

Carlstadt-East Rutherford Regional High School District

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

Comprehensive Annual

Financial Report

of the

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

East Rutherford, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

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

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INTRODUCTORY SECTION

CARLSTADT-EAST RUTHERFORD REGIONAL BOARD OF EDUCATION

120 PATERSON AVENUE
EAST RUTHERFORD, N.J. 07073



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

NICHOLAS ANNITTI
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

TELEPHONE: (201) 935-4940-1
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November 29, 2010

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, 2010. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Carlstadt-East Rutherford Regional High School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

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

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

- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Treasury Circular Letter 04-04 OMB, *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 534 students in grades nine through twelve. An elected nine-member Board of Education (the "Board") serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of District tax money.

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

Reporting Entity

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

Economic Conditions and Outlook

The District completed the 2009-2010 fiscal year with an average daily enrollment of 493.6 students, which is 0.4 students above the previous year's enrollment. The following details the changes in the student average daily enrollment of the District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2009-10	493.6	0.08 %
2008-09	493.2	-6.20
2007-08	523.0	-0.53
2006-07	525.8	-2.01
2005-06	536.6	1.86

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 2010-2011 was defeated by a total of 68 votes out of 1,708 ballots cast and, as a result, the proposed budget was reduced \$100,000. Overall tax revenue for the general fund still increased for the 2010-11 school year by 3.1%, but the increase in projected expenditures from inflationary pressures has outpaced the additional revenue. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

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

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

Educational Program

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

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

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

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

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

All staff members share the responsibility of insuring that students attain their greatest potential educationally, socially and vocationally. Working as a team, counselors, teachers, administrators, psychologist, social worker, learning disability specialist, student assistant counselor, 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 reservations of fund balance at June 30, 2010.

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

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

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McKinley, White & Co., L.L.P., was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, the Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA), USOMB Circular A-133, and New Jersey OMB Circular Letter 04-04. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

Acknowledgements

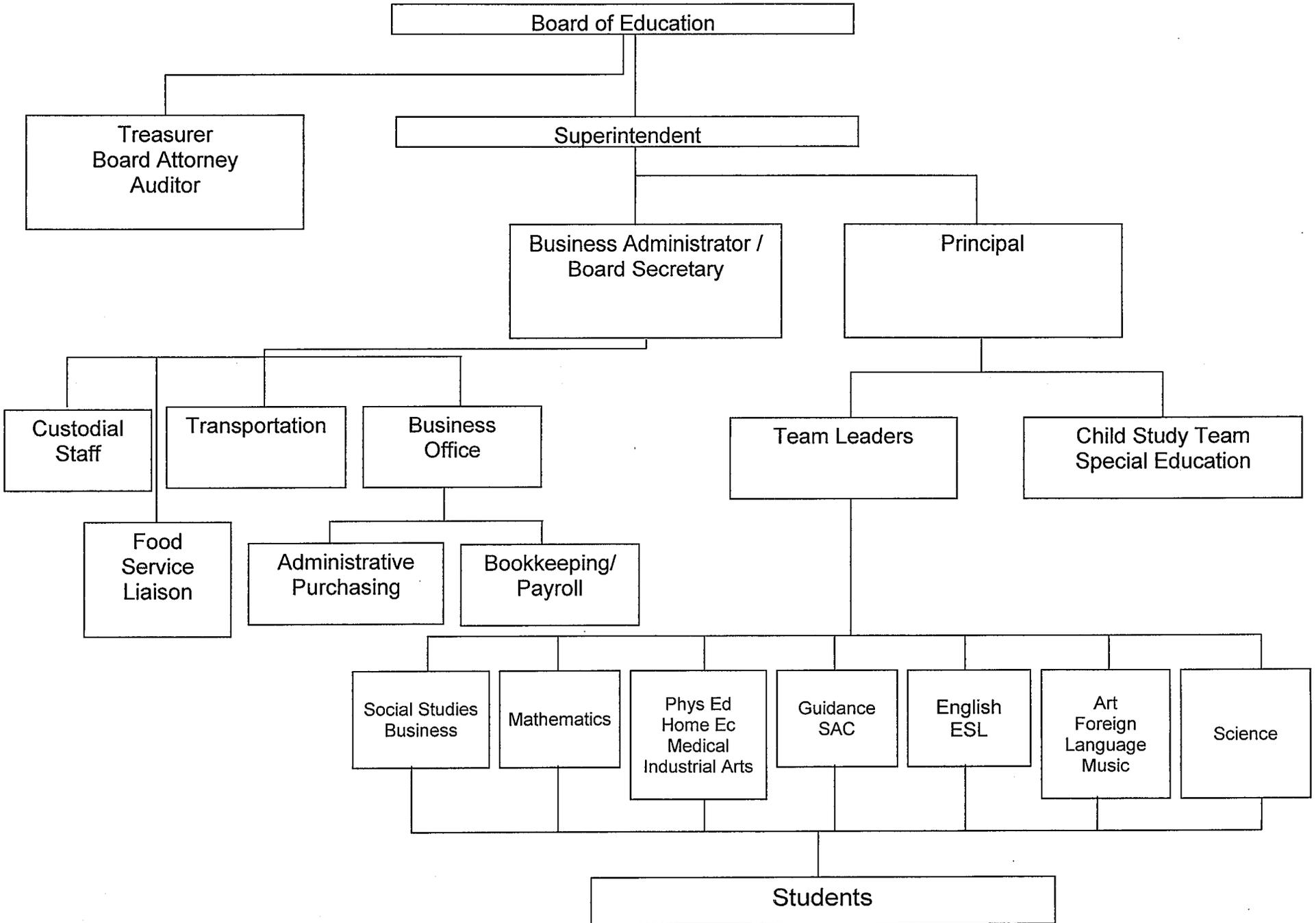
We would like to express our appreciation to the members of the Carlstadt-East Rutherford Regional High School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



Nicholas Annitti
Board Secretary/Business Administrator

Carlstadt—East Rutherford Regional School District Organization Chart



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CARLSTADT-EAST RUTHERFORD REGIONAL
BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2010

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Lawrence Bongiovanni, President (East Rutherford)	2013
Raymond Muszynski, Vice President (Carlstadt)	2012
John J. Ondrof, (Carlstadt)	2011
Bruce R. Young, (Carlstadt)	2011
Richard Vartan, (East Rutherford)	2011
Joseph Morris, (East Rutherford)	2012
Jerome Winston (East Rutherford)	2012
Robert Anderson, (Carlstadt)	2013
Richard Evans, (East Rutherford)	2013

OTHER OFFICIALS

Paul J. Saxton, Interim Superintendent
Nicholas Annitti, Board Secretary/Business Administrator
Dominick Giancaspro, Treasurer of School Moneys
Paul Barbire, Esq., Legal Counsel

CARLSTADT-EAST RUTHERFORD REGIONAL
BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

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

Attorney

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

Official Depository

TD Bank
571 New York Avenue
Lyndhurst, New Jersey 07071

FINANCIAL SECTION

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Carlstadt-East Rutherford Regional High School District (the District), in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education of the Carlstadt-East Rutherford Regional High School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Carlstadt-East Rutherford Regional High School District, in the County of Bergen, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2010 on our consideration of the Board of Education of the Carlstadt-East Rutherford Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

McKinley White & Co. LLP

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

Thomas W. McKinley

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

Paramus, New Jersey

November 29, 2010

REQUIRED SUPPLEMENTARY INFORMATION - PART I

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of the Carlstadt-East Rutherford Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets increased \$546,622 which represents an 8.33 percent increase from 2009.
- General revenues accounted for \$11,833,582 of revenue or 88.59 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$1,524,549 or 11.41 percent of total revenues of \$13,358,131.
- Total assets of governmental activities increased by \$276,064 as cash increased by \$639,725, receivables decreased by \$194,774, and capital assets decreased by \$168,887.
- The School District had \$12,811,509 in expenses; only \$1,524,549 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11,833,582 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$12,565,695 in revenues and \$11,916,188 in expenditures. The General Fund balance decreased by \$380,493.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Governmental Funds

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

Proprietary Funds

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

The School District as a Whole

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

Table 1 provides a summary of the District's net assets for fiscal years 2010 and 2009.

TABLE 1

	Governmental Activities		Business-type Activities		Total		Amount Change	%
	2010	2009	2010	2009	2010	2009		
	NET ASSETS							
Assets:								
Current and								
Other Assets	\$ 4,380,567	\$ 3,935,616	\$ 97,030	\$ 58,501	\$ 4,477,597	\$ 3,994,117	\$ 483,480	12.10%
Capital Assets	3,918,805	4,087,692	67,995	48,355	3,986,800	4,136,047	(149,247)	-3.61%
Total Assets	8,299,372	8,023,308	165,025	106,856	8,464,397	8,130,164	334,233	4.11%
Liabilities:								
Long-term Liabilities	1,196,948	1,274,429			1,196,948	1,274,429	(77,481)	-6.08%
Other Liabilities	84,473	245,055	74,199	48,605	158,672	293,660	(134,988)	-45.97%
Total Liabilities	1,281,421	1,519,484	74,199	48,605	1,355,620	1,568,089	(212,469)	-13.55%
Net Assets:								
Invested in Capital								
Assets, Net of Debt	3,838,924	3,981,362	67,995	48,355	3,906,919	4,029,717	(122,798)	-3.05%
Restricted	3,075,823	2,579,693			3,075,823	2,579,693	496,130	19.23%
Unrestricted (deficit)	103,204	(57,231)	22,831	9,976	126,035	(47,255)	173,290	-366.71%
Total Net Assets	\$ 7,017,951	\$ 6,503,824	\$ 90,826	\$ 58,331	\$ 7,108,777	\$ 6,562,155	\$ 546,622	8.33%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

The District's combined net assets were \$7,108,777. This was an increase of 8.33 percent from 2009.

Table 2 shows changes in net assets for fiscal year 2010 and 2009.

**Table 2
Changes in Net Assets**

	<u>2010</u>	<u>2009</u>	<u>Amount Change</u>	<u>% Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 532,642	\$ 455,493	\$ 77,149	16.94%
Operating Grants and Contributions	991,907	899,077	92,830	10.33%
General Revenues:				
Property Taxes	11,031,942	10,685,290	346,652	3.24%
Grants and Entitlements	597,162	1,374,891	(777,729)	-56.57%
Other	204,478	341,273	(136,795)	-40.08%
Total Revenues	<u>13,358,131</u>	<u>13,756,024</u>	<u>(397,893)</u>	<u>-2.89%</u>
Program Expenses:				
Instruction	6,360,085	6,056,261	303,824	5.02%
Support Services:				
Pupils and Instructional Staff	2,935,716	2,681,897	253,819	9.46%
General Administration, School Administration, Business Operations, and Maintenance of Facilities	2,285,527	2,159,402	126,125	5.84%
Pupil Transportation	541,867	474,136	67,731	14.29%
Interest on Debt	4,691	5,180	(489)	-9.44%
Unallocated Depreciation	195,842	189,008	6,834	3.62%
Food Service	487,781	494,342	(6,561)	-1.33%
Total Expenses	<u>12,811,509</u>	<u>12,060,226</u>	<u>751,283</u>	<u>6.23%</u>
Increase in Net Assets	<u>\$ 546,622</u>	<u>\$ 1,695,798</u>	<u>\$ (1,149,176)</u>	<u>-67.77%</u>

Governmental Activities

The District's total governmental activities revenues were \$12,867,855 for the year ended June 30, 2010. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for District operations. Property taxes made up 85.73 percent of revenues for governmental activities for the Carlstadt-East Rutherford Regional High School District for fiscal year 2010. Federal and state grants accounted for another 11.98 percent of governmental activities revenues.

The total cost of all governmental activities programs and services was \$12,323,728. Instruction comprises 51.61 percent of District expenses.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Business-type Activities

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

- Food Service revenues exceeded expenses by \$2,282.
- Food Service charges for services were \$442,642, which represents amounts paid by patrons for daily food service.
- Food Service federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$47,421.

Governmental Activities

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

Table 3

	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>
Instruction	\$ 6,360,085	\$ 5,766,239	\$ 6,056,261	\$ 5,415,617
Support Services:				
Pupils and Instructional Staff	2,935,716	2,556,112	2,681,897	2,520,274
General Administration, School Administration, Business Operations, and Maintenance of Facilities	2,285,527	2,224,491	2,159,402	2,098,485
Pupil Transportation	541,867	541,867	474,136	474,136
Interest on Debt	4,691	4,691	5,180	5,180
Unallocated Depreciation	195,842	195,842	189,008	189,008
Total Expenses	<u>\$ 12,323,728</u>	<u>\$ 11,289,242</u>	<u>\$ 11,565,884</u>	<u>\$ 10,702,700</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

The School District's Funds

All governmental funds (i.e., general fund, capital projects, and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$12,867,855 and expenditures were \$12,245,533. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$380,493. This largely reflects the District's transfer from the General Fund to the Capital Reserve Fund and to the Capital Projects Fund to provide for unanticipated project costs and interest on notes.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following table presents a summary of the revenues of the governmental funds for the general fund, and special revenue fund for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to prior year revenues. The capital projects fund has been excluded, as these revenues vary substantially from year to year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 2008-09</u>	<u>Percent Of Increase (Decrease)</u>
Local Sources	\$ 11,319,392	88.01 %	\$ 296,350	2.69 %
State Sources	1,246,303	9.69	(20,336)	(1.61) %
Federal Sources	<u>295,345</u>	<u>2.30</u>	<u>116,520</u>	65.16 %
Total	<u>\$ 12,861,040</u>	<u>100.00 %</u>	<u>\$ 392,534</u>	3.15 %

The increase in revenue from local sources of \$296,350 is primarily due to an increase in local tax levy. The increase in local revenue was needed to fund the additional expenditures associated with higher operating costs and the small increases in state aid.

Revenues from state sources decreased by \$20,336. On-Behalf TPAF pension contributions, post-retirement medical and reimbursed TPAF social security contributions decreased by a total amount of \$33,061, (which is off-set by an equal decrease in expenditures). Extraordinary special education aid increased by \$5,727. Other state aid recorded in the general fund increased by \$21,099.

Revenue from federal sources increased \$116,520, primarily from new funding provided by ARRA - I.D.E.A. Part B and ARRA - Title I Part A grants.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

The following table presents a summary of the general fund and special revenue fund expenditures for the fiscal year ended June 30, 2010 and the amount of increases and decreases in relation to prior year expenditures. The capital projects fund has been excluded, as these expenditures vary substantially from year to year.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2008-09</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 4,818,957	39.46 %	\$ 184,222	3.97
Undistributed Expenditures	7,091,065	58.07	526,309	8.02
Capital Outlay	6,166	0.05	(45,020)	(87.95)
Special Revenue	295,345	2.42	116,520	65.16
Debt Service	0	0.00	(14,224)	100.00
Total	\$ 12,211,533	100.00 %	\$ 767,807	6.71

Changes in expenditures were the results of varying factors. Current expense primarily increased due to increased salaries and benefits. Additionally, on-behalf TPAF pension contributions, post-retirement medical and reimbursed TPAF social security contributions decreased by a total amount of \$33,061, (which is off-set by an equal decrease in revenues).

The increase in special revenue fund expenditures is primarily due to an increase in grants from federal sources.

General Fund Budgeting Highlights

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

- Regular Programs-Instruction: General Supplies budgeted increased by \$165,108 due to purchase of classroom computers and laptops for staff.
- Regular Programs-Instruction: Health Benefits budgeted in the amount of \$1,000,000 were reclassified to Unallocated Benefits-Health Benefits.
- Special Education-Instruction: Salaries of Teachers budget was decreased in the amount of \$69,396 because of a reduction in staff in the resource room.
- Undistributed Expenditures-Instruction: Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate accounts to pay these special education costs. A decrease of \$140,329 in budgeted tuition costs for other LEAs within the state - special is the result of a reduction in student placements. \$187,314 in budgeted tuition costs for private schools for the handicapped were decreased in the general fund due to additional funding available through federal grants.
- Guidance: Salaries of Other Professional Staff budget increased by \$61,828 due to a partial change in assignment of one teacher to SAC counselor.
- Improvement of Instruction Services/Other Support Services-Instructional Staff: Salaries of Supervisors of Instruction budget was increased by \$114,583 due to the creation of a Director of Curriculum and Instruction position to be shared by the regional high school and elementary schools of the Borough of Carlstadt and Borough of East Rutherford Boards of Education. Approximately two-thirds of these costs were reclassified to the internal service fund.
- Educational Media Services/School Library: Purchased Professional and Technical Services - budget decreased by \$51,000 due to the elimination of certain shared technology services with another district.
- Required Maintenance for School Facilities: Cleaning, Repair and Maintenance Services - budget decreased by \$80,777 due to a reduction in expenditures following the addition of a new Supervisor of Buildings and Grounds.
- Custodial Services: General Supplies - budget increased in the amount of \$68,643 primarily due to an increased need for custodial supplies and certain reclassifications of expenditures from Required Maintenance for School Facilities-General Supplies.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Capital Assets

At June 30, 2010, the District had \$3,986,800 invested in land, building, improvements, machinery and equipment and construction in progress. Table 4 shows fiscal year 2010 balances compared to 2009.

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

	<u>2010</u>	<u>2009</u>
Land	\$ 559,343	\$ 559,343
Construction in Progress	2,146,563	2,125,774
Building and Improvements	915,002	1,020,793
Machinery and Equipment	<u>365,892</u>	<u>430,137</u>
Total	<u>\$ 3,986,800</u>	<u>\$ 4,136,047</u>

Overall capital assets decreased \$149,247 from fiscal year 2009 to fiscal year 2010. The decrease in capital assets is primarily due to depreciation recorded in the current year.

Debt Administration

At June 30, 2010, the District had \$1,196,948 of outstanding debt. Of this amount, \$117,067 is for compensated absences, \$79,881 is for a capital lease and \$1,000,000 is for a grant anticipation note.

At June 30, 2010, the School District's overall legal debt margin was \$132,359,439.

For the Future

The Carlstadt-East Rutherford Regional High School District is in good financial condition presently. However, future finances are not without challenges as the community continues to grow and State funding is decreased. Many factors such as decreased State aid, student population and salary and benefit costs, among others, were considered by the District's administration in the development of the 2010-2011 budget. Budgeted expenditures in the General Fund current expense increased less than one percent to \$12,123,220 in fiscal year 2010-2011.

The Carlstadt-East Rutherford Regional High School District is in the process of final approval for Phase III of an approximately \$18 million dollar grant award from the Port Authority of New York and New Jersey for the Aircraft Noise Abate Program School Soundproofing Project.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED (CONTINUED)**

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 983,002	\$ 48,850	\$ 1,031,852
Receivables, net	1,012,646	44,109	1,056,755
Inventories		4,071	4,071
Restricted assets:			
Cash	1,209,717		1,209,717
Capital reserve account, cash	1,175,202		1,175,202
Capital assets, net	<u>3,918,805</u>	<u>67,995</u>	<u>3,986,800</u>
Total assets	<u>8,299,372</u>	<u>165,025</u>	<u>8,464,397</u>
LIABILITIES			
Accounts payable	78,890	74,199	153,089
Accrued interest	5,583		5,583
Noncurrent liabilities:			
Due within one year	1,073,912		1,073,912
Due beyond one year	<u>123,036</u>		<u>123,036</u>
Total liabilities	<u>1,281,421</u>	<u>74,199</u>	<u>1,355,620</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,838,924	67,995	3,906,919
Restricted for:			
Capital reserve	1,175,202		1,175,202
Capital projects	972,815		972,815
Other purposes	927,806		927,806
Unrestricted	<u>103,204</u>	<u>22,831</u>	<u>126,035</u>
Total net assets	<u>\$ 7,017,951</u>	<u>\$ 90,826</u>	<u>\$ 7,108,777</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

<u>Function/Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Charge for Services</u>
Government activities:			
Instruction:			
Regular	\$ 4,042,723	\$ 1,272,197	\$
Special education	334,341	112,579	
Other special instruction	161,165	54,325	
Other instruction	306,436	76,319	
Support services:			
Tuition	1,726,704		
Student and instruction related services	988,681	220,331	90,000
General administration services	460,491	84,105	
School administrative services	187,605	58,820	
Central services	246,432	80,599	
Administrative information technology services	68,937		
Plant operations and maintenance	934,235	164,303	
Pupil transportation	482,496	59,371	
Interest on long-term debt	4,691		
Unallocated depreciation	195,842		
Total governmental activities	<u>10,140,779</u>	<u>2,182,949</u>	<u>90,000</u>
Business-type activities			
Food services	<u>487,781</u>		<u>442,642</u>
Total business-type activities	<u>487,781</u>		<u>442,642</u>
Total primary government	<u>\$ 10,628,560</u>		<u>\$ 532,642</u>

Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Capital Grants and Contributions	Governmental Activities	Business-type Activities
Operating Grants and Contributions				
\$ 508,476	\$	\$ (4,806,444)	\$	\$ (4,806,444)
39,514		(407,406)		(407,406)
19,068		(196,422)		(196,422)
26,788		(355,967)		(355,967)
219,571		(1,507,133)		(1,507,133)
70,033		(1,048,979)		(1,048,979)
29,520		(515,076)		(515,076)
15,398		(231,027)		(231,027)
16,118		(310,913)		(310,913)
		(68,937)		(68,937)
		(1,098,538)		(1,098,538)
		(541,867)		(541,867)
		(4,691)		(4,691)
		(195,842)		(195,842)
<u>944,486</u>		<u>(11,289,242)</u>		<u>(11,289,242)</u>
<u>47,421</u>			<u>2,282</u>	<u>2,282</u>
<u>47,421</u>			<u>2,282</u>	<u>2,282</u>
<u>\$ 991,907</u>	<u>\$</u>	<u>\$ (11,289,242)</u>	<u>\$ 2,282</u>	<u>\$ (11,286,960)</u>
General revenues:				
Property taxes levied for:				
General purposes		\$ 11,031,942	\$	\$ 11,031,942
Federal and State aid not restricted		597,162		597,162
Interest - capital reserve funds		6,827		6,827
Investment earnings		20,811	213	21,024
Miscellaneous income		176,627		176,627
Transfers		(30,000)	30,000	
Total general revenues		<u>11,803,369</u>	<u>30,213</u>	<u>11,833,582</u>
Change in net assets		514,127	32,495	546,622
Net assets - beginning		<u>6,503,824</u>	<u>58,331</u>	<u>6,562,155</u>
Net assets - ending		<u>\$ 7,017,951</u>	<u>\$ 90,826</u>	<u>\$ 7,108,777</u>

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

FUND FINANCIAL STATEMENTS

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash	\$ 983,002	\$	\$ 1,209,717	\$ 2,192,719
Cash - capital reserve	1,175,202			1,175,202
Accounts receivable:				
State			768,611	768,611
Federal		41,476	2,268	43,744
Interfund	146,660			146,660
Other	99,421	238	8,500	108,159
Total assets	\$ 2,404,285	\$ 41,714	\$ 1,989,096	\$ 4,435,095
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 75,423	\$ 3,467	\$	\$ 78,890
Note payable - grant anticipation			1,000,000	1,000,000
Interfund payables		38,247	16,281	54,528
Total liabilities	75,423	41,714	1,016,281	1,133,418
Fund balances:				
Reserved for:				
Encumbrances	99,091			99,091
Capital reserve account	1,175,202			1,175,202
Excess surplus	278,715			278,715
Unreserved, designated for				
subsequent year's expenditures	550,000			550,000
Unreserved, undesignated, reported in:				
General fund	225,854			225,854
Capital projects fund			972,815	972,815
Total fund balances	2,328,862		972,815	3,301,677
Total liabilities and fund balances	\$ 2,404,285	\$ 41,714	\$ 1,989,096	

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The costs of the assets are \$9,060,819 and the accumulated depreciation is \$5,142,014.	3,918,805
Accrued interest is not due and payable in the current period, and therefore, is not reported as a liability in the funds.	(5,583)
Long-term liabilities, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. (See Note 7)	(196,948)
Net assets of governmental activities	\$ 7,017,951

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 11,031,942	\$	\$	\$ 11,031,942
Interest - capital reserve funds	6,827			6,827
Interest earned on investments	13,996		6,815	20,811
Miscellaneous income	<u>266,627</u>			<u>266,627</u>
Total revenues - local sources	11,319,392		6,815	11,326,207
State sources	1,246,303			1,246,303
Federal sources		<u>295,345</u>		<u>295,345</u>
Total revenues	<u>12,565,695</u>	<u>295,345</u>	<u>6,815</u>	<u>12,867,855</u>
EXPENDITURES:				
Current expense:				
Regular instruction	4,017,015	56,848		4,073,863
Special education instruction	334,341			334,341
Other special instruction	161,165			161,165
Other instruction	306,436			306,436
Support services and undistributed costs:				
Tuition	1,507,133	219,571		1,726,704
Student and instruction related services	977,605	11,076		988,681
General administration services	460,491			460,491
School administration services	187,605			187,605
Central services	246,432			246,432
Administrative information technology services	68,937			68,937
Plant operations and maintenance	934,235			934,235
Pupil transportation	482,496			482,496
Employee benefits	2,226,131	7,850		2,233,981
Capital outlay	<u>6,166</u>		<u>34,000</u>	<u>40,166</u>
Total expenditures	<u>11,916,188</u>	<u>295,345</u>	<u>34,000</u>	<u>12,245,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>649,507</u>		<u>(27,185)</u>	<u>622,322</u>
Other financing sources (uses):				
Transfers out	(1,030,000)			(1,030,000)
Transfers in			<u>1,000,000</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>(1,030,000)</u>		<u>1,000,000</u>	<u>(30,000)</u>
Net change in fund balances	(380,493)		972,815	592,322
Fund balances - July 1	<u>2,709,355</u>			<u>2,709,355</u>
Fund balances - June 30	<u>\$ 2,328,862</u>	<u>\$</u>	<u>\$ 972,815</u>	<u>\$ 3,301,677</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2010

Total net change in fund balances - governmental funds (from B-2)	\$	592,322
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	\$	(195,842)
Capital outlays		<u>26,955</u>
		(168,887)
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		26,449
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an increase in the reconciliation.</p>		
		13,211
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the amount earned, the difference is an addition to the reconciliation.</p>		
		<u>51,032</u>
Change in net assets of governmental activities	\$	<u><u>514,127</u></u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund Tri-District Coordinated Curriculum Services</u>
	<u>Food Service</u>	
ASSETS		
Current assets:		
Cash	\$ 48,850	\$
Accounts receivable:		
State	61	
Federal	1,257	
Other	42,791	90,000
Inventories	<u>4,071</u>	
Total current assets	<u>97,030</u>	<u>90,000</u>
Noncurrent assets:		
Equipment	161,458	
Less: accumulated depreciation	<u>93,463</u>	
Total noncurrent assets	<u>67,995</u>	
Total assets	<u>165,025</u>	<u>90,000</u>
LIABILITIES		
Current liabilities:		
Accounts payable	74,055	
Intergovernmental:		
Interfund	<u>144</u>	<u>90,000</u>
Total current liabilities	<u>74,199</u>	<u>90,000</u>
NET ASSETS		
Invested in capital assets, net of related debt	67,995	
Unrestricted	<u>22,831</u>	
Total net assets	<u>\$ 90,826</u>	<u>\$</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund Tri-District Coordinated Curriculum Services</u>
	<u>Food Service</u>	
OPERATING REVENUES:		
Charges for services:		
Daily sales - reimbursable programs	\$ 128,196	\$
Daily sales - non-reimbursable programs	302,651	
Special functions	11,795	
Miscellaneous revenue - fees		<u>90,000</u>
Total operating revenue	<u>442,642</u>	<u>90,000</u>
OPERATING EXPENSES:		
Salaries	124,662	73,333
Payroll taxes	17,765	1,503
Employee benefits	24,895	9,495
Management and administrative fees	43,460	
Insurance	2,073	
Telephone	100	
Supplies	2,740	5,576
Van and vehicle service	7,735	
Repairs	3,758	
Outside services	2,417	93
Miscellaneous	1,448	
Uniforms	1,247	
Depreciation	9,140	
Cost of sales - food and general supplies	<u>246,341</u>	
Total operating expenses	<u>487,781</u>	<u>90,000</u>
Operating loss	<u>(45,139)</u>	
Nonoperating revenues:		
State sources:		
State School Lunch Program	1,874	
Federal sources:		
National School Lunch Program	37,842	
Food Distribution Program	7,705	
Other sources:		
Interest revenue	<u>213</u>	
Total nonoperating revenues	<u>47,634</u>	
Income before operating transfers	2,495	
Operating transfer in - General Fund	<u>30,000</u>	
Change in net assets	32,495	
Total net assets - July 1	<u>58,331</u>	
Total net assets - June 30	<u>\$ 90,826</u>	<u>\$</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund Tri-District Coordinated Curriculum Services</u>
	<u>Food Service</u>	
Cash flows from operating activities:		
Receipts from customers	\$ 428,883	\$ 90,000
Payments to employees	(124,662)	(73,333)
Payment for payroll taxes and employee benefits	(42,660)	(10,998)
Payments to suppliers	<u>(278,068)</u>	<u>(5,669)</u>
Net cash used by operating activities	<u>(16,507)</u>	<u> </u>
Cash flows from noncapital financing activities:		
State sources	1,854	
Federal sources	37,331	
Operating subsidies and transfers from other funds	<u>30,000</u>	<u> </u>
Net cash provided by noncapital financing activities	<u>69,185</u>	<u> </u>
Cash flows from capital and related financing activities:		
Additions to equipment	<u>(28,780)</u>	<u> </u>
Net cash used by capital and related financing activities	<u>(28,780)</u>	<u> </u>
Cash flows from investing activities:		
Interest on investments	<u>213</u>	<u> </u>
Net cash provided by investing activities	<u>213</u>	<u> </u>
Net increase in cash	24,111	
Cash - July 1	<u>24,739</u>	<u> </u>
Cash - June 30	<u>\$ 48,850</u>	<u>\$ </u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ <u>(45,139)</u>	\$ <u> </u>
Adjustments not affecting cash:		
Depreciation	9,140	
Donated commodities received during the year	7,705	
Change in assets and liabilities:		
Increase in accounts receivable, net	(13,759)	
Increase in inventories	(48)	
Increase in accounts payable	<u>25,594</u>	<u> </u>
Total adjustments	<u>28,632</u>	<u> </u>
Net cash used by operating activities	<u>\$ (16,507)</u>	<u>\$ </u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Private Purpose Scholarship Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ <u>114,328</u>	\$ <u>32,034</u>
Total assets	<u>114,328</u>	<u>\$ 32,034</u>
LIABILITIES		
Intergovernmental:		
Interfund payable		\$ 1,988
Payroll deductions and withholdings		5,516
Due to student groups	<u> </u>	<u>24,530</u>
Total liabilities	<u> </u>	<u>\$ 32,034</u>
NET ASSETS		
Reserved for scholarships	\$ <u>114,328</u>	

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Private Purpose Scholarship Funds</u>
ADDITIONS:	
Contributions:	
Other	\$ <u>44,725</u>
Total contributions	<u>44,725</u>
Investment earnings:	
Interest	<u>643</u>
Net investment earnings	<u>643</u>
Total additions	<u>45,368</u>
 DEDUCTIONS:	
Scholarship/award payments	<u>10,725</u>
Total deductions	<u>10,725</u>
Change in net assets	34,643
Net assets - July 1	<u>79,685</u>
Net assets - June 30	<u><u>\$ 114,328</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

This District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of nine members elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The purpose of the District is to educate students in grades 9 - 12.

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

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

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

B. Basis of Presentation:

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

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

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

The District reports the following governmental funds:

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

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued):

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs. The District did not have a debt service fund for the year ended June 30, 2010.

The District reports the following proprietary funds:

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

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

The District reports the following fiduciary funds:

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting:

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

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

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

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

D. Budgets/Budgetary Control:

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued):

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

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

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

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

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of 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.

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Equity:

Cash:

Cash includes cash in banks.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Receivables:

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

Inventories:

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

Short-Term Interfund Receivables/Payables:

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

Capital Assets:

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

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Equity:

Capital Assets (Continued):

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

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

Deferred Revenue:

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

Accrued Liabilities and Long-term Obligations:

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

Compensated Absences:

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Equity (Continued):

Compensated Absences (Continued):

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

Net Assets:

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

Fund Balance Reserves:

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, capital reserve account and legally restricted amounts.

Revenues - Exchange and Nonexchange Transactions:

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Equity (Continued):

Revenues - Exchange and Nonexchange Transactions (Continued):

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

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

Interfund Transactions:

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

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

Tuition:

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined. The District did not have tuition revenues for the year ended June 30, 2010.

Tuition Expenditures - Tuition charges for the fiscal year 2009-2010 were based on rates established by the receiving district or private school for the disabled. These rates are subject to change when the actual costs have been certified by the state.

Operating Revenues and Expenses:

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Allocation of Indirect Expenses:

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

H. Extraordinary and Special Items:

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

I. Management Estimates:

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

NOTE 2. CASH

As of the June 30, 2010, cash of the district consisted of \$3,416,771 in checking and money market accounts.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy for custodial credit risk. As of June 30, 2010, the District's bank balance of \$3,170,744 was not exposed to custodial credit risk, as the District's deposits are primarily in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. See Note 1.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010**

NOTE 3. RECEIVABLES

Receivables at June 30, 2010, consisted of accounts, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Amount
Governmental activities	
General fund:	
Interfund	\$ 92,132
Other	99,421
Capital projects fund:	
Federal	768,611
State	2,268
Other	8,500
Special revenue fund:	
Federal	41,476
Other	238
	1,012,646
Business-type activities	
Food services - State and other	44,109
Total receivables	\$ 1,056,755

NOTE 4. INTERFUND BALANCES AND INTERFUND TRANSFERS

The following interfund balances remained on the fund financial statements at June 30, 2010:

	Interfund Receivable	Interfund Payable
General fund	\$ 146,660	\$
Special revenue fund		38,247
Fiduciary funds		1,988
Enterprise fund		144
Internal service fund		90,000
Capital projects fund		16,281
	\$ 146,660	\$ 146,660

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

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2010**

NOTE 4. INTERFUND BALANCES AND INTERFUND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	Transfers from General Fund
Transfers to:	
Enterprise fund	\$ 30,000
Capital projects fund	1,000,000
	\$ 1,030,000

The transfer to the capital projects fund represents a budgeted transfer from the capital reserve account to cover unanticipated project costs and interest expense on grant anticipation notes. The transfer to the enterprise fund was to facilitate the purchase of equipment to be used in the food service operation.

NOTE 5. INVENTORIES

Inventories in the Food Service Fund at June 30, 2010, consisted of the following:

Food	\$ 3,144
Supplies	927
	\$ 4,071

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

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 559,343	\$	\$	\$ 559,343
Construction in progress	<u>2,125,774</u>	<u>20,789</u>	<u></u>	<u>2,146,563</u>
Total capital assets not being depreciated	<u>2,685,117</u>	<u>20,789</u>	<u></u>	<u>2,705,906</u>
Capital assets being depreciated:				
Site improvements	96,293			96,293
Building and building improvements	4,645,903			4,645,903
Machinery and equipment	<u>1,665,523</u>	<u>6,166</u>	<u>(58,972)</u>	<u>1,612,717</u>
Totals at historical cost	<u>6,407,719</u>	<u>6,166</u>	<u>(58,972)</u>	<u>6,354,913</u>
Less accumulated depreciation for:				
Site improvements	(96,293)			(96,293)
Building and building improvements	(3,625,110)	(105,791)		(3,730,901)
Machinery and equipment	<u>(1,283,741)</u>	<u>(90,051)</u>	<u>58,972</u>	<u>(1,314,820)</u>
Total accumulated depreciation	<u>(5,005,144)</u>	<u>(195,842)</u>	<u>58,972</u>	<u>(5,142,014)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>1,402,575</u>	<u>(189,676)</u>	<u></u>	<u>1,212,899</u>
Government activity capital assets, net	<u>\$ 4,087,692</u>	<u>\$ (168,887)</u>	<u>\$</u>	<u>\$ 3,918,805</u>
Business-type activities:				
Equipment	\$ 132,678	\$ 28,780	\$	\$ 161,458
Less accumulated depreciation	<u>(84,323)</u>	<u>(9,140)</u>	<u></u>	<u>(93,463)</u>
Business-type activities capital assets, net	<u>\$ 48,355</u>	<u>\$ 19,640</u>	<u>\$</u>	<u>\$ 67,995</u>

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

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010**

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:	
Unallocated	\$ 195,842
Business-type activities:	
Food services	<u>9,140</u>
Total	<u>\$ 204,982</u>

NOTE 7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Balance, July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>	<u>Amounts due within one year</u>
Note payable - grant anticipation	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Compensated absences payable	168,099	40,017	91,049	117,067	46,117
Obligations under lease agreements	<u>106,330</u>		<u>26,449</u>	<u>79,881</u>	<u>27,795</u>
	<u>\$ 1,274,429</u>	<u>\$ 1,040,017</u>	<u>\$ 1,117,498</u>	<u>\$ 1,196,948</u>	<u>\$ 1,073,912</u>

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

A. General Obligation Bonds:

The District had no outstanding general obligation bonds at June 30, 2010

B. Bonds Authorized But Not Issued:

The District had no authorized but not issued bonds at June 30, 2010.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010**

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

C. Capital Leases Payable:

The District is leasing copiers totaling approximately \$137,600, under a capital lease. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2010.

<u>Year Ending June 30,</u>	
2011	\$ 31,140
2012	31,140
2013	<u>23,355</u>
Total minimum lease payments	85,635
Less: Amounts representing interest	<u>5,754</u>
Present value of net minimum lease payments	<u>\$ 79,881</u>

D. Note Payable - Grant Anticipation

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

NOTE 8. PENSION PLANS

Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF):

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

Public Employees' Retirement System (PERS):

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

Vesting and Benefit Provisions:

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 8. PENSION PLANS (CONTINUED)

Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Non-Contributory Group Life Insurance (NCGI)	Total Pension and NCGI	Percentage Contributed	Net Pension Obligation
2010	\$ 46,424	\$ 6,438	\$ 52,862	100 %	\$ -0-
2009	38,625	4,904	43,529	100	-0-
2008	38,582	-0-	38,582	100	-0-

During the fiscal year ended June 30, 2010, the District contributed \$46,424 to the PERS for pension costs and \$6,438 for non-contributory group insurance premiums.

Three-Year Trend Information for TPAF

(Paid on Behalf of the District)

Year Funding	Annual Pension Cost (APC)	Non-Contributory Group Life Insurance (NCGI)	Post- Retirement Medical Contributions	Total Pension and NCGI	Percentage Contributed	Net Pension Obligation
2010	\$ -0-	\$ 14,192	\$ 266,542	\$ 280,734	-0-%	\$ -0-
2009	-0-	14,375	274,242	288,617	100%	-0-
2008	330,077	15,346	272,223	617,646	100%	-0-

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$280,734 to the TPAF on behalf of the District, \$266,542 for post-retirement medical benefits and \$14,192 for non-contributory group insurance premiums. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$368,407 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund based statements as a revenue and expenditure in accordance with GASB 24.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

NOTE 10. COMPENSATED ABSENCES.

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

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

NOTE 11. OPERATING LEASE

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 12. DEFERRED COMPENSATION

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

The Legend Group AXA Equitable Lincoln Investments

NOTE 13. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning balance, July 1, 2009	\$ 1,041,330
Interest earnings	6,827
Deposit - approved at April 2009 election	1,127,045
Withdrawal - approved at April 2009 election	<u>1,000,000</u>
Ending balance, June 30, 2010	<u>\$ 1,175,202</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is approximately \$28,165,000. The withdrawal from the capital reserve was for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$2,328,862 general fund balance in the fund financial statements at June 30, 2010, \$99,091 is reserved for encumbrances; \$278,715 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$1,175,202 has been reserved in the capital reserve account; \$550,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and \$225,854 is unreserved and undesignated.

NOTE 15. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is \$278,715. There was no excess fund balance at June 30, 2009.

NOTE 16. CONTINGENCIES AND OTHER MATTERS

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

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

The District participates in federal awards and state financial assistance grant programs. Expenditures financed by such assistance are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited, but the District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the District. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 17. RISK MANAGEMENT

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

Property, Liability and Workers' Compensation Insurance:

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

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

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 11,031,942	\$	\$ 11,031,942	\$ 11,031,942	\$
Interest - capital reserve funds	1,500		1,500	6,827	5,327
Interest on investments				13,996	13,996
Miscellaneous income	<u>130,000</u>		<u>130,000</u>	<u>266,627</u>	<u>136,627</u>
Total - local sources	<u>11,163,442</u>		<u>11,163,442</u>	<u>11,319,392</u>	<u>155,950</u>
State sources:					
Transportation aid	116,360		116,360	116,360	
Special education categorical aid	282,592		282,592	282,592	
Extraordinary special education costs aid				32,162	32,162
Security aid	55,654		55,654	55,654	
Adjustment aid	105,355		105,355	95,022	(10,333)
On-behalf TPAF pension - normal contributions (non-budgeted)				14,192	14,192
On-behalf TPAF pension post-retirement medical contributions (non-budgeted)				266,542	266,542
Reimbursed TPAF social security contributions (non-budgeted)				<u>368,407</u>	<u>368,407</u>
Total - state sources	<u>559,961</u>		<u>559,961</u>	<u>1,230,931</u>	<u>670,970</u>
Total revenues	<u>11,723,403</u>		<u>11,723,403</u>	<u>12,550,323</u>	<u>826,920</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular programs - instruction:					
Salaries of teachers:					
Grades 9-12	\$ 3,753,231	\$ (18,654)	\$ 3,734,577	\$ 3,734,577	\$
Home instruction - regular programs:					
Salaries of teachers	25,000		25,000	12,140	12,860
Purchased professional - educational services	15,000	(13,675)	1,325	394	931
Regular programs - undistributed instruction:					
Health benefits	1,000,000	(1,000,000)			
Other purchased services	10,000	13,675	23,675	23,475	200
General supplies	191,025	99,746	290,771	210,588	80,183
Textbooks	55,700	(440)	55,260	33,110	22,150
Other objects	9,250	531	9,781	2,731	7,050
Total regular programs - instruction	<u>5,059,206</u>	<u>(918,817)</u>	<u>4,140,389</u>	<u>4,017,015</u>	<u>123,374</u>
Special education - instruction:					
Resource room/resource center:					
Salaries of teachers	384,198	(69,396)	314,802	311,844	2,958
Other salaries for instruction		21,767	21,767	21,767	
General supplies	14,000		14,000	730	13,270
Textbooks	9,500		9,500		9,500
Other objects	500		500		500
Total resource room/resource center	<u>408,198</u>	<u>(47,629)</u>	<u>360,569</u>	<u>334,341</u>	<u>26,228</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 74,674	\$ (21,766)	\$ 52,908	\$ 52,321	\$ 587
General supplies	6,000		6,000		6,000
Other objects	1,000		1,000	71	929
Total basic skills/remedial - instruction	81,674	(21,766)	59,908	52,392	7,516
Bilingual education - instruction:					
Salaries of teachers	108,937		108,937	108,665	272
General supplies	8,000		8,000		8,000
Textbooks	1,750		1,750		1,750
Other objects	1,000		1,000	108	892
Total bilingual education - instruction	119,687		119,687	108,773	10,914
School sponsored cocurricular activities - instruction:					
Salaries	32,179		32,179	16,149	16,030
Supplies and materials	7,800		7,800	2,656	5,144
Other objects	1,500		1,500	320	1,180
Transfers to cover deficit (agency funds)	3,000	1,166	4,166	4,166	
Total school sponsored cocurricular activities - instruction	44,479	1,166	45,645	23,291	22,354

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School sponsored athletics - instruction					
Salaries	\$ 199,554	\$ 10,459	\$ 210,013	\$ 210,013	\$
Purchased services	53,000	(10,459)	42,541	41,201	1,340
Supplies and materials	38,000	(1,907)	36,093	29,324	6,769
Other objects	<u>2,200</u>	<u>407</u>	<u>2,607</u>	<u>2,607</u>	
Total school sponsored athletics - instruction	<u>292,754</u>	<u>(1,500)</u>	<u>291,254</u>	<u>283,145</u>	<u>8,109</u>
Total - instruction	<u>6,005,998</u>	<u>(988,546)</u>	<u>5,017,452</u>	<u>4,818,957</u>	<u>198,495</u>
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state-special	168,000	(140,329)	27,671	19,822	7,849
Tuition to county vocational school-regular	247,040	(54,814)	192,226	192,226	
Tuition to county vocational school districts-special	489,200	(22,386)	466,814	466,415	399
Tuition to county special services school districts and regional day schools	331,400	(20,932)	310,468	310,468	
Tuition to private schools for the handicapped within the state	674,766	(187,314)	487,452	487,452	
Tuition - state facilities	<u>30,750</u>		<u>30,750</u>	<u>30,750</u>	
Total undistributed expenditures - instruction	<u>1,941,156</u>	<u>(425,775)</u>	<u>1,515,381</u>	<u>1,507,133</u>	<u>8,248</u>
Attendance and social work services:					
Salaries	<u>46,508</u>	<u>1,000</u>	<u>47,508</u>	<u>47,055</u>	<u>453</u>
Total attendance and social work services	<u>46,508</u>	<u>1,000</u>	<u>47,508</u>	<u>47,055</u>	<u>453</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Health services:					
Salaries	\$ 78,674	\$ 3,488	\$ 82,162	\$ 82,162	\$
Purchased professional and technical services	46,350	(2,750)	43,600	12,830	30,770
Other purchased services	200		200	200	
Supplies and materials	1,650	2,750	4,400	4,400	
Other objects	250		250	250	
Total health services	<u>127,124</u>	<u>3,488</u>	<u>130,612</u>	<u>99,842</u>	<u>30,770</u>
Speech, OT, PT & related services:					
Purchased professional - educational services	<u>28,700</u>		<u>28,700</u>	<u>6,410</u>	<u>22,290</u>
Total speech, OT, PT & related services:	<u>28,700</u>		<u>28,700</u>	<u>6,410</u>	<u>22,290</u>
Other support services - students - extra services:					
Salaries	20,000		20,000		20,000
Purchased professional - educational services	<u>30,000</u>		<u>30,000</u>	<u>26,260</u>	<u>3,740</u>
Total support services - students- extra services	<u>50,000</u>		<u>50,000</u>	<u>26,260</u>	<u>23,740</u>
Guidance:					
Salaries of other professional staff	209,383	61,828	271,211	271,211	
Salaries of secretarial and clerical assistants	26,000	4,580	30,580	30,580	
Purchased professional - educational services	5,000	10,418	15,418	14,290	1,128
Other purchased professional and technical services	12,500	(588)	11,912	11,558	354
Supplies and materials	2,750	588	3,338	1,658	1,680
Other objects	<u>300</u>		<u>300</u>	<u>25</u>	<u>275</u>
Total guidance	<u>255,933</u>	<u>76,826</u>	<u>332,759</u>	<u>329,322</u>	<u>3,437</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Child study teams:					
Salaries of secretarial and clerical assistants	\$ 51,513	\$	\$ 51,513	\$ 42,268	\$ 9,245
Purchased professional - educational services	255,000	(8,777)	246,223	229,806	16,417
Other purchased professional and technical services	1,200	11,359	12,559	12,559	
Supplies and materials	1,200		1,200	204	996
Other objects	200		200		200
Total child study teams	309,113	2,582	311,695	284,837	26,858
Improvement of instruction services/ other support services - instructional staff:					
Salaries of supervisors of instruction	52,318	114,583	166,901	36,667	130,234
Other purchased services		139	139	46	93
Supplies and materials		8,363	8,363	2,788	5,575
Total improvement of instruction services/ other support services-instructional staff	52,318	123,085	175,403	39,501	135,902
Educational media services/school library:					
Salaries	107,587	130	107,717	107,717	
Purchased professional and technical services	61,000	(51,000)	10,000	10,000	
Other purchased services	300	(211)	89		89
Supplies and materials	19,250	81	19,331	18,464	867
Other objects	500		500	36	464
Total educational media services/school library	188,637	(51,000)	137,637	136,217	1,420
Instructional staff training services:					
Salaries of other professional staff	10,000	(5,677)	4,323		4,323
Other purchased services	8,000	1,199	9,199	8,161	1,038
Total instructional staff training services	18,000	(4,478)	13,522	8,161	5,361

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support services general administration:					
Salaries	\$ 206,173	\$ 43,890	\$ 250,063	\$ 249,233	\$ 830
Legal services	40,000	(3,499)	36,501	28,102	8,399
Audit fees	28,000	44,899	72,899	38,699	34,200
Other purchased professional services	4,000		4,000		4,000
Purchased technical services	3,000	6,210	9,210	6,385	2,825
Communications/telephone	60,000	(10,498)	49,502	41,593	7,909
BOE other purchased services	16,500		16,500	16,128	372
Other purchased services	35,875	32,536	68,411	58,140	10,271
General Supplies	12,000	1,338	13,338	10,201	3,137
BOE in-house training/meeting supplies	3,000		3,000		3,000
Miscellaneous expenditures	13,500	(1,014)	12,486	2,646	9,840
BOE membership dues and fees	9,500	14	9,514	9,364	150
Total support services general administration	<u>431,548</u>	<u>113,876</u>	<u>545,424</u>	<u>460,491</u>	<u>84,933</u>
Support services school administration:					
Salaries of principals/assistant principals	120,750	9,250	130,000	130,000	
Salaries of secretarial and clerical assistants	33,745	492	34,237	34,237	
Other purchased services	9,750	(864)	8,886	6,113	2,773
Supplies and materials	11,000	1,175	12,175	11,277	898
Other objects	3,000	2,978	5,978	5,978	
Total support services school administration	<u>178,245</u>	<u>13,031</u>	<u>191,276</u>	<u>187,605</u>	<u>3,671</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support services central services:					
Salaries	\$ 203,212	\$ 12,279	\$ 215,491	\$ 215,491	\$
Purchased professional services	23,000		23,000	22,936	64
Miscellaneous purchased services	4,500	3,810	8,310	5,259	3,051
Supplies and materials	5,000	47	5,047	2,616	2,431
Interest on current loans		3,681	3,681		3,681
Interest on lease purchase agreements	5,100	(3,845)	1,255		1,255
Miscellaneous expenditures	1,500		1,500	130	1,370
Total support services central services	242,312	15,972	258,284	246,432	11,852
Support services administrative information technology:					
Purchased professional services	45,000	10,601	55,601	55,601	
Purchased technical services	7,000	7,000	14,000	13,336	664
Total support services administrative information technology	52,000	17,601	69,601	68,937	664
Required maintenance for school facilities:					
Salaries	157,813	29,079	186,892	186,892	
Cleaning, repair and maintenance services	149,833	(80,777)	69,056	57,515	11,541
General supplies	25,000	(21,507)	3,493	3,493	
Other objects	3,000		3,000	1,700	1,300
Total required maintenance for school facilities	335,646	(73,205)	262,441	249,600	12,841

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Custodial services:					
Salaries	\$ 194,045	\$ 11,941	\$ 205,986	\$ 189,355	\$ 16,631
Purchased professional and technical services	15,000	(13,709)	1,291	1,291	
Cleaning, repair and maintenance services	50,000	(425)	49,575	45,966	3,609
Rental of land and buildings other than lease purchase agreements	75,000		75,000	75,000	
Other purchased property services	8,000	(4,539)	3,461	900	2,561
Insurance	122,000	(1,349)	120,651	88,819	31,832
Miscellaneous purchased services	700	802	1,502	1,502	
General supplies	400	68,243	68,643	43,898	24,745
Energy (natural gas)		90,000	90,000	72,079	17,921
Energy (electricity)	240,000	(85,114)	154,886	154,886	
Other objects	50	(50)			
Total custodial services	<u>705,195</u>	<u>65,800</u>	<u>770,995</u>	<u>673,696</u>	<u>97,299</u>
Care and upkeep of grounds:					
Purchased professional and technical services		7,369	7,369	2,908	4,461
Cleaning, repair and maintenance services		6,466	6,466	6,466	
General supplies		1,565	1,565	1,565	
Other objects		50	50		50
Total care and upkeep of grounds		<u>15,450</u>	<u>15,450</u>	<u>10,939</u>	<u>4,511</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student transportation services:					
Salaries for pupil transportation (between home and school) - regular	\$ 45,000	\$ 382	\$ 45,382	\$ 45,382	
Salaries for pupil transportation (between home and school) - special education	70,000		70,000	56,630	13,370
Salaries for pupil transportation (other than between home and school)	48,000		48,000	33,945	14,055
Cleaning, repair and maintenance services school) - vendors	15,000 11,600	288 (7,415)	15,288 4,185	15,288 1,950	 2,235
Contracted services (other than between home and school) - vendors		975	975	975	
Contracted services (special education students) - joint agreements	275,000	34,489	309,489	309,489	
Miscellaneous purchased services - transportation	15,000	(15,000)			
General supplies	26,000		26,000	16,127	9,873
Transportation supplies		2,970	2,970	2,381	589
Other objects	250	79	329	329	
Total student transportation services	505,850	16,768	522,618	482,496	40,122
Unallocated benefits:					
Social security contributions	135,000	(10,000)	125,000	113,409	11,591
Other retirement contributions	55,000		55,000	52,873	2,127
Unemployment compensation	18,000	2,070	20,070	16,408	3,662
Workmen's compensation	75,000	(10,000)	65,000	54,748	10,252
Health benefits	232,570	1,110,657	1,343,227	1,290,185	53,042
Tuition reimbursement	30,000		30,000	29,007	993
Other employee benefits	17,000	20,000	37,000	20,360	16,640
	562,570	1,112,727	1,675,297	1,576,990	98,307

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf TPAF pension - normal contributions (non-budgeted)	\$	\$	\$	\$ 14,192	\$ (14,192)
On-behalf TPAF pension and post-retirement medical contributions (non budgeted)				266,542	(266,542)
Reimbursed TPAF social security contributions (non budgeted)				368,407	(368,407)
				<u>649,141</u>	<u>(649,141)</u>
Total undistributed expenditures	<u>6,030,855</u>	<u>1,023,748</u>	<u>7,054,603</u>	<u>7,091,065</u>	<u>(36,462)</u>
Total expenditures - current expense	<u>12,036,853</u>	<u>35,202</u>	<u>12,072,055</u>	<u>11,910,022</u>	<u>162,033</u>
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
Custodial services		31,166	31,166	6,166	25,000
Total equipment		<u>31,166</u>	<u>31,166</u>	<u>6,166</u>	<u>25,000</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities acquisition and construction services:					
Lease purchase agreements - principal	\$ 32,000	\$ (32,000)	\$ _____	\$ _____	\$ _____
Total facilities acquisition and construction services	<u>32,000</u>	<u>(32,000)</u>	_____	_____	_____
Total capital outlay	<u>32,000</u>	<u>(834)</u>	<u>31,166</u>	<u>6,166</u>	<u>25,000</u>
Total expenditures	<u>12,068,853</u>	<u>34,368</u>	<u>12,103,221</u>	<u>11,916,188</u>	<u>187,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(345,450)</u>	<u>(34,368)</u>	<u>(379,818)</u>	<u>634,135</u>	<u>1,013,953</u>
Other financing sources (uses):					
Operating transfers out - Food Service Fund	(5,000)	(25,000)	(30,000)	(30,000)	_____
Operating transfers out - Capital Projects Fund	<u>(1,000,000)</u>	_____	<u>(1,000,000)</u>	<u>(1,000,000)</u>	_____
Total other financing sources (uses)	<u>(1,005,000)</u>	<u>(25,000)</u>	<u>(1,030,000)</u>	<u>(1,030,000)</u>	_____
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,350,450)</u>	<u>(59,368)</u>	<u>(1,409,818)</u>	<u>(395,865)</u>	<u>1,013,953</u>
Fund balance - July 1	<u>2,781,035</u>	_____	<u>2,781,035</u>	<u>2,781,035</u>	_____
Fund balance - June 30	<u>\$ 1,430,585</u>	<u>\$ (59,368)</u>	<u>\$ 1,371,217</u>	<u>\$ 2,385,170</u>	<u>\$ 1,013,953</u>

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CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Adjustment for prior year encumbrance	\$	\$ (59,368)	\$ (59,368)	\$ (59,368)	\$
Increase in capital reserve:					
Interest earned	1,500		1,500	6,827	5,327
Principal	1,127,045		1,127,045	1,127,045	
Budgeted fund balance	(2,478,995)		(2,478,995)	(1,470,369)	1,008,626
Total	\$ (1,350,450)	\$ (59,368)	(1,409,818)	\$ (395,865)	\$ 1,013,953
Recapitulation:					
Reserve for encumbrances				\$ 99,091	
Reserve for excess surplus				278,715	
Capital reserve				1,175,202	
Designated for subsequent year's expenditures				550,000	
Unrestricted fund balance				282,162	
Total fund balance				2,385,170	
Reconciliation to Governmental Funds Statements (GAAP):					
State aid payments not recognized on GAAP basis				(56,308)	
Fund balance per Governmental Funds (GAAP)				\$ 2,328,862	

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CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources	\$ 150,000	\$ 175,521	\$ 325,521	\$ 295,345	\$ (30,176)
Total revenues	<u>150,000</u>	<u>175,521</u>	<u>325,521</u>	<u>295,345</u>	<u>(30,176)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	50,000	(10,750)	39,250	39,250	
Purchased professional - educational services		5,124	5,124	1,694	3,430
Tuition	100,000	119,571	219,571	219,571	
General supplies		30,507	30,507	15,904	14,603
Total instruction	<u>150,000</u>	<u>144,452</u>	<u>294,452</u>	<u>276,419</u>	<u>18,033</u>
Support services:					
Personal services - employee benefits		7,850	7,850	7,850	
Purchased professional educational services		22,145	22,145	11,076	11,069
Other purchased services		1,074	1,074		1,074
Total support services		<u>31,069</u>	<u>31,069</u>	<u>18,926</u>	<u>12,143</u>
Total expenditures/outflows	<u>150,000</u>	<u>175,521</u>	<u>325,521</u>	<u>295,345</u>	<u>30,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Reconciliation of Budgetary Inflows and Outflows and
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2010

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 12,550,323	\$ 295,345
Difference - budget to GAAP:		
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes	71,680	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(56,308)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 12,565,695</u>	<u>\$ 295,345</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 11,916,188</u>	<u>\$ 295,345</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,916,188</u>	<u>\$ 295,345</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	<u>(Exhibit E-1a)</u> <u>E.S.E.A.</u>	<u>I.D.E.A.</u> <u>Basic</u>	<u>(Exhibit E-1b)</u> <u>A.R.R.A.</u>	<u>Totals</u>
REVENUES:				
Federal sources	\$ <u>61,434</u>	\$ <u>106,742</u>	\$ <u>127,169</u>	\$ <u>295,345</u>
Total revenues	<u>61,434</u>	<u>106,742</u>	<u>127,169</u>	<u>295,345</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	27,300		11,950	39,250
Purchased professional - educational services	1,694			1,694
Tuition		106,742	112,829	219,571
General supplies	<u>15,904</u>			<u>15,904</u>
Total instruction	<u>44,898</u>	<u>106,742</u>	<u>124,779</u>	<u>276,419</u>
Support services:				
Personal services - employee benefits	5,460		2,390	7,850
Purchased professional educational services	<u>11,076</u>			<u>11,076</u>
Total support services	<u>16,536</u>		<u>2,390</u>	<u>18,926</u>
Total expenditures	<u>\$ 61,434</u>	<u>\$ 106,742</u>	<u>\$ 127,169</u>	<u>\$ 295,345</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Special Revenue Fund
 E.S.E.A.
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	<u>Title I</u>	<u>Title II</u>		<u>Title II</u>		<u>Title III</u>	<u>Title IV</u>	
	<u>Current</u>	<u>Current</u>	<u>Carryover</u>	<u>Current</u>	<u>Summer</u>	<u>Carryover</u>	<u>Current</u>	<u>Totals</u>
	<u>Year</u>	<u>Year</u>		<u>Year</u>			<u>Year</u>	
REVENUES:								
Federal sources	\$ 43,633	\$ 12,894	\$ 3,036	\$ 467	\$ 415	\$ 239	\$ 750	\$ 61,434
EXPENDITURES:								
Instruction:								
Salaries of teachers	27,300							27,300
Purchased professional - educational services	1,569						125	1,694
General supplies	4,320	7,894	3,036		415	239		15,904
Total instruction	33,189	7,894	3,036		415	239	125	44,898
Support services:								
Personal services - employee benefits	5,460							5,460
Purchased professional educational services	4,984	5,000		467			625	11,076
Total support services	10,444	5,000		467			625	16,536
Total expenditures	\$ 43,633	\$ 12,894	\$ 3,036	\$ 467	\$ 415	\$ 239	\$ 750	\$ 61,434

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Special Revenue Fund
 A.R.R.A.
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	ARRA IDEA Basic <u>Current Year</u>	ARRA Title I <u>Current Year</u>	<u>Totals</u>
REVENUES:			
Federal sources	\$ 112,829	\$ 14,340	\$ 127,169
EXPENDITURES:			
Instruction:			
Salaries of teachers		11,950	11,950
Tuition	<u>112,829</u>	<u> </u>	<u>112,829</u>
Total instruction	<u>112,829</u>	<u>11,950</u>	<u>124,779</u>
Support services:			
Personal services - employee benefits	<u> </u>	<u>2,390</u>	<u>2,390</u>
Total support services	<u> </u>	<u>2,390</u>	<u>2,390</u>
Total expenditures	<u>\$ 112,829</u>	<u>\$ 14,340</u>	<u>\$ 127,169</u>

CAPITAL PROJECTS FUND DETAIL STATEMENTS

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2010

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Total Expenditures to Date</u>		<u>Unexpended Balance June 30, 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Port Authority of New York & New Jersey Aircraft Noise Abatement Program School Soundproofing Project H.P. Becton Regional High School Block Grant TEB 18-03	2004-2005	\$ 2,411,835	\$ 1,118,683	\$ 34,000	\$ 1,259,152
Henry P. Becton Regional High School - New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms SDA Grant G5-2946	2008-2009	<u>11,080,556</u>	<u>768,611</u>		<u>10,311,945</u>
Totals		<u>\$ 13,492,391</u>	<u>\$ 1,887,294</u>	<u>\$ 34,000</u>	11,571,097
Unrecognized grant award					<u>(10,598,282)</u>
Fund balance - GAAP basis					<u>\$ 972,815</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, 2010

Revenues and other financing sources	
Transfer from capital reserve	\$ 1,000,000
Interest income	<u>6,815</u>
Total revenues	<u>1,006,815</u>
Expenditures and other financing uses	
Interest expense	<u>34,000</u>
Total expenditures	<u>34,000</u>
Excess of revenues over expenditures	972,815
Fund balances - July 1	<u>10,598,282</u>
Fund balances - June 30	\$ <u><u>11,571,097</u></u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Port Authority of New York & New Jersey Aircraft Noise Abatement
 Program School Soundproofing Project H.P. Becton Regional High School
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Federal sources	\$ 1,405,020	\$	\$ 1,405,020	\$ 1,405,020
Transfer from capital reserve		1,000,000	1,000,000	1,000,000
Interest		6,815	6,815	6,815
Total revenues	1,405,020	1,006,815	2,411,835	2,411,835
Expenditures and other financing uses				
Purchased professional and technical services	1,118,683		1,118,683	1,405,020
Interest expense		34,000	34,000	1,006,815
Total expenditures	1,118,683	34,000	1,152,683	2,411,835
Excess of revenues over expenditures	\$ 286,337	\$ 972,815	\$ 1,259,152	\$

Additional project information:

Project number	N/A
Grant date	N/A
Bond authorization date	N/A
Bonds authorized	N/A
Original authorized cost	N/A
Additional authorized cost	N/A
Revised authorized cost	N/A
Percentage increase over original authorized cost	N/A
Percentage completion	N/A
Original target completion date	N/A
Revised target completion date	N/A

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Henry P. Becton Regional High School
 New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

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

Additional project information:

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

PROPRIETARY FUNDS DETAIL STATEMENTS

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

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

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

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2010

	<u>Private Purpose Scholarship Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS:			
Cash	\$ <u>114,328</u>	\$ <u>32,034</u>	\$ <u>146,362</u>
Total assets	\$ <u><u>114,328</u></u>	\$ <u><u>32,034</u></u>	\$ <u><u>146,362</u></u>
 LIABILITIES AND NET ASSETS			
Liabilities:			
Intergovernmental:			
Interfund payable	\$	\$ 1,988	\$ 1,988
Payroll deductions and withholdings		5,516	5,516
Due to student groups		<u>24,530</u>	<u>24,530</u>
Total liabilities		<u>32,034</u>	<u>32,034</u>
 Net assets:			
Reserved for scholarships	<u>114,328</u>		<u>114,328</u>
Total net assets	<u>114,328</u>		<u>114,328</u>
Total liabilities and net assets	\$ <u><u>114,328</u></u>	\$ <u><u>32,034</u></u>	\$ <u><u>146,362</u></u>

Exhibit H-2

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2010

	<u>Private Purpose Scholarship Funds</u>
ADDITIONS:	
Contributions:	
Other	\$ <u>44,725</u>
Total contributions	<u>44,725</u>
Investment earnings:	
Interest	<u>643</u>
Net investment earnings	<u>643</u>
Total additions	<u>45,368</u>
DEDUCTIONS:	
Scholarship/award payments	<u>10,725</u>
Total deductions	<u>10,725</u>
Change in net assets	34,643
Net assets - July 1	<u>79,685</u>
Net assets - June 30	<u><u>\$ 114,328</u></u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Cash Balance July 1, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Interfund Payable</u>	<u>Balance June 30, 2010</u>
SENIOR HIGH SCHOOL:					
H.P. Becton Regional High School	\$ 21,773	\$ 103,182	\$ 100,425	\$	\$ 24,530
ATHLETICS:					
H.P. Becton Regional High School	<u> </u>	<u>42,467</u>	<u>42,234</u>	<u>233</u>	<u> </u>
Total all schools	<u>\$ 21,773</u>	<u>\$ 145,649</u>	<u>\$ 142,659</u>	<u>\$ 233</u>	<u>\$ 24,530</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
ASSETS:				
Cash	\$ 3,949	\$ 3,095,785	\$ 3,093,016	\$ 6,718
Total assets	<u>\$ 3,949</u>	<u>\$ 3,095,785</u>	<u>\$ 3,093,016</u>	<u>\$ 6,718</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 3,296	\$ 3,094,583	\$ 3,092,363	\$ 5,516
Interfund payables	<u>653</u>	<u>1,202</u>	<u>653</u>	<u>1,202</u>
Total liabilities	<u>\$ 3,949</u>	<u>\$ 3,095,785</u>	<u>\$ 3,093,016</u>	<u>\$ 6,718</u>

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Payroll Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
ASSETS:				
Cash	\$ <u>11,947</u>	\$ <u>2,550,331</u>	\$ <u>2,561,725</u>	\$ <u>553</u>
Total assets	\$ <u><u>11,947</u></u>	\$ <u><u>2,550,331</u></u>	\$ <u><u>2,561,725</u></u>	\$ <u><u>553</u></u>
 LIABILITIES:				
Accrued salaries and wages	\$	\$ 2,549,778	\$ 2,549,778	\$
Interfund payables	<u>11,947</u>	<u>553</u>	<u>11,947</u>	<u>553</u>
Total liabilities	\$ <u><u>11,947</u></u>	\$ <u><u>2,550,331</u></u>	\$ <u><u>2,561,725</u></u>	\$ <u><u>553</u></u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases. The District has no outstanding serial bonds at June 30, 2010.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Obligations under Capital Leases
 For the Fiscal Year Ended June 30, 2010

Purpose	Date of Lease	Term of Lease	Original Amount of Lease		Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
			Principal	Interest					
Copiers	3/31/2013	5 Years	137,578	18,122	4.97%	\$ 106,330	\$	\$ 26,449	\$ 79,881

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

<u>Contents</u>	<u>Page</u>
Financial Trends	81 - 88
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.</p>	
Revenue Capacity	89 - 92
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
Debt Capacity	93 - 96
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	97 - 98
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
Operating Information	99 - 103
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

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

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

Source: District Records

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

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
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
Special education	386,564	403,325	437,723	317,866	357,161	517,521	446,920
Other special education	529,257	245,027	226,500	230,429	225,933	124,335	215,490
Other instruction	340,920	316,192	360,222	377,732	337,275	377,139	382,755
Support services:							
Tuition	1,164,961	1,313,208	1,602,403	1,701,341	1,788,998	1,617,764	1,726,704
Student and instruction related services	975,206	892,770	1,017,726	1,019,209	1,049,360	1,064,133	1,209,012
General administration services	394,762	462,455	435,971	494,431	493,574	480,767	544,596
School administrative services	380,970	232,013	211,734	237,164	229,560	224,161	246,425
Central services		327,116	268,579	277,592	285,952	345,969	327,031
Administrative information technology		81,497	81,536	66,581	69,072	66,941	68,937
Business and other support services	263,889						
Plant operations and maintenance	811,559	881,733	937,690	1,056,237	986,035	1,041,564	1,098,538
Pupil transportation	403,389	389,326	477,493	573,901	519,942	474,136	541,867
Interest on long-term debt	16,128	12,912	36,076	48,770	43,467	5,180	4,691
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>11,564,889</u>	<u>11,565,884</u>	<u>12,323,728</u>
Business-type activities:							
Food service	<u>406,425</u>	<u>462,999</u>	<u>481,780</u>	<u>384,664</u>	<u>370,431</u>	<u>494,342</u>	<u>487,781</u>
Total business-type activities expense	<u>406,425</u>	<u>462,999</u>	<u>481,780</u>	<u>384,664</u>	<u>370,431</u>	<u>494,342</u>	<u>487,781</u>
Total district expenses	<u>\$ 9,832,512</u>	<u>\$ 10,594,813</u>	<u>\$ 11,297,131</u>	<u>\$ 11,846,154</u>	<u>\$ 11,935,320</u>	<u>\$ 12,060,226</u>	<u>\$ 12,811,509</u>

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

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

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

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

Source: District Records

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

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

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

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General fund:							
Reserved	\$ 91,548	\$ 242,951	\$ 427,173	\$ 700,450	\$ 1,426,604	\$ 1,979,693	\$ 1,553,008
Unreserved	<u>610,159</u>	<u>249,974</u>	<u>201,176</u>	<u>236,304</u>	<u>240,441</u>	<u>729,662</u>	<u>775,854</u>
Total general fund	<u>\$ 701,707</u>	<u>\$ 492,925</u>	<u>\$ 628,349</u>	<u>\$ 936,754</u>	<u>\$ 1,667,045</u>	<u>\$ 2,709,355</u>	<u>\$ 2,328,862</u>
All other governmental funds:							
Reserved							
Unreserved, reported in:							
Special revenue fund	\$ (144)	\$	\$ (144)	\$ (144)	\$	\$	\$
Capital projects fund							972,815
Debt service fund			<u>26,147</u>	<u>41,443</u>	<u>14,224</u>		
Total all other governmental funds	<u>\$ (144)</u>	<u>\$</u>	<u>\$ 26,003</u>	<u>\$ 41,299</u>	<u>\$ 14,224</u>	<u>\$</u>	<u>\$ 972,815</u>

Source: District Records

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

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

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

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

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

Source: District records

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

Noncapital expenditures are total expenditures less capital outlay.

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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund:										
Athletic receipts	\$ 6,156	\$ 4,760	\$ 17,391	\$ 15,751	\$ 3,256	\$ 7,681	\$ 5,287	\$ 8,876	\$ 12,735	\$ 10,118
Prior year's refunds	13,386	10,346	36,610	66,090	11,099	468	1,232	459	1,183	
Transportation jointures	86,000	44,325	7,600	17,650	51,165	86,841	70,377	71,590	67,200	87,486
Rentals	46,451	23,446	37,541	26,306	19,805	23,903	56,520	83,500	146,300	160,425
Miscellaneous - restricted:										
Reimbursement of custodial and other costs	25,999	32,808	32,649	22,212	19,805	27,752				
Book and other fines							4,086	4,149	1,822	315
Miscellaneous - unrestricted	<u>1,930</u>	<u>2,406</u>	<u>2,197</u>	<u>3,361</u>	<u>2,730</u>	<u>12,778</u>	<u>5,155</u>	<u>1,002</u>	<u>72,563</u>	<u>8,283</u>
Total General Fund	<u>\$ 179,922</u>	<u>\$ 118,091</u>	<u>\$ 133,988</u>	<u>\$ 151,370</u>	<u>\$ 107,860</u>	<u>\$ 159,423</u>	<u>\$ 142,657</u>	<u>\$ 169,576</u>	<u>\$ 301,803</u>	<u>\$ 266,627</u>

Source: District records.

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

Borough of Carlstadt

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial/Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Memo Only Tax Exempt Property	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2001	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 997,139,380	\$ 2,545,890	\$ 999,685,270	\$ N/A	\$ 1,295,753,975	1.023
2002	N/A	N/A	N/A	N/A	1,042,948,080	2,724,856	1,045,672,936	N/A	1,627,029,147	1.005
2003	N/A	N/A	N/A	N/A	1,043,798,787	1,953,339	1,045,752,126	N/A	1,559,146,942	1.045
2004	N/A	N/A	N/A	N/A	1,047,237,397	1,893,057	1,049,130,454	N/A	1,624,323,077	1.101
2005	84,942,340	237,712,207	724,572,550	5,691,900	1,052,918,997	2,117,102	1,055,036,099	N/A	1,821,979,368	1.267
2006	17,155,380	239,279,607	718,570,490	5,691,900	980,697,377	2,894,475	983,591,852	102,407,520	1,835,421,424	1.439
2007	15,548,680	242,047,507	709,629,590	5,691,900	972,917,677	2,284,763	975,202,440	102,407,520	2,116,186,545	1.531
2008	17,591,430	242,799,307	702,505,390	5,691,900	968,588,027	2,081,101	970,669,128	102,407,520	2,589,812,939	1.582
2009	17,166,930	245,689,007	694,389,098	5,691,900	962,936,935	1,948,795	964,885,730	102,738,120	2,364,059,993	1.636
2010	18,265,130	246,979,407	683,274,098	5,691,900	954,210,535	1,865,607	956,076,142	N/A	2,693,987,959	1.726

Borough of East Rutherford

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial/Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Memo Only Tax Exempt Property	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2001	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 834,223,731	\$ 3,497,927	\$ 837,721,658	\$ N/A	\$ 956,414,356	1.327
2002	N/A	N/A	N/A	N/A	837,148,531	3,543,461	840,691,992	N/A	1,037,328,072	1.421
2003	N/A	N/A	N/A	N/A	839,956,231	3,118,167	843,074,398	N/A	1,059,700,880	1.555
2004	N/A	N/A	N/A	N/A	865,835,731	2,574,913	868,410,644	N/A	1,297,851,393	1.622
2005	N/A	N/A	N/A	N/A	880,117,231	2,530,352	882,647,583	N/A	1,370,638,696	1.652
2006	47,083,500	274,214,160	523,873,071	34,804,500	879,975,231	2,139,598	882,114,829	1,109,093,000	1,540,525,845	1.766
2007	21,907,100	279,467,160	565,369,971	61,099,600	927,843,831	2,028,598	929,872,429	1,109,318,400	1,681,665,242	1.701
2008	20,490,500	280,089,160	586,362,871	45,923,100	932,865,631	2,051,427	934,917,058	1,113,725,500	1,976,788,156	1.799
2009	21,340,200	281,850,450	536,103,400	59,773,100	899,067,150	1,869,582	900,936,732	1,085,792,800	2,127,370,972	1.950
2010	24,087,200	620,913,200	1,240,878,900	132,949,800	2,018,829,100	4,629,139	2,023,458,239	2,067,302,900	2,348,978,853	0.906

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

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

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

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

b - Tax rates are per \$100.

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

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

Fiscal Year Ended June 30,	Carlstadt - East Rutherford Regional High School District			Overlapping Rates		Total direct and overlapping tax rate
	Basic Rate ^a	General Obligation		Borough of Carlstadt	County of Bergen	
		Debt Service ^b	Total Direct School			
2001	1.023		1.023	0.915	0.280	2.218
2002	1.005		1.005	0.922	0.338	2.265
2003	1.045		1.045	1.002	0.309	2.356
2004	1.101		1.101	1.129	0.303	2.533
2005	1.267		1.267	1.179	0.334	2.780
2006	1.439		1.439	1.288	0.333	3.060
2007	1.531		1.531	1.393	0.366	3.290
2008	1.582		1.582	1.476	0.447	3.505
2009	1.636		1.636	1.688	0.504	3.828
2010	1.726		1.726	1.727	0.548	4.001

Fiscal Year Ended June 30,	Carlstadt - East Rutherford Regional High School District			Overlapping Rates		Total direct and overlapping tax rate
	Basic Rate ^a	General Obligation		Borough of East Rutherford	County of Bergen	
		Debt Service ^b	Total Direct School			
2001	1.327		1.327	0.473	0.246	2.046
2002	1.421		1.421	0.471	0.269	2.161
2003	1.555		1.555	0.417	0.258	2.230
2004	1.622		1.622	0.449	0.297	2.368
2005	1.652		1.652	0.543	0.305	2.500
2006	1.766		1.766	0.605	0.319	2.690
2007	1.701		1.701	0.563	0.306	2.570
2008	1.799		1.799	0.661	0.381	2.841
2009	1.950		1.950	0.688	0.446	3.084
2010	0.906		0.906	0.424	0.222	1.552

Source: Municipal Tax Collector

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

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

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

N/A - Information is not available

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

Taxpayer	Borough of Carlstadt					
	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Individual Taxpayer # 1	\$ 91,934,800	1	9.62%	\$ 38,995,000	2	3.90%
AMB Properties	45,157,200	2	4.72%	15,926,900	7	1.59%
Prologis Trust	44,300,500	3	4.63%			
Trans Con Pipe Line	43,926,600	4	4.59%	38,019,300	4	3.80%
Meadowland Ptns.	11,000,000	5	1.15%			
Paterson Plank Realty	8,507,000	6	0.89%	8,933,600	10	0.89%
455 Sixteenth St.	7,750,000	7	0.81%			
Barell Associates	7,460,000	8	0.78%	11,821,000	8	1.18%
A.G. Holdings	5,825,000	9	0.61%			
Individual Taxpayer #2	200,000	10	0.02%	38,584,900	3	3.86%
Empire Ltd.				62,321,800	1	6.23%
WXIII, MWL Real Estate				35,488,300	5	3.55%
Gotham Industrial Park				18,679,100	6	1.87%
Commercial Ave. Associates				10,107,000	9	1.01%
Total	\$ 266,061,100		27.82%	\$ 278,876,900		27.90%

Taxpayer	Borough of East Rutherford					
	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 321,169,300	1	15.87%	\$ 95,000,000	1	11.34%
SPUSV5 One Meadowlands, LP	70,000,000	2	3.46%			
Branca Properties	49,888,900	3	2.47%	26,583,971	3	3.17%
BPG Hotel XVII Owner, LLC	42,500,000	4	2.10%			
Vornado Realty Trust	36,013,300	5	1.78%			
Avalon NJ Value II, LLC	35,715,600	6	1.77%			
Liberty Commons	31,202,200	7	1.54%			
East Rutherford Lodging LLC	21,075,800	8	1.04%			
BRE/HV Properties, L.L.C.	17,229,200	9	0.85%			
450 Murray Hill Corp.	16,916,100	10	0.84%	8,077,500	6	0.96%
Meadowlands Plaza				73,125,000	2	8.73%
EM Sector Holdings				19,423,000	4	2.32%
Homestead Village				9,108,000	5	1.09%
Individual Taxpayer # 1				6,707,000	7	0.80%
East Rutherford Machinery				6,655,000	8	0.79%
Union Avenue Associates				6,380,000	9	0.76%
Total	\$ 641,710,400		31.72%	\$ 251,059,471		29.97%

Source: Municipal Tax Assessor

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

COMBINED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 7,288,517	\$ 7,288,517	100.00 %	\$
2002	7,288,517	7,288,517	100.00	
2003	7,435,843	7,435,843	100.00	
2004	8,130,712	8,130,712	100.00	
2005	8,784,468	8,784,468	100.00	
2006	9,372,596	9,372,596	100.00	
2007	9,850,324	9,850,324	100.00	
2008	10,274,317	10,274,317	100.00	
2009	10,685,290	10,685,290	100.00	
2010	11,031,942	11,031,942	100.00	

CARLSTADT

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 4,124,380	\$ 4,124,380	100.00 %	\$
2002	4,119,787	4,119,787	100.00	
2003	4,254,697	4,254,697	100.00	
2004	4,705,774	4,705,774	100.00	
2005	4,744,322	4,744,322	100.00	
2006	5,191,018	5,191,018	100.00	
2007	5,267,232	5,267,232	100.00	
2008	5,872,620	5,872,620	100.00	
2009	5,704,941	5,704,941	100.00	
2010	5,741,541	5,741,541	100.00	

EAST RUTHERFORD

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 3,164,137	\$ 3,164,137	100.00 %	\$
2002	3,168,730	3,168,730	100.00	
2003	3,181,146	3,181,146	100.00	
2004	3,424,938	3,424,938	100.00	
2005	4,040,146	4,040,146	100.00	
2006	4,181,578	4,181,578	100.00	
2007	4,583,092	4,583,092	100.00	
2008	4,401,697	4,401,697	100.00	
2009	4,980,349	4,980,349	100.00	
2010	5,290,401	5,290,401	100.00	

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

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

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

Borough of Carlstadt

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2001	\$	\$ 225,083	\$ 225,083	0.07%	\$ 38
2002		197,451	197,451	0.06%	33
2003		170,696	170,696	0.06%	29
2004		149,659	149,659	0.05%	25
2005		101,594	101,594	0.03%	17
2006		71,226	71,226	0.02%	12
2007		35,267	35,267	0.01%	6
2008		74,954	74,954	0.02%	12
2009		56,355	56,355	N/A	N/A
2010		41,538	41,538	N/A	N/A

Borough of East Rutherford

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2001	\$	\$ 172,679	\$ 172,679	0.04%	\$ 20
2002		151,870	151,870	0.04%	18
2003		127,626	127,626	0.03%	16
2004		108,924	108,924	0.02%	14
2005		86,515	86,515	0.02%	11
2006		57,376	57,376	0.01%	7
2007		30,687	30,687	0.01%	4
2008		56,544	56,544	0.01%	6
2009		49,975	49,975	N/A	N/A
2010		38,343	38,343	N/A	N/A

Source: District Records

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

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

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

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

Borough of Carlstadt

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions			
2001	\$ N/A	\$	\$		\$
2002	N/A				
2003	N/A				
2004	N/A				
2005	N/A				
2006	N/A				
2007	N/A				
2008	N/A				
2009	N/A				
2010	N/A				

Borough of East Rutherford

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions			
2001	\$ N/A	\$	\$		\$
2002	N/A				
2003	N/A				
2004	N/A				
2005	N/A				
2006	N/A				
2007	N/A				
2008	N/A				
2009	N/A				
2010	N/A				

Source: District Records

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

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

b - See Exhibit J-14 for population data.

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2010
 (Unaudited)

<u>Governmental Unit</u>			Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:					
Borough of Carlstadt	(1)	\$	12,512,902	100%	\$ 12,512,902
Carlstadt Public Schools K-8	(1)		23,182,627	100%	23,182,627
Borough of East Rutherford	(1)		33,016,753	100%	33,016,753
East Rutherford Public Schools K-8	(1)		5,796,774	100%	5,796,774
County of Bergen - Borough of Carlstadt's share	(2);(A)		N/A	N/A	
County of Bergen - Borough of East Rutherford's share	(2);(A)		N/A	N/A	
Other debt:					
Borough of East Rutherford - Sewer System	(2)		659,016	100%	659,016
Subtotal, overlapping debt					75,168,072
Carlstadt-East Rutherford Regional High School District Direct Debt					0
Total direct and overlapping debt					\$ 75,168,072

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

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

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

N/A - Information is not available

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

Legal Debt Margin Calculation for Fiscal Year 2009			
Year	Borough of Carlstadt Equalized Valuation Basis	Borough of East Rutherford Equalized Valuation Basis	Combined Equalized Valuation Basis
2009	\$ 2,718,624,887	\$ 1,913,723,180	\$ 4,632,348,067
2008	2,587,731,838	1,974,736,729	4,562,468,567
2007	2,348,907,960	1,692,219,280	4,041,127,240
		[A]	\$ <u>13,235,943,874</u>
Average equalized valuation of taxable property			[A/3] \$ <u>4,411,981,291</u>
Debt limit (3 % of average equalization value)			[B] \$ 132,359,439 ^a
Total Net Debt Applicable to Limit			[C] -
Legal debt margin			[B-C] \$ <u>132,359,439</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 59,061,673	\$ 62,637,210	\$ 69,236,766	\$ 74,815,994	\$ 85,037,731	\$ 93,991,528	\$ 102,456,285	\$ 111,762,424	\$ 122,804,727	\$ 132,359,439
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ <u>59,061,673</u>	\$ <u>62,637,210</u>	\$ <u>69,236,766</u>	\$ <u>74,815,994</u>	\$ <u>85,037,731</u>	\$ <u>93,991,528</u>	\$ <u>102,456,285</u>	\$ <u>111,762,424</u>	\$ <u>122,804,727</u>	\$ <u>132,359,439</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

Borough of Carlstadt				
Year	Population ^{a(1)}	Personal Income ^b	Per Capita Personal Income ^{c(2)}	Unemployment Rate ^d
2001	5,928	\$ 308,860,656	\$ 52,102	2.70%
2002	5,928	307,846,968	51,931	3.80%
2003	5,932	304,258,212	51,291	3.70%
2004	5,941	324,788,529	54,669	3.00%
2005	5,925	337,505,775	56,963	3.10%
2006	5,916	372,832,236	63,021	3.30%
2007	5,965	400,329,045	67,113	3.00%
2008	5,999	406,108,304	67,696	3.90%
2009	6,059	N/A	N/A	7.00%
2010	N/A	N/A	N/A	N/A

Borough of East Rutherford				
Year	Population ^{a(1)}	Personal Income ^b	Per Capita Personal Income ^{c(2)}	Unemployment Rate ^d
2001	8,512	\$ 443,492,224	\$ 52,102	4.10%
2002	8,354	433,831,574	51,931	5.60%
2003	8,187	419,919,417	51,291	5.50%
2004	8,047	439,921,443	54,669	4.50%
2005	8,078	460,147,114	56,963	4.90%
2006	7,884	496,857,564	63,021	5.20%
2007	7,721	518,179,473	67,113	4.70%
2008	8,708	589,496,768	67,696	6.10%
2009	8,785	N/A	N/A	10.70%
2010	N/A	N/A	N/A	N/A

Source:

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

Notes:

- (1) Represents estimate as of July 1, except for 2000 which is based on April 1, 2000 census
- (2) Represents county information vs. municipality
- N/A - At the time of CAFR completion, this data was not yet available

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

Borough of Carlstadt						
Employer	2010			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
	N/A	1	N/A	N/A	1	N/A
	N/A	2	N/A	N/A	2	N/A
	N/A	3	N/A	N/A	3	N/A
	N/A	4	N/A	N/A	4	N/A
	N/A	5	N/A	N/A	5	N/A
	N/A	6	N/A	N/A	6	N/A
	N/A	7	N/A	N/A	7	N/A
	N/A	8	N/A	N/A	8	N/A
	N/A	9	N/A	N/A	9	N/A
	N/A	10	N/A	N/A	10	N/A
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Borough of East Rutherford						
Employer	2010			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
	N/A	1	N/A	N/A	1	N/A
	N/A	2	N/A	N/A	2	N/A
	N/A	3	N/A	N/A	3	N/A
	N/A	4	N/A	N/A	4	N/A
	N/A	5	N/A	N/A	5	N/A
	N/A	6	N/A	N/A	6	N/A
	N/A	7	N/A	N/A	7	N/A
	N/A	8	N/A	N/A	8	N/A
	N/A	9	N/A	N/A	9	N/A
	N/A	10	N/A	N/A	10	N/A
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Source: Borough of Carlstadt, Borough of East Rutherford and State of New Jersey Department of Labor and Industry Annual Labor Force Estimates by Municipality

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

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction										
Regular	41.4	41.4	44.6	44.6	44.6	44.6	44.6	44.6	43.9	43.9
Special education	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Support Services:										
Student & instruction related services	6.3	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	5.0	5.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>66.7</u>	<u>65.4</u>	<u>68.6</u>	<u>67.6</u>	<u>66.6</u>	<u>66.6</u>	<u>66.6</u>	<u>66.6</u>	<u>65.9</u>	<u>65.9</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	462	7,511,455	\$ 16,259	1.84%	50.7	1:10	449.5	424.4	0.47%	94.42%
2002	462	8,062,644	17,452	7.34%	49.4	1:10	504.5	475.7	12.24%	94.29%
2003	512	8,663,928	16,922	-3.04%	53.6	1:11	509.0	476.8	0.89%	93.67%
2004	525	9,317,973	17,749	4.89%	52.6	1:12	529.6	499.0	4.05%	94.22%
2005	556	10,118,232	18,198	2.53%	52.6	1:11	526.8	496.6	-0.53%	94.27%
2006	577	10,584,362	18,344	0.80%	52.6	1:11	536.6	504.3	1.86%	93.98%
2007	555	11,254,338	20,278	10.54%	52.6	1:11	525.8	492.3	-2.01%	93.63%
2008	549	11,318,388	20,616	1.67%	52.6	1:11	523.0	495.1	-0.53%	94.67%
2009	506	11,378,316	22,487	9.07%	51.9	1:10	493.2	465.6	-5.70%	94.40%
2010	534	12,205,367	22,856	1.64%	51.9	1:10	493.6	462.1	0.08%	93.62%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>High School</u>										
Becton Regional High School (1971)										
Square Feet	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849	122,849
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	462	462	512	525	556	577	555	549	506	534
Number of Schools at June 30, 2010										
High School = 1	1	1	1	1	1	1	1	1	1	1

Source: District Facilities Office

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

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

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

* School Facilities Project # (s)	Becton High School	Total
2001	\$ 209,857	\$ 209,857
2002	194,797	194,797
2003	181,849	181,849
2004	217,474	217,474
2005	264,232	264,232
2006	249,455	249,455
2007	308,164	308,164
2008	255,002	255,002
2009	253,506	253,506
2010	<u>249,600</u>	<u>249,600</u>
Total School Facilities	\$ <u>2,383,936</u>	\$ <u>2,383,936</u>

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

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Insurance Schedule
June 30, 2010
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	5,000,000	50,000
Comprehensive General Liability	2,000,000	1,000
Comprehensive Automobile Liability	1,000,000	1,000
EDP	2,500,000	5,000
Valuable Papers	5,000,000	1,000
Contractors 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
Theft, Disappearance and Destruction	50,000	1,000
Forgery and Alteration	50,000	1,000
Employee Benefits:		
Each Loss	1,000,000	1,000
Aggregate	2,000,000	1,000
School Board Legal Liability - Ace American Insurance Co.	1,000,000	5,000
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
Environmental Liability - American Safety Casualty Insurance Co.		
Each Loss	1,000,000	15,000
Aggregate	3,000,000	15,000
Public Employee Surety Bonds - Travelers Casualty and Surety Company of America		
Treasurer of School Moneys	200,000	
Board Secretary	200,000	
Accident Insurance - Gerber Life Insurance Co.		
Each Loss	100,000	
Aggregate	500,000	
Workers' Compensation - Starr Insurance Company	Statutory	
Excess Workers' Compensation	1,000,000	350,000
Student Accident - National Union Fire Insurance Company of Pittsburgh, PA	500,000	
Student Catastrophic - National Union Fire Insurance Company of Pittsburgh, PA	6,000,000	25,000
Volunteer Workers Accident & Health - United States Fire Insurance Company	500,000	

Source: District records.

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

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the Board of Education of the Carlstadt-East Rutherford Regional High School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the Board of Education of the Carlstadt-East Rutherford Regional High School District in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 29, 2010.

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

McKinley White & Co LLP

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

Thomas W. McKinley

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

Paramus, New Jersey

November 29, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH NEW JERSEY OMB CIRCULAR LETTER 04-04**

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

Compliance

We have audited the compliance of the Board of Education of the Carlstadt-East Rutherford Regional High School District, in the County of Bergen, State of New Jersey, with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2010. The Board of Education of the Carlstadt-East Rutherford Regional High School District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Board of Education of the Carlstadt-East Rutherford Regional High School District's management. Our responsibility is to express an opinion on the Board of Education of the Carlstadt-East Rutherford Regional High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB Circular Letter 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Carlstadt-East Rutherford Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education of the Carlstadt-East Rutherford Regional High School District's compliance with those requirements.

In our opinion, the Board of Education of the Carlstadt-East Rutherford Regional High School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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



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



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

Paramus, New Jersey

November 29, 2010

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2009			GAAP Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2010			MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/Walkover Amount				Accounts Receivable	Deferred Revenue/Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Transportation Aid	10-495-034-5120-014	117,976	7/1/09 - 6/30/10	\$	\$	\$	117,976	(117,976)	\$	\$	\$	\$	5,017	117,976
Special Education Categorical Aid	10-495-034-5120-089	291,035	7/1/09 - 6/30/10				291,035	(291,035)					12,186	291,035
Security Aid	10-495-034-5120-084	56,862	7/1/09 - 6/30/10				56,862	(56,862)					2,400	56,862
Adjustment Aid	10-495-034-5120-085	104,854	7/1/09 - 6/30/10				104,854	(104,854)					4,543	104,854
Extraordinary Special Education Costs Aid	10-100-034-5120-473	32,162	7/1/09 - 6/30/10										32,162	
Extraordinary Special Education Costs Aid	09-100-034-5120-473	26,435	7/1/08 - 6/30/09				26,435	(26,435)						26,435
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	368,407	7/1/09 - 6/30/10				368,407	(368,407)						368,407
TPAF Pension NCGI	10-495-034-5095-007	14,192	7/1/09 - 6/30/10				14,192	(14,192)						14,192
TPAF Pension PRM Contribution	10-495-034-5095-001	266,542	7/1/09 - 6/30/10				266,542	(266,542)						266,542
Total General Fund							1,246,303	(1,246,303)					56,308	1,246,303
State Department of Agriculture:														
Enterprise Fund:														
National School Lunch Program (State Share)	10-100-010-3350-023	1,874	7/1/09 - 6/30/10				1,813	(1,874)		(61)			61	1,874
National School Lunch Program (State Share)	09-100-010-3350-023	1,521	7/1/08 - 6/30/09	(41)			41							
Total Enterprise Fund				(41)			1,854	(1,874)		(61)			61	1,874
State of New Jersey Schools Development Authority:														
Capital Projects Fund:														
Section 15 Grant - Henry P. Becton Regional High School New Windows, HVAC System, Sprinkler System and Reconfiguration of Classrooms	0745-050-09-0JAW	11,080,556	7/1/09 - 6/30/10	(768,611)						(768,611)			768,611	768,611
Total Capital Projects Fund				(768,611)						(768,611)			768,611	768,611
Total State Financial Assistance				(768,652)			1,248,157	(1,248,177)		(768,672)			824,980	2,016,788
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
TPAF Pension NCGI	10-495-034-5095-007	14,192	7/1/09 - 6/30/10				(14,192)	14,192						(14,192)
TPAF Pension PRM Contribution	10-495-034-5095-001	266,542	7/1/09 - 6/30/10				(266,542)	266,542						(266,542)
Total State Financial Assistance Subject to Single Audit				\$ (768,652)	\$	\$	\$ 967,423	\$ (967,443)	\$	\$ (768,672)	\$	\$	\$ 824,980	\$ 1,736,054

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CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Notes to Schedule of Expenditures of State Financial Assistance
June 30, 2010

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education of the Carlstadt-East Rutherford Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies are included on the schedule of expenditures of state financial assistance, except for the TPAF Pension Contributions and Post-Retirement Medical Contributions, which is excluded from state financial assistance. These contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2010. See Note 3.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of New Jersey OMB Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedule on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2, and extraordinary special education costs aid. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The District did not have one or more June state aid payments in the special revenue fund, however, if it did, the special revenue fund would recognize the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Notes to Schedule of Expenditures of State Financial Assistance
June 30, 2010

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$15,372 for the general fund. There are no adjustments for the special revenue fund or capital projects fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. State financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>State</u>
General Fund	\$ 1,246,303
Food Service Fund	<u>1,874</u>
Total state financial assistance - GAAP basis	1,248,177
Less: On-behalf TPAF pension - normal contributions	(14,192)
On-behalf TPAF pension and post-retirement medical contributions	<u>(266,542)</u>
Total per schedule of expenditures of state financial assistance	<u><u>\$ 967,443</u></u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State of New Jersey on behalf of the District for the year ended June 30, 2010. Reimbursed TPAF Social Security Contributions represents the amount reimbursed by the State of New Jersey for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? yes x no

State Financial Assistance

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

Auditee qualified as low-risk auditee? x yes no

Internal control over major programs:

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

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

Type of auditors' report issued on compliance for major programs: Unqualified
No reportable instances of noncompliance

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular Letter 04-04? yes x no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
10-495-034-5120-089	Special Education Categorical Aid
10-495-034-5120-084	Security Aid
10-495-034-5120-085	Adjustment Aid
10-495-034-5095-002	Reimbursed TPAF Social Security Contributions

CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

There were no significant deficiencies, material weaknesses, or instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2010**

Section III – State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by New Jersey OMB Circular Letter 04-04.

There were no audit findings required to be reported by New Jersey OMB Circular Letter 04-04.

**CARLSTADT-EAST RUTHERFORD REGIONAL HIGH SCHOOL DISTRICT
Summary Schedule of Prior-Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2010**

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*, and New Jersey OMB Circular Letter 04-04.

There were no prior-year audit findings.