

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Carlstadt-East Rutherford Regional Board of Education

H.P. Becton Regional High School

East Rutherford, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

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INTRODUCTORY SECTION

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

120 PATERSON AVENUE
EAST RUTHERFORD, N.J. 07073

NICHOLAS ANNITTI
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

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



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

November 27, 2013

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

Dear Board Members:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Carlstadt-East Rutherford Regional High School District (District) for the fiscal year ended June 30, 2013. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Carlstadt-East Rutherford Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

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

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

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

School District Organization

The District provides education to 543 students in grades nine through twelve. An elected nine-member Board of Education (the “Board”) serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of District tax money.

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

Reporting Entity

The Carlstadt-East Rutherford Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Carlstadt-East Rutherford Regional Board of Education and its school constitute the District’s reporting entity.

Economic Conditions and Outlook

The District completed the 2012-2013 fiscal year with an average daily enrollment of 492.6 students. The following details the changes in the student average daily enrollment of the District over the last six years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-13	492.6	1.61%
2011-12	484.8	0%
2010-11	485.0	-1.74
2009-10	493.6	0.08
2008-09	493.2	-5.70
2007-08	523.0	-0.53
2006-07	525.8	-2.01

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

The District’s primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The proposed budget for fiscal year 2013-2014 provides the necessary funding to continue the excellent educational programs available to all District students. Starting with the 2013-2014 school year, there is no vote on budgets within the 2% “CAPS”.

There is a 2% increase in the tax levy for fiscal year 2012-2013. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

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

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

Educational Program

The Mission Statement of the Carlstadt-East Rutherford Regional Board of Education is stated as follows:

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

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

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

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

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

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

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

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

Major Initiatives

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

Financial Information

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

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

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

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

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

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

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

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

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

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, U.S. Office of Management and Budget Circular A-133, and New Jersey OMB's Circular 04-04. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

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

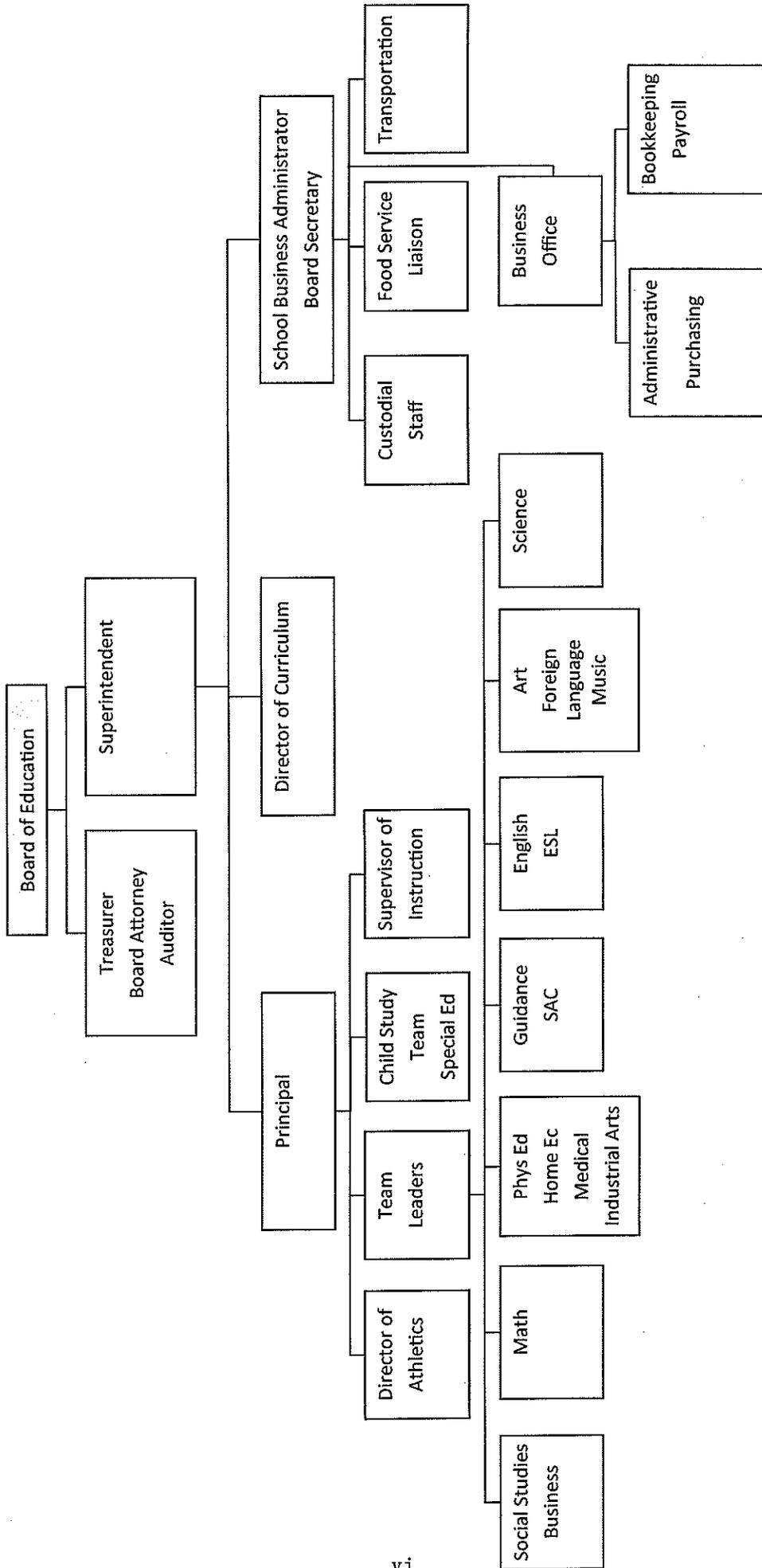
Respectfully submitted,



Nicholas Annitti
Board Secretary/Business Administrator

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

ORGANIZATION CHART



**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
CARLSTADT-EAST RUTHERFORD, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Morris, President (East Rutherford)	2015
Fred Meo, Vice President (Carlstadt)	2014
Jeffery R. Allen (Carlstadt)	2014
Lawrence M. Bongiovanni (East Rutherford)	2013
Tina M. Cavallo (East Rutherford)	2014
Richard J. Evans, Ph.D. (East Rutherford)	2013
Raymond Muszynski (Carstadt)	2015
Helen M. Rohrman (Carlstadt)	2013
Jerome Winston (East Rutherford)	2015

Other Officials

Gary R. Bower, Ed.P. Superintendent

Kevin O'Leary, Principal

Nicholas Annitti, Board Secretary/Business Administrator

Dominick Giarcaspno, Treasurer of School Moneys

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

Capital One Bank
145 Route NJ 17
East Rutherford, New Jersey 07073

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carlstadt-East Rutherford Regional Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carlstadt-East Rutherford Regional Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2013 on our consideration of the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carlstadt-East Rutherford Regional Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffery C. Bliss

Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2013

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

This section of Carlstadt-East Rutherford Regional Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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

FINANCIAL HIGHLIGHTS

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

- The assets of the Carlstadt-East Rutherford Regional Board of Education exceeded its liabilities and deferred inflows at the close of the fiscal year by \$22,029,768. (Net Position)
- The District's total net position increased by \$10,651,698.
- Overall District revenues were \$23,857,629. General revenues accounted for \$11,642,033 or 49% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,215,596 or 51% of total revenues.
- The school district had \$12,724,384 in expenses for governmental activities; only \$11,734,816 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$11,641,875 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$4,403,282. Of this amount, \$250,000 (6%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2013 was \$3,955,898, an increase of \$249,990 compared to the ending fund balance at June 30, 2012 of \$3,705,908.
- The General Fund unassigned budgetary fund balance at June 30, 2013 was \$270,550, which represents an increase of \$529 compared to the ending unassigned budgetary fund balance at June 30, 2013 of \$270,021.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

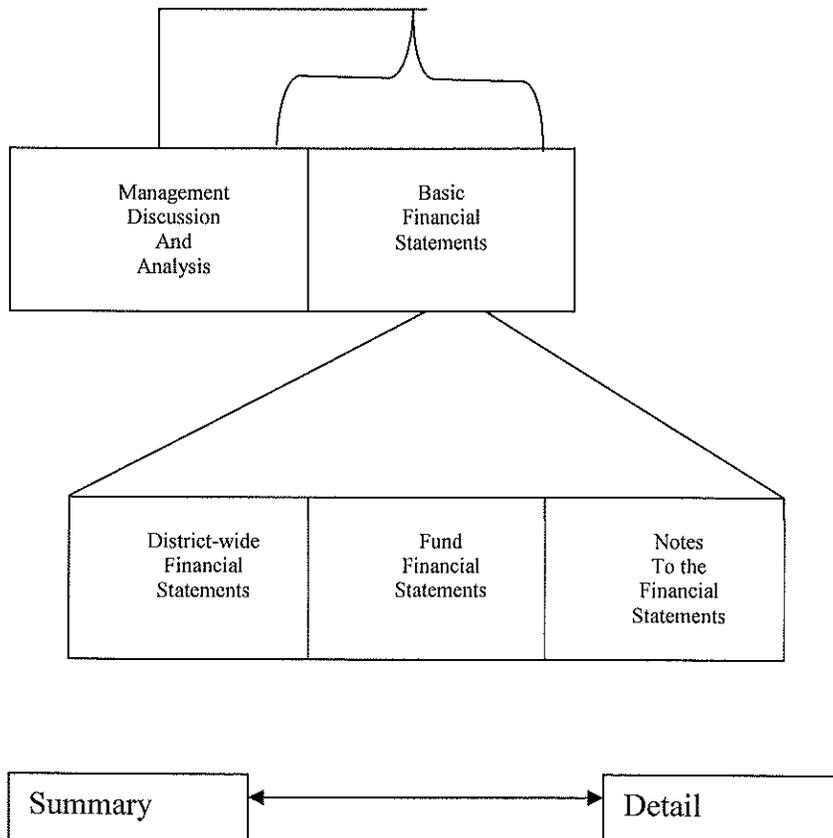
Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2013

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

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

Fund Financial Statements (Continued)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$22,029,768 and \$11,378,070 on June 30, 2013 and 2012, respectively as follows:

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Assets						
Current Assets	\$ 20,126,430	\$ 27,888,402	\$ 96,798	\$ 88,744	\$ 20,223,228	\$ 27,977,146
Capital Assets, Net	17,574,904	7,099,430	40,567	49,766	17,615,471	7,149,196
Total Assets	<u>37,701,334</u>	<u>34,987,832</u>	<u>137,365</u>	<u>138,510</u>	<u>37,838,699</u>	<u>35,126,342</u>
Liabilities						
Long-Term liabilities	78,693	125,338	-	-	78,693	125,338
Other Liabilities	15,723,148	23,615,308	5,581	7,535	15,728,729	23,622,843
Total Liabilities	<u>15,801,841</u>	<u>23,740,646</u>	<u>5,581</u>	<u>7,535</u>	<u>15,807,422</u>	<u>23,748,181</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,509</u>	<u>91</u>	<u>1,509</u>	<u>91</u>
Net Position						
Net Investment in Capital Assets	17,574,904	7,076,552	40,567	49,766	17,615,471	7,126,318
Restricted	3,117,350	2,982,122			3,117,350	2,982,122
Unrestricted	1,207,239	1,188,512	89,708	81,118	1,296,947	1,269,630
Total Net Position	<u>\$ 21,899,493</u>	<u>\$ 11,247,186</u>	<u>\$ 130,275</u>	<u>\$ 130,884</u>	<u>\$ 22,029,768</u>	<u>\$ 11,378,070</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

Change in Net Position
For The Years Ended June 30, 2013 and 2012

	Governmental Activities		Business- Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 508,944	\$ 417,015	\$ 423,180	\$ 516,277	\$ 932,124	\$ 933,292
Operating Grants and Contributions	1,458,642	1,312,693	57,600	62,267	1,516,242	1,374,960
Capital Grants and Contributions	9,767,230	3,042,916			9,767,230	3,042,916
General Revenues						
Property Taxes	11,600,684	11,373,220			11,600,684	11,373,220
Other	41,191	37,438	158	75	41,349	37,513
Total Revenues	23,376,691	16,183,282	480,938	578,619	23,857,629	16,761,901
Expenses						
Instruction						
Regular	4,889,373	4,746,730			4,889,373	4,746,730
Special Education	2,746,559	2,642,019			2,746,559	2,642,019
Other Instruction	229,418	298,380			229,418	298,380
School Sponsored Activities and Athletics	431,944	422,891			431,944	422,891
Support Services						
Student and Instruction Related Services	1,483,275	1,484,121			1,483,275	1,484,121
General Administrative Services	449,838	571,735			449,838	571,735
School Administrative Services	248,362	215,687			248,362	215,687
Central Services and Info. Technology	537,923	498,036			537,923	498,036
Plant Operations and Maintenance	1,238,024	1,159,180			1,238,024	1,159,180
Pupil Transportation	469,164	362,068			469,164	362,068
Interest on Long-Term Debt	504	1,931			504	1,931
Food Services	-	-	481,547	556,895	481,547	556,895
Total Expenses	12,724,384	12,402,778	481,547	556,895	13,205,931	12,959,673
Change in Net Position	10,652,307	3,780,504	(609)	21,724	10,651,698	3,802,228
Net Position, Beginning of Year	11,247,186	7,466,682	130,884	109,160	11,378,070	7,575,842
Net Position, End of Year	\$ 21,899,493	\$ 11,247,186	\$ 130,275	\$ 130,884	\$ 22,029,768	\$ 11,378,070

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

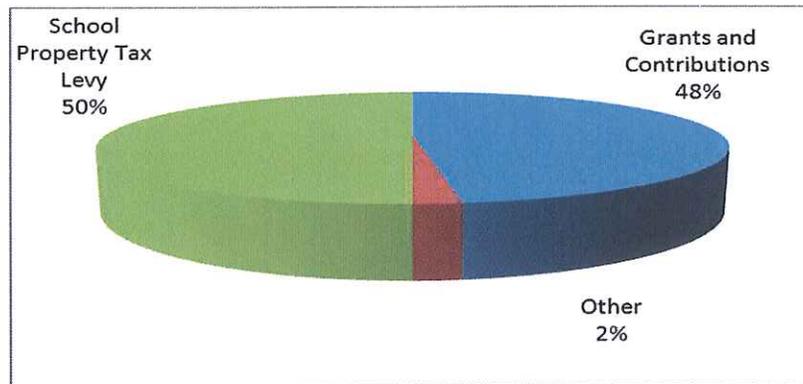
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$23,376,691 for the fiscal year ended June 30, 2013, property taxes of \$11,600,684 represented 50% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$11,225,872 and represented 48% of revenues. In addition, charges for services from tri-district shared services, transportation fees, building rental fees and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

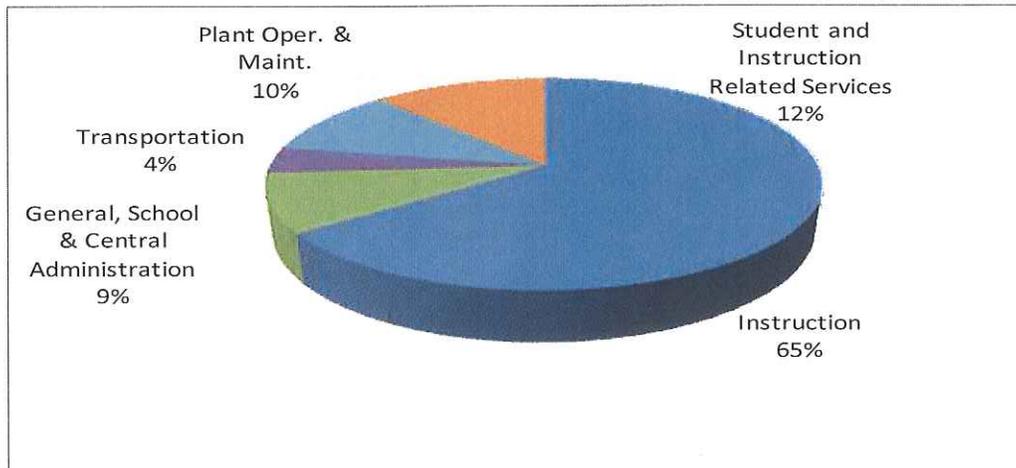
The total cost of all governmental activities programs and services was \$12,724,384 for the fiscal year ended June 30, 2013. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$8,297,294 (65%) of total expenses. Support service costs were \$4,426,586 (35%) of total expenses and interest on debt totaled \$504 (less than 1%) of total expenses.

For fiscal year 2013, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$10,652,307 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2013



Expenses by Use – Governmental Activities
For Fiscal Year 2013



CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

Net Cost of Governmental Activities. The District's total cost of services was \$12,724,384. After applying program revenues, derived from operating and capital grants and contributions of \$11,225,872, and charges for services of \$508,944, the net cost of services of the District is \$989,568 for the fiscal year ended June 30, 2013.

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

	Total Cost of Services		Net Cost (Revenue) of Services	
	2013	2012	2013	2012
Instruction				
Regular	\$ 4,889,373	\$ 4,746,730	\$ 4,173,147	\$ 4,108,064
Special Education	2,746,559	2,642,019	2,237,443	2,156,490
Other Instruction	229,418	298,380	196,513	261,399
School Sponsored Activities and Athletics	431,944	422,891	431,944	422,891
Support Services				
Student and Instruction Related Services	1,483,275	1,484,121	1,297,278	1,285,180
General Administrative Services	449,838	571,735	371,318	571,735
School Administrative Services	248,362	215,687	222,046	196,106
Central Services & Info. Technology	537,923	498,036	505,784	472,041
Plant Operations and Maintenance	1,238,024	1,159,180	(8,784,926)	(2,102,751)
Pupil Transportation	469,164	362,068	338,517	257,068
Interest on Long-Term Debt	504	1,931	504	1,931
Total	\$ 12,724,384	\$ 12,402,778	\$ 989,568	\$ 7,630,154

Business-Type Activities – The District's total business-type activities revenues were \$480,938 for the fiscal year ended June 30, 2013 and relate entirely to the District's food service (cafeteria) operations. Charges for services accounted for \$423,180, 88% of total revenues and operating grants and contributions accounted for \$57,600, 12% of total revenue.

Total cost of all business-type activities programs and services was \$481,547 for the fiscal year ended June 30, 2013.

For fiscal year 2013, total business-type activities expenses exceeded revenues, decreasing net position by \$609 from the previous year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$4,403,282 at June 30, 2013, an increase of \$130,188 from last year's fund balance of \$4,273,094. This increase was mainly attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2012/2013 school year.

Revenues for the District's governmental funds were \$23,212,005, while total expenditures were \$23,081,817 for the fiscal year ended June 30, 2013.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended June 30, 2013</u>	<u>Year Ended June 30, 2012</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Local Sources				
Property Tax Levy	\$ 11,600,684	\$ 11,373,220	\$ 227,464	2%
Interest	9,147	7,364	1,783	24%
Miscellaneous	357,448	342,727	14,721	4%
State Sources	1,290,656	1,095,604	195,052	18%
Federal Sources	-	19,139	(19,139)	-100%
Total General Fund Revenues	<u>\$ 13,257,935</u>	<u>\$ 12,838,054</u>	<u>\$ 419,881</u>	3%

For fiscal year 2013, total General Fund revenues increased \$419,881 or 3% from the previous year. Property taxes increased 2% to support increases in operating costs. As indicated, State aid increased \$195,052 or 18% mainly due to increases in on-behalf TPAF contributions paid by the State for the District. Federal aid decreased by \$19,139 due to the discontinuation of the education jobs program aid.

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended June 30, 2013</u>	<u>Year Ended June 30, 2012</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 8,132,063	\$ 7,901,217	\$ 230,846	3%
Support Services	4,140,137	4,066,760	73,377	2%
Debt Service	23,382	31,140	(7,758)	-25%
Capital Outlay	14,854	5,456	9,398	172%
Total Expenditures	<u>\$ 12,310,436</u>	<u>\$ 12,004,573</u>	<u>\$ 305,863</u>	3%

For fiscal year 2013, total General Fund expenditures increased \$305,863 or 3% from the previous year. Notable increases during the year were attributed to increases in special education tuition costs, student transportation services and on-behalf TPAF pension contributions.

In fiscal year 2013 General Fund revenues exceeded expenditures by \$249,990. Therefore, total fund balance increased to \$3,955,898 at June 30, 2013. After deducting restricted and assigned fund balances, the unassigned fund balance remained the same at \$250,000 for both years ending June 30, 2012 and June 30, 2013. In addition, the District designated fund balance of \$500,000 at year end for use in the subsequent school year's budget and has restricted \$2,669,966 of its fund balance at year end for the capital reserve.

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

General Fund Budgetary Highlights

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

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

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

For fiscal year 2013 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$250,519 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$529, from \$270,021 at June 30, 2012 to \$270,550 at June 30, 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2013, the District had \$17,574,904 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$40,567 for business-type activities. The following is a comparison of the June 30, 2013 and 2012 balances:

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

	Governmental Activities		Business-Type Activities	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 559,343	\$ 559,343		
Construction in Progress	16,230,475	5,627,080		
Building and Building Improvements	591,699	695,014		
Machinery and Equipment	<u>193,387</u>	<u>217,993</u>	\$ 40,567	\$ 49,766
Total Capital Assets, Net	<u>\$ 17,574,904</u>	<u>\$ 7,099,430</u>	<u>\$ 40,567</u>	<u>\$ 49,766</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

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

LONG TERM LIABILITIES

At June 30, 2013 the District had \$78,693 of total long-term outstanding debt. This amount is for compensated absences. The following is a comparison of the June 30, 2013 and 2012 balances:

**Outstanding Long-Term Debt
as of June 30, 2013 and 2012**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Capital Leases Payable		\$ 22,878
Compensated Absences	\$ 78,693	102,460
Total	\$ 78,693	\$ 125,338

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2013-2014 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2013-2014. Budgeted expenditures in the General Fund increased approximately 2% to \$12,883,810 for fiscal year 2013-2014. Overall increases in contractual salary requirements and employee benefit costs were the main factors for the increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,412,292	\$ 7,818	\$ 5,420,110
Receivables, net	14,713,819	80,386	14,794,205
Internal Balances	319	(319)	
Inventory		8,913	8,913
Capital Assets, Not Being Depreciated	16,789,818		16,789,818
Capital Assets, Being Depreciated, Net	<u>785,086</u>	<u>40,567</u>	<u>825,653</u>
Total Assets	<u>37,701,334</u>	<u>137,365</u>	<u>37,838,699</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,162,347	5,581	1,167,928
Note Payable	6,000,000		6,000,000
Unearned Revenue	8,560,801	-	8,560,801
Noncurrent Liabilities			
Due Beyond One Year	<u>78,693</u>	<u>-</u>	<u>78,693</u>
Total Liabilities	<u>15,801,841</u>	<u>5,581</u>	<u>15,807,422</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>1,509</u>	<u>1,509</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>1,509</u>	<u>1,509</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,801,841</u>	<u>7,090</u>	<u>15,808,931</u>
NET POSITION			
Net Investment in Capital Assets	17,574,904	40,567	17,615,471
Restricted for			
Capital Projects	3,117,350		3,117,350
Unrestricted	<u>1,207,239</u>	<u>89,708</u>	<u>1,296,947</u>
Total Net Position	<u>\$ 21,899,493</u>	<u>\$ 130,275</u>	<u>\$ 22,029,768</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	\$ 4,889,273		\$ 716,226		\$ (4,173,147)		\$ (4,173,147)
Special Education	2,746,559		509,116		(2,237,443)		(2,237,443)
Other Instruction	229,418		32,905		(196,513)		(196,513)
School Sponsored Activities and Athletics	431,944				(431,944)		(431,944)
Support Services							
Student and Instruction Related Services	1,483,275	\$ 86,166	99,831		(1,297,278)		(1,297,278)
General Administrative Services	449,838	78,520			(371,318)		(371,318)
School Administrative Services	248,362		26,316		(222,046)		(222,046)
Central Services and Info. Technology	537,923		32,139		(505,784)		(505,784)
Plant Operations and Maintenance	1,238,024	240,258	15,462	\$ 9,767,230	8,784,926		8,784,926
Pupil Transportation	469,164	104,000	26,647		(338,517)		(338,517)
Interest on Long Term Debt	504	-	-		(504)		(504)
Total Governmental Activities	12,724,384	508,944	1,458,642	9,767,230	(989,568)	-	(989,568)
Business-Type Activities							
Food Service	481,547	423,180	57,600	-	-	\$ (767)	(767)
Total Business-Type Activities	481,547	423,180	57,600	-	-	(767)	(767)
Total Primary Government	\$ 13,205,931	\$ 932,124	\$ 1,516,242	\$ 9,767,230	(989,568)	(767)	(990,335)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					11,600,684		11,600,684
Investment Earnings					28,001	158	28,159
Miscellaneous Income					13,190	-	13,190
Total General Revenues					11,641,875	158	11,642,033
Change in Net Position					10,652,307	(609)	10,651,698
Net Position, Beginning of Year					11,247,186	130,884	11,378,070
Net Position, End of Year					\$ 21,899,493	\$ 130,275	\$ 22,029,768

FUND FINANCIAL STATEMENTS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,886,065		\$ 1,526,227	\$ 5,412,292
Receivables from Other Governments	40,475	\$ 19,888	14,612,383	14,672,746
Other Receivables	8,631		8,500	17,131
Due from Other Funds	60,529	-	-	60,529
	<u>3,995,700</u>	<u>19,888</u>	<u>16,147,110</u>	<u>20,162,698</u>
Total Assets	<u>\$ 3,995,700</u>	<u>\$ 19,888</u>	<u>\$ 16,147,110</u>	<u>\$ 20,162,698</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 26,254		\$ 1,122,545	\$ 1,148,799
Accrued Salaries and Wages	11,510			11,510
Notes Payable			6,000,000	6,000,000
Due to Other Funds	2,038	\$ 19,888	16,380	38,306
Unearned Revenue	-	-	8,560,801	8,560,801
	<u>39,802</u>	<u>19,888</u>	<u>15,699,726</u>	<u>15,759,416</u>
Total Liabilities	<u>39,802</u>	<u>19,888</u>	<u>15,699,726</u>	<u>15,759,416</u>
Fund Balances				
Restricted Fund Balance				
Capital Reserve	2,669,966			2,669,966
Reserved Excess Surplus-Designated for Subsequent Year's Budget	500,000			500,000
Reserved Excess Surplus	500,000			500,000
Capital Projects			447,384	447,384
Assigned Fund Balance				
Year End Encumbrances	35,932			35,932
Unassigned Fund Balance	250,000	-	-	250,000
	<u>3,955,898</u>	<u>-</u>	<u>447,384</u>	<u>4,403,282</u>
Total Fund Balances	<u>3,955,898</u>	<u>-</u>	<u>447,384</u>	<u>4,403,282</u>
Total Liabilities and Fund Balances	<u>\$ 3,995,700</u>	<u>\$ 19,888</u>	<u>\$ 16,147,110</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,491,231 and the accumulated depreciation is \$4,916,327. 17,574,904

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

Compensated Absences (78,693)

Net assets of governmental activities \$ 21,899,493

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 11,600,684			\$ 11,600,684
Interest	9,147		\$ 18,854	28,001
Miscellaneous	357,448	-	-	357,448
Total - Local Sources	11,967,279	-	18,854	11,986,133
State Sources	1,290,656	-	3,375,802	4,666,458
Federal Sources		\$ 167,986	6,065,361	6,233,347
Other Intermediate Sources	-	-	326,067	326,067
Total Revenues	13,257,935	167,986	9,786,084	23,212,005
EXPENDITURES				
Current				
Regular Instruction	4,840,038	49,204		4,889,242
Special Education Instruction	2,633,386	113,173		2,746,559
Other Instruction	229,418			229,418
School-Sponsored Activities and Athletics	429,221			429,221
Support Services				
Student and Instruction Related Services	1,390,718	5,609		1,396,327
General Administrative Services	377,302			377,302
School Administrative Services	246,817			246,817
Central Services and Info. Technology	545,761			545,761
Plant Operations and Maintenance	1,125,760			1,125,760
Pupil Transportation	453,779			453,779
Debt Service				
Principal	22,878			22,878
Interest and Other Charges	504			504
Capital Outlay	14,854	-	10,603,395	10,618,249
Total Expenditures	12,310,436	167,986	10,603,395	23,081,817
Excess (Deficiency) of Revenues Over/(Under) Expenditures	947,499	-	(817,311)	130,188
Other Financing Sources (Uses)				
Transfer In	4,754		702,263	707,017
Transfer Out	(702,263)	-	(4,754)	(707,017)
Total Other Financing Sources (Uses)	(697,509)	-	697,509	-
Net Change in Fund Balance	249,990	-	(119,802)	130,188
Fund Balance, Beginning of Year	3,705,908	-	567,186	4,273,094
Fund Balance , End of Year	\$ 3,955,898	\$ -	\$ 447,384	\$ 4,403,282

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 130,188**

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

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

Capital Outlay	\$ 10,618,249	
Depreciation Expense	<u>(142,775)</u>	
		10,475,474

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):

Decrease in Compensated Absences		23,767
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Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Capital Lease		<u>22,878</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 10,652,307**

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>	Governmental Internal Service Fund <u>Tri-District Coordinated Curriculum Services</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 7,818	
Intergovernmental Receivable	80,386	\$ 23,942
Inventory	<u>8,913</u>	<u>-</u>
Total Current Assets	<u>97,117</u>	<u>23,942</u>
Capital Assets		
Machinery and Equipment	161,458	
Less: Accumulated Depreciation	<u>(120,891)</u>	<u>-</u>
Total Capital Assets, Net	<u>40,567</u>	<u>-</u>
Total Assets	<u>137,684</u>	<u>23,942</u>
LIABILITIES		
Accounts Payable	5,581	
Due to Other Funds	<u>319</u>	<u>23,942</u>
Total Liabilities	<u>5,900</u>	<u>23,942</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Commodities Revenue	<u>1,509</u>	<u>-</u>
Total Liabilities and Deferred Inflow of Resources	<u>7,409</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	40,567	
Unrestricted	<u>89,708</u>	<u>-</u>
Total Net Position	<u>\$ 130,275</u>	<u>\$ -</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities	Governmental Internal Service Fund
	<u>Enterprise Fund</u>	<u>Tri-District Coordinated Curriculum Services</u>
	<u>Food Services</u>	
OPERATING REVENUES		
Charges for Services		
Daily Sales		
Reimbursable Programs	\$ 104,748	
Non-Reimbursable Programs	316,885	
Special Functions	1,547	
Miscellaneous Fees	-	\$ 286,289
Total Operating Revenues	423,180	286,289
OPERATING EXPENSES		
Cost of Sales	220,840	
Salaries and Benefits	168,183	281,800
Purchased Management Services	43,078	
Van and Vehicle Services	7,724	
Purchased Technical Service	5,883	
Insurance	1,206	
Other Purchased Services	2,888	4,489
General Supplies	22,547	
Depreciation	9,198	-
Total Operating Expenses	481,547	286,289
Operating Loss	(58,367)	-
NONOPERATING REVENUES		
State Sources		
School Lunch Program	1,028	
Federal Sources		
National School Breakfast Program	5,461	
National School Lunch Program	51,111	
Interest Earned	158	-
Total Nonoperating Revenues	57,758	-
Change in Net Position	(609)	-
Net Position , Beginning of Year	130,884	-
Net Position, End of Year	\$ 130,275	\$ -

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>	Governmental Internal Service Fund <u>Tri-District Coordinated Curriculum Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 415,774	\$ 262,347
Cash Payment for Employees Salaries and Benefits	(168,183)	(281,800)
Cash Payments to Suppliers for Goods and Services	<u>(293,870)</u>	<u>(4,489)</u>
Net Cash (Used For) Operating Activities	<u>(46,279)</u>	<u>(23,942)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received from State and Federal Subsidy Reimbursements	36,950	-
Cash Received from Other Funds	<u>-</u>	<u>23,942</u>
Net Cash Provided by Noncapital Financing Activities	<u>36,950</u>	<u>23,942</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	<u>158</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>158</u>	<u>-</u>
Net (Decrease) in Cash and Cash Equivalents	(9,171)	-
Cash and Cash Equivalents, Beginning of Year	<u>16,989</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,818</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	<u>\$ (58,367)</u>	<u>\$ -</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	9,198	
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	14,025	
Change in Assets, Liabilities and Deferred Inflows		
(Increase)/Decrease in Intergovernmental Receivable - Other	(7,406)	(23,942)
(Increase)/Decrease in Inventory	(3,193)	
Increase/(Decrease) in Accounts Payable	(1,954)	
Increase/(Decrease) in Deferred Commodities Revenue	<u>1,418</u>	<u>-</u>
Total Adjustments	<u>12,088</u>	<u>(23,942)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (46,279)</u>	<u>\$ (23,942)</u>
Non-Cash Investing, Capital and Financing Activities		
Value Received for Food Distribution Program	\$ 15,443	

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 118,420	\$ 54,983
Due from Other Funds	<u>-</u>	<u>2,038</u>
Total Assets	<u>118,420</u>	<u>\$ 57,021</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 13,803
Accrued Salaries and Wages		2,327
Due to Student Groups	<u>-</u>	<u>40,891</u>
Total Liabilities	<u>-</u>	<u>\$ 57,021</u>
NET POSITION		
Held in Trust for Private Purpose Scholarships	<u>\$ 118,420</u>	

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

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

	Private Purpose Scholarship <u>Fund</u>
ADDITIONS	
Contributions	
Donations	\$ 25,525
Interest	<u>573</u>
Total Additions	<u>26,098</u>
DEDUCTIONS	
Scholarships Awarded	<u>11,800</u>
Total Deductions	<u>11,800</u>
Change in Net Position	14,298
Net Position, Beginning of Year	<u>104,122</u>
Net Position, End of Year	<u>\$ 118,420</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (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.

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

The *internal service fund* accounts for tri district coordinated curriculum program and shared service superintendent services provided to other departments of the District and to the Boards of Education of the Borough of Carlstadt and East Rutherford on a cost reimbursement basis.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Capital Assets

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Inflows of Resources

In additions to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the *deferred commodities revenue*, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

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

7. Long-Term Obligations

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

8. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

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

9. *Reclassifications*

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$58,958. 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 on October 11, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

Beginning balance		\$ 2,414,936
Increased by		
Interest earnings	\$ 7,559	
Deposits Approved by Board Resolution	<u>949,734</u>	
Total Increases		<u>957,293</u>
		3,372,229
Decreased by		
Transfers to Capital Projects		<u>702,263</u>
Ending Balance		<u>\$ 2,669,966</u>

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$1,000,000. Of this amount, \$500,000 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$500,000 will be appropriated in the 2014/2015 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$5,593,513 and bank and brokerage firm balances of the Board's deposits amounted to \$6,213,633. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 6,213,633</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 none of the Board’s bank balance was 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, 2013, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2013 for the District’s individual major funds and internal service fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Tri-District Coordinated Curriculum Services</u>	<u>Total</u>
Receivables:						
Intergovernmental						
Local	\$ 25,200			\$ 72,441	\$ 23,942	\$ 121,583
State	15,275		\$ 8,286,520	182		8,301,977
Federal		\$ 19,888	6,009,569	7,763		6,037,220
Other			316,294			316,294
Other Accounts	<u>8,631</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>17,131</u>
Gross Receivables	49,106	19,888	14,620,883	80,386	23,942	14,794,205
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 49,106</u>	<u>\$ 19,888</u>	<u>\$ 14,620,883</u>	<u>\$ 80,386</u>	<u>\$ 23,942</u>	<u>\$ 14,794,205</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
Capital Projects Fund	
Unrealized Grant Awards	<u>\$8,560,801</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$8,560,801</u>

D. Capital Assets

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

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 559,343			\$ 559,343
Construction in Progress	<u>5,627,080</u>	<u>\$10,603,395</u>	<u>-</u>	<u>16,230,475</u>
 Total Capital Assets, Not Being Depreciated	 <u>6,186,423</u>	 <u>10,603,395</u>	 <u>-</u>	 <u>16,789,818</u>
 Capital Assets, Being Depreciated:				
Land Improvements	96,443			96,443
Building and Building Improvements	4,650,132			4,650,132
Machinery and Equipment	<u>939,984</u>	<u>14,854</u>	<u>-</u>	<u>954,838</u>
Total Capital Assets Being Depreciated	<u>5,686,559</u>	<u>14,854</u>	<u>-</u>	<u>5,701,413</u>
 Less Accumulated Depreciation for:				
Land Improvements	(96,443)			(96,443)
Building and Building Improvements	(3,955,118)	(103,315)		(4,058,433)
Machinery and Equipment	<u>(721,991)</u>	<u>(39,460)</u>	<u>-</u>	<u>(761,451)</u>
Total Accumulated Depreciation	<u>(4,773,552)</u>	<u>(142,775)</u>	<u>-</u>	<u>(4,916,327)</u>
 Total Assets, Being Depreciation, Net	 <u>913,007</u>	 <u>(127,921)</u>	 <u>-</u>	 <u>785,086</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 7,099,430</u>	 <u>\$10,475,474</u>	 <u>\$ -</u>	 <u>\$ 17,574,904</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 161,458	-	-	\$ 161,458
Total Capital Assets Being Depreciated	<u>161,458</u>	<u>-</u>	<u>-</u>	<u>161,458</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(111,693)	\$ (9,198)	-	(120,891)
Total Accumulated Depreciation	<u>(111,693)</u>	<u>(9,198)</u>	<u>-</u>	<u>(120,891)</u>
Total Capital Assets, Being Depreciated, Net	<u>49,765</u>	<u>(9,198)</u>	<u>-</u>	<u>40,567</u>
Business-Type Activities Capital Assets, Net	<u>\$ 49,765</u>	<u>\$ (9,198)</u>	<u>\$ -</u>	<u>\$ 40,567</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 6,536
School Sponsored Athletics	2,723
Total Instruction	<u>9,259</u>
Support Services	
General Administrative Services	1,279
School Administrative Services	1,545
Plant Operations and Maintenance	115,307
Pupil Transportation	15,385
Total Support Services	<u>133,516</u>
Total depreciation expense - governmental activities	<u>\$ 142,775</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 9,198</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Aircraft Noise Abatement Project and Various Improvements to Becton Regional High School	\$ 16,005,206	\$ 7,929,154

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 19,888
General Fund	Capital Projects	16,380
General Fund	Food Service Fund	319
General Fund	Tri District Coordinaed Curriculum Services	23,942
Payroll Agency Fund	General Fund	2,038
Total		<u>\$ 62,567</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund		\$ 702,263	\$ 702,263
Capital Projects Fund	\$ 4,754	-	4,754
	<u>\$ 4,754</u>	<u>\$ 702,263</u>	<u>\$ 707,017</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District entered into a lease agreement on July 20, 2004 with the Borough of East Rutherford for the rental of certain real property known as Riggin Field to be utilized for its Athletic program. Total payments required under the lease are \$750,000 which are to be paid in annual installments of \$75,000 for the initial ten years which ends on July 19, 2014. At the end of ten years, the rent will be renegotiated with an increase or decrease in the \$75,000 annual rental for the balance of the lease term. The lease expires in July 2029.

G. Long-Term Debt

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 123,744,593
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 123,744,593</u>

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2013</u>	Due Within <u>One Year</u>
Governmental Activities:					
Capital Lease Payable	\$ 22,878		\$ 22,878		
Compensated Absences	<u>102,460</u>	<u>-</u>	<u>23,767</u>	<u>\$ 78,693</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 125,338</u>	<u>\$ -</u>	<u>\$ 46,645</u>	<u>\$ 78,693</u>	<u>\$ -</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Short-Term Debt

The Board's short-term debt activity for the year ended June 30, 2013 was as follows:

Grant Anticipation Notes

The Board issues Grant Anticipation Notes to interim finance Capital Projects funded by Federal and State construction project grants. The Board's short-term debt activity for the year ended June 30, 2013 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Noise Abatement Project	1.375%	10/4/2013	\$ 4,000,000	\$ 4,000,000	4,000,000	\$ 4,000,000
Noise Abatement Project	1.500%	10/4/2013	-	2,000,000	-	2,000,000
			<u>\$ 4,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 6,000,000</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

Basis of Accounting

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

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 85,917	\$ 286,962	None
2012	84,421	154,755	\$ 241
2011	69,740	14,602	None

The State contributed \$286,962 and \$154,755 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$14,602 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$312,871 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

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

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

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

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

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

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

Post-Retirement Medical Benefits Contributions

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$324,481, \$311,097 and \$310,138, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 11,600,684		\$ 11,600,684	\$ 11,600,684	
Interest	1,000		1,000	9,147	\$ 8,147
Miscellaneous	200,000	-	200,000	357,448	157,448
Total Local Sources	<u>11,801,684</u>	<u>-</u>	<u>11,801,684</u>	<u>11,967,279</u>	<u>165,595</u>
State Sources					
Special Education Categorical Aid	304,212		304,212	304,212	
Transportation Aid	26,647		26,647	26,647	
Security Aid	15,462		15,462	15,462	
Extraordinary Aid				20,550	20,550
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution				272,619	272,619
NCGI Premium				14,343	14,343
Post Retirement Medical Benefits				324,481	324,481
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	312,871	312,871
Total State Sources	<u>346,321</u>	<u>-</u>	<u>346,321</u>	<u>1,291,185</u>	<u>944,864</u>
Total Revenues	<u>12,148,005</u>	<u>-</u>	<u>12,148,005</u>	<u>13,258,464</u>	<u>1,110,459</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	3,269,177	(81,600)	3,187,577	3,086,193	101,384
Regular Program - Home Instruction					
Salaries of Teachers	25,000		25,000	6,095	18,905
Purchased Professional - Educational Services	15,000	3,500	18,500	13,571	4,929
Regular Programs - Undistributed Instruction					
Other Purchased Services	35,500		35,500	23,390	12,110
General Supplies	137,950	(10,009)	127,941	110,342	17,599
Textbooks	27,500	(2,991)	24,509	19,085	5,424
Other Objects	7,750	(3,500)	4,250	2,040	2,210
Total Regular Programs	<u>3,517,877</u>	<u>(94,600)</u>	<u>3,423,277</u>	<u>3,260,716</u>	<u>162,561</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Resource Room					
Salaries of Teachers	\$ 329,943	\$ 2,500	\$ 332,443	\$ 332,443	
Other Salaries for Instruction	30,000		30,000	22,824	\$ 7,176
General Supplies	14,000		14,000	471	13,529
Textbooks	9,500	(2,500)	7,000		7,000
Other Objects	500	-	500	-	500
Total Resource Room	<u>383,943</u>	<u>-</u>	<u>383,943</u>	<u>355,738</u>	<u>28,205</u>
Total Special Education	<u>383,943</u>	<u>-</u>	<u>383,943</u>	<u>355,738</u>	<u>28,205</u>
Basic Skills/Remedial					
Salaries of Teachers	41,582		41,582	41,582	
General Supplies	6,000		6,000		6,000
Other Objects	600	-	600	-	600
Total Basic Skills/Remedial	<u>48,182</u>	<u>-</u>	<u>48,182</u>	<u>41,582</u>	<u>6,600</u>
Bilingual Education					
Salaries of Teachers	112,464		112,464	110,964	1,500
General Supplies	8,000		8,000	4,493	3,507
Other Objects	1,000	-	1,000	-	1,000
Total Bilingual Education	<u>121,464</u>	<u>-</u>	<u>121,464</u>	<u>115,457</u>	<u>6,007</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	33,466	616	34,082	34,082	
Supplies and Materials	7,800	(616)	7,184	937	6,247
Other Objects	1,500		1,500	997	503
Transfers to Cover Deficit (Agency Funds)	3,000	-	3,000	2,590	410
Total School Sponsored Co/Extra Curricular Activities	<u>45,766</u>	<u>-</u>	<u>45,766</u>	<u>38,606</u>	<u>7,160</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Athletics					
Salaries	\$ 204,843	\$ 14,714	\$ 219,557	\$ 219,557	
Purchased Services	60,000	(14,714)	45,286	42,316	\$ 2,970
Supplies and Materials	35,000		35,000	29,759	5,241
Other Objects	2,200	-	2,200	2,150	50
Total School Sponsored Athletics	<u>302,043</u>	<u>-</u>	<u>302,043</u>	<u>293,782</u>	<u>8,261</u>
Total Instruction	<u>4,419,275</u>	<u>(94,600)</u>	<u>4,324,675</u>	<u>4,105,881</u>	<u>218,794</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	32,940	139,070	172,010	172,010	
Tuition to County Vocational School - Regular	213,980	32,956	246,936	188,330	58,606
Tuition to County Vocational School - Districts - Special	536,700	(35,300)	501,400	458,707	42,693
Tuition to County Special Services School Districts and Regional Day Schools	738,360	147,104	885,464	848,748	36,716
Tuition to Priv. Sch. For the Disabled W/I State	915,188	(263,830)	651,358	642,230	9,128
Total Undistributed Expenditures - Instruction	<u>2,437,168</u>	<u>20,000</u>	<u>2,457,168</u>	<u>2,310,025</u>	<u>147,143</u>
Attendance and Social Work Services					
Salaries	50,777	1,761	52,538	52,538	
Other Purchased Services	5,000	-	5,000	5,000	-
Total Attendance and Social Work Services	<u>55,777</u>	<u>1,761</u>	<u>57,538</u>	<u>57,538</u>	<u>-</u>
Health Services					
Salaries	88,861	4,081	92,942	92,942	
Purchased Professional and Technical Services	13,750	321	14,071	14,071	
Other Purchased Services	200		200		200
Supplies and Materials	3,000		3,000	1,887	1,113
Other Objects	400	-	400	85	315
Total Health Services	<u>106,211</u>	<u>4,402</u>	<u>110,613</u>	<u>108,985</u>	<u>1,628</u>
Speech, OT, PT & Related Services					
Purchased Professional-Educational Services	28,700	(6,163)	22,537	8,190	14,347
Total Speech, OT, PT & Related Services	<u>28,700</u>	<u>(6,163)</u>	<u>22,537</u>	<u>8,190</u>	<u>14,347</u>
Other Support Serv. Students- Extra Serv.					
Purchased Professional-Educational Services	60,000	13,265	73,265	64,938	8,327
Total Other Support Serv. Students- Extra Serv.	<u>60,000</u>	<u>13,265</u>	<u>73,265</u>	<u>64,938</u>	<u>8,327</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 286,908	\$ 8,615	\$ 295,523	\$ 295,522	\$ 1
Salaries of Secretarial and Clerical Assistants	28,556		28,556	28,555	1
Purchased Professional-Educational Services	13,100	(8,615)	4,485		4,485.00
Other Purchased Professional and Technical Services	14,000		14,000	12,485	1,515
Supplies and Materials	3,000		3,000	2,467	533
Other Objects	300	-	300	-	300
Total Guidance	345,864	-	345,864	339,029	6,835
Child Study Teams					
Salaries of Secretarial and Clerical Assistants	57,833		57,833	20,965	36,868
Purchased Professional-Educational Services	350,000		350,000	344,995	5,005
Other Purchased Professional and Technical Services	1,200		1,200	490	710
Supplies and Materials	1,200		1,200		1,200
Other Objects	200	-	200	-	200
Total Child Study Teams	410,433	-	410,433	366,450	43,983
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	47,000		47,000	21,399	25,601
Supplies and Materials	1,000	-	1,000	346	654
Total Improvement of Instructional Services	48,000	-	48,000	21,745	26,255
Educational Media Services/School Library					
Salaries of Technology Coordinators	118,887	1,000	119,887	119,887	
Purchased Professional and Technical Services	10,000	(3,250)	6,750	6,750	
Other Purchased Services	300	(300)			
Supplies and Materials	12,500	4,050	16,550	16,378	172
Other Objects	500	(500)	-	-	-
Total Educational Media Serv./School Library	142,187	1,000	143,187	143,015	172
Instructional Staff Training Services					
Salaries of Other Professional Staff	10,000		10,000		10,000
Other Purchased Services	8,000	1,200	9,200	8,581	619
Total Instructional Staff Training Services	18,000	1,200	19,200	8,581	10,619

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 201,461	\$ (54,530)	\$ 146,931	\$ 144,434	\$ 2,497
Legal Services	40,000	1,941	41,941	41,941	
Audit Fees	30,000	29,581	59,581	35,056	24,525
Expenditure and Internal Control Audit Fees	3,000		3,000	-	3,000
Architectural/Engineering Services	4,000		4,000		4,000
Purchased Technical Services	24,000	(8,336)	15,664	6,490	9,174
Communications/Telephone	60,000	14,921	74,921	71,681	3,240
BOE Other Purchased Services	16,500	(1,200)	15,300	4,243	11,057
Misc Purchased Services	35,000	(6,000)	29,000		29,000
General Supplies	10,000		10,000	9,301	699
BOE In-House Training/Meeting Supplies	3,000		3,000		3,000
Miscellaneous Expenditures	13,500		13,500	2,370	11,130
BOE Membership Dues and Fees	9,500	-	9,500	6,644	2,856
Total Support Services General Administration	<u>449,961</u>	<u>(23,623)</u>	<u>426,338</u>	<u>322,160</u>	<u>104,178</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	100,000	22,000	122,000	122,000	
Salaries of Secretarial and Clerical Assistants	37,063		37,063	37,063	
Other Purchased Services	9,750		9,750	6,596	3,154
Supplies and Materials	11,000		11,000	10,244	756
Other Objects	3,000	-	3,000	1,519	1,481
Total Support Services School Administration	<u>160,813</u>	<u>22,000</u>	<u>182,813</u>	<u>177,422</u>	<u>5,391</u>
Central Services					
Salaries	217,777	44,322	262,099	262,099	
Purchased Professional Services	33,000	7,718	40,718	38,233	2,485
Miscellaneous Purchased Services	7,000		7,000	1,845	5,155
Supplies and Materials	5,000		5,000	4,802	198
Interest on Lease Purchase Agreements	3,500	(3,500)			
Other Objects	1,500	-	1,500	23	1,477
Total Central Services	<u>267,777</u>	<u>48,540</u>	<u>316,317</u>	<u>307,002</u>	<u>9,315</u>
Admin. Info. Technology					
Salaries		81,600	81,600	81,600	
Purchased Professional Services	7,000		7,000		7,000
Purchased Technical Services	18,000	-	18,000	15,356	2,644
Total Admin. Info. Technology	<u>25,000</u>	<u>81,600</u>	<u>106,600</u>	<u>96,956</u>	<u>9,644</u>
Required Maintenance for School Facilities					
Salaries	152,793		152,793	151,340	1,453
Cleaning, Repair and Maint. Serv.	243,954	(48,694)	195,260	32,078	163,182
General Supplies	25,000	3,121	28,121	28,121	
Other Objects	3,000	(1,535)	1,465	943	522
Total Required Maintenance for School Fac.	<u>424,747</u>	<u>(47,108)</u>	<u>377,639</u>	<u>212,482</u>	<u>165,157</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 273,512	\$ 52,400	\$ 325,912	\$ 321,654	\$ 4,258
Cleaning, Repair and Maint. Serv.	7,000	3,525	10,525	10,403	122
Rental of Land & Building Other than Lease Purchase Agree	75,000		75,000	75,000	
Other Purchased Property Services	10,000		10,000	9,250	750
Insurance	140,000		140,000	132,017	7,983
Miscellaneous Purchased Services	700		700		700
General Supplies	25,000	(13,525)	11,475		11,475
Energy (Natural Gas)	130,000	(37,574)	92,426	65,250	27,176
Energy (Electricity)	200,000	-	200,000	103,416	96,584
	<u>861,212</u>	<u>4,826</u>	<u>866,038</u>	<u>716,990</u>	<u>149,048</u>
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	15,000		15,000	2,282	12,718
Cleaning, Repair and Maint. Serv.	20,000		20,000	13,187	6,813
General Supplies	400		400	239	161
Other Objects	50	-	50	-	50
	<u>35,450</u>	<u>-</u>	<u>35,450</u>	<u>15,708</u>	<u>19,742</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School)- Regular	45,000		45,000	43,847	1,153
Salaries for Pupil Transportation (Between Home and School)- Spec. Ed	70,000		70,000	63,177	6,823
Salaries for Pupil Transportation (Other Than Between Home and School)	48,000		48,000	9,030	38,970
Cleaning, Repair and Maint. Serv.	15,000	8,995	23,995	23,854	141
Contract. Svcs. (Bet. Home & Sch) - Vendors	11,600	(4,585)	7,015	7,013	2
Contract. Svcs.(Spec Ed. Students)- Joint Agrmts	250,000	7,000	257,000	238,032	18,968
Miscellaneous Purchased Services - Transportation	15,000	(13,465)	1,535		1,535
General Supplies	26,000	(9,000)	17,000	15,960	1,040
Transportation Supplies	3,000	10,351	13,351	7,354	5,997
Other Objects	500	705	1,205	1,205	-
	<u>484,100</u>	<u>1</u>	<u>484,101</u>	<u>409,472</u>	<u>74,629</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	135,000		135,000	121,908	13,092
Other Retirement Contributions-PERS	100,000		100,000	85,917	14,083
Other Retirement Contributions-Regular	5,000		5,000		5,000
Unemployment Compensation	18,000	272	18,272	18,272	
Workmen's Compensation	75,000	(96)	74,904	59,443	15,461
Health Benefits	1,486,330	(14,159)	1,472,171	1,271,133	201,038
Tuition Reimbursement	30,000		30,000	14,093	15,907
Other Employee Benefits	12,000	-	12,000	7,933	4,067
	<u>1,861,330</u>	<u>(13,983)</u>	<u>1,847,347</u>	<u>1,578,699</u>	<u>268,648</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Payments - (Non-Budget)					
Pension Benefit Contribution				272,619	\$ (272,619)
NCGI Premium				14,343	(14,343)
Post Retirement Medical Benefits				324,481	(324,481)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	312,871	(312,871)
Total On-Behalf and Reimbursed Payments	-	-	-	924,314	(924,314)
Total Undistributed Expenditures	\$ 8,222,730	\$ 107,718	\$ 8,330,448	8,189,701	140,747
Total Expenditures - Current Expenditures	12,642,005	13,118	12,655,123	12,295,582	359,541
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Support Services - General Administration		14,572	14,572	14,572	
Support Services - Admin. Info. Tech.		13,000	13,000		13,000
Support Services - Required Maint. For School Facilities	-	282	282	282	-
Total Equipment	-	27,854	27,854	14,854	13,000
Increase in Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	1,000	27,854	28,854	14,854	14,000
Total Expenditures	12,643,005	40,972	12,683,977	12,310,436	373,541
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(495,000)	(40,972)	(535,972)	948,028	1,484,000
Other Financing Sources					
Transfer In - Capital Projects Fund	-	-	-	4,754	4,754
Transfers Out - Food Service Fund	(5,000)	-	(5,000)		5,000
Transfer Out - Capital Projects Fund	-	(702,263)	(702,263)	(702,263)	-
Total Other Financing Sources	(5,000)	(702,263)	(707,263)	(697,509)	9,754
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(500,000)	(743,235)	(1,243,235)	250,519	1,493,754
Fund Balance, Beginning of Year	3,725,929	-	3,725,929	3,725,929	-
Fund Balance, End of Year	\$ 3,225,929	\$ (743,235)	\$ 2,482,694	\$ 3,976,448	\$ 1,493,754
Recapitulation of Fund Balance					
Restricted Fund Balance					
Capital Reserve				\$ 2,669,966	
Reserved Excess Surplus Designated for Subsequent Year's Expenditures				500,000	
Reserved Excess Surplus				500,000	
Assigned Fund Balance					
Year-End Encumbrances				35,932	
Unassigned Fund Balance					
				270,550	
Reconciliation to Governmental Funds Statements (GAAP):				3,976,448	
Less: State Aid Payments not Recognized on GAAP Basis				(20,550)	
Fund Balance Per Governmental Funds (GAAP)				\$ 3,955,898	

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 150,000	\$ 17,986	\$ 167,986	\$ 167,986	\$ -
Total Revenues	<u>150,000</u>	<u>17,986</u>	<u>167,986</u>	<u>167,986</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 50,000	(14,436)	35,564	35,564	
Purchased Professional and Technical Services		5,610	5,610	5,610	
Other Purchased Services	100,000	13,173	113,173	113,173	
General Supplies	-	917	917	917	-
Total Instruction	<u>150,000</u>	<u>5,264</u>	<u>155,264</u>	<u>155,264</u>	<u>-</u>
Support Services					
Personal Services-Employee Benefits		7,113	7,113	7,113	
Other Purchased Services	-	5,609	5,609	5,609	-
Total Support Services	<u>-</u>	<u>12,722</u>	<u>12,722</u>	<u>12,722</u>	<u>-</u>
Total Expenditures	<u>150,000</u>	<u>17,986</u>	<u>167,986</u>	<u>167,986</u>	<u>-</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>

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

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

The accounting records of the Special Revenue 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		Special	
	Fund		Revenue	
			Fund	
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	(C-1) \$	13,258,464	(C-2) \$	167,986
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2012				
Encumbrances, June 30, 2013				
Last State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2011/2012 State Aid)		20,021		
Last State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2012/2013 State Aid)		<u>(20,550)</u>		<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		 <u>\$ 13,257,935</u>		 <u>\$ 167,986</u>
 Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$	12,310,436	(C-2) \$	167,986
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.				
Encumbrances, June 30, 2012				
Encumbrances, June 30, 2013		<u>-</u>		<u>-</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		 <u>\$ 12,310,436</u>		 <u>\$ 167,986</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	IDEIA	Title I	Title II	Title III	Total
	Part B	Part A	Part A	Part A	
	Basic	Part A	Part A	Part A	
REVENUES					
Intergovernmental	\$ 113,173	\$ 39,677	\$ 11,219	\$ 3,917	\$ 167,986
Federal					
Total Revenues	<u>\$ 113,173</u>	<u>\$ 39,677</u>	<u>\$ 11,219</u>	<u>\$ 3,917</u>	<u>\$ 167,986</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		\$ 33,064		\$ 2,500	\$ 35,564
Purchased Professional and Technical Services			\$ 5,610		5,610
Other Purchased Services	\$ 113,173				113,173
General Supplies	-	-	-	917	917
Total Instruction	<u>113,173</u>	<u>33,064</u>	<u>5,610</u>	<u>3,417</u>	<u>155,264</u>
Support Services					
Personal Services - Employee Benefits		6,613		500	7,113
Other Purchased Service	-	-	5,609	-	5,609
Total Support Services	<u>-</u>	<u>6,613</u>	<u>5,609</u>	<u>500</u>	<u>12,722</u>
Total Expenditures	<u>\$ 113,173</u>	<u>\$ 39,677</u>	<u>\$ 11,219</u>	<u>\$ 3,917</u>	<u>\$ 167,986</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance, June 30, 2013</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	
Port Authority of New York & New Jersey Aircraft Noise Abatement Program School Soundproofing Project H.P. Becton Regional High School Block Grant TEB 18-03	\$ 25,013,391	\$ 5,401,811	\$ 10,603,395	\$ 9,008,185
Totals	<u>25,013,391</u>	<u>5,401,811</u>	<u>10,603,395</u>	<u>9,008,185</u>
				Project Balance \$ 9,008,185
				Less Unrealized Grant Awards <u>(8,560,801)</u>
				Fund Balance - GAAP Basis <u>\$ 447,384</u>
				<u>Recapitulation of Fund Balance</u>
				Restricted for Capital Projects:
				Year End Encumbrances \$ 7,929,154
				Available for Capital Projects <u>(7,481,770)</u>
				Total Fund Balance - Restricted for Capital Projects <u>\$ 447,384</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Revenues and Other Financing Sources

Federal Sources - FAA Grant	\$ 1,208,135
Local Sources - Porth Authority of NY/NJ	63,586
Interest Earnings	18,854
Transfer from Capital Reserve	<u>702,263</u>
 Total Revenues	 <u>1,992,838</u>

Expenditures and Other Financing Uses

Architect Engineer	333,675
Construction Services	10,055,709
Furniture Equipment & Technology	94,743
Other Objects - Miscellaneous	21,540
Other Objects - Interest on Notes	97,728
Transfer Out to General Fund	<u>4,754</u>
 Total Expenditures and Other Financing Uses	 <u>10,608,149</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures (8,615,311)

Fund Balance - Beginning of Year 17,623,496

Fund Balance - End of Year \$ 9,008,185

Reconciliation to Governmental Fund Statements (GAAP)

Fund Balance - End of Year - Budgetary Basis 9,008,185

Less Unearned Revenue \$ (8,560,801)

Fund Balance - End of Year - GAAP \$ 447,384

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Federal Sources - FAA Grant	\$ 13,013,779	\$ 1,208,135	\$ 14,221,914	\$ 14,221,914
State Sources - SDA Grant	8,286,520		8,286,520	8,286,520
Local Sources - Port Authority of NY/NJ	701,721	63,586	765,307	765,307
Transfer from Capital Reserve	1,000,000	702,263	1,702,263	1,702,263
Interest Earnings	23,287	14,100	37,387	37,387
	<u>23,025,307</u>	<u>1,988,084</u>	<u>25,013,391</u>	<u>25,013,391</u>
Expenditures and Other Financing Uses				
Architect Engineer	2,109,181	333,675	2,442,856	2,678,620
Construction Services	3,219,385	10,055,709	13,275,094	21,320,671
Furniture Equipment & Technology		94,743	94,743	700,000
Other Objects - Miscellaneous	29,245	21,540	50,785	100,000
Other Objects- Interest on Notes	44,000	97,728	141,728	214,100
	<u>5,401,811</u>	<u>10,603,395</u>	<u>16,005,206</u>	<u>25,013,391</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 17,623,496</u>	<u>\$ (8,615,311)</u>	<u>\$ 9,008,185</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
FAA/Port Authority	3B 18-03, 31-05, 35-06, 113-07, 48-11			
Project Number	SDA 0745-050-09-OJAW			
Grant Date	Various			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	32,646,666			
Reduced Authorized Cost	(7,633,275)			
Revised Authorized Cost	25,013,391			
Percentage Decrease Over Original Authorized Cost	(23.38)%			
Percentage Completion	63.99%			
Original Target Completion Date	January 2014			
Revised Target Completion Date	January 2014			

ENTERPRISE FUND

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Student Activities</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 40,891	\$ 14,092	\$ 54,983
Due from Other Funds	-	2,038	2,038
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 40,891</u>	<u>\$ 16,130</u>	<u>\$ 57,021</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 13,803	\$ 13,803
Accrued Salaries and Wages		2,327	2,327
Due to Student Groups	\$ 40,891	-	40,891
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 40,891</u>	<u>\$ 16,130</u>	<u>\$ 57,021</u>

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2013</u>
SENIOR HIGH SCHOOL				
H.P. Becton Regional High School	\$ 34,352	\$ 104,345	\$ 97,903	\$ 40,794
ATHLETICS				
H.P. Becton Regional High School	<u>-</u>	<u>37,442</u>	<u>37,345</u>	<u>97</u>
Total	<u>\$ 34,352</u>	<u>\$ 141,787</u>	<u>\$ 135,248</u>	<u>\$ 40,891</u>

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance, July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2013</u>
ASSETS				
Cash	\$ 5,378	\$ 6,487,639	\$ 6,478,925	\$ 14,092
Due from Other Funds	<u>2,890</u>	<u>3,461</u>	<u>4,313</u>	<u>2,038</u>
Total Assets	<u>\$ 8,268</u>	<u>\$ 6,491,100</u>	<u>\$ 6,483,238</u>	<u>\$ 16,130</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 8,268	\$ 3,046,542	\$ 3,041,007	\$ 13,803
Accrued Salaries and Wages	<u>-</u>	<u>3,440,245</u>	<u>3,437,918</u>	<u>2,327</u>
Total Liabilities	<u>\$ 8,268</u>	<u>\$ 6,486,787</u>	<u>\$ 6,478,925</u>	<u>\$ 16,130</u>

LONG-TERM DEBT

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

<u>Purpose</u>	<u>Original Amount</u>	<u>Interest</u>	<u>Balance, June 30, 2012</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
Copiers	\$ 155,700	4.97%	\$ 22,878	\$ 22,878	\$ -
			<u>\$ 22,878</u>	<u>\$ 22,878</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 2,260,226	\$ 2,254,517	\$ 2,540,513	\$ 2,755,485	\$ 3,301,405	\$ 3,981,362	\$ 3,838,924	\$ 3,758,554	\$ 7,076,552	\$ 17,574,904
Restricted	367,692	312,072	440,472	741,749	1,440,828	2,579,695	3,075,823	3,590,352	2,982,122	3,117,350
Unrestricted	50,928	45,404	48,162	68,670	63,052	(57,231)	105,204	117,776	1,188,512	1,207,239
Total governmental activities net position	\$ 2,678,846	\$ 2,611,993	\$ 3,029,147	\$ 3,545,904	\$ 4,805,285	\$ 6,503,824	\$ 7,017,951	\$ 7,466,682	\$ 11,247,186	\$ 21,892,492
Business-type activities										
Net investment in capital assets	\$ 16,185	\$ 21,129	\$ 27,175	\$ 23,512	\$ 56,032	\$ 48,355	\$ 67,995	\$ 58,969	\$ 49,766	\$ 40,567
Unrestricted	21,787	35,174	37,508	42,797	5,040	9,976	22,831	50,191	81,118	89,708
Total business-type activities net position	\$ 37,972	\$ 56,303	\$ 64,681	\$ 66,309	\$ 61,072	\$ 58,331	\$ 90,826	\$ 109,160	\$ 130,884	\$ 130,275
District-wide										
Net investment in capital assets	\$ 2,276,411	\$ 2,275,646	\$ 2,567,686	\$ 2,758,997	\$ 3,357,437	\$ 4,029,717	\$ 3,906,919	\$ 3,817,523	\$ 7,126,318	\$ 17,615,471
Restricted	367,692	312,072	440,472	741,749	1,440,828	2,579,695	3,075,823	3,590,352	2,982,122	3,117,350
Unrestricted	72,715	80,578	85,670	111,467	68,092	(47,255)	126,035	167,967	1,269,630	1,296,947
Total district net position	\$ 2,716,818	\$ 2,668,296	\$ 3,093,828	\$ 3,612,213	\$ 4,866,357	\$ 6,562,155	\$ 7,108,777	\$ 7,575,842	\$ 11,378,070	\$ 22,029,768

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,532,221	\$ 4,357,703	\$ 4,520,978	\$ 4,884,101	\$ 4,985,314	\$ 5,037,266	\$ 5,314,920	\$ 4,742,803	\$ 4,746,730	\$ 4,889,373
Special Education	386,564	403,325	437,723	317,866	357,161	517,521	446,920	490,950	2,642,019	2,746,559
Other Instruction	529,257	245,027	226,500	230,429	225,933	124,335	215,490	256,703	298,380	229,418
School Sponsored Activities and Athletics	340,920	316,192	360,222	377,732	337,275	377,139	382,755	407,558	422,891	431,944
Support Services:										
Tuition	1,164,961	1,313,208	1,602,403	1,701,341	1,788,988	1,617,764	1,726,704	2,013,707	1,484,121	1,483,275
Student & Instruction Related Services	975,206	892,770	1,017,726	1,019,209	1,049,360	1,064,133	1,209,012	1,317,623	571,735	449,838
General Administration Services	394,762	462,455	435,971	494,431	493,574	480,767	544,596	483,706	215,687	248,362
School Administrative Services	380,970	232,013	211,734	237,164	229,560	224,161	246,425	262,081	498,036	537,923
Central Services and Info. Technology	263,889	408,613	350,115	344,173	355,024	412,910	395,968	455,205	1,159,180	1,238,024
Plant Operations and Maintenance	811,359	881,733	937,690	1,056,237	986,035	1,041,564	1,098,538	1,154,155	362,068	469,164
Pupil Transportation	403,389	389,326	477,493	519,942	474,136	511,867	450,174	3,346	1,931	504
Interest on Long-Term Debt	16,128	12,912	36,076	48,770	43,467	5,180	4,691	174,182		
Unallocated Depreciation	226,261	216,537	200,720	176,136	193,246	189,008	195,842			
Total governmental activities expenses	<u>9,426,087</u>	<u>10,131,814</u>	<u>10,815,351</u>	<u>11,461,490</u>	<u>11,564,879</u>	<u>11,565,884</u>	<u>12,323,728</u>	<u>12,212,193</u>	<u>12,402,778</u>	<u>12,724,384</u>
Business-type activities:										
Food service	406,425	462,999	481,780	384,664	370,431	494,342	487,781	488,913	556,895	481,547
Total business-type activities expense	406,425	462,999	481,780	384,664	370,431	494,342	487,781	488,913	556,895	481,547
Total district expenses	<u>\$ 9,832,512</u>	<u>\$ 10,594,813</u>	<u>\$ 11,297,131</u>	<u>\$ 11,846,154</u>	<u>\$ 11,935,310</u>	<u>\$ 12,060,226</u>	<u>\$ 12,811,509</u>	<u>\$ 12,701,106</u>	<u>\$ 12,959,673</u>	<u>\$ 13,205,931</u>
Program Revenues										
Governmental activities:										
Charges for Services										
Student and Instruction Related Services	\$ 22,212						\$ 90,000	\$ 90,000	\$ 93,000	\$ 86,166
General Administrative Services									219,015	240,258
Plant Operations and Maintenance									105,000	104,000
Transportation									1,312,693	1,458,642
Operating Grants and Contributions	402,683	703,131	901,649	1,185,685	1,094,304	863,184	944,486	920,792	3,042,916	9,767,230
Capital Grants								15,500		
Total governmental activities program revenues	<u>424,895</u>	<u>703,131</u>	<u>901,649</u>	<u>1,185,685</u>	<u>1,094,304</u>	<u>863,184</u>	<u>1,034,486</u>	<u>1,026,292</u>	<u>4,772,624</u>	<u>11,734,816</u>
Business-type activities:										
Charges for services										
Food Service	\$ 387,767	\$ 427,938	\$ 455,565	\$ 350,276	\$ 328,392	\$ 455,493	\$ 442,642	\$ 454,674	\$ 516,277	\$ 423,180
Operating Grants and Contributions	28,968	33,987	32,891	33,064	35,369	35,893	47,421	52,292	62,267	57,600
Total business type activities program revenues	<u>416,735</u>	<u>461,925</u>	<u>488,456</u>	<u>383,340</u>	<u>363,761</u>	<u>491,386</u>	<u>490,063</u>	<u>506,966</u>	<u>578,544</u>	<u>480,780</u>
Total district program revenues	<u>\$ 841,630</u>	<u>\$ 1,165,056</u>	<u>\$ 1,390,105</u>	<u>\$ 1,569,025</u>	<u>\$ 1,458,065</u>	<u>\$ 1,354,570</u>	<u>\$ 1,524,549</u>	<u>\$ 1,533,258</u>	<u>\$ 5,351,168</u>	<u>\$ 12,215,596</u>
Net (Expense)/Revenue										
Governmental activities	\$ (9,001,192)	\$ (9,428,663)	\$ (9,913,702)	\$ (10,275,805)	\$ (10,470,575)	\$ (10,702,700)	\$ (11,289,242)	\$ (11,185,901)	\$ (7,630,154)	\$ (989,568)
Business-type activities	10,310	(1,074)	6,676	(1,324)	(6,670)	2,282	2,282	18,053	21,649	(767)
Total district-wide net expense	<u>\$ (8,990,882)</u>	<u>\$ (9,429,737)</u>	<u>\$ (9,907,026)</u>	<u>\$ (10,277,129)</u>	<u>\$ (10,477,245)</u>	<u>\$ (10,700,418)</u>	<u>\$ (11,286,960)</u>	<u>\$ (11,167,848)</u>	<u>\$ (7,608,505)</u>	<u>\$ (990,335)</u>

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,130,712	\$ 8,784,468	\$ 9,372,596	\$ 9,850,324	\$ 10,274,317	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220	\$ 11,373,220	\$ 11,600,684
Unrestricted grants and contributions	830,524	471,190	727,868	682,434	1,190,292	1,374,891	597,162	9,436	4,957	7,559
Interest - Capital Reserve Funds	7	2	1,660	1,819	1,335	942	6,827	19,540	13,769	20,442
Investment earnings	3,526	17,715	69,509	115,328	94,086	38,313	20,811	250,420	18,712	13,190
Miscellaneous income	129,158	107,860	159,423	142,657	169,936	301,803	176,627	(30,000)		
Transfers		(19,405)								
Total governmental activities	9,093,927	9,361,830	10,330,856	10,792,562	11,729,966	12,401,239	11,803,369	11,652,616	11,410,658	11,641,875
Business-type activities:										
Investment earnings		19,405	1,702	2,952	1,433	215	213	281	75	158
Transfers		19,405	1,702	2,952	1,433	215	30,000	281	75	158
Total business-type activities	-	38,810	3,404	5,904	2,866	430	30,213	281	75	158
Total district-wide	\$ 9,093,927	\$ 9,381,235	\$ 10,332,558	\$ 10,795,514	\$ 11,731,399	\$ 12,401,454	\$ 11,833,582	\$ 11,652,897	\$ 11,410,733	\$ 11,642,033
Change in Net Position										
Governmental activities	\$ 92,735	\$ (66,853)	\$ 417,154	\$ 516,757	\$ 1,259,391	\$ 1,698,539	\$ 514,127	\$ 466,715	\$ 3,780,504	\$ 10,652,307
Business-type activities	10,310	18,331	8,378	1,628	(5,237)	(2,741)	32,495	18,334	21,724	(609)
Total district	\$ 103,045	\$ (48,522)	\$ 425,532	\$ 518,385	\$ 1,254,154	\$ 1,695,798	\$ 546,622	\$ 485,049	\$ 3,802,228	\$ 10,651,698

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 91,548	\$ 242,951	\$ 427,173	\$ 700,450	\$ 1,426,604	\$ 1,979,693	\$ 1,553,008			
Unreserved	610,159	249,974	201,176	236,304	240,441	729,662	775,854			
Restricted										
Assigned										
Unassigned										
Total general fund	\$ 701,707	\$ 492,925	\$ 628,349	\$ 936,754	\$ 1,667,045	\$ 2,709,355	\$ 2,328,862	\$ 2,300,291	\$ 3,414,956	\$ 3,669,966
All Other Governmental Funds										
Unreserved	(144)		26,003	41,299	14,224		972,815	967,925	567,186	447,384
Restricted										
Total all other governmental funds	\$ (144)	\$ -	\$ 26,003	\$ 41,299	\$ 14,224	\$ -	\$ 972,815	\$ 967,925	\$ 567,186	\$ 447,384

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

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

(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property Tax levy	\$ 8,130,712	\$ 8,784,468	\$ 9,372,596	\$ 9,850,324	\$ 10,274,317	\$ 10,685,290	\$ 11,031,942	\$ 11,373,220	\$ 11,373,220	\$ 11,600,684
Interest Earnings	3,533	17,717	70,969	117,147	95,421	39,235	27,638	28,976	18,726	28,001
Miscellaneous Income	151,370	107,860	159,423	142,657	169,936	301,803	266,627	340,420	342,727	557,448
State Sources	1,096,715	1,060,494	1,155,745	1,483,491	1,493,239	2,035,250	1,246,303	702,086	2,189,673	4,666,458
Federal Sources	136,492	113,827	473,772	384,628	791,357	202,825	295,345	234,206	2,064,909	6,233,347
Other Intermediate Source	-	-	-	-	-	-	-	-	101,027	326,067
Total revenue	9,518,822	10,084,366	11,232,505	11,978,247	12,824,270	13,264,423	12,867,855	12,678,908	16,090,282	23,212,005
Expenditures										
Instruction										
Regular Instruction	2,828,726	3,479,873	3,517,254	3,635,806	3,692,417	3,895,222	4,073,863	3,518,780	4,733,838	4,889,242
Special Education Instruction	302,742	322,502	333,130	232,536	259,943	393,106	334,341	356,168	2,642,019	2,746,559
Other Instruction	416,587	196,924	173,438	170,801	166,094	94,181	161,165	185,831	298,380	229,418
School Sponsored Activities and Athletics	286,263	267,596	294,641	295,882	266,950	305,904	306,436	314,943	420,262	429,221
Tuition	1,164,961	1,313,208	1,602,403	1,701,341	1,788,998	1,617,764	1,726,704	2,013,707	1,390,839	1,396,327
Student & Inst. Related Services	863,249	745,681	852,337	826,149	868,064	892,812	988,681	1,069,089	547,890	377,302
General Administrative	362,672	386,137	363,533	389,830	415,705	415,396	460,491	422,058	215,445	246,817
School Administrative Services	268,754	183,513	165,044	179,256	176,377	173,143	187,605	191,843	506,575	545,761
Central Services and Info. Tech.	258,565	367,542	302,654	283,534	294,969	340,534	315,369	352,975	1,063,976	1,125,760
Plant Operations and Maintenance	727,066	810,310	849,236	937,599	892,630	926,558	934,235	944,602	346,683	453,779
Pupil Transportation	365,001	407,335	431,769	530,321	476,341	422,724	482,496	384,274	3,460,473	10,618,249
Employee Benefits	1,473,387	1,637,611	1,698,923	2,071,283	2,019,900	1,900,907	2,233,981	2,296,378	29,209	22,878
Capital outlay	201,304	196,878	486,716	371,108	896,744	843,797	40,166	89,585	1,931	504
Debt service:										
Principal										
Interest and other charges				29,100	43,500	14,224			15,657,540	23,081,817
Total expenditures	9,519,277	10,315,110	11,071,078	11,654,546	12,258,632	12,236,337	12,245,533	12,140,233	15,657,540	23,081,817
Excess (Deficiency) of revenues over (under) expenditures	(455)	(230,744)	161,427	323,701	565,638	1,028,086	622,322	538,675	432,742	130,188
Other Financing sources (uses)										
Capital Leases	74,994	41,511			137,578					
Transfers in		(19,405)	26,147	44,396	16,281	3,306	1,000,000			707,017
Transfers out			(26,147)	(44,396)	(16,281)	(3,306)	(1,030,000)			(707,017)
Total other financing sources (uses)	74,994	22,106	-	-	137,578	-	(30,000)	-	-	-
Net change in fund balances	\$ 74,539	\$ (208,638)	\$ 161,427	\$ 323,701	\$ 703,216	\$ 1,028,086	\$ 592,322	\$ 538,675	\$ 432,742	\$ 130,188
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.26%	0.38%	0.12%	0.00%	0.00%	0.26%	0.19%

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Athletic Receipts</u>	<u>Prior Year's Refunds</u>	<u>Transportation Jointures</u>	<u>Rentals</u>	<u>Books and Other Fines</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 15,751	\$ 66,090	\$ 17,650	\$ 26,306	\$	\$ 22,212	\$ 148,009
2005	3,256	11,099	51,165	19,805		19,805	105,130
2006	7,681	468	86,841	23,903		27,752	146,645
2007	5,287	1,232	70,377	56,520	\$ 4,086		137,502
2008	8,876	459	71,590	83,500	4,149		168,574
2009	12,735	1,183	67,200	146,300	1,822		229,240
2010	10,118		87,486	160,425	315		258,344
2011	10,674		92,225	235,690	820		339,409
2012	8,133		105,000	219,015	1,405	9,174	342,727
2013	8,898		104,000	240,258	815	3,477	357,448

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

<u>Borough of Carlstadt</u>		Residential		Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
Year Ended December 31,	Vacant Land										
2004	\$ 93,619,340	\$ 236,537,207	\$ 181,635,070	\$ 529,753,880	\$ 5,691,900	\$ 1,047,237,397	\$ 1,893,057	\$ 1,049,130,454	\$ 1,603,684,583	\$ 0.452	
2005	84,942,340	237,712,207	201,179,070	523,393,480	5,691,900	1,052,918,997	2,117,102	1,055,036,099	1,821,979,368	0.492	
2006	17,155,380	239,279,607	192,661,410	525,909,080	5,691,900	980,697,377	2,894,475	983,591,852	1,835,421,424	0.536	
2007	15,548,680	242,047,507	190,698,410	518,931,180	5,691,900	972,917,677	2,284,763	975,202,440	2,116,186,545	0.603	
2008	17,591,430	242,799,307	190,984,410	511,520,980	5,691,900	968,588,027	2,081,101	970,669,128	2,364,059,993	0.588	
2009	17,166,930	245,689,007	192,848,910	501,540,188	5,691,900	962,936,935	1,948,795	964,885,730	2,599,309,481	0.595	
2010	18,265,130	246,979,407	191,699,410	491,574,688	5,691,900	954,210,535	1,865,607	956,076,142	2,692,987,959	0.635	
2011	18,162,930	246,384,007	173,503,810	488,209,888	5,691,900	931,952,535	1,813,445	933,765,980	2,258,731,302	0.617	
2012	19,242,430	245,690,007	160,241,410	488,367,588	5,691,900	919,233,335	1,813,445	921,046,780	2,147,168,033	0.634	
2013	34,305,800	515,816,100	377,826,200	1,062,832,900	12,522,700	2,003,303,700	3,783,126	2,007,086,826	2,015,315,081	0.304	

Borough of East Rutherford

<u>Borough of East Rutherford</u>		Residential		Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
Year Ended December 31,	Vacant Land										
2004	\$ 50,825,500	\$ 270,132,460	\$ 213,059,971	\$ 297,013,300	\$ 34,804,500	\$ 865,837,735	\$ 2,574,913	\$ 868,412,648	\$ 1,297,151,393	\$ 0.465	
2005	47,465,600	272,871,460	228,767,671	296,208,000	34,804,500	880,119,236	2,530,352	882,649,588	1,370,638,696	0.474	
2006	47,083,500	274,214,160	230,132,571	293,740,500	34,804,500	879,977,237	2,139,598	882,116,835	1,540,525,845	0.519	
2007	21,905,600	279,467,660	273,181,971	292,189,000	61,099,600	927,845,838	2,028,598	929,874,436	1,681,665,242	0.474	
2008	20,490,500	280,089,160	294,412,871	291,950,000	45,923,100	932,867,639	2,051,427	934,919,066	1,924,641,354	0.533	
2009	21,340,200	281,850,450	248,793,300	287,310,100	59,773,100	899,067,150	1,869,582	900,936,732	2,127,370,972	0.587	
2010 (A)	24,087,200	620,913,200	549,450,100	691,428,800	132,949,800	2,018,831,110	4,629,139	2,023,460,249	2,348,978,853	0.262	
2011	30,169,900	620,286,300	535,068,700	688,918,800	130,562,300	2,005,008,011	4,220,950	2,009,228,961	2,409,474,206	0.280	
2012	28,711,500	620,449,400	527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,993,078,993	2,414,475,439	0.288	
2013	28,711,500	620,449,400	527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.297	

Source: Municipal Tax Collector

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

N/A Not Available

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

Borough of Carlstadt

Calendar Year	Total Direct <u>School Tax Rate</u> Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Local School	Borough of Carlstadt	Municipal Library	County	
2004	\$ 0.452	\$ 0.650	\$ 1.135		\$ 0.313	\$ 2.550
2005	0.492	0.775	1.179		0.334	2.780
2006	0.536	0.903	1.288		0.333	3.060
2007	0.603	0.928	1.393		0.376	3.300
2008	0.588	0.994	1.476		0.447	3.505
2009	0.595	1.041	1.688		0.504	3.828
2010	0.635	1.091	1.727		0.548	4.001
2011	0.617	1.136	1.685	\$ 0.083	0.495	4.016
2012	0.634	1.169	1.767	0.078	0.497	4.145
2013	* 0.304	0.553	0.881	0.033	0.237	2.008

* Carlstadt underwent a revaluation of property effective 2013.

Borough of East Rutherford

Calendar Year	Total Direct <u>School Tax Rate</u> Regional School	Overlapping Rates				Total Direct and Overlapping Tax Rate
		Local School	Borough of East Rutherford	Municipal Library	County	
2004	\$ 0.465	\$ 1.157	\$ 0.461		\$ 0.307	\$ 2.390
2005	0.474	1.178	0.543		0.305	2.500
2006	0.519	1.247	0.605		0.319	2.690
2007	0.474	1.227	0.563		0.316	2.580
2008	0.533	1.266	0.661		0.381	2.841
2009	0.587	1.363	0.688		0.446	3.084
2010	* 0.262	0.644	0.424		0.222	1.552
2011	0.280	0.661	0.424	\$ 0.032	0.221	1.618
2012	0.288	0.675	0.502	0.033	0.237	1.735
2013	0.297	0.704	0.532	0.033	0.279	1.845

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

Source: Municipal Tax Collector

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

Taxpayer	Borough of Carlstadt			
	2013		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer #1			\$ 91,383,500	8.74%
Russo	\$ 225,491,700	11.23%		
Empire LTD.			62,321,800	5.96%
AMB Properties	90,242,000	4.50%		
Trans Con Pipe Line	85,754,600	4.27%	45,047,100	4.31%
AMB Properties			38,179,600	3.65%
Prologis Trust	39,990,500	1.99%	35,225,200	3.37%
Meadowland Ptns	38,837,200	1.94%		
Gotham Industrial Park			17,463,300	1.67%
Barrell Associates			11,184,200	1.07%
Paterson Plank Realty	18,520,900	0.92%	10,713,500	1.02%
455 Sixteenth St.	17,313,700	0.86%		
Barrell Associates	16,318,602	0.81%		
A.G. Holdings	12,524,800	0.62%		
Commercial Ave. Assoc			8,900,000	0.85%
Keystone, NJ Assoc			8,733,900	0.84%
Individual Taxpayer #2	300,000	0.01%		
	<u>\$ 545,294,002</u>	<u>27.17%</u>	<u>\$ 329,152,100</u>	<u>31.48%</u>

Taxpayer	Borough of East Rutherford			
	2013		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 321,169,300	16.28%	\$ 94,000,000	11.18%
Meadowlands Plaza			53,292,500	6.34%
KBII One Meadowlands Plaza	75,000,000	3.80%		
Richard Branca Family Properties		0.00%		
BPG Hotel XVII (Sheraton)	42,500,000	2.15%		
Vornado Realty Trust	37,207,300	1.89%		
Avalon NJ Value II, LLC	35,715,600	1.81%		
Richard Branca Family Properties	31,030,700	1.57%		
Branca Properties, Inc.			30,083,971	3.58%
East Rutherford Lodging (Residence Inn)		0.00%		
E.R.GRP% Prime Hospitality			27,885,000	3.32%
Racioppi, (ETALS)	23,500,000	1.19%		
Liberty Terrace	23,300,000	1.18%		
Liberty Commons, LLC	22,984,000	1.16%		
Bransons	19,534,900	0.99%		
Honeywell International			19,423,000	2.31%
Liberty Commons, LLC			8,760,000	1.04%
BRE/HV Properties, LLC			9,108,000	1.08%
450 Murray Hill Corporation			8,077,500	0.96%
	<u>\$ 631,941,800</u>	<u>32.03%</u>	<u>\$ 250,629,971</u>	<u>29.81%</u>

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	8,130,712	8,130,712	100.00%	
2005	8,784,468	8,784,468	100.00%	
2006	9,372,596	9,372,596	100.00%	
2007	9,850,324	9,850,324	100.00%	
2008	10,274,317	10,274,317	100.00%	
2009	10,685,290	10,685,290	100.00%	
2010	11,031,942	11,031,942	100.00%	
2011	11,373,220	11,373,220	100.00%	
2012	11,373,220	10,425,452	91.67%	\$ 947,768
2013	11,600,684	11,600,684	100.00%	-

Source: District Records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2004		\$ 258,583	\$ 258,583	13,988	\$ 18
2005		188,109	188,109	14,003	13
2006		128,602	128,602	13,800	9
2007		65,954	65,954	13,686	5
2008		131,498	131,498	14,707	9
2009		106,330	106,330	14,844	7
2010		79,881	79,881	15,057	5
2011		52,087	52,087	15,140	3
2012		22,878	22,878	15,297	1
2013		-	-	15,297 (E)	-

Source: District records

E - Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2004	N/A				
2005	N/A				
2006	N/A				
2007	N/A				
2008	N/A				
2009	N/A				
2010	N/A				
2011	N/A				
2012	N/A				
2013	N/A				

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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

Total Direct Debt of Carlstadt-East Rutherford Regional Board of Education as of June 30, 2013	-
Total Direct Debt of School District	-
Municipal Debt: (1)	
Borough of Carlstadt	\$ 14,039,588
Carlstadt Public Schools K-8	23,635,524
Borough of East Rutherford	50,067,977
East Rutherford Public Schools K-8	4,851,787
Bergen County:	
County of Bergen (A)	21,271,576
Bergen County Utilities Authority (B)	6,313,381
Total Overlapping Debt	120,179,833
Total Direct and Overlapping Debt	\$ 120,179,833

Source:

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

(A) The debt for this entity was apportioned to the Borough of Carlstadt and East Rutherford by dividing the municipality's 2012 equalized value by the total 2012 equalized value for Bergen County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Year	Borough of			Combined Equalized Valuation Basis
	Carlstadt Equalized Valuation Basis	East Rutherford Equalized Valuation Basis	East Rutherford Equalized Valuation Basis	
2012	1,985,814,074	1,961,668,902	3,947,482,976	
2011	2,153,807,569	1,982,798,655	4,136,606,224	
2010	2,312,677,012	1,977,693,084	4,290,370,096	
			<u>\$ 12,374,459,296</u>	
			\$ 4,124,819,765	

Average equalized valuation of taxable property

Debt limit (3 % of average equalization value)	123,744,593
Total Net Debt Applicable to Limit	-
Legal debt margin	<u>\$ 123,744,593</u>

Fiscal Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 74,815,994	\$ 85,037,731	\$ 93,991,528	\$ 102,456,285	\$ 111,762,424	\$ 122,804,727	\$ 132,359,439	\$ 134,851,867	\$ 130,593,244	\$ 123,744,593
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 74,815,994	\$ 85,037,731	\$ 93,991,528	\$ 102,456,285	\$ 111,762,424	\$ 122,804,727	\$ 132,359,439	\$ 134,851,867	\$ 130,593,244	\$ 123,744,593
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

Borough of Carlstadt

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	5,941	\$ 54,669	3.00%
2005	5,925	56,963	3.10%
2006	5,916	63,021	3.30%
2007	5,965	67,113	3.00%
2008	5,999	68,541	3.90%
2009	6,059	64,388	7.00%
2010	6,134	65,486	7.20%
2011	6,168	66,096	7.10%
2012	6,319	N/A	7.20%
2013	6,319 (E)	N/A	N/A

Borough of East Rutherford

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	8,047	\$ 54,669	4.50%
2005	8,078	56,963	4.90%
2006	7,884	63,021	5.20%
2007	7,721	67,113	4.70%
2008	8,708	68,541	6.10%
2009	8,785	64,388	10.70%
2010	8,923	65,486	11.00%
2011	8,972	66,096	10.80%
2012	8,978	N/A	11.00%
2013	8,978 (E)	N/A	N/A

N/A - Not Available

(E) Estimated

Source: New Jersey State Department of Education

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

Borough of Carlstadt

<u>Employer</u>	<u>2013</u>		<u>2003</u>	
	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u> <u>% of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

Borough of East Rutherford

<u>Employer</u>	<u>2013</u>		<u>2003</u>	
	<u>Employees</u>	<u>% of Total Municipal Employment</u>	<u>Employees</u>	<u>% of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	44.6	44.6	44.6	44.6	44.6	43.9	43.9	40.0	41	41
Special Education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4	4
Support Services:										
Student & instruction related services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3	3
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3	3
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3	3
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3	3
Plant operations and maintenance	4.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4	4
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2	2
Total	67.6	66.6	66.6	66.6	66.6	65.9	65.9	62.0	63.0	63.0

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	High School				
2004	525	\$ 9,317,973	\$ 17,749	4.89%	52.6	1:12	529.6	499.0	4.05%	94.22%	
2005	556	10,118,232	18,198	2.53%	52.6	1:11	526.8	496.6	-0.53%	94.27%	
2006	577	10,584,362	18,344	0.80%	52.6	1:11	536.6	504.3	1.86%	93.98%	
2007	555	11,254,338	20,278	10.54%	52.6	1:11	525.8	492.3	-2.01%	93.63%	
2008	549	11,318,388	20,616	1.67%	52.6	1:11	523.0	495.1	-0.53%	94.67%	
2009	506	11,378,316	22,487	9.07%	51.9	1:10	493.2	465.6	-5.70%	94.40%	
2010	534	12,205,367	22,856	1.64%	51.9	1:10	493.6	462.1	0.08%	93.62%	
2011	521	12,050,648	23,130	1.20%	47.0	1:10	485.0	451.9	-1.74%	93.18%	
2012	526	12,165,927	23,151	0.09%	45.0	1:11	484.8	455.4	-0.04%	93.94%	
2013	543	12,440,186	22,910	-1.04%	45.0	1:12	492.6	467.9	1.61%	94.99%	

Sources: District records

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

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

District Building	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
High School										
Becton Regional High School	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Square Feet	800	800	800	800	800	800	800	800	800	800
Capacity (students)	525	556	577	555	549	506	534	521	526	543
Enrollment										

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

Source: District Records

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

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

Project # (s)	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
School Facilities										
Becton High School	<u>\$ 217,474</u>	<u>\$ 264,232</u>	<u>\$ 249,455</u>	<u>\$ 308,164</u>	<u>\$ 255,002</u>	<u>\$ 253,506</u>	<u>\$ 249,600</u>	<u>\$ 237,357</u>	<u>\$ 214,854</u>	<u>\$ 212,482</u>
Grand Total	<u>\$ 217,474</u>	<u>\$ 264,232</u>	<u>\$ 249,455</u>	<u>\$ 308,164</u>	<u>\$ 255,002</u>	<u>\$ 253,506</u>	<u>\$ 249,600</u>	<u>\$ 237,357</u>	<u>\$ 214,854</u>	<u>\$ 212,482</u>

Source: District Records

Source: School District's financial statements

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013
(Unaudited)

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

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Carlstadt-East Rutherford Regional Board of Education's basic financial statements and have issued our report thereon dated November 27, 2013

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Carlstadt-East Rutherford Regional Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 27, 2013

Purpose of this Report

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

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants


Jeffery C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Carlstadt-East Rutherford Regional Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carlstadt-East Rutherford Regional Board of Education's major federal and state programs for the fiscal year ended June 30, 2013. The Carlstadt-East Rutherford Regional Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Carlstadt-East Rutherford Regional Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 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 the Carlstadt-East Rutherford Regional Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 which are described in the accompanying schedule of findings and questioned costs as items 2013-001, 2013-002 and 2013-003. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Carlstadt-East Rutherford Regional Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carlstadt-East Rutherford Regional Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Carlstadt-East Rutherford Regional Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carlstadt-East Rutherford Regional Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 27, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants


Jeffery C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2013

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Cash Received	Budgetary Expenditures	June 30, 2013 (Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2013	MEMO GAAP Receivable
U.S. Department of Agriculture Passed-through State Department of Education											
Enterprise Fund	10.222										
National School Lunch Program		N/A	07/1/12-6/30/13	\$ 15,443	\$	\$ 13,934	\$	\$ 1,509			
Non-Cash Assistance (Food Distribution)		N/A	07/1/11-6/30/12	13,106	91	91					
Non-Cash Assistance (Food Distribution)		N/A	07/1/12-6/30/13	37,086		37,086		(6,701)			\$ (6,701)
Cash Assistance		N/A	07/1/11-6/30/12	42,203	(1,012)	1,012					
Cash Assistance		N/A	07/1/12-6/30/13	5,461		5,461		(1,062)			(1,062)
National School Breakfast Program	10.553	N/A	07/1/11-6/30/12	5,802	(277)	277					
Cash Assistance		N/A									
Cash Assistance		N/A									
Total Enterprise Fund				51,516	(1,198)	56,572		(7,763)	1,509		(7,763)
U.S. Department of Education General Fund											
Education Job Funds	84.410A	N/A	07/1/11-6/30/12	19,139	(2,658)	2,658					
Total General Fund				2,658	(2,658)						
U.S. Department of Education Passed-through State Department of Education											
Special Revenue											
Title I A	84.010A	NCLB4010013	9/1/12-8/31/13	39,677		39,677		(4,752)			(4,752)
Title I A	84.010A	NCLB4010012	9/1/11-8/31/12	14,390	(3,514)	3,514					
Title II A	84.281A	NCLB153008	9/1/12-8/31/13	11,219		11,219		(11,219)			(11,219)
Title III	84.365	NCLB153004	9/1/12-8/31/13	3,917		3,917		(3,917)			(3,917)
I.D.E.I.A Part B, Basic Regular	84.027A	FT-1530-13	9/1/12-8/31/13	113,173		113,173					
Total Special Revenue Fund				151,612	(3,514)	167,986		(19,888)			(19,888)
U.S. Department of Transportation Passed-through Federal Aviation Administration and Port Authority of New York and New Jersey Capital Projects Fund:											
Airport Improvement Program:											
Block Grant TEB 18-03 - Aircraft Noise Abatement Program School Soundproofing Project	20.106	35-06, 113-07, 48-11	N/A	11,964,708	(1,756,163)	7,043,214	6,065,361	(6,009,569)	5,231,259		(6,009,569)
H.P. Becton Regional High School-Construction					(1,756,163)	7,043,214	6,065,361	(6,009,569)	5,231,259		(6,009,569)
Total				\$ 7,249,000	(1,763,533)	\$ 6,289,919	\$ 6,289,919	(6,037,220)	\$ 5,232,768		(6,037,220)

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	MEMO	
										GAAP Receivable	Cumulative Total Expenditures
State Department of Education											
<u>General Fund</u>											
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 304,212	\$	\$ 304,212	\$ 304,212					\$ 304,212
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	26,647		26,647	26,647					26,647
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	15,462		15,462	15,462					15,462
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	20,550		20,550	20,550	\$ (20,550)				20,550
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	20,021	\$ (20,021)	20,021						
TPAF Pension Benefit Contributions	13-495-034-5095-006	7/1/12-6/30/13	272,619		272,619	272,619					272,619
TPAF Pension - NCGI Premium	13-100-034-5095-007	7/1/12-6/30/13	14,343		14,343	14,343					14,343
TPAF Pension-Post Retirement Medical	13-100-034-5095-001	7/1/12-6/30/13	324,481		324,481	324,481					324,481
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	312,871		297,596	312,871	(15,275)			(15,275)	312,871
Total General Fund				(20,021)	1,275,581	1,291,185	(35,825)			(15,275)	1,291,185
State Department of Agriculture											
<u>Enterprise Fund</u>											
National School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	1,028		846	1,028	(182)			(182)	1,028
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	1,247	(31)	31						
Total Enterprise Fund				(31)	877	1,028	(182)			(182)	1,028
State of New Jersey Schools Development Authority:											
<u>Capital Projects:</u>											
Section 15 Grant - Henry P. Becton Regional High School											
New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms	0745-050-09-OJAW	N/A	8,286,520	(1,862,680)		3,375,802	(8,286,520)	3,048,038		(8,286,520)	5,238,482
Total Capital Projects				(1,862,680)		3,375,802	(8,286,520)	3,048,038		(8,286,520)	5,238,482
State Financial Assistance											
Not Subject to Single Audit Determination											
<u>General Fund</u>											
TPAF Pension Contributions	13-495-034-5095-006	7/1/12-6/30/13	272,619		(272,619)	(272,619)					(272,619)
TPAF Pension - NCGI Premium	13-100-034-5095-007	7/1/12-6/30/13	14,343		(14,343)	(14,343)					(14,343)
TPAF Pension-Post Retirement Medical	13-100-034-5095-001	7/1/12-6/30/13	324,481		(324,481)	(324,481)					(324,481)
Total State Financial Assistance Subject to Single Audit				(1,882,732)	664,815	4,056,572	(8,322,527)	3,048,038		(8,301,977)	5,919,252

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

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$529 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,290,656	\$ 1,290,656
Special Revenue Fund	\$ 167,986		167,986
Capital Projects Fund	6,065,361	3,375,802	9,441,163
Food Service Fund	<u>56,572</u>	<u>1,028</u>	<u>57,600</u>
 Total Financial Assistance	 <u>\$ 6,289,919</u>	 <u>\$ 4,667,486</u>	 <u>\$ 10,957,405</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$312,871 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$286,962 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$324,481 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Internal Control over major programs:	
(1) Material weaknesses identified?	_____ yes <u> X </u> no
(2) Significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes <u> X </u> none reported

Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	<u> X </u> yes _____ no

Identification of major federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 300,000</u>
--	--------------------------

Auditee qualified as low-risk auditee?	___ yes <u> X </u> no
--	-----------------------------

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

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
13-495-034-5095-002	TPAF Social Security
13-495-034-5120-089	Special Education Aid
13-495-034-5120-084	Security Aid
0745-050-09-0JAW	SDA - Educational Facility Construction and Financing Act Program

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

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

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2013-01:

Our audit of the Noise Abatement and High School Addition project revealed that certain change orders were not approved by the Board.

Federal Program Information:

Airport Improvement Program – Noise Abatement Projects 20.106

Criteria or specific requirement:

Federal Grant Compliance Supplement – Airport Improvement Program – Noise Abatement
New Jersey Administrative Code – N.J.A.C. 5:30-11.3

Condition:

Changes to original contract awards for certain contracts were not presented to the Board for their approval in certain instances.

Questioned Costs:

Unknown

Context:

We noted change orders totaling \$763,689 were not approved by the Board and included in the official minutes.

Effect:

Noncompliance with requirements of the New Jersey Administrative Code regarding procedures for changes to original contract awards

Cause:

See Condition.

Recommendation:

All change orders to original contract awards be approved by the Board and made part of the official minutes

Management's Response:

Management has reviewed this finding and has indicated it will review its procedures and make appropriate revisions to ensure corrective action be taken.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-02:

Our audit of the Noise Abatement and High School Addition project revealed certain change orders were not approved by the Board.

Stage Program Information:

SDA – Educational Facility Construction and Financing Act Program 0745-050-09-OJAW

Criteria or specific requirement:

State Grant Compliance Supplement – SDA Educational Facility Construction and Financing Act Program
New Jersey Administrative Code – N.J.A.C. 5:30-11.3

Condition:

See Finding 2013-01.

Questioned Costs:

Unknown

Context:

See Finding 2013-01.

Effect:

See Finding 2013-01.

Cause:

See Finding 2013-01

Recommendation:

All change orders to original contract awards be approved by the Board and be made part of the official minutes.

Management's Response:

See Finding 2013-01.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-03:

Our audit of the certified staff salaries revealed that certain salaries for the Athletic Director, Supervisor of Instruction and Director of Curriculum were not charged to the proper budget line accounts.

Stage Program Information:

Special Education Aid	13-495-034-5120-089
Security Aid	13-495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public

Condition:

Budget account charges for salaries of certified staff were not classified and charged to the proper budget line accounts.

Questioned Costs:

Unknown

Context:

Approximately \$253,000 of budget account charges for salaries of certified staff were not charged to the proper budget line accounts.

Effect:

The District's budget reports may not accurately reflect expenditure classifications in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Cause:

Salaries were not properly classified and charged to the proper budget line item accounts in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Recommendation:

Certified staff salaries be classified and charged to the proper budget line item accounts in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Management's Response:

Management has reviewed this finding and has indicated it will review its procedures and make appropriate revisions to ensure corrective action be taken.

**CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1

Condition:

Encumbrances and accounts payable for the Capital Projects Fund did not accurately reflect project costs for the Noise Abatement and High School Improvement Construction Projects.

Current Status

Corrective Action has been taken.