ending of Year, Net Assets	<u>\$ 2,725,833</u>	<u>\$ 5,152,389</u>	<u>\$ 65,233</u>	<u>\$ 49,637</u>	<u>\$ 2,791,066</u>	<u>\$ 5,202,026</u>

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. The District's total revenues were \$15,022,046 and \$14,910,190 for the years ended June 30, 2011 and 2010, respectively. Property taxes made up 87 percent and 82 percent of revenues for governmental activities for the East Rutherford Board of Education for fiscal years ended June 30, 2011 and 2010, respectively. Federal, state and local grants accounted for another 12 percent and 17 percent of revenues for the years ended June 30, 2011 and 2010.

The total cost of all programs and services was \$13,877,032 and \$14,948,825 for the fiscal years ended June 30, 2011 and 2010, respectively. Instruction comprises 62 and 64 percent of governmental program expenses for the fiscal years ended June 30, 2011 and 2010, respectively. Support services expenses make up 38 percent and 34 percent of governmental expenses for the fiscal years ended June 30, 2011 and 2010, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Services
for the Fiscal Years Ended June 30, 2011 and 2010

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 6,002,039	\$ 6,589,931	\$ 5,203,684	\$ 5,789,244
Special Education	1,738,445	1,910,352	879,298	976,643
Other Instruction	853,068	977,927	763,306	896,265
School Sponsored Activities and Athletics	44,083	108,263	37,808	82,661
Support Services				
Student and Instruction Related Services	1,907,795	1,894,003	1,767,724	1,763,061
General Administration Services	525,167	608,174	525,167	608,174
School Administration Services	568,675	615,294	530,418	581,684
Plant Operations and Maintenance	1,422,228	1,322,380	1,422,228	1,240,006
Pupil Transportation	323,705	337,319	308,298	237,303
Central Services	309,420	385,550	309,420	385,550
Interest on Long Term Debt	182,407	199,632	182,407	199,632
Total	<u>\$ 13,877,032</u>	<u>\$ 14,948,825</u>	<u>\$ 11,929,758</u>	<u>\$ 12,760,223</u>

The dependence of tax revenues and state subsidies for governmental activities is apparent.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$275,973 and expenses of \$260,377 in fiscal year ended June 30, 2011. Of the revenues, \$135,425 and \$119,469 was charges for services paid by patrons for daily food service, \$140,176 and \$138,097 was from State and Federal reimbursements and \$372 and \$256 was from interest earnings for the fiscal years ended June 30, 2011 and 2010, respectively.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$15,022,046 and \$14,910,190 and expenditures were \$14,151,353 and \$15,525,777 for the fiscal years ended June 30, 2011 and 2010, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2011 and 2010.

<u>Revenue</u>	<u>Year Ended</u>		<u>Amount of Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
	<u>2011</u>	<u>2010</u>		
Local Sources	\$ 13,154,377	\$ 12,360,665	\$ 793,712	6%
State Sources	1,418,741	2,048,106	(629,365)	-31%
Federal Sources	<u>448,928</u>	<u>501,419</u>	<u>(52,491)</u>	-10%
 Total	 <u>\$ 15,022,046</u>	 <u>\$ 14,910,190</u>	 <u>\$ 111,856</u>	 1%

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2011 and 2010.

<u>Expenditure</u>	<u>Year Ended</u>		<u>Amount of Increase/ (Decrease)</u>	<u>Percent Increase/ (Decrease)</u>
	<u>2011</u>	<u>2010</u>		
Current Expense:				
Instruction	\$ 8,638,621	\$ 9,314,674	\$ (676,053)	-7%
Support Services	4,838,044	5,020,399	(182,355)	-4%
Capital Outlay	16,462	128,316	(111,854)	-87%
Debt Service	<u>658,226</u>	<u>1,062,388</u>	<u>(404,162)</u>	-38%
Total	<u>\$ 14,151,353</u>	<u>\$ 15,525,777</u>	<u>\$ (1,374,424)</u>	-9%

General Fund Budgeting Highlights

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

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2011 and 2010, the District had \$6,763,524 and \$10,548,089 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation decreased \$3,784,565 from fiscal year 2010 to fiscal year 2011 due to the updated appraisal report as of June 30, 2011. Table 4 shows capital assets net of depreciation at June 30, 2011 and 2010.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Table 4
Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 984,211	\$ 1,121,147		
Site Improvements	67,872	75,741		
Building and Building Improvements	5,460,721	9,136,952		
Machinery and Equipment	<u>234,531</u>	<u>194,994</u>	\$ 16,189	\$ 19,255
 Total	 <u>\$ 6,747,335</u>	 <u>\$ 10,528,834</u>	 <u>\$ 16,189</u>	 <u>\$ 19,255</u>

Additional information on East Rutherford Board of Education's capital assets can be found in Note 3 of this report.

Long-Term Liabilities

At June 30, 2011 and 2010, the District had \$5,072,395 and \$5,590,745 of long-term liabilities, respectively. Of this amount, \$74,063 and \$94,242 is for compensated absences, \$4,950,000 and \$5,420,000 of bonds payable for school construction and \$48,332 and \$76,503 for capital leases.

Additional information on East Rutherford Board of Education's long-term liabilities can be found in Note 3 of this report.

Table 5
Long-Term Liabilities

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Serial Bonds Payable	4,950,000	5,420,000
Capital Lease Payable	48,332	76,503
Compensated Absences	<u>74,063</u>	<u>94,242</u>
 Total	 <u>\$ 5,072,395</u>	 <u>\$ 5,590,745</u>

***EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011***

For the Future

The East Rutherford Board of Education is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes.

East Rutherford Board of Education's budget for 2011-2012 was presented for voter approval and was approved.

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

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the School Business Administrator/Board Secretary at East Rutherford Board of Education Board of Education, Administration Office, Uhland and Grove Streets, East Rutherford, New Jersey 07073.

BASIC FINANCIAL STATEMENTS

**EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,084,732	\$ 45,397	\$ 1,130,129
Internal Balances	11,871	(11,871)	-
Receivables	52,476	11,908	64,384
Inventory		3,610	3,610
Deferred Bond Issuance Costs, Net	90,081		90,081
Capital Assets not being depreciated	984,211		984,211
Capital Assets being depreciated, net	5,763,124	16,189	5,779,313
Total Assets	<u>7,986,495</u>	<u>65,233</u>	<u>8,051,728</u>
LIABILITIES			
Payable to State Government	89,100		89,100
Accounts Payable	16,994		16,994
Unearned Revenue	42,349		42,349
Accrued Interest Payable	78,474		78,474
Noncurrent Liabilities			
Due Within One Year	492,743		492,743
Due Beyond One Year	4,541,002		4,541,002
Total Liabilities	<u>5,260,662</u>	<u>-</u>	<u>5,260,662</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	1,877,734	16,189	1,893,923
Restricted for:			
Capital Projects	653,846		653,846
Debt Service	3		3
Unrestricted	194,250	49,044	243,294
Total Net Assets	<u>\$ 2,725,833</u>	<u>\$ 65,233</u>	<u>\$ 2,791,066</u>

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

EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,002,039	\$ 21,722	\$ 776,633		\$ (5,203,684)	\$	\$ (5,203,684)
Special Education	1,738,445	87,688	771,459		(879,298)		(879,298)
Other Instruction	853,068		89,762		(763,306)		(763,306)
School Sponsored Activities and Athletics	44,083		6,275		(37,808)		(37,808)
Support Services	1,907,795		140,071		(1,767,724)		(1,767,724)
Student and Instruction Related Svcs.	525,167				(525,167)		(525,167)
General Administrative Services	568,675		38,257		(530,418)		(530,418)
School Administrative Services	1,422,228				(1,422,228)		(1,422,228)
Plant Operations and Maintenance	323,705		15,407		(308,298)		(308,298)
Pupil Transportation	309,420				(309,420)		(309,420)
Central Services	182,407				(182,407)		(182,407)
Interest on Long-Term Debt							
Total Governmental Activities	13,877,032	109,410	1,837,864	-	(11,929,758)	-	(11,929,758)
Business-Type Activities							
Food Service	260,377	135,425	140,176			\$ 15,224	15,224
Total Business-Type Activities	260,377	135,425	140,176			15,224	15,224
Total Primary Government	\$14,137,409	\$ 244,835	\$ 1,978,040		(11,929,758)	15,224	(11,914,534)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					12,397,885		12,397,885
Property Taxes Levied for Debt Service, Net					626,694		626,694
Federal and State Aid Not Restricted					29,805		29,805
Investment Earnings						372	10,010
Miscellaneous Income					10,750		10,750
Total General Revenues					13,074,772	372	13,075,144
Change in Net Assets					1,145,014	15,596	1,160,610
Net Assets, Beginning of Year					5,152,389	49,637	5,202,026
Prior Period Adjustment - Fixed Assets, Net					(3,571,570)		(3,571,570)
Net Assets, Beginning of Year, Adjusted					1,580,819	49,637	1,630,456
Net Assets, End of Year					2,725,833	65,233	2,791,066

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

FUND FINANCIAL STATEMENTS

**EAST RUTHERFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 972,566	\$ 78,973	\$ 33,190	\$ 3	\$ 1,084,732
Receivables:					
Due from Other Funds	45,061				45,061
Receivables from Other Governments		52,476			52,476
Total Assets	\$ 1,017,627	\$ 131,449	\$ 33,190	\$ 3	\$ 1,182,269
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 16,994				16,994
Due to Other Funds			\$ 33,190		33,190
Payable to State Government		\$ 89,100			89,100
Deferred Revenue		42,349			42,349
Total Liabilities	16,994	131,449	33,190	-	181,633
Fund Balances					
Restricted					
Capital Reserve	653,846				653,846
Maintenance Reserve	100,000				100,000
Debt Service Fund				\$ 3	3
Assigned					
Year End Encumbrances	279,493				279,493
Unassigned					
General Fund	(32,706)				(32,706)
Total Fund Balances	1,000,633	-	-	3	1,000,636
Total Liabilities and Fund Balances	\$ 1,017,627	\$ 131,449	\$ 33,190	\$ 3	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,326,684 and the accumulated depreciation is \$3,579,349.

6,747,335

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(78,474)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These items are as follows:

Bonds Payable, Net	\$ (4,911,350)	
Add - Deferred Charge for Bond Issuance Cost	90,081	
Capital Leases Payable	(48,332)	
Compensated Absences Payable	(74,063)	
		(4,943,664)

Net assets of governmental activities (Exhibit A-1)

\$ 2,725,833

EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Local Tax Levy	\$ 12,397,885			\$ 626,694	\$ 13,024,579
Tuition	109,410				109,410
Interest on Investments	9,367		\$ 271		9,638
Miscellaneous	10,750				10,750
Total - Local Sources	12,527,412	-	271	626,694	13,154,377
State Sources	1,418,741				1,418,741
Federal Sources		\$ 448,928			448,928
Total Revenues	13,946,153	448,928	271	626,694	15,022,046
EXPENDITURES					
Current					
Instruction					
Regular Instruction	5,819,247	180,618			5,999,865
Special Education Instruction	1,471,624	268,310			1,739,934
Other Instruction	854,630				854,630
School Sponsored Activities and Athletics	44,192				44,192
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,910,730				1,910,730
General Administrative Services	514,046				514,046
School Administrative Services	560,218				560,218
Plant Operations and Maintenance	1,251,110				1,251,110
Pupil Transportation	292,003				292,003
Central Services	309,937				309,937
Debt Service					
Principal	28,171			470,000	498,171
Interest	3,358			156,697	160,055
Capital Outlay	16,462		-		16,462
Total Expenditures	13,075,728	448,928	-	626,697	14,151,353
Excess (Deficiency) of Revenues					
Over Expenditures	870,425	-	271	(3)	870,693
Other Financing Sources (Uses)					
Transfers In	271				271
Transfers Out			(271)		(271)
Total Other Financing Sources (Uses)	271	-	(271)	-	-
Net Change in Fund Balances	870,696	-	-	(3)	870,693
Fund Balance, Beginning of Year	129,937			6	129,943
Fund Balance, End of Year	\$ 1,000,633	\$ -	\$ -	\$ 3	\$ 1,000,636

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

**EAST RUTHERFORD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 870,693

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

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

Capital Outlay	\$ 16,462	
Depreciation Expense	<u>(226,391)</u>	(209,929)

In the statement of activities, costs related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon issuance of the debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years.

Original Issue Premium	29,776	
Debt Issuance Costs	(11,748)	
Deferred Amount on Refunding	<u>(35,089)</u>	(17,061)

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

Compensated Absences	20,179
----------------------	--------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments		
Bonds Paid	470,000	
Capital Leases Paid	<u>28,171</u>	498,171

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.

Increase in accrued interest	<u>(17,039)</u>
------------------------------	-----------------

Change in net assets of governmental activities (Exhibit A-2) **\$ 1,145,014**

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Business- Type Activities Enterprise Funds <hr/> Food Service <hr/>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 45,397
Intergovernmental Receivable	
Federal	11,630
State	278
Inventories	3,610
	<hr/>
Total Current Assets	60,915
	<hr/>
Noncurrent Assets	
Machinery and Equipment	46,000
Less Accumulated Depreciation	(29,811)
	<hr/>
Total Noncurrent Assets	16,189
	<hr/>
Total Assets	77,104
	<hr/>
LIABILITIES	
Liabilities	
Due to Other Funds	11,871
	<hr/>
Total Liabilities	11,871
	<hr/>
NET ASSETS	
Invested in Capital Assets	16,189
Unrestricted	49,044
	<hr/>
Total Net Assets	\$ 65,233
	<hr/> <hr/>

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund Food Service
Operating Revenues	
Charges for Services	\$ 135,425
Total Operating Revenues	135,425
Operating Expenses	
Cost of Sales	120,328
Salaries and Wages	93,383
Management Fee	10,300
Depreciation	3,066
Supplies and Materials	15,747
Miscellaneous Expenditures	17,553
Total Operating Expenses	260,377
Operating Loss	(124,952)
Nonoperating Revenues	
State Sources	
School Lunch Program	3,067
Federal Sources	
National School Breakfast Program	33,523
National School Lunch Program	103,586
Interest Earned	372
Total Nonoperating Revenues	140,548
Change in Net Assets	15,596
Net Assets, Beginning of Year	49,637
Net Assets, End of Year	\$ 65,233

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 135,425
Cash Payments to Suppliers and Employees	(259,116)
	(123,691)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received from State and Federal Reimbursements	139,715
	139,715
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Deposits and Investments	372
	16,396
Net Increase in Cash and Cash Equivalents	16,396
Cash and Cash Equivalents—Beginning of Year	29,001
Cash and Cash Equivalents—End of Year	\$ 45,397
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (124,952)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities	
Depreciation	3,066
Change in Assets and Liabilities:	
(Increase) Decrease in Inventories	(1,805)
Net Cash Used For Operating Activities	\$ (123,691)

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

**EAST RUTHERFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 60,452</u>
Total Assets	<u>\$ 60,452</u>
 LIABILITIES	
Payroll Deductions and Withholdings	56,055
Due to Student Groups	<u>4,397</u>
Total Liabilities	<u>\$ 60,452</u>

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

**EAST RUTHERFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The East Rutherford 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 seven 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 East Rutherford 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. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. 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 assets, 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.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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.

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. 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.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 and state 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 major capital facilities and other capital assets.

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

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

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, 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.

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

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.

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits 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 and Payables*

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".

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 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.

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. *Receivables and Payables (Continued)*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. 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. *Inventories*

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

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

5. *Capital Assets*

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

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings & Building Improvements	50
Machinery & Equipment	5-20

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. *Fund Equity (Continued)*

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

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

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

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

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

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

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

9. *Reclassifications*

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 2010/2011. During 2010/2011 the Board increased the original budget by \$162,178. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

A capital reserve account was established by the District for the accumulation of funds for use as 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.

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ 303,846
Increases:	
Deposits Approved by Board Resolution	<u>350,000</u>
Balance, June 30, 2011	<u>\$ 653,846</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 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, 2011, the book value of the Board's deposits was \$1,190,518 and bank balances of the Board's cash and deposits amounted to \$1,422,576. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 1,421,929
Uninsured and Collateralized	<u>647</u>
	<u>\$ 1,422,576</u>

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 none of the Board’s deposits 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, 2011, the Board had the following investments:

<u>Investment Type</u>	<u>Bank Balance</u>
New Jersey ARM Investment Program	\$ <u>63</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2011, \$63 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by counterparty's trust department or agent but not in the Board's name	\$ <u>63</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board’s investments are in New Jersey Asset and Rebate Management Program. These investments are 100% of the District’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

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

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds including the applicable allowances for uncollectible accounts are as follows:

	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 52,476	\$ 11,908	\$ 64,384
Gross Receivables	52,476	11,908	64,384
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 52,476</u>	<u>\$ 11,908</u>	<u>\$ 64,384</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Special Revenue Fund	<u>Unearned</u>
Unencumbered grant draw downs	<u>\$42,349</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance, <u>June 30, 2011</u>
Governmental activities:					
Capital Assets, not being depreciated:					
Land	\$ 1,121,147	-	-	\$ (136,936)	\$ 984,211
Total Capital Assets, not being depreciated	<u>1,121,147</u>	<u>-</u>	<u>-</u>	<u>(136,936)</u>	<u>984,211</u>
Capital Assets, being depreciated:					
Site Improvements	211,260			9,200	220,460
Buildings and Building Improvements	13,089,079	\$ 3,467		(4,494,074)	8,598,472
Machinery and equipment	<u>519,213</u>	<u>12,995</u>	<u>-</u>	<u>(8,667)</u>	<u>523,541</u>
Total Capital Assets being depreciated	<u>13,819,552</u>	<u>16,462</u>	<u>-</u>	<u>(4,493,541)</u>	<u>9,342,473</u>
Less Accumulated Depreciation for:					
Site Improvements	(135,519)	(10,148)		6,921	(152,588)
Buildings and Building Improvements	(3,952,127)	(161,087)		(975,463)	(3,137,751)
Machinery and Equipment	<u>(324,219)</u>	<u>(55,156)</u>	<u>-</u>	<u>(90,365)</u>	<u>(289,010)</u>
Total Accumulated Depreciation	<u>(4,411,865)</u>	<u>(226,391)</u>	<u>-</u>	<u>(1,058,907)</u>	<u>(3,579,349)</u>
Total Capital Assets, being depreciated, net	<u>9,407,687</u>	<u>(209,929)</u>	<u>-</u>	<u>(3,434,634)</u>	<u>5,763,124</u>
Governmental Activities Capital Assets, net	<u>\$ 10,528,834</u>	<u>\$ (209,929)</u>	<u>\$ -</u>	<u>\$ (3,571,570)</u>	<u>\$ 6,747,335</u>
	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>	
Business-Type Activities:					
Capital Assets, being depreciated:					
Machinery and equipment	\$ 46,000	-	-	\$ 46,000	
Total Capital Assets being depreciated	<u>46,000</u>	<u>-</u>	<u>-</u>	<u>46,000</u>	
Less Accumulated Depreciation for:					
Machinery and equipment	(26,745)	\$ (3,066)	-	(29,811)	
Total Accumulated Depreciation	<u>(26,745)</u>	<u>(3,066)</u>	<u>-</u>	<u>(29,811)</u>	
Total Capital Assets, being depreciated, net	<u>19,255</u>	<u>(3,066)</u>	<u>-</u>	<u>16,189</u>	
Business-Type Activities Capital Assets, net	<u>\$ 19,255</u>	<u>\$ (3,066)</u>	<u>\$ -</u>	<u>\$ 16,189</u>	

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 12,547
Total Instruction	<u>12,547</u>
Support Services	
School Administration	9,505
Transportation	32,042
Operations And Maintenance Of Plant	<u>172,297</u>
Total Support Services	<u>213,844</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 226,391</u>

Business-Type Activities:

Food Service Fund	<u>\$ 3,066</u>
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D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service Fund	\$ 11,871
General Fund	Capital Projects Fund	<u>33,190</u>
		<u>\$ 45,061</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and expenditures paid by one fund on behalf of another fund.

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

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 271	\$ 271
	<u>\$ 271</u>	<u>\$ 271</u>

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

E. Leases

Capital Leases

The District is leasing copiers and a school bus totaling \$184,587 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 17,739
2013	17,739
2014	<u>17,739</u>
Total minimum lease payments	53,217
Less: amount representing interest	<u>4,885</u>
Present value of minimum lease payments	<u>\$ 48,332</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$970,000, 1996 Bonds, due in annual installments of \$80,000 through January 15, 2012, interest at 5.30%	\$ 80,000
\$7,121,000, 2001 Bonds, due in annual installments of \$355,000 through July 15, 2021 interest at 4.375% to 4.50%	355,000
\$4,575,000, Refunding 2010 Bonds, due in annual installments of \$35,000 to \$475,000 through July 15, 2021 interest at 2.000% to 4.375%	<u>4,515,000</u>
	<u>\$ 4,950,000</u>

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

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 470,000	\$ 162,826	\$ 632,826
2013	405,000	146,250	551,250
2014	420,000	136,375	556,375
2015	435,000	124,050	559,050
2016	440,000	113,150	553,150
2017-2021	2,325,000	322,838	2,647,838
2022	<u>455,000</u>	<u>9,275</u>	<u>464,275</u>
	<u>\$ 4,950,000</u>	<u>\$ 1,014,764</u>	<u>\$ 5,964,764</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 58,661,530
Less: Net Debt	<u>4,950,000</u>
Remaining Borrowing Power	<u>\$ 53,711,530</u>

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2011, \$4,456,000 of bonds outstanding are considered defeased.

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2011	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 5,420,000		\$ 470,000	\$ 4,950,000	\$ 470,000
Add: Premium on Refunding	246,369		29,776	216,593	
Less: Deferred Amount on Refunding	<u>(290,332)</u>	-	<u>(35,089)</u>	<u>(255,243)</u>	-
Bonds Payable Net	5,376,037	-	464,687	4,911,350	470,000
Capital Leases Payable	76,503		28,171	48,332	15,337
Compensated Absences	<u>94,242</u>	-	<u>20,179</u>	<u>74,063</u>	<u>7,406</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,546,782</u>	<u>\$ -</u>	<u>\$ 513,037</u>	<u>\$ 5,033,745</u>	<u>\$ 492,743</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds 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.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method".

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, 2011, 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.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

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, 2011, 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 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009 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 (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, 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.

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the years ended June 30, 2011, 2010 and 2009 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:

Year Ended June 30,	PERS	On-behalf TPAF
2011	\$ 145,180	\$ 20,858
2010	80,381	22,204
2009	82,092	30,211

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$20,858, \$22,204 and \$30,211 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$485,935 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

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 June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

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, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$443,016, \$417,020 and \$576,344, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 12,397,885		\$ 12,397,885	\$ 12,397,885	
Tuition - Other L.F.As Within the State	35,000		35,000	109,410	\$ 74,410
Interest	5,500		5,500	9,367	3,867
Miscellaneous	-	-	-	10,750	10,750
Total Local Sources	12,438,385	-	12,438,385	12,527,412	89,027
State Sources					
Categorical Special Education Aid	260,754		260,754	260,754	
Extraordinary Aid	137,708		137,708	182,717	45,009
TPAF Pension Contribution (Non-Budget)					
NCGI				20,858	20,858
TPAF Pension Contribution (Non-Budget)					
Post - Retirement Medical Contribution				443,016	443,016
TPAF Social Security Contributions (Non-Budget)	-	-	-	485,935	485,935
Total State Sources	398,462	-	398,462	1,393,280	994,818
Total Revenues	12,836,847	-	12,836,847	13,920,692	1,083,845
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	53,960	\$ 2,733	56,693	56,693	-
Kindergarten	344,727	(17,000)	327,727	327,727	-
Grades 1-5	1,895,508	(106,440)	1,789,068	1,789,068	-
Grades 6-8	1,648,122	(10,531)	1,637,591	1,630,133	7,458
Regular Programs - Home Instruction					
Salaries of Teachers	7,000	-	7,000		7,000
Purchased Professional -Educational Services		18,000	18,000	16,019	1,981
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	384,032	(125,531)	258,501	253,023	5,478
Purchased Technical Services	14,000	24,960	38,960	38,960	-
Other Purchased Services	4,500	(4,500)			-
General Supplies	190,000	(6,833)	183,167	158,235	24,932
Textbooks	50,000	(2,752)	47,248	26,894	20,354
Other Objects	5,000	-	5,000	4,417	583
Total Regular Programs	4,596,849	(227,894)	4,368,955	4,301,169	67,786
Learning and/or Language Disabilities					
Salaries of Teachers	74,914	-	74,914	74,914	-
General Supplies	3,000	-	3,000	-	3,000
Total Learning and/or Language Disabilities	77,914	-	77,914	74,914	3,000
Special Education Instruction-Multiple Disabilities					
Salaries of Teachers	177,622	(15,000)	162,622	162,622	-
Other Salaries for Instruction		19,356	19,356	19,251	105
General Supplies	2,000	774	2,774	-	2,774
Total Special Education - Multiple Disabilities	179,622	5,130	184,752	181,873	2,879

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Special Education Instruction-Resource Room/Center					
Salaries of Teachers	\$ 300,755	\$ (62,817)	\$ 237,938	\$ 227,188	\$ 10,750
General Supplies	2,000	-	2,000	177	1,823
Total Resource Room/Resource Center	<u>302,755</u>	<u>(62,817)</u>	<u>239,938</u>	<u>227,365</u>	<u>12,573</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	75,420	475	75,895	75,895	
Other Salaries for Instruction	21,640	875	22,515	22,515	
General Supplies	1,000	98	1,098	500	598
Total Preschool Disabilities Part Time	<u>98,060</u>	<u>1,448</u>	<u>99,508</u>	<u>98,910</u>	<u>598</u>
Total Special Education	<u>658,351</u>	<u>(56,239)</u>	<u>602,112</u>	<u>583,062</u>	<u>19,050</u>
Basic Skills/Remedial					
Salaries of Teachers	279,835	64,699	344,534	343,750	784
General Supplies	3,000	1,760	4,760	-	4,760
Total Basic Skills/Remedial	<u>282,835</u>	<u>66,459</u>	<u>349,294</u>	<u>343,750</u>	<u>5,544</u>
Bilingual Education					
Salaries of Teachers	272,126	(271)	271,855	267,194	4,661
General Supplies	4,000	(4,000)	-	-	-
Other Objects	1,800	-	1,800	-	1,800
Total Bilingual Education	<u>277,926</u>	<u>(4,271)</u>	<u>273,655</u>	<u>267,194</u>	<u>6,461</u>
School Sponsored Co-Curricular Activities					
Salaries	31,700	2,550	34,250	26,704	7,546
General Supplies	-	271	271	271	-
Total School Sponsored Co-Curricular Activities	<u>31,700</u>	<u>2,821</u>	<u>34,521</u>	<u>26,975</u>	<u>7,546</u>
School Sponsored Athletics					
Salaries	-	1,000	1,000	950	50
Other Purchased Services	-	954	954	283	671
Total School Sponsored Athletics	<u>-</u>	<u>1,954</u>	<u>1,954</u>	<u>1,233</u>	<u>721</u>
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	10,000	5,058	15,058	15,058	-
Total Before/After School Programs	<u>10,000</u>	<u>5,058</u>	<u>15,058</u>	<u>15,058</u>	<u>-</u>
Total Instruction	<u>5,857,661</u>	<u>(212,112)</u>	<u>5,645,549</u>	<u>5,538,441</u>	<u>107,108</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/ State - Special	268,548	(112,282)	156,266	131,521	24,745
Tuition to Priv Sch for Disabled Within State	116,300	(36,380)	79,920	67,649	12,271
Tuition to CSSD and Regional Day Schools	174,512	300,793	475,305	467,767	7,538
Tuition - Other	-	8,336	8,336	1,586	6,750
Total Undistributed Expenditures - Instruction	<u>559,360</u>	<u>160,467</u>	<u>719,827</u>	<u>668,523</u>	<u>51,304</u>

EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT (Continued)					
Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	\$ 40,388	\$ 8,674	\$ 49,062	\$ 41,576	\$ 7,486
Total Attendance & Social Work	40,388	8,674	49,062	41,576	7,486
Health Services					
Salaries	169,275	2,541	171,816	171,642	174
Purchased Professional and Technical Services	8,000	-	8,000	5,485	2,515
Supplies and Materials	8,000	-	8,000	4,137	3,863
Other Objects	1,500	-	1,500	374	1,126
Total Health Services	186,775	2,541	189,316	181,638	7,678
Speech, OT, PT, and Related Services					
Salaries	172,278	27,853	200,131	183,115	17,016
Purchased Prof. Ed. Services	110,000	117	110,117	84,431	25,686
Supplies and Materials	3,000	-	3,000	2,355	645
Total Speech, OT, PT, and Related Services	285,278	27,970	313,248	269,901	43,347
Other Support Services - Students - Extraordinary					
Salaries	5,000	82,835	87,835	75,594	12,241
Purchased Prof. Ed. Services	100,000	(13,530)	86,470	67,239	19,231
Total Other Supp.Serv. Student - Extraordinary	105,000	69,305	174,305	142,833	31,472
Guidance					
Salaries of Other Professional Staff	109,205	(5,000)	104,205	104,205	
Purchased Professional and Technical Services	2,000	(91)	1,909	800	1,109
Supplies and Materials	5,000	91	5,091	5,030	61
Total Guidance	116,205	(5,000)	111,205	110,035	1,170
Child Study Teams					
Salaries of Other Professional Staff	337,184	22,354	359,538	345,613	13,925
Salaries of Secretarial & Clerical Assistants	22,862	63	22,925	22,925	
Purchased Prof. Ed. Services	2,500		2,500		2,500
Purchased Professional and Technical Services		1,040	1,040	1,039	1
Supplies and Materials	4,000		4,000	1,398	2,602
Other Objects	15,000	-	15,000	7,756	7,244
Total Child Study Teams	381,546	23,457	405,003	378,731	26,272
Improvement of Instructional Services					
Salaries of Other Professional Staff	30,000		30,000		30,000
Purchased Prof. Ed. Services	55,500	57	55,557	45,057	10,500
Supplies and Materials	1,000	-	1,000	-	1,000
Total Improvement of Instructional Services	86,500	57	86,557	45,057	41,500
Educational Media/School Library					
Salaries	203,256		203,256	203,256	
Purchased Professional and Technical Services	94,500		94,500	94,500	
Other Purchased Services	2,000		2,000	795	1,205
Supplies and Materials	5,000	-	5,000	3,054	1,946
Total Educational Media/School Library	304,756	-	304,756	301,605	3,151

EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Support Services General Administration					
Salaries	\$ 248,294	\$ (102)	\$ 248,192	\$ 245,146	\$ 3,046
Legal Services	42,500	14,688	57,188	33,824	23,364
Audit Fees	18,000	2,885	20,885	20,885	
Other Purchased Professional Services	18,000	(10,074)	7,926	7,503	423
Purchased Technical Services	6,000		6,000	2,199	3,801
Communications/Telephone	58,000	(5,504)	52,496	42,126	10,370
BOE Other Purchased Services	5,000		5,000	349	4,651
Supplies and Materials	5,500		5,500	300	5,200
BOE In-House Training/Meeting Supplies	800	(57)	743		743
Miscellaneous Purchased Services	22,000	(2,577)	19,423	10,548	8,875
Miscellaneous Expenditures	10,000		10,000	9,879	8,121
BOE Membership Dues and Fees	10,000	(10,000)	-	-	-
Total Support Services General Administration	444,094	(2,741)	441,353	372,759	68,594
Support Services School Administration					
Salaries of Principals/Asst. Principals	252,530	7,856	260,386	260,386	
Salaries of Secretarial and Clerical Assistants	144,691	4,933	149,624	149,624	
Other Purchased Services	36,000	(12,687)	23,313		23,313
Supplies and Materials	3,000	-	3,000	133	2,867
Other Objects	12,200	-	12,200	2,913	9,287
Total Support Services School Administration	448,421	102	448,523	413,056	35,467
Required Maintenance for School Facilities					
Salaries	50,548	(20,508)	30,040	29,975	65
Purchased Professional and Technical Services		6,011	6,011	6,011	
Cleaning, Repair and Maintenance Services	25,000	238,887	263,887	90,988	172,899
General Supplies	5,000	4,739	9,739	8,650	1,089
Total Required Maintenance for School Facilities	80,548	229,129	309,677	135,624	174,053
Custodial Services					
Salaries	479,420	(44,764)	434,656	431,186	3,470
Purchased Professional and Technical Services		37,503	37,503	32,103	5,400
Cleaning, Repair and Maintenance Services	110,000	(54,132)	55,868	37,864	18,004
Other Purchased Property Services	9,000	2,628	11,628	8,874	2,754
Insurance	105,000	(5,592)	99,408	99,408	
Miscellaneous Purchased Services	5,000	(800)	4,200	4,200	
General Supplies	45,800	29,622	75,422	57,173	18,249
Energy (Electricity)	213,326	(58,829)	154,497	153,867	630
Energy (Natural Gas)	131,914	(37,160)	94,754	93,195	1,559
Other Objects	-	1,868	1,868	1,868	-
Total Custodial Services	1,099,460	(129,656)	969,804	919,738	50,066
Student Transportation Services					
Salaries of Non-Instructional Aides	31,261	(579)	30,682	30,682	
Salaries for Pupil Trans(Bet Home & Sch)-Reg	66,846	(7,512)	59,334	59,334	
Salaries for Pupil Trans(Bet Home & Sch)-Sp Ed	33,254	10,697	43,951	42,865	1,086
Cleaning, Repair & Maintenance Service	11,000	(3,000)	8,000	7,385	615
Lease Purchase Payments - School Buses	18,000	(261)	17,739	17,739	
Aid in Lieu	950	(66)	884		884
Contr Serv (Oth than Bet Home & School)-Vendors	10,000	(6,589)	3,411	1,480	1,931
Contr Serv (Special Ed Students)-Vendors		1,490	1,490		1,490
Contr Serv (Special Ed Students)-Joint Agreements	123,000		123,000	77,816	45,184
Supplies and Materials	14,000	5,100	19,100	15,800	3,300
Other Objects	2,000	(1,389)	611	237	374
Total Student Transportation Services	310,311	(2,109)	308,202	253,338	54,864
Central Services					
Salaries	195,903	5,894	201,797	201,617	180
Purchased Prof. Services	9,500	(4,700)	4,800	3,800	1,000
Purchased Technical Services		12,792	12,792	12,792	
Miscellaneous Purchased Services	9,500	(8,205)	1,295	388	907
Supplies and Material	5,500	(2,083)	3,417	2,921	496
Miscellaneous Expenditures	1,500	-	1,500	1,215	285
Total Central Services	221,903	3,698	225,601	222,733	2,868

EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Administration Information Technology					
Other Purchased Services	-	\$ 3,591	\$ 3,591	\$ 1,626	\$ 1,965
Total Administration Information Technology	-	3,591	3,591	1,626	1,965
Unallocated Benefits- Employee Benefits					
Social Security Contributions	\$ 170,000	(19,718)	150,282	136,136	14,146
Other Retirement Contributions - Regular	125,500	19,680	145,180	145,180	
Unemployment Compensation	18,000	7,533	25,533	19,443	6,090
Worker's Compensation	123,322	(32,340)	90,982	88,945	2,037
Health Benefits	1,722,423	(169,519)	1,552,904	1,538,331	14,573
Tuition Reimbursement	34,000	(7,165)	26,835	26,550	285
Other Employee Benefits	77,666	42,906	120,572	120,428	144
Total Unallocated Benefits	2,270,911	(158,623)	2,112,288	2,075,013	37,275
TPAF Pension Contribution (Non-Budget)					
NCGI				20,858	(20,858)
TPAF Pension Contribution (Non-Budget)					
Post - Retirement Medical Contribution				443,016	(443,016)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	485,935	(485,935)
Total Undistributed Expenditures	6,941,456	230,862	7,172,318	7,483,595	(311,277)
Total Current Expenditures	12,799,117	18,750	12,817,867	13,022,036	(204,169)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Operation & Maint of Plant Services		3,467	3,467	3,467	-
Operation of Non-Instructional Services	-	12,995	12,995	12,995	-
Total Equipment	-	16,462	16,462	16,462	-
Facilities Acq. And Construction Services					
Other Objects	37,230	-	37,230	37,230	-
Total Facilities Acq. And Construction Services	37,230	-	37,230	37,230	-
Total Capital Outlay	37,230	16,462	53,692	53,692	-
Total General Fund	12,836,347	35,212	12,871,559	13,075,728	(204,169)

EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ 500	\$ (35,212)	\$ (34,712)	\$ 844,964	\$ 879,676
Other Financing Sources Transfers In	-	-	-	271	271
Total Other Financing Sources	-	-	-	271	271
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	500	(35,212)	(34,712)	845,235	879,947
Fund Balance, Beginning of Year	<u>352,132</u>	-	<u>352,132</u>	<u>352,132</u>	-
Fund Balance, End of Year	<u>\$ 352,632</u>	<u>\$ (35,212)</u>	<u>\$ 317,420</u>	<u>\$ 1,197,367</u>	<u>\$ 879,947</u>
Restricted Fund Balances					
Maintenance Reserve				\$ 100,000	
Capital Reserve				653,846	
Assigned Fund Balance					
Year End Encumbrances				279,493	
Unassigned Fund Balance				<u>164,028</u>	
				1,197,367	
Reconciliation to Governmental Fund Statements (GAAP)					
2010/2011 State Aid Payments Not Recognized on a GAAP Basis				(14,017)	
2010/2011 Extraordinary Aid Not Recognized on a GAAP Basis				<u>(182,717)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,000,633</u>	

**EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
State Sources	\$ 171,272		\$ 171,272		\$ (171,272)
Federal Sources	358,011	\$ 126,966	484,977	\$ 446,290	(38,687)
Total Revenues	<u>529,283</u>	<u>126,966</u>	<u>656,249</u>	<u>446,290</u>	<u>(209,959)</u>
EXPENDITURES					
Instruction					
Salaries	209,973	28,766	238,739	214,437	24,302
Purchased Professional/Technical Services	8,040	1,349	9,389	1,349	8,040
Other Purchased Services	6,006	416	6,422	6,422	
Tuition	101,868	(1,868)	100,000	90,055	9,945
General Supplies		75,254	75,254	73,910	1,344
Textbooks	10,611	-	10,611	-	10,611
Other Objects	152,621	-	152,621	-	152,621
Total Instruction	<u>489,119</u>	<u>103,917</u>	<u>593,036</u>	<u>386,173</u>	<u>206,863</u>
Support Services					
Personal Services - Employee Benefits	2,596	22,415	25,011	25,011	
Purchased Prof. Ed. Services	35,806	(6,252)	29,554	29,096	458
Purchased Technical Services	1,762	(543)	1,219	1,219	
General Supplies	-	7,429	7,429	4,791	2,638
Total Support Services	<u>40,164</u>	<u>23,049</u>	<u>63,213</u>	<u>60,117</u>	<u>3,096</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>529,283</u>	<u>126,966</u>	<u>656,249</u>	<u>446,290</u>	<u>209,959</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EAST RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 13,920,692	\$ 446,290
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
June 30, 2011 Encumbrances		
June 30, 2010 Encumbrances		2,638
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.(2009-2010)	222,195	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2010-2011)	(196,734)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 13,946,153</u>	<u>\$ 448,928</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 13,075,728</u>	<u>\$ 446,290</u>
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		
June 30, 2011 Encumbrances		
June 30, 2010 Encumbrances	-	<u>2,638</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 13,075,728</u>	<u>\$ 448,928</u>

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

EXHIBIT E-1

EAST RUTHERFORD BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NCLB Title I	NCLB Title II A	NCLB Title II D	NCLB Title III	I.D.E.A. Part B	ARRA I.D.E.A. Part B	I.D.E.A. Part B Preschool	Grand Total
REVENUES								
Intergovernmental								
Federal	\$ 113,970	\$ 39,791	\$ 278	\$ 26,579	\$ 188,719	\$ 70,531	\$ 6,422	\$ 446,290
Total Revenues	\$ 113,970	\$ 39,791	\$ 278	\$ 26,579	\$ 188,719	\$ 70,531	\$ 6,422	\$ 446,290
EXPENDITURES								
Instruction								
Salaries	\$ 52,242	\$ 10,195		\$ 17,394	\$ 86,328	\$ 48,278		\$ 214,437
Purchased Prof. and Tech. Services						1,349		1,349
Other Purchased Services							\$ 6,422	6,422
Tuition					90,055			90,055
General Supplies	51,539		\$ 208	5,057	993	16,113		73,910
Textbooks								
Other Objects								
Total Instruction	103,781	10,195	208	22,451	177,376	65,740	6,422	386,173
Support Services								
Salaries	10,189			3,479	11,343			25,011
Personal Services-Employee Benefits		29,096						29,096
Purchased Prof. Ed. Services		500	70	649				1,219
Other Purchased Prof./Tech. Services						4,791		4,791
General Supplies								
Total Support Services	10,189	29,596	70	4,128	11,343	4,791		60,117
Facilities Acquisition and Construction								
Instructional Equipment								
Total Facilities Acq. & Construction								
Total Expenditures	\$ 113,970	\$ 39,791	\$ 278	\$ 26,579	\$ 188,719	\$ 70,531	\$ 6,422	\$ 446,290

**EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

EAST RUTHERFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue/Project Title</u>	<u>Original Appropriation</u>	<u>Donations</u>	<u>Modified Appropriation</u>	<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	<u>Transferred To General</u>	<u>Balance, June 30, 2011</u>
School Remodeling Projects	\$ 10,455,000	\$ 75,287	\$ 10,530,287	\$ 10,497,141	-	\$ 33,146	-
Bathroom Renovation Project	350,000	-	325,000	277,328	-	47,672	-
	<u>\$ 10,805,000</u>	<u>\$ 75,287</u>	<u>\$ 10,855,287</u>	<u>\$ 10,774,469</u>	<u>\$ -</u>	<u>\$ 80,818</u>	<u>\$ -</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources	
Interest Earned	\$ <u>271</u>
Total Revenues and Other Financing Sources	<u>271</u>
Expenditures and Other Financing Uses	
Transfers to General Fund	<u>271</u>
Total Expenditures and Other Financing Uses	<u>271</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-
Fund Balance- Beginning of Year	<u>-</u>
Fund Balance- End of Year	<u>\$ -</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BATHROOM RENOVATION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 325,000	-	\$ 325,000	\$ 325,000
Total Revenues	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>325,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Transfer to General Fund	47,672	-	47,672	47,672
Construction Services	<u>277,328</u>	<u>-</u>	<u>277,328</u>	<u>277,328</u>
Total Expenditures and Other Financing Uses	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>325,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Grant Authorized	N/A
Original Authorized Cost	\$ 325,000
Additional Authorized Cost	(47,672)
Revised Authorized Cost	277,328
Percentage Increase Over Original Authorized Cost	-14.67%
Percentage Completion	100.00%
Original Target Completion Date	12/31/09
Revised Target Completion Date	12/31/09

PROPRIETARY FUNDS

EXHIBIT G-1

**EAST RUTHERFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

EXHIBITS G-4, G-5 AND G-6

NOT APPLICABLE

FIDUCIARY FUNDS

**EAST RUTHERFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,397	\$ 56,055	\$ 60,452
Total Assets	<u>\$ 4,397</u>	<u>\$ 56,055</u>	<u>\$ 60,452</u>
LIABILITIES			
Payroll Deductions and Withholdings Due to Student Groups	\$ 4,397	\$ 56,055 -	\$ 56,055 4,397
Total Liabilities	<u>\$ 4,397</u>	<u>\$ 56,055</u>	<u>\$ 60,452</u>

**EAST RUTHERFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Student Activity</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
Special Activity	\$ 4,333	\$ 24,872	\$ 24,808	\$ 4,397
	<u>\$ 4,333</u>	<u>\$ 24,872</u>	<u>\$ 24,808</u>	<u>\$ 4,397</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
<u>ASSETS</u>				
Cash	\$ 91,840	\$ 9,019,270	\$ 9,055,055	\$ 56,055
Total Assets	<u>\$ 91,840</u>	<u>\$ 9,019,270</u>	<u>\$ 9,055,055</u>	<u>\$ 56,055</u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 91,840	\$ 3,798,488	\$ 3,834,273	\$ 56,055
Accrued Salaries and Wages	<u>-</u>	<u>5,220,782</u>	<u>5,220,782</u>	<u>-</u>
Total	<u>\$ 91,840</u>	<u>\$ 9,019,270</u>	<u>\$ 9,055,055</u>	<u>\$ 56,055</u>

LONG-TERM DEBT

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
School District Bonds	3/27/1996	\$970,000	1/15/2011	\$ 80,000	5.300%	\$ 150,000		\$ 70,000	\$ 80,000
School District Bonds	9/14/2001	7,121,000	7/15/2011	355,000	4.500%	695,000		340,000	355,000
School Refunding Bonds	3/17/2010	4,575,000	7/15/2011	35,000	2.000%				
			7/15/2012	405,000	2.000%				
			7/15/2013	420,000	2.000%				
			7/15/2014	435,000	2.000%				
			7/15/2015	440,000	2.000%				
			7/15/2016	450,000	2.000%				
			7/15/2017	475,000	2.000%				
			7/15/2018	475,000	2.000%				
			7/15/2019	465,000	2.000%				
			7/15/2020	460,000	4.375%				
			7/15/2021	455,000	4.375%			60,000	4,515,000
						4,575,000	-		
						<u>\$ 5,420,000</u>	<u>\$ -</u>	<u>\$ 470,000</u>	<u>\$ 4,950,000</u>

EAST RUTHERFORD BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	Amount of Original <u>Issue</u>	Balance, <u>July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	Balance, <u>June 30, 2011</u>
Savin Copiers	\$ 104,233	\$ 13,560	\$ -	13,560	
54 Passenger Bus	80,354	62,943	-	14,611	\$ 48,332
		<u>\$ 76,503</u>	<u>\$ -</u>	<u>\$ 28,171</u>	<u>\$ 48,332</u>

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 626,694		\$ 626,694	\$ 626,694	
Miscellaneous					
Total Revenues	<u>626,694</u>		<u>626,694</u>	<u>626,694</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	156,699		156,699	156,697	\$ 2
Redemption of Principal	470,000		470,000	470,000	
Total Regular Debt Service	<u>626,699</u>		<u>626,699</u>	<u>626,697</u>	<u>2</u>
Total Expenditures	<u>626,699</u>		<u>626,699</u>	<u>626,697</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expend	(5)		(5)	(3)	2
OTHER FINANCING SOURCES(USES)					
Transfer In					
Fund Balance, Beginning of Year	6	-	6	6	-
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 2</u>
Recapitulation of Fund Balance					
Restricted for Debt Service:					
Designated for Subsequent Year's Budgeted Debt Service Expenditures				\$ 1	
Available for Future Debt Service Expenditures				<u>2</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 3</u>	

STATISTICAL SECTION

This part of the East Rutherford 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.

EAST RUTHERFORD BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 1,877,734	\$ 5,178,123	\$ 5,086,178	\$ 4,646,058	\$ 4,383,608	\$ 4,340,619	\$ 4,340,590	\$ 3,614,330
Restricted	653,849	303,852	454,293	845,880	1,213,465	1,519,768	1,297,373	1,783,311
Unrestricted	194,250	(329,586)	(349,447)	(56,012)	244,594	(36,929)	219,870	124,979
Total Governmental Activities Net Assets	\$ 2,725,833	\$ 5,152,389	\$ 5,191,024	\$ 5,435,926	\$ 5,841,667	\$ 5,823,458	\$ 5,857,833	\$ 5,522,620
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 16,189	\$ 19,255	\$ 22,321	\$ 25,387	\$ 28,453	\$ 18,727	\$ 19,184	\$ 21,737
Restricted								
Unrestricted	49,044	30,382	26,593	27,003	19,748	21,340	6,755	2,114
Total Business-Type Activities Net Assets	\$ 65,233	\$ 49,637	\$ 48,914	\$ 52,390	\$ 48,201	\$ 40,067	\$ 25,939	\$ 23,851
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 1,893,923	\$ 5,197,378	\$ 5,108,499	\$ 4,671,445	\$ 4,412,061	\$ 4,359,346	\$ 4,359,774	\$ 3,636,067
Restricted	653,849	303,852	454,293	845,880	1,213,465	1,519,768	1,297,373	1,783,311
Unrestricted	243,294	(299,204)	(322,854)	(29,009)	264,342	(15,589)	226,625	127,093
Total District Net Assets	\$ 2,791,066	\$ 5,202,026	\$ 5,239,938	\$ 5,488,316	\$ 5,889,868	\$ 5,863,525	\$ 5,883,772	\$ 5,546,471

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**EAST RUTHERFORD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 6,002,039	\$ 6,589,931	\$ 6,908,410	\$ 6,867,641	\$ 6,828,410	\$ 5,377,843	\$ 5,335,375	\$ 5,334,817
Special Education	1,738,445	1,910,352	1,633,545	1,433,779	749,737	859,728	878,567	462,741
Other Special Education				545,674	493,773	445,044	386,020	381,301
Other Instruction	853,068	977,927	813,718	67,100	45,440	36,649	33,412	32,726
School Sponsored Activities and Athletics	44,083	108,263	70,020					
Support Services:								
Tuition					219,141	356,788	317,330	282,174
Student & Instruction Related Services	1,907,795	1,894,003	1,821,770	1,676,867	1,631,142	1,553,024	1,446,877	1,207,220
General and Business Administration Services	525,167	608,174	463,065	859,258	977,495	880,767	734,169	796,968
School Administrative Services	568,675	615,294	561,172	678,847	563,385	512,820	472,696	498,954
Central Services	309,420	385,550	438,928					
Plant Operations And Maintenance	1,422,228	1,322,380	1,349,697	1,328,293	1,200,230	1,176,031	1,046,681	1,140,295
Pupil Transportation	323,705	337,319	300,543	262,055	241,801	291,090	219,302	135,258
Capital Outlay				98,839	81,052	231,787	371,617	143,125
Interest On Long-Term Debt	182,407	199,632	274,060	287,568	304,144	319,728	334,669	513,923
Unallocated Depreciation	-	-	-	322,493	322,122	321,447	376,164	169,387
Total Governmental Activities Expenses	<u>13,877,032</u>	<u>14,948,825</u>	<u>14,634,928</u>	<u>14,428,414</u>	<u>13,657,872</u>	<u>12,362,746</u>	<u>11,952,879</u>	<u>11,098,889</u>
Business-Type Activities:								
Food Service	260,377	257,099	221,828	190,491	217,456	229,573	190,913	205,973
Total Business-Type Activities Expense	<u>260,377</u>	<u>257,099</u>	<u>221,828</u>	<u>190,491</u>	<u>217,456</u>	<u>229,573</u>	<u>190,913</u>	<u>205,973</u>
Total District Expenses	<u>\$ 14,137,409</u>	<u>\$ 15,205,924</u>	<u>\$ 14,856,756</u>	<u>\$ 14,618,905</u>	<u>\$ 13,875,328</u>	<u>\$ 12,592,319</u>	<u>\$ 12,143,792</u>	<u>\$ 11,304,862</u>
Program Revenues								
Governmental Activities:								
Charges for Services	\$ 109,410							
Operating Grants And Contributions	1,837,864	\$ 2,188,602	\$ 2,208,019	\$ 592,318	\$ 597,057	\$ 602,377	\$ 571,062	\$ 598,008
Capital Grants And Contributions	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,947,274</u>	<u>2,188,602</u>	<u>2,208,019</u>	<u>592,318</u>	<u>597,057</u>	<u>602,377</u>	<u>571,062</u>	<u>598,008</u>
Business-Type Activities:								
Charges For Services	135,425	119,469	125,813	111,520	104,286	54,560	47,113	58,247
Operating Grants And Contributions	140,176	138,097	92,211	82,365	79,915	68,395	62,930	42,927
Capital Grants and Contributions	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	<u>275,601</u>	<u>257,566</u>	<u>218,024</u>	<u>193,885</u>	<u>184,201</u>	<u>122,955</u>	<u>110,043</u>	<u>101,174</u>
Total District Program Revenues	<u>\$ 2,222,875</u>	<u>\$ 2,446,168</u>	<u>\$ 2,426,043</u>	<u>\$ 786,203</u>	<u>\$ 781,258</u>	<u>\$ 725,332</u>	<u>\$ 681,105</u>	<u>\$ 699,182</u>

EAST RUTHERFORD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue								
Governmental Activities	\$ (11,929,758)	\$ (12,760,223)	\$ (12,426,909)	\$ (13,836,096)	\$ (13,060,815)	\$ (11,760,369)	\$ (11,381,817)	\$ (10,500,881)
Business-Type Activities	15,224	467	(3,804)	3,394	(33,255)	(106,618)	(80,870)	(104,799)
Total District-Wide Net Expense	<u>\$ (11,914,534)</u>	<u>\$ (12,759,756)</u>	<u>\$ (12,430,713)</u>	<u>\$ (13,832,702)</u>	<u>\$ (13,094,070)</u>	<u>\$ (11,866,987)</u>	<u>\$ (11,462,687)</u>	<u>\$ (10,605,680)</u>
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied For:								
General Purposes	\$ 12,397,885	\$ 11,627,888	\$ 11,180,662	\$ 10,750,637	\$ 10,337,154	\$ 9,738,905	\$ 9,378,480	\$ 9,023,733
Debt Service	626,694	653,726	658,245	661,590	661,590	661,590	666,243	665,163
Federal and State Aid Not Restricted	29,805	360,923	243,132	1,963,530	1,938,288	1,374,090	1,266,535	1,080,773
Investment Earnings	9,638	273	18,923	35,854	111,094	58,104	50,830	25,551
Miscellaneous Income	10,750	78,778	81,045	18,744	71,495	14,003	51,373	54,821
Transfer	-	-	-	-	(40,775)	(120,698)	(82,923)	(94,322)
Total Governmental Activities	<u>13,074,772</u>	<u>12,721,588</u>	<u>12,182,007</u>	<u>13,430,355</u>	<u>13,078,846</u>	<u>11,725,994</u>	<u>11,330,538</u>	<u>10,755,719</u>
Business-Type Activities:								
Investment Earnings	372	256	328	795	794	48	35	38
Transfer	-	-	-	-	40,775	120,698	82,923	94,322
Total Business-Type Activities	<u>372</u>	<u>256</u>	<u>328</u>	<u>795</u>	<u>41,569</u>	<u>120,746</u>	<u>82,958</u>	<u>94,360</u>
Total District-Wide	<u>\$ 13,075,144</u>	<u>\$ 12,721,844</u>	<u>\$ 12,182,335</u>	<u>\$ 13,431,150</u>	<u>\$ 13,120,415</u>	<u>\$ 11,846,740</u>	<u>\$ 11,413,496</u>	<u>\$ 10,850,079</u>
Change in Net Assets								
Governmental Activities	\$ 1,145,014	\$ (38,635)	\$ (244,902)	\$ (405,741)	\$ 18,031	\$ (34,375)	\$ (51,279)	\$ 254,838
Business-Type Activities	15,596	723	(3,476)	4,189	8,314	14,128	2,088	(10,439)
Total District	<u>\$ 1,160,610</u>	<u>\$ (37,912)</u>	<u>\$ (248,378)</u>	<u>\$ (401,552)</u>	<u>\$ 26,345</u>	<u>\$ (20,247)</u>	<u>\$ (49,191)</u>	<u>\$ 244,399</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2005 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	\$ 1,033,339	\$ 339,705	\$ 491,149	\$ 787,407	\$ 1,136,999	\$ 1,454,301	\$ 1,039,125	\$ 1,151,518	\$ 586,913	\$ 552,522
Unreserved	(32,706)	(209,768)	(260,530)	74,648	244,594	108,501	372,162	283,792	539,172	417,523
Total General Fund	\$ 1,000,633	\$ 129,937	\$ 230,619	\$ 862,055	\$ 1,381,593	\$ 1,562,802	\$ 1,411,287	\$ 1,435,310	\$ 1,126,085	\$ 970,045
All Other Governmental Funds										
Reserved										
Capital Projects Fund	\$ 3	\$ 6	\$ 67,268	\$ 56,557	\$ 75,956	\$ 65,249	\$ 258,030	\$ 631,628	\$ 883,899	\$ 3,599,256
Debt Service Fund			1,920	1,916	510	218	218	165	112	120,410
Total All Other Governmental Funds	\$ 3	\$ 6	\$ 69,188	\$ 58,473	\$ 76,466	\$ 65,467	\$ 258,248	\$ 631,793	\$ 884,011	\$ 3,719,666

**EAST RUTHERFORD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Local Sources:										
Tax Levy	\$ 13,024,579	\$ 12,281,614	\$ 11,838,907	\$ 11,412,227	\$ 10,998,744	\$ 10,400,495	\$ 10,044,723	\$ 9,688,896	\$ 8,769,174	\$ 7,949,520
Tuition	109,410									
Interest Earnings	9,638	273	18,923	35,854	111,094	58,104	50,830	25,551	83,284	251,565
Miscellaneous	10,750	78,778	81,545	18,744	71,495	14,003	51,373	54,821	26,888	5,277
State Sources	1,418,741	2,048,106	2,082,879	2,250,001	2,167,748	1,606,064	1,513,672	1,349,041	1,305,047	4,663,092
Federal Sources	448,928	501,419	367,772	305,847	367,597	370,403	323,925	329,740	298,973	297,307
Total Revenue	15,022,046	14,910,190	14,390,026	14,022,673	13,716,678	12,449,069	11,984,523	11,448,049	10,483,366	13,166,761
Expenditures										
Instruction										
Regular Instruction	5,999,865	6,374,453	6,701,990	5,285,716	5,284,299	4,288,277	4,319,634	4,415,499	4,567,700	4,189,440
Special Education Instruction	1,739,934	1,883,372	1,608,318	745,068	556,487	647,613	687,012	372,420	382,544	299,109
Other Special Education				399,469	367,089	334,957	302,212	307,110	115,210	179,264
Other Instruction	854,630	951,290	788,660	48,099	33,658	27,493	26,185	26,275	38,065	10,605
School Sponsored Activities and Athletics	44,192	105,559	67,824							
Support Services:										
Tuition				413,314	219,141	356,788	317,330	282,174	156,941	317,454
Student and Inst. Related Services	1,910,730	1,842,969	1,773,666	1,289,574	1,270,146	1,215,409	1,157,954	1,005,613	1,014,003	822,009
General and Business Administration Service:	514,046	600,367	455,844	706,867	764,452	657,121	641,733	649,038	550,737	449,955
School Administrative Services	560,218	596,851	543,868	506,543	429,137	398,162	376,978	410,247	394,778	468,116
Plant Operations And Maintenance	1,251,110	1,297,815	1,326,854	1,146,425	1,039,177	1,036,845	923,815	1,006,055	880,635	866,425
Pupil Transportation	292,003	311,142	296,556	224,958	205,792	265,969	204,769	127,194	131,858	195,440
Central Services	309,937	371,255	425,305							
Employee Benefits				2,964,102	2,730,177	2,156,485	1,919,561	1,612,858	1,548,628	1,291,959
Capital Outlay	16,462	128,316	339,981	169,885	285,260	322,928	755,795	417,127	2,632,742	6,414,459
Debt Service:										
Interest and Other Charges	160,055	627,642	280,644	295,184	311,298	326,590	341,190	355,110	363,504	203,850
Principal	498,171	434,746	401,237	365,000	350,000	335,000	325,000	310,000	65,000	65,000
Total Expenditures	14,151,353	15,525,777	15,010,747	14,560,204	13,846,113	12,369,637	12,299,168	11,296,720	12,842,345	15,773,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	870,693	(615,587)	(620,721)	(537,531)	(129,435)	79,432	(314,645)	151,329	(2,358,979)	(2,606,324)

**EAST RUTHERFORD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Other Financing Sources (Uses)										
Bond Proceeds		4,575,000								\$ 7,119,683
Bond Premium		246,369								29,981
Capital Lease Proceeds		80,354								
Payment to Refunded Bond Escrow Agent		(4,456,000)								
Transfers In	271	80,928	\$ 325,836						\$ 28,485	230,177
Transfers Out	(271)	(80,928)	(325,836)						(141,034)	(336,569)
Total Other Financing Sources (Uses)	-	445,723	-	-	-	-	-	-	(112,549)	7,043,272
Net Change in Fund Balances	\$ 870,693	\$ (169,864)	\$ (620,721)	\$ (537,531)	\$ (129,435)	\$ 79,432	\$ (314,645)	\$ 151,329	\$ (2,471,528)	\$ 4,436,948
Debt Service as a Percentage of Noncapital Expenditures	4.66%	6.90%	4.65%	4.59%	4.88%	5.49%	5.77%	6.11%	4.20%	2.87%

* Noncapital expenditures are total expenditures less capital outlay.

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
OTHER LOCAL REVENUE BY SOURCE
LAST EIGHT FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Prior Year Voided Checks</u>	<u>Prior Year Refunds</u>	<u>Cancelled Payables</u>	<u>Miscellaneous</u>	<u>Total</u>
2011			\$ 8,310	\$ 2,440	\$ 10,750
2010		\$ 4,966		60,262	65,228
2009	\$ 18,028	17,907		45,110	81,045
2008				18,744	18,744
2007				21,488	21,488
2006				13,235	13,235
2005				49,819	49,819
2004		313		54,508	54,821

Source: District's financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q/farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 40,401,200	\$ 266,563,260			\$ 186,727,671	\$ 308,563,700	\$ 34,792,700	\$ 837,148,531	\$ 3,543,461	\$ 840,691,992	\$1,037,328,072	\$ 1.421
2003	51,090,300	269,091,960			186,080,171	298,897,100	34,796,700	839,956,231	3,118,167	843,074,398	1,059,700,880	1.555
2004	50,825,500	270,132,460			213,059,971	297,913,300	34,804,500	865,835,731	2,574,913	868,410,644	1,297,151,393	1.622
2005	47,465,600	272,871,460			228,767,671	296,208,000	34,804,500	880,117,231	2,530,552	882,647,583	1,370,638,696	1.652
2006	47,083,500	274,214,160			230,132,571	293,740,500	34,804,500	879,975,231	2,139,598	882,114,829	1,540,525,845	1.766
2007	21,905,600	279,467,660			273,181,971	292,189,000	61,099,600	927,843,831	2,028,598	929,872,429	1,681,665,242	1.701
2008	20,490,500	280,089,160			294,412,871	291,950,000	45,923,100	932,865,631	2,051,427	934,917,058	1,924,641,354	1.799
2009	21,340,200	281,850,450			248,793,300	287,310,100	59,773,100	899,067,150	1,869,582	900,936,732	2,127,370,972	1.950
2010	24,087,200	620,913,200			549,450,100	691,428,800	132,949,800	2,018,829,100	4,629,139	2,023,458,239	2,348,978,853	0.906
2011	30,169,900	620,286,500			555,068,700	688,918,800	130,562,300	2,005,006,000	4,220,950	2,009,226,950		N/A

Source: County Abstract of Ratables

^a Tax rates are per \$100

(A) - Borough underwent a revaluation of real property effective January 1, 2010

**EAST RUTHERFORD BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>		<u>Total</u>	<u>School District</u>	<u>Municipality</u>	<u>County</u>
2011	(A)				
2010	(B)	1.552	0.906	0.424	0.222
2009		3.084	1.950	0.688	0.446
2008		2.841	1.799	0.662	0.380
2007		2.580	1.701	0.555	0.324
2006		2.690	1.766	0.598	0.326
2005		2.500	1.652	0.538	0.310
2004		2.390	1.622	0.456	0.312
2003		2.240	1.555	0.421	0.264
2002		2.170	1.421	0.475	0.274

(A) - 2011 Budget was not adopted at time of audit

(B) - Borough underwent a revaluation of real property effective January 1, 2010

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 321,169,300	15.98%		
SPUSV5 One Meadowlands LP	70,000,000	3.48%		
Branca Properties	49,888,900	2.48%		
BPG Hotel XVII c/o Sheraton	42,500,000	2.12%		Not Available
Vornado Realty Trust	36,013,300	1.79%		
Avalon NJ Value II LLC	35,715,600	1.78%		
Liberty Commons	31,202,200	1.55%		
East Rutherford (Lodging Residence Inn)	21,075,800	1.05%		
BRE/HV Properties (Homestead Village)	17,229,200	0.86%		
450 Murray Hill Corp	16,916,100	0.84%		
Total	\$ 641,710,400	31.94%		

Source: Municipal Tax Assessor

**EAST RUTHERFORD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FOUR 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	
2011	\$ 13,024,579	\$ 13,024,579	100%	
2010	12,281,614	12,281,614	100%	
2009	11,838,907	11,838,907	100%	
2008	11,412,227	11,412,227	100%	

Source: District's financial records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Population	
2011	\$ 4,950,000		\$ 48,332			\$ 4,998,332	8,785	\$ 569
2010	5,420,000		76,503			5,496,503	8,785	626
2009	5,696,000		35,895			5,731,895	8,708	658
2008	6,076,000		57,132			6,133,132	7,721	794
2007	6,441,000		84,928			6,525,928	7,884	828
2006	6,791,000		111,399			6,902,399	8,078	854
2005	7,126,000		21,845			7,147,845	8,047	888
2004	7,451,000					7,451,000	8,187	910
2003	7,761,000					7,761,000	8,354	929
2002	7,826,000					7,826,000	8,512	919

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 4,950,000		\$ 4,950,000	0.53%	\$ 563
2010	5,420,000		5,420,000	0.27%	617
2009	5,696,000		5,696,000	0.28%	654
2008	6,076,000		6,076,000	0.67%	787
2007	6,441,000		6,441,000	0.69%	817
2006	6,791,000		6,791,000	0.73%	841
2005	7,126,000		7,126,000	0.81%	886
2004	7,451,000		7,451,000	0.84%	910
2003	7,761,000		7,761,000	0.89%	929
2002	7,826,000		7,826,000	0.93%	919

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**EAST RUTHERFORD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of East Rutherford	\$ 49,799,213	\$ 449,384	\$ 49,349,829
East Rutherford Board of Education	<u>5,019,000</u>	<u>5,019,000</u>	<u>-</u>
 Total Direct Debt	 <u>\$ 54,818,213</u>	 <u>\$ 5,468,384</u>	 49,349,829
 Overlapping Debt Apportioned to the Municipality:			
Bergen County: (3);(A):			
County of Bergen (A)			8,635,611
Bergen County Utilities Authority - Water Pollution (B)			<u>4,926,446</u>
			 <u>13,562,057</u>
 Total Direct and Overlapping Debt			 <u>\$ 62,911,886</u>

(A) The debt for this entity was apportioned to the Borough of East Rutherford by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Bergen County.

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

Sources:

- (1) Borough of East Rutherford Annual Debt Statement
- (2) BCUA 2010 Audit
- (3) Bergen County 2010 Annual Debt Statement

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Personal Income</u>	<u>Population</u>
2011	N/A	N/A	8,785
2010	11.0%	N/A	8,785
2009	10.7%	\$ 64,388	8,708
2008	6.1%	68,541	7,721
2007	N/A	67,113	7,884
2006	N/A	63,021	8,078
2005	N/A	56,963	8,047
2004	4.50%	54,669	8,187
2003	N/A	51,291	8,354
2002	N/A	51,931	8,512

Source: United States Bureau of Census
School District Records

(1) Bergen County Per Capita Income

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

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

EAST RUTHERFORD BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
FOR THE LAST FOUR FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction				
Regular	52.0	73.0	69.0	73.0
Special Education	17.0	15.0	12.4	12.4
Other Special Education	11.0	6.0	7.0	7.0
Other Instruction	2.1	7.0	5.0	5.0
Support Services:				
Student and Instruction Related Services	15.1	4.0	4.6	5.6
General and Business Administration Services	3.0	4.5	5.5	5.5
School Administrative Services	4.8	10.5	14.5	14.5
Plant Operations And Maintenance	9.0	5.0	11.5	12.0
Pupil Transportation	2.0			
Special Schools		-	2.0	2.0
Food Service	-	-	-	-
Total	<u>116.0</u>	<u>125.0</u>	<u>131.5</u>	<u>137.0</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle School	Elementary/Middle School				
2011	766	\$ 13,476,665	\$ 17,594	-13.47%	60.50		756	723	7.28%	95.63%	
2010	705	14,335,073	20,333	-1.89%	76.30		705	674	4.40%	95.67%	
2009	675	13,988,885	20,724	17.41%	108.00		675	642	-1.17%	95.11%	
2008	698	12,320,491	17,651	7.52%	137.00		683	649	-7.33%	95.02%	
2007	737	12,099,555	16,417	8.01%			737	737	-1.60%	100.00%	
2006	749	11,385,119	15,200	8.86%	137.00		749	727	-3.85%	97.06%	
2005	779	10,877,183	13,963	3.21%	137.00		779	740	3.18%	94.99%	
2004	755	10,214,483	13,529	5.40%	137.00		755	720	-0.92%	95.36%	
2003	762	9,781,099	12,836	2.52%	119.00		762	726	4.96%	95.28%	
2002	726	9,089,776	12,520	7.54%	119.00		726	690	-3.33%	95.04%	

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.

**EAST RUTHERFORD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST FOUR FISCAL YEARS
(Unaudited)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>District Building</u>				
<u>Elementary</u>				
McKenzie Elementary				
Square Feet	54,500	54,500	54,500	54,500
Capacity (students)	411	411	411	411
Enrollment	450	391		373
<u>Middle School</u>				
Faust Intermediate				
Square Feet	69,935	69,935	69,935	69,935
Capacity (students)	349	349	349	349
Enrollment	306	314		299
<u>Other</u>				
Faust Annex				
Square Feet	4,950	4,950	4,950	4,950
Capacity (students)	Included	Included	Included	Included
Enrollment	Included	Included	Included	Included

Number of Schools at June 30, 2011

- Elementary = 1
- Middle School = 1
- Other = 1

Source: District Records

EAST RUTHERFORD BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS ENDED JUNE 30
 (UNAUDITED)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
School Facilities										
Franklin	\$ 51,537	\$ 97,972	\$ 100,019	\$ 105,815	\$ 1,000	\$ 93,358	\$ 29,999	\$ 33,428	\$ 6,882	\$ 19,535
McKenzie	4,069	5,743	5,863	7,222	3,500	17,830	4,026	9,981	23,559	947
Faust Annex	80,018	152,008	155,185	185,969	174,340	132,213	79,983	51,310	29,123	1,223
Faust	-	-	-	-	53,041	51,744	47,322	47,923	55,929	48,430
Other	-	-	-	-	-	-	-	-	45,697	46,474
Grand Total	\$ 135,624	\$ 255,723	\$ 261,067	\$ 299,006	\$ 231,881	\$ 295,145	\$ 161,330	\$ 142,642	\$ 161,190	\$ 116,609

Source: District records

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
School Package Policy			
	Property Blanket Building & Contents-	\$ 27,835,120	\$ 5,000
	Flood & Earthquake: \$5,000,000 per occurrence/\$5,000,000 annual aggregate per member		50,000
	Flood: Zone A & V \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member		500,000
	Extra Expense	5,000,000	
	Ordinance or Law Coverage A: Included		
	Building Ordinance Demolition Cost	2,000,000	
	Pollutant Clean Up & Removal	100,000	
	Broadened Water-Direct Damage: \$100,000 or Limit of Insurance whichever is less		
	Broadened Water: Loss of Income Planned Events and Tuition Fees	100,000	
	Claim Data Expenses	25,000	
	Fire Department Service Charge	25,000	
	Fire Protection Device Charge	5,000	
	Food Contamination Shutdown-Planned Events	10,000	
	Lock Replacement	2,500	
	Loss of Income Planned Events - Actual Loss Sustained		
	Loss of Reduction Rewards: 10% of loss or \$25,000		
	Newly Acquired or Constructed Property-Building	1,000,000	
	Newly Acquired Property Type: Personal Property	500,000	
	Non-owned Detached Trailers	5,000	
	Outdoor Fences: Actual Loss You Sustain	100,000	
	Outside Signs Actual Loss You Sustain	100,000	
	Outdoor trees, shrubs, or plants Actual Loss You Sustain-Limit of \$10,000 per tree, shrub or plant		
	Personal Effects & Property of Others	1,000	
	Pollutant Cleanup and Removal: Planned Events	10,000	
	Premises Extension Property: 1000 Feet		
	Property Off Premises Actual Loss You Sustain	100,000	
	Roof Protection	1,000	
	Specified Appurtenant Structures: Public Use \$1,000,000, Your Use \$10,000, Contents \$1,000		
	Transportation: Actual Loss You Sustain	100,000	
	Tuition and Fees	20,000	
	Utility Services: Actual Loss You Sustain	50,000	
	Utility Services: Planned Events: Actual Loss You Sustain	25,000	
	Voluntary Parting by Trick, Scheme or Device		
	Asbestos Exclusion		
	Exclusion of Certain Computer-Related Losses		
	Valuable Papers & Records	5,000,000	
	Accounts Receivable	100,000	
	Fine Arts	25,000	
	Computer Equipment	2,500,000	
	Musical Instruments, Band Uniforms, Athletic Equipment & Theatrical Equipment	250,000	
	Cameras, Audio/Video Equipment owned, leased or rented for use in your normal school operations	250,000	

Source: District Records

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Misc School Property	lighting, radio/TV antennas, playground equipment outdoor benches, flagpoles, etc.	\$ 100,000	
Contractors Equipment	Includes leased equip, RC & \$5,000 rental reimbursement PROVIDE SCHEDULE OF EQUIPMENT	250,000	
Cameras, Audio/Video Equipment owned, leased or rented for use in your normal school operations		250,000	
Systems Power Pac- Equipment Breakdown (Boiler & Machinery)		Inc. in Prop. Limit	
Expediting Expenses		250,000	
Hazardous Substances		250,000	
Spoilage		250,000	
Theft, Disappearance & Destruction (per member)		50,000	\$ 1,000
Computer Fraud (per member)		50,000	1,000
GENERAL LIABILITY			
General Aggregate		2,000,000	
Products & Completed Operations		2,000,000	
Personal & Advertising Injury		1,000,000	
Each Occurrence		1,000,000	
Fire Legal Liability Limit		1,000,000	
Medical Expense		5,000	
GENERAL LIABILITY FORMS AND CONDITIONS			
Employee Benefits Liability Claims Made		1,000,000	1,000
		2,000,000	Aggregate
Sexual Abuse & Molestation: \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member			

Source: District Records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, 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

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

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 East Rutherford Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the East Rutherford Board of Education's basic financial statements and have issued our report thereon dated October 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the East Rutherford Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

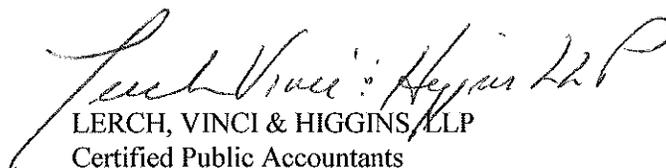
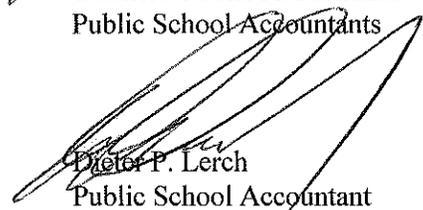
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the East Rutherford Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 7, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 7, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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CINDY JANACEK, CPA, RMA
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EDWARD N. KERE, CPA

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

Independent Auditor's Report

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

Compliance

We have audited the East Rutherford Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of East Rutherford Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. East Rutherford Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the East Rutherford Board of Education's management. Our responsibility is to express an opinion on East Rutherford Board of Education's compliance based on our audit.

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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about East Rutherford 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. Our audit does not provide a legal determination on East Rutherford Board of Education's compliance with those requirements.

In our opinion, East Rutherford Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2.

Internal Control Over Compliance

Management of East Rutherford Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered East Rutherford Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 7, 2011

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Cancelled Payables	Refund of Prior Years' Balances	June 30, 2011							
										Accounts Receivable	Deferred Revenue	Due to Grantor					
U.S. Dept. of Agriculture Passed-through State Department of Education																	
Food Service Fund																	
10.553	N/A	7/1/10-6/30/11	\$ 33,523			\$ 30,726	\$ 33,523			\$ (2,797)							
10.553	N/A	7/1/09-6/30/10	41,724	\$ (3,128)		3,128											
10.555	N/A	7/1/10-6/30/11	103,586			94,753	103,586			(8,833)							
10.555	N/A	7/1/09-6/30/10	89,649	(7,767)		7,767											
Total U.S. Department of Agriculture										(10,895)	136,374			(11,630)			
U.S. Department of Education Passed-through State Dept. of Education																	
Special Revenue Fund																	
Title I-A																	
84.010A	NCLB123011	9/1/10-8/31/11	133,956		\$ 10,244	108,356	113,970			(25,600)	\$ 30,230						
84.010A	NCLB123010	9/1/09-8/31/10	121,197	(80,655)	(10,244)	90,899											
84.389	NCLB123010	9/1/09-8/31/11	31,309	(641)						(641)							
84.367A	NCLB123011	9/1/10-8/31/11	32,300		(4,195)	20,854	31,842			(15,641)	458						
84.367A	NCLB123010	9/1/09-8/31/10	23,905	(3,467)	4,195	7,221	7,949										
84.318X	NCLB123011	9/1/10-8/31/11	278			278											
84.318X	NCLB123010	9/1/09-8/31/10	1,113	(885)		885											
84.365A	NCLB123011	9/1/10-8/31/11	27,274		649	27,274	25,930			(649)	1,344						
84.365A	NCLB123010	9/1/09-8/31/10	16,223	(2,700)	(649)	2,700	649										
84.186A	NCLB123010	9/1/09-8/31/10	2,434	(540)		655											
84.027	IDEA123011	9/1/10-8/31/11	198,664		257	198,664	188,719										
84.027	IDEA123010	9/1/09-8/31/10	187,133	(69,228)	(257)	69,485					115						
84.391	IDEA123010	9/1/09-8/31/11	182,794	(6,956)		67,522	70,531			(9,945)	10,202						
84.392	IDEA123010	9/1/09-8/31/11	6,599	(1,315)		1,315											
84.173	IDEA123011	9/1/10-8/31/11	6,422			6,422											
84.173	IDEA123010	9/1/09-8/31/10	6,006	(601)		601											
Total U.S. Department of Education										(156,968)	603,131	446,290		(52,476)	42,349		
Total Federal Financial Assistance										\$ (177,863)	\$ 739,505	\$ 583,399	\$ -	\$ -	\$ (64,106)	\$ 42,349	\$ -

This schedule is subject to a federal single audit

EAST RUTHERFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	June 30, 2011		MEMO	
									Accounts Receivable	Deferred Revenue	GAAP Receivable	Budgetary Expenditures
State Department of Education												
General Fund												
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 260,754			\$ 246,737	\$ 260,754		\$ (14,017)			\$ 260,754
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	360,015	(29,258)		29,258						
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	85,600	(6,957)		6,957						
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	366,752	(29,805)		29,805						
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	103,971	(8,450)		8,450						
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	182,717			147,725	182,717		(182,717)			182,717
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	147,725	(147,725)								
On-behalf TPAF Pension System Payments - NCGI	11-495-034-5095-007	7/1/10-6/30/11	20,858			20,858	20,858					20,858
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution	11-495-034-5095-001	7/1/10-6/30/11	443,016			443,016	443,016					443,016
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	485,935			485,935	485,935					485,935
Reimbursed TPAF Social Security	10-495-034-5095-002	7/1/09-6/30/10	511,859	(29,835)		29,835						
			(252,030)			1,448,576	1,393,280		(196,734)			1,393,280
Special Revenue Fund												
New Jersey Nonpublic Aid:												
Auxiliary Services:												
Compensatory Education	10-100-034-5120-067	7/1/10-6/30/11	51,911			51,911						\$ 51,911
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	71,017	356			\$ 356					
ESL	10-100-034-5120-067	7/1/09-6/30/10	6,655	3,317			3,317					
Handicapped Services:												
Exam and Classification	10-100-034-5120-066	7/1/10-6/30/11	12,597			12,597						12,597
Exam and Classification	10-100-034-5120-066	7/1/09-6/30/10	29,238	6,119			6,119					
Corrective Speech	10-100-034-5120-066	7/1/10-6/30/11	14,864			14,864						14,864
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	27,977	3,332			3,332					
Supplementary Instruction	10-100-034-5120-066	7/1/10-6/30/11	9,728			9,728						9,728
Supplementary Instruction	10-100-034-5120-066	7/1/09-6/30/10	16,964	5,057			5,057					
			18,181			89,100	18,181					89,100
Food Service Fund												
State School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	2,515	(190)		190						
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	3,067			2,789	3,067		(278)			3,067
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	4,209	(362)		362						
			(552)			3,341	3,067		(278)			3,067
Total State Financial Assistance			\$ (234,401)	\$ -	\$ -	\$ 1,541,017	\$ 1,396,347	\$ 18,181	\$ (197,012)	\$ -	\$ -	\$ 89,100
			Less: TPAF Normal Cost									(20,858)
			TPAF Post Retirement									(443,016)
			Total Expenditures Subject to Single Audit									\$ 932,473

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$25,461 for the general fund and \$2,638 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,418,741	\$ 1,418,741
Special Revenue Fund	\$ 448,928		448,928
Food Service Fund	137,109	3,067	140,176
	<u>586,037</u>	<u>1,421,808</u>	<u>2,007,845</u>
Total Financial Assistance	\$ 586,037	\$ 1,421,808	\$ 2,007,845

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$485,935 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$20,858 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$443,016 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statement Section

A) Type of auditors' report issued: Unqualified

B) Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))?

 yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Part B - Basic</u>
<u>84.391</u>	<u>ARRA - IDEA Part B - Basic</u>
<u>84.173</u>	<u>IDEA Part B- Preschool</u>
<u>84.010A</u>	<u>NCLB - Title I-A</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor's Results

State Awards Section

Dollar threshold used to determine Type A programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

Type of auditors' report on compliance for major programs: Unqualified

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? X yes no

Identification of major programs:

GMIS Number(s)	Name of State Program
11-495-034-5120-089	Special Education Categorical Aid
11-495-034-5095-002	TPAF Social Security

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

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

THERE ARE NONE.

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

**EAST RUTHERFORD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1

Our audit of payroll revealed that employee pension withholdings did not agree with the quarterly state pension reports.

Status

Corrective action has been taken.