

EAST RUTHERFORD BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EAST RUTHERFORD, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

East Rutherford Board of Education

East Rutherford, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

Business Office

**EAST RUTHERFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION -- PART I

Management's Discussion and Analysis	4-13
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	14
A-2 Statement of Activities	15

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	18

Proprietary Funds

B-4 Statement of Net Position	19
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	20
B-6 Statement of Cash Flows	21

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	22
B-8 Statement of Changes in Fiduciary Net Position	23

Notes to the Financial Statements	24-55
--	-------

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1 Budgetary Comparison Schedule -- General Fund	56-61
C-2 Budgetary Comparison Schedule -- Special Revenue Fund	62

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -- PART II

C-3 Budgetary Comparison Schedule -- Notes to Required Supplementary Information	63
--	----

**EAST RUTHERFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

		<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION - PART III		
L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	64
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	65
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	66
	Notes to Required Supplementary Information	67
D.	School Level Schedules (Not Applicable)	
E.	Special Revenue Fund	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	68
E-2	Preschool Education Aid – Schedule of Expenditures – Not Applicable	69
F.	Capital Projects Fund	
F-1	Summary Schedule of Project Expenditures	70
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	71
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Renovation and Alteration of Faust School Including Roof Replacement, Masonry Repairs, Window Replacement and Electrical System Upgrades	72
G.	Proprietary Funds	
	<i>Enterprise Fund</i>	
G-1	Combining Schedule of Net Position - N/A	73
G-2	Combining Schedule of Revenues, Expenses and Changes in Net Position – N/A	73
G-3	Combining Schedule of Cash Flows – N/A	73
H.	Fiduciary Funds/Agency Funds	
H-1	Combining Statement of Agency Assets and Liabilities	74
H-2	Combining Statement of Changes in Fiduciary Net Position – N/A	75
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	76
H-4	Payroll Agency Fund Schedule of Changes in Assets and Liabilities	76
I.	Long-Term Debt	
I-1	Schedule of Serial Bonds	77
I-2	Schedule of Obligations under Lease-Purchase Agreements	78
I-3	Debt Service Fund Budgetary Comparison Schedule	79

**EAST RUTHERFORD BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	80
J-2	Changes in Net Position	81-82
J-3	Fund Balances – Governmental Funds	83
J-4	Changes in Fund Balances - Governmental Funds	84-85
J-5	General Fund Other Local Revenue by Source	86
J-6	Assessed Value and Actual Value of Taxable Property	87
J-7	Property Tax Rates	88
J-8	Principal Property Taxpayers	89
J-9	Property Tax Levies and Collections	90
J-10	Ratios of Outstanding Debt by Type	91
J-11	Ratios of Net General Bonded Debt Outstanding	92
J-12	Computation of Direct and Overlapping Debt	93
J-13	Legal Debt Margin Information	94
J-14	Demographic and Economic Statistics	95
J-15	Principal Employers	96
J-16	Full-Time Equivalent District Employees by Function/Program	97
J-17	Operating Statistics	98
J-18	School Building Information	99
J-19	Schedule of Required Maintenance for School Facilities	100
J-20	Schedule of Insurance	101-102

K. SINGLE AUDIT SECTION

K-1	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	103-104
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	105-107
K-3	Schedule of Expenditures of Federal Awards	108
K-4	Schedule of Expenditures of State Financial Assistance	109
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	110-111
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	112-113
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	114
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	115-116
K-7	Summary Schedule of Prior Year Audit Findings	117

INTRODUCTORY SECTION



EAST RUTHERFORD PUBLIC SCHOOLS

Office of the Board of Education

100 Uhland Street

East Rutherford, NJ 07073

Phone: (201) 804-3100 ♦ Fax: (201) 933-1845

www.erboe.net

October 13, 2016

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the East Rutherford Board of Education for the fiscal year ended June 30, 2016.

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

The East Rutherford Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the East Rutherford Board of Education for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' concluded, based upon the audit, that there was a

reasonable basis for rendering an unmodified opinion that the East Rutherford Board of Education's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten through Grade 8. These include both regular and special education programs. The District completed the 2015-2016 school year with an enrollment of 801 students. The following details the changes in the student enrollment of the District over the last several years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	801	1.77%
2014-2015	787	5.77%
2013-2014	744	-3.13%
2012-2013	768	-1.41%
2011-2012	779	1.70%
2010-2011	766	8.65%
2009-2010	705	4.44%
2008-2009	675	-3.29%
2007-2008	698	-5.29%
2006-2007	737	-1.60%

2. ECONOMIC CONDITION AND OUTLOOK: The East Rutherford area is experiencing a period of economic adversity and hardship. There has not been significant development and expansion in businesses or residences. The national economic recession has resulted in a decrease in the employment level. East Rutherford is expected to continue to feel the effects of the national economic situation.

3. MAJOR INITIATIVES: The East Rutherford Board of Education has continued its shared services program with the Borough and have updated its Long Range Facility Plan to include a referendum to meet its rapidly growing enrollment needs. The Comprehensive Professional Development Plan will continue to expand Google Apps and focus on using data to improve curriculum and test scores. The district will commence year (2) of our (3) year Technology Plan and continue to expand the new reading/language arts program at McKenzie School. Finally, the district will maintain our new electronic personnel applications program ~ Appli-Track and start the update of its seniority and tenure charts with Califon Associates.

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

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

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

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

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

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

8. RISK MANAGEMENT: The Board carries various forms of insurance including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, school board errors and omissions, boiler and machinery, and worker's compensation.

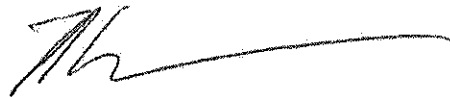
9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related US Uniform Guidance and State Treasury Circular Letter 15-08. The auditors' report on the basic financial statements and schedules are included in the financial section of the report. The auditors' reports relating specifically to the Single Audit are included in the Single Audit Section of this report.

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

Respectfully submitted,



Giovanni Giancaspro
Superintendent of Schools

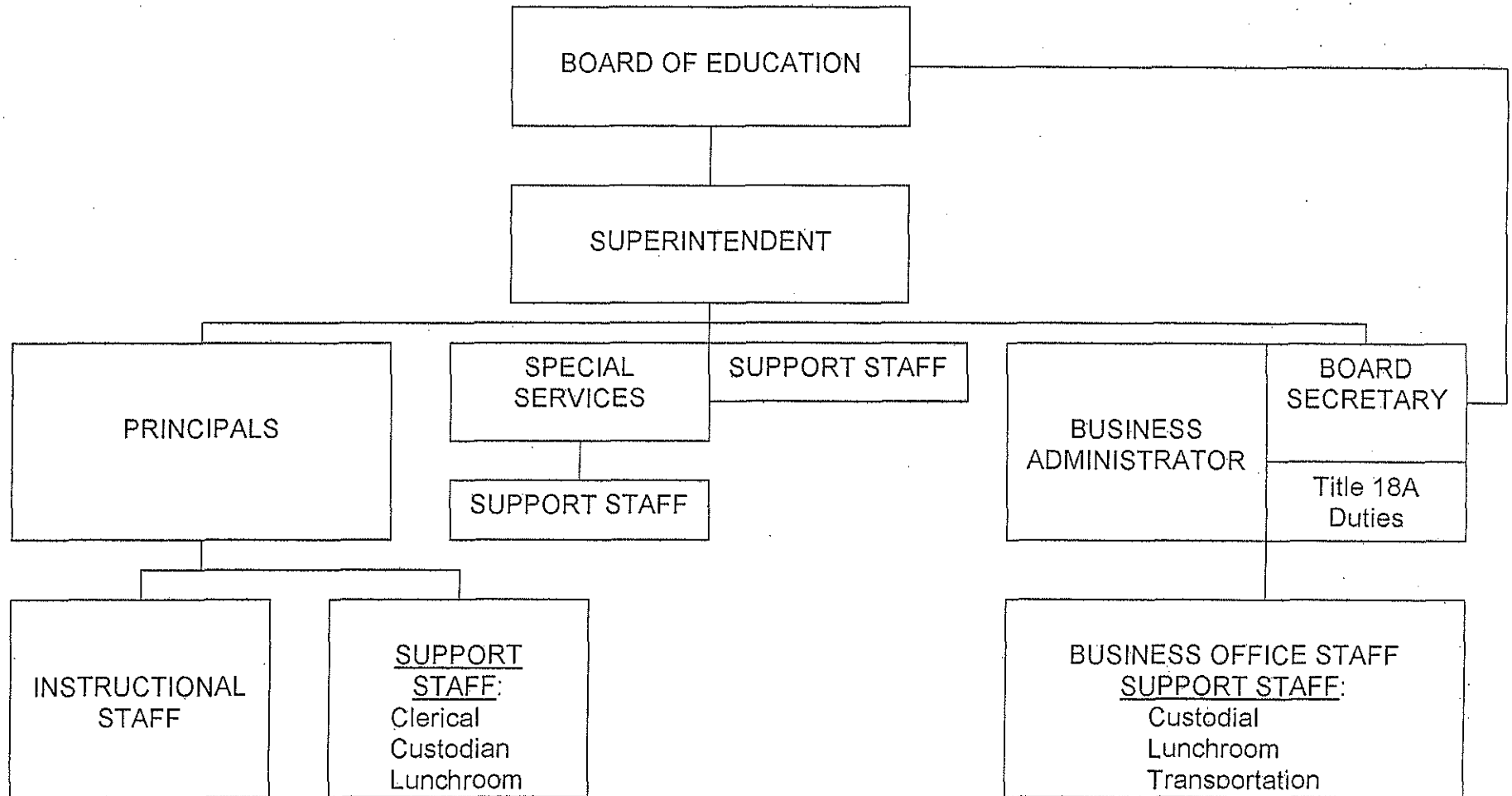


Mark Kramer
Business Administrator/Board Secretary

EAST RUTHERFORD BOARD OF EDUCATION

Uhland and Grove Streets

East Rutherford, New Jersey 07073



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Paul Weiss, President	January, 2017
Richard Vartan, Vice-President	January, 2018
Teresa Sawka	January, 2017
Kathleen Winston	January, 2018
Daniel Alvarez	January, 2019
Maria Caruso	January, 2019
Debra Zoller	January, 2019

OTHER OFFICIALS

Giovanni Giancaspro, Superintendent of Schools

Mark Kramer, Business Administrator/Board Secretary

Diane Chorazy, Treasurer of School Monies

Thomas Kobin, Esq., Solicitor

EAST RUTHERFORD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Thomas Kobin, Esq.
Chasan, Leyner, Lamparello, P.C.
300 Harmon Meadow Boulevard
Secaucus, New Jersey 07094-3621

OFFICIAL DEPOSITORY

Capital One Bank
145 Route 17 South
East Rutherford, NJ 07073

ARCHITECT OF RECORD

The Architects Alliance
111 Mulberry Street Suite 2-Z
Newark, NJ 07102

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Rutherford Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Rutherford Board of Education.

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

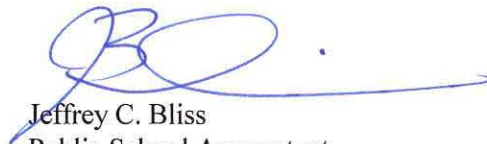
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2016 on our consideration of the East Rutherford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Rutherford Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 13, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The discussion and analysis of the East Rutherford Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$1,345,575 (net position).
- Total School District's net position increased \$244,076.
- District-Wide general revenues accounted for \$14,546,015 or 73 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$5,355,315 or 27 percent of total revenues of \$19,901,330.
- Total net position of governmental activities amounted to \$1,190,397 as of June 30, 2016 an increase of \$220,570 from the previous year.
- The District had \$19,317,245 in expenses related to governmental activities; only \$4,991,800 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,546,015 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$16,333,999 in revenues, \$16,422,982 in expenditures. The General Fund's fund balance increased \$210,792 from the previous year to \$1,233,601 at June 30, 2016.
- The General Fund unassigned budgetary fund balance decreased \$73,891 from the previous year to \$217,651 at June 30, 2016.
- The District's total outstanding long-term liabilities increased by \$149,976 during the current fiscal year.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Using the Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2016?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- **Governmental Activities** – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

The District as a Whole

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

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The following provides a summary of the District's net position as of June 30, 2016 and 2015.

Table A-1
Statement of Net Position
As of June 30, 2016 and 2015

	Net Position					
	As of June 30, 2016 and 2015					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
ASSETS						
Current Assets	\$ 1,286,767	\$ 1,528,056	\$ 145,166	\$ 137,960	\$ 1,431,933	\$ 1,666,016
Capital Assets	<u>8,940,226</u>	<u>9,122,232</u>	<u>10,697</u>	<u>13,663</u>	<u>8,950,923</u>	<u>9,135,895</u>
Total Assets	<u>10,226,993</u>	<u>10,650,288</u>	<u>155,863</u>	<u>151,623</u>	<u>10,382,856</u>	<u>10,801,911</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amount on Refunding of Debt	81,838	107,505			81,838	107,505
Deferred Amount on Net Pension Liability	<u>684,653</u>	<u>165,598</u>	-	-	<u>684,653</u>	<u>165,598</u>
Total Deferred Outflows of Resources	<u>766,491</u>	<u>273,103</u>	-	-	<u>766,491</u>	<u>273,103</u>
Total Assets and Deferred Outflows of Resources	<u>10,993,484</u>	<u>10,923,391</u>	<u>155,863</u>	<u>151,623</u>	<u>11,149,347</u>	<u>11,075,014</u>
LIABILITIES						
Other Liabilities	125,611	283,051		19,748	125,611	302,799
Long-Term Liabilities	<u>9,606,902</u>	<u>9,456,926</u>	-	-	<u>9,606,902</u>	<u>9,456,926</u>
Total Liabilities	<u>9,732,513</u>	<u>9,739,977</u>	-	19,748	<u>9,732,513</u>	<u>9,759,725</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Amount on Net Pension Liability	70,574	213,587			70,574	213,587
Deferred Commodities Revenue	-	-	685	203	685	203
Total Deferred Inflows of Resources	<u>70,574</u>	<u>213,587</u>	<u>685</u>	<u>203</u>	<u>71,259</u>	<u>213,790</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,803,087</u>	<u>9,953,564</u>	<u>685</u>	<u>19,951</u>	<u>9,803,772</u>	<u>9,973,515</u>
NET POSITION						
Net Investment in Capital Assets	4,016,618	3,642,511	10,697	13,663	4,027,315	3,656,174
Restricted	1,011,078	1,011,078			1,011,078	1,011,078
Unrestricted	<u>(3,837,299)</u>	<u>(3,683,762)</u>	<u>144,481</u>	<u>118,009</u>	<u>(3,692,818)</u>	<u>(3,565,753)</u>
Total Net Position	<u>\$ 1,190,397</u>	<u>\$ 969,827</u>	<u>\$ 155,178</u>	<u>\$ 131,672</u>	<u>\$ 1,345,575</u>	<u>\$ 1,101,499</u>

The District's combined net position was \$1,345,575 and \$1,101,499 at June 30, 2016 and 2015, respectively. This was an increase of \$244,076 or 22 percent from the prior year. The increase is mainly attributable to an increase in District revenues earned for the current fiscal year.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The following schedule shows changes in net position for fiscal years ended June 30, 2016 and 2015

Change in Net Position
for the Fiscal Years Ended June 30, 2016 and 2015

Revenues	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	\$ 53,878	\$ 113,563	\$ 147,164	\$ 138,430	\$ 201,042	\$ 251,993
Operating Grants and Contributions	4,937,922	4,168,902	216,351	180,557	5,154,273	4,349,459
General Revenues						
Property Taxes	14,400,822	14,130,843			14,400,822	14,130,843
Unrestricted State Aid	15,292	14,156			15,292	14,156
Other	129,901	53,325	-	66	129,901	53,391
Total Revenues	19,537,815	18,480,789	363,515	319,053	19,901,330	18,799,842
Expenses						
Instruction						
Regular	8,990,945	8,641,143			8,990,945	8,641,143
Special Education	2,964,763	2,491,806			2,964,763	2,491,806
Other Instruction	840,300	874,386			840,300	874,386
School Sponsored Activities and Athletics	94,929	103,915			94,929	103,915
Support Services						
Student and Instruction Related Services	2,571,607	2,447,507			2,571,607	2,447,507
General Administration Services	631,864	634,754			631,864	634,754
School Administration Services	728,173	699,086			728,173	699,086
Central and Other Support Services	492,472	514,716			492,472	514,716
Plant Operations and Maintenance	1,377,893	1,545,552			1,377,893	1,545,552
Pupil Transportation	452,825	425,730			452,825	425,730
Interest on Long Term Debt	171,474	174,626			171,474	174,626
Food Service	-	-	340,009	314,627	340,009	314,627
Total Expenses	19,317,245	18,553,221	340,009	314,627	19,657,254	18,867,848
Change in Net Position	220,570	(72,432)	23,506	4,426	244,076	(68,006)
Beginning of Year, Net Position	969,827	1,042,259	131,672	127,246	1,101,499	1,169,505
Ending of Year, Net Position	\$ 1,190,397	\$ 969,827	\$ 155,178	\$ 131,672	\$ 1,345,575	\$ 1,101,499

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Governmental Activities

The District's total revenues were \$19,537,815 and \$18,480,789 for the fiscal years ended June 30, 2016 and 2015, respectively. Property taxes made up 74 percent and 76 percent of revenues for governmental activities for the East Rutherford Board of Education for fiscal years ended June 30, 2016 and 2015, respectively. Federal, state and local grants of \$4,953,214 and \$4,183,058 accounted for another 25 percent and 23 percent of revenues for the fiscal years ended June 30, 2016 and 2015, respectively. The increase in federal, state and local grants for the current year is largely due to the additional on-behalf TPAF pension contributions realized during the current fiscal year.

The total cost of all programs and services was \$19,317,245 and \$18,553,221 for the fiscal years ended June 30, 2016 and 2015, respectively. The increase in expenses for the current year is also due to the additional on-behalf TPAF pension contributions reported for the District. Instruction comprises 67 and 65 percent of governmental program expenses for the fiscal years ended June 30, 2016 and 2015, respectively. Support services expenses make up 32 and 34 percent of governmental expenses for the fiscal years ended June 30, 2016 and 2015, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The schedule below shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

Total and Net Cost of Services
for the Fiscal Years Ended June 30, 2016 and 2015

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 8,990,945	\$ 8,641,143	\$ 6,465,757	\$ 6,124,662
Special Education	2,964,763	2,491,806	1,735,652	1,798,987
Other Instruction	840,300	874,386	612,808	658,876
School Sponsored Activities and Athletics	94,929	103,915	53,018	72,758
Support Services				
Student and Instruction Related Services	2,571,607	2,447,507	2,044,189	2,002,936
General Administration Services	631,864	634,754	561,352	578,226
School Administration Services	728,173	699,086	590,839	591,509
Central and Other Support Services	492,472	514,716	421,959	459,843
Plant Operations and Maintenance	1,377,893	1,545,552	1,256,346	1,423,536
Pupil Transportation	452,825	425,730	412,051	384,797
Interest on Long Term Debt	171,474	174,626	171,474	174,626
Total	<u>\$ 19,317,245</u>	<u>\$ 18,553,221</u>	<u>\$ 14,325,445</u>	<u>\$ 14,270,756</u>

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The dependence of tax revenues to support governmental activities is apparent.

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$363,515 and expenses of \$340,009 in the fiscal year ended June 30, 2016. Of the revenues, \$147,164 and \$138,430 were charges for services paid by patrons for daily food service, \$216,351 and \$180,557 were from State and Federal reimbursements and \$-0- and \$66 were from interest earnings for the fiscal years ended June 30, 2016 and 2015, respectively.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$17,463,233 and \$16,920,123 and expenditures were \$17,552,216 and \$17,581,703 for the fiscal years ended June 30, 2016 and 2015, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2016 and 2015.

<u>Revenue</u>	<u>Fiscal Year</u> <u>Year Ended</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2016</u>	<u>2015</u>		
Local Sources	\$ 14,584,601	\$ 14,297,731	\$ 286,870	2%
State Sources	2,473,063	2,220,829	252,234	11%
Federal Sources	405,569	401,563	4,006	1%
Total	\$ 17,463,233	\$ 16,920,123	\$ 543,110	3%

For fiscal year 2016 total governmental revenues increased \$543,110 or 3% from the previous year. The increase in local sources of \$286,870 or 2% was attributable to an increase in property taxes to support increases in budgeted operating costs. As indicated state sources increased \$252,234 or 11% mainly due to an increase in on-behalf pension and post-retirement medical benefit contributions made by the State for the District's professional teaching staff. The increase in federal sources of \$4,006 or 1% was a result of increased grant funds earned from NCLB and IDEA grant programs.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2016 and 2015.

<u>Expenditure</u>	<u>Fiscal Year</u> <u>Year Ended</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2016</u>	<u>2015</u>		
Current Expense:				
Instruction	\$ 11,019,279	\$ 10,696,333	\$ 322,946	3%
Support Services	5,616,335	5,844,172	(227,837)	-4%
Debt Service	786,433	784,633	1,800	0%
Capital Outlay	<u>130,169</u>	<u>256,565</u>	<u>(126,396)</u>	-49%
Total	<u>\$ 17,552,216</u>	<u>\$ 17,581,703</u>	<u>\$ (29,487)</u>	-0.2%

For fiscal year 2016, total governmental funds expenditures decreased \$29,487 or 0.2%. Increases in instruction costs were attributable to special education programs and decreases in support services costs were attributable to administrative services, as well as plant operations and maintenance costs. Capital outlay decreased significantly as a result of the activity related to the 2012 referendum project while debt service remained relatively unchanged from the prior year.

Of the governmental funds, the General Fund had \$16,333,999 in revenues (predominately property taxes), \$16,422,982 in expenditures. Other financing sources resulting from a transfer of unspent project appropriations in the Capital Projects Fund totaled \$299,775. As a result the General Fund's fund balance increased \$210,792 from \$1,022,809 at June 30, 2015 to \$1,233,601 at June 30, 2016.

General Fund Budgetary Highlights

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

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

For the fiscal year 2016 General Fund budgetary revenues were more than budgetary expenditures increasing budgetary fund balance \$158,955. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$73,891 from an unassigned fund balance of \$291,542 at June 30, 2015 to \$217,651 at June 30, 2016. Conversely, restricted fund balance for capital reserve increased \$299,775 from \$411,302 at June 30, 2015 to \$711,077 at June 30, 2016.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Capital Assets

At the end of fiscal years 2016 and 2015, the District had \$8,950,923 and \$9,135,895 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation decreased \$184,972 from fiscal year 2015 to fiscal year 2016. The following schedule is a comparison of capital assets net of depreciation at June 30, 2016 and 2015.

Capital Assets, Net of Depreciation
As of June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 984,211	\$ 984,211		
Construction in Progress	14,460			
Site Improvements	21,050	29,239		
Building and Building Improvements	7,650,753	7,877,000		
Machinery and Equipment	<u>269,752</u>	<u>231,782</u>	\$ 10,697	\$ 13,663
Total	<u>\$ 8,940,226</u>	<u>\$ 9,122,232</u>	<u>\$ 10,697</u>	<u>\$ 13,663</u>

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

Long-Term Liabilities

At June 30, 2016 and 2015, the District had \$9,606,902 and \$9,456,926 of long-term liabilities, respectively. Of this amount, \$5,005,446 and \$5,587,226 is for bonds payable for school construction, \$174,278 and \$227,990 is for lease-purchase agreements, \$37,696 and \$57,711 is for compensated absences and \$4,389,482 and \$3,583,999 is for the District's net pension liability, respectively. For fiscal year 2016 total outstanding long-term liabilities increased by \$149,976 from the prior year.

Long-Term Liabilities
As of June 30, 2016 and 2015

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Serial Bonds Payable (including premium)	\$ 5,005,446	\$ 5,587,226
Lease-Purchase Agreements	174,278	227,990
Compensated Absences	37,696	57,711
Net Pension Liability	<u>4,389,482</u>	<u>3,583,999</u>
Total	<u>\$ 9,606,902</u>	<u>\$ 9,456,926</u>

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

***EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016***

For the Future

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

East Rutherford Board of Education's budget for 2016-2017 was approved by the Board in April of 2016. Budgeted expenditures in the General Fund increased 4.5% to \$15,393,827 for fiscal year 2016-2017.

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,173,130	\$ 131,516	\$ 1,304,646
Receivables	113,637	11,197	124,834
Inventory		2,453	2,453
Capital Assets Not Being Depreciated	998,671		998,671
Capital Assets Being Depreciated, Net	<u>7,941,555</u>	<u>10,697</u>	<u>7,952,252</u>
Total Assets	<u>10,226,993</u>	<u>155,863</u>	<u>10,382,856</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	81,838		81,838
Deferred Amount on Net Pension Liability	<u>684,653</u>		<u>684,653</u>
Total Deferred Outflows of Resources	<u>766,491</u>		<u>766,491</u>
Total Assets and Deferred Outflows of Resources	<u>10,993,484</u>	<u>155,863</u>	<u>11,149,347</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	24,665	-	24,665
Accrued Interest Payable	72,446		72,446
Unearned Revenue	28,500		28,500
Noncurrent Liabilities			
Due Within One Year	634,615		634,615
Due Beyond One Year	<u>8,972,287</u>		<u>8,972,287</u>
Total Liabilities	<u>9,732,513</u>	<u>-</u>	<u>9,732,513</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		685	685
Deferred Amount on Net Pension Liability	<u>70,574</u>		<u>70,574</u>
Total Deferred Inflows of Resources	<u>70,574</u>	<u>685</u>	<u>71,259</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,803,087</u>	<u>685</u>	<u>9,803,772</u>
NET POSITION			
Net Investment in Capital Assets	4,016,618	10,697	4,027,315
Restricted for:			
Capital Projects	711,077		711,077
Plant Maintenance	300,000		300,000
Debt Service	1		1
Unrestricted	<u>(3,837,299)</u>	<u>144,481</u>	<u>(3,692,818)</u>
Total Net Position	<u>\$ 1,190,397</u>	<u>\$ 155,178</u>	<u>\$ 1,345,575</u>

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

**EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 8,990,945	\$ 53,878	\$ 2,471,310		\$ (6,465,757)		\$ (6,465,757)
Special Education	2,964,763		1,229,111		(1,735,652)		(1,735,652)
Other Instruction	840,300		227,492		(612,808)		(612,808)
School Sponsored Activities and Athletics							
	94,929		41,911		(53,018)		(53,018)
Support Services							
Student and Instruction Related Svcs.	2,571,607		527,418		(2,044,189)		(2,044,189)
General Administrative Services	631,864		70,512		(561,352)		(561,352)
School Administrative Services	728,173		137,334		(590,839)		(590,839)
Central and Other Support Services	492,472		70,513		(421,959)		(421,959)
Plant Operations and Maintenance	1,377,893		121,547		(1,256,346)		(1,256,346)
Pupil Transportation	452,825		40,774		(412,051)		(412,051)
Interest on Long-Term Debt	171,474				(171,474)		(171,474)
Total Governmental Activities	19,317,245	53,878	4,937,922	-	(14,325,445)	-	(14,325,445)
Business-Type Activities							
Food Service	340,009	147,164	216,351	-		\$ 23,506	23,506
Total Business-Type Activities	340,009	147,164	216,351	-	-	23,506	23,506
Total Primary Government	\$19,657,254	\$ 201,042	\$ 5,154,273	\$ -	(14,325,445)	23,506	(14,301,939)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					13,677,157		13,677,157
Property Taxes Levied for Debt Service, Net					723,665		723,665
Unrestricted State Aid					15,292		15,292
Miscellaneous Income					129,901		129,901
Total General Revenues					14,546,015	-	14,546,015
Change in Net Position					220,570	23,506	244,076
Net Position, Beginning of Year (Restated)					969,827	131,672	1,101,499
Net Position, End of Year					\$ 1,190,397	\$ 155,178	\$ 1,345,575

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,173,129			\$ 1	\$ 1,173,130
Receivables from Other Governments	1,633	\$ 76,755			78,388
Due from Other Funds	111,504				111,504
Total Assets	<u>\$ 1,286,266</u>	<u>\$ 76,755</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,363,022</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 24,665				\$ 24,665
Due to Other Funds		\$ 76,255			76,255
Unearned Revenue	28,000	500			28,500
Total Liabilities	<u>52,665</u>	<u>76,755</u>	<u>-</u>	<u>-</u>	<u>129,420</u>
Fund Balances					
Restricted					
Capital Reserve	711,077				711,077
Maintenance Reserve	100,000				100,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	200,000				200,000
Debt Service				\$ 1	1
Assigned					
Year End Encumbrances	67,572				67,572
Designated for Subsequent Year's Expenditures	140,000				140,000
Unassigned					
General Fund	14,952				14,952
Total Fund Balances	<u>1,233,601</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1,233,602</u>
Total Liabilities and Fund Balances	<u>\$ 1,286,266</u>	<u>\$ 76,755</u>	<u>\$ -</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,772,981 and the accumulated depreciation is \$4,832,755. 8,940,226

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 81,838

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

Deferred Outflows of Resources	\$ 684,653	
Deferred Inflows of Resources	(70,574)	
		614,079

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (72,446)

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

Bonds Payable, Net	\$ (5,005,446)	
Lease-Purchase Agreements	(174,278)	
Compensated Absences Payable	(37,696)	
Net Pension Liability	(4,389,482)	
		<u>(9,606,902)</u>

Net position of governmental activities (Exhibit A-1) \$ 1,190,397

EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 13,677,157			\$ 723,665	\$ 14,400,822
Tuition	53,878				53,878
Miscellaneous	129,901				129,901
Total - Local Sources	13,860,936	-	-	723,665	14,584,601
State Sources	2,473,063				2,473,063
Federal Sources		\$ 405,569			405,569
Total Revenues	16,333,999	405,569	-	723,665	17,463,233
EXPENDITURES					
Current					
Instruction					
Regular Instruction	7,315,168	191,592			7,506,760
Special Education Instruction	2,522,409	202,512			2,724,921
Other Instruction	714,579	1,156			715,735
School Sponsored Activities and Athletics	71,863				71,863
Support Services					
Student and Instruction Related Services	2,226,856	10,309			2,237,165
General Administrative Services	577,055				577,055
School Administrative Services	636,800				636,800
Central and Other Support Services	443,185				443,185
Plant Operations and Maintenance	1,314,533				1,314,533
Pupil Transportation	407,597				407,597
Debt Service					
Principal	53,712			560,000	613,712
Interest	9,056			163,665	172,721
Capital Outlay	130,169				130,169
Total Expenditures	16,422,982	405,569	-	723,665	17,552,216
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	(88,983)	-	-	-	(88,983)
Other Financing Sources (Uses)					
Transfers In	299,775				299,775
Transfers Out	-		\$ (299,775)		(299,775)
Total Other Financing Sources (Uses)	299,775	-	(299,775)	-	-
Net Change in Fund Balances	210,792	-	(299,775)	-	(88,983)
Fund Balance, Beginning of Year	1,022,809		299,775	1	1,322,585
Fund Balance, End of Year	\$ 1,233,601	\$ -	\$ -	\$ 1	\$ 1,233,602

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

**EAST RUTHERFORD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (88,983)

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

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

Capital Outlay	\$ 130,169	
Depreciation Expense	<u>(312,175)</u>	(182,006)

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

Original Issue Premium	21,780	
Deferred Charge of Refunding of Debt	<u>(25,667)</u>	(3,887)

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

Decrease in Compensated Absences	20,015	
Increase in Pension Expense	<u>(143,415)</u>	(123,400)

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

Principal Repayments		
Bonds Paid	560,000	
Lease-Purchases Paid	<u>53,712</u>	613,712

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

Decrease in accrued interest		<u>5,134</u>
------------------------------	--	--------------

Change in net position of governmental activities (Exhibit A-2) **\$ 220,570**

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business- Type Activities Enterprise Funds Food Service
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 131,516
Intergovernmental Receivable	11,197
Inventories	<u>2,453</u>
Total Current Assets	<u>145,166</u>
Capital Assets	
Machinery and Equipment	58,700
Less: Accumulated Depreciation	<u>(48,003)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>10,697</u>
Total Assets	<u>155,863</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>685</u>
Total Deferred Inflows of Resources	<u>685</u>
Total Liabilities and Deferred Inflows of Resources	<u>685</u>
NET POSITION	
Investment in Capital Assets	10,697
Unrestricted	<u>144,481</u>
Total Net Position	<u><u>\$ 155,178</u></u>

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Fund Food Service
Operating Revenues	
Charges for Services	\$ 147,164
Total Operating Revenues	147,164
Operating Expenses	
Cost of Sales	182,686
Salaries and Wages	102,562
Other Purchased Services	31,572
Management Fee	15,375
Supplies and Materials	4,548
Miscellaneous Expenditures	300
Depreciation	2,966
Total Operating Expenses	340,009
Operating Loss	(192,845)
Nonoperating Revenues	
State Sources	
School Lunch Program	3,372
Federal Sources	
National School Breakfast Program	62,696
National School Lunch Program	124,344
Food Distribution Program	25,939
Total Nonoperating Revenues	216,351
Change in Net Position	23,506
Net Position, Beginning of Year	131,672
Net Position, End of Year	\$ 155,178

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds <hr/> Food Service <hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 147,164
Cash Payments for Employees Salaries	(102,562)
Cash Payments to Suppliers	(226,609)
	<hr/>
Net Cash Used for Operating Activities	(182,007)
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received from State and Federal Reimbursements	188,953
	<hr/>
Net Cash Provided By Non-Capital Financing Activities	188,953
	<hr/>
Net Increase in Cash and Cash Equivalents	6,946
Cash and Cash Equivalents—Beginning of Year	124,570
	<hr/>
Cash and Cash Equivalents—End of Year	\$ 131,516
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (192,845)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities	
Depreciation	2,966
Non-Cash Federal Assistance - Food Distribution Program	25,939
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase) Decrease in Inventories	1,199
Increase (Decrease) in Accounts Payable	(19,748)
Increase (Decrease) in Deferred Commodities Revenue	482
	<hr/>
Total Adjustments	10,838
	<hr/>
Net Cash Used For Operating Activities	\$ (182,007)
	<hr/> <hr/>
Non-Cash Financing Activities	
Value Received - Food Distribution Program	\$ 26,421

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

**EAST RUTHERFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 17,743
Total Assets	\$ 17,743
 LIABILITIES	
Payroll Deductions and Withholdings	\$ (22,394)
Due to Other Funds	35,249
Due to Student Groups	4,888
Total Liabilities	\$ 17,743

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

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

NOT APPLICABLE

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Capital Assets

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	25-50
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported gross of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Expenditures*

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2014/2015 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2014, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required beginning with the 2014/2015 budget year.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$258,272. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Unallocated Benefits – Employee Benefits			
Social Security Contributions	\$ 111,046	\$ 177,147	\$66,101
Health Benefits	1,600,778	1,635,929	35,151

The above variances were offset with other available resources.

C. Capital Reserve

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

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

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

Balance, July 1, 2015	\$ 411,302
Increased by:	
Transfer of Unexpended Project Balance from Capital Projects Fund	<u>299,775</u>
Balance, June 30, 2016	<u>\$ 711,077</u>

D. Maintenance Reserve

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

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

Balance, July 1, 2015	<u>\$ 300,000</u>
Balance, June 30, 2016	<u>\$ 300,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$740,082. Of the maintenance reserve balance at June 30, 2016, \$200,000 was designated and appropriated in the 2016/2017 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$1,322,389 and bank and brokerage firm balances of the Board's deposits amounted to \$1,527,042. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 1,527,042</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 none of the Board's bank balances were exposed to custodial credit risk.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

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

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

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

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 76,755	\$ 11,021	\$ 87,776
State	\$ 1,633	-	176	1,809
Gross Receivables	1,633	76,755	11,197	89,585
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 1,633</u>	<u>\$ 76,755</u>	<u>\$ 11,197</u>	<u>\$ 89,585</u>

C. Unearned Revenue

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

General Fund	
Prepaid Tuition Revenue	\$ 28,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	500
 Total Unearned Revenue for Governmental Funds	 <u>\$ 28,500</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 984,211			\$ 984,211
Construction in Progress	-	\$ 14,460	-	14,460
Total Capital Assets, Not Being Depreciated	<u>984,211</u>	<u>14,460</u>	<u>-</u>	<u>998,671</u>
Capital Assets, Being Depreciated:				
Site Improvements	220,460			220,460
Buildings and Building Improvements	11,685,615			11,685,615
Machinery and equipment	752,526	115,709	-	868,235
Total Capital Assets Being Depreciated	<u>12,658,601</u>	<u>115,709</u>	<u>-</u>	<u>12,774,310</u>
Less Accumulated Depreciation for:				
Site Improvements	(191,221)	(8,189)		(199,410)
Buildings and Building Improvements	(3,808,615)	(226,247)		(4,034,862)
Machinery and Equipment	(520,744)	(77,739)	-	(598,483)
Total Accumulated Depreciation	<u>(4,520,580)</u>	<u>(312,175)</u>	<u>-</u>	<u>(4,832,755)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,138,021</u>	<u>(196,466)</u>	<u>-</u>	<u>7,941,555</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,122,232</u>	<u>\$ (182,006)</u>	<u>\$ -</u>	<u>\$ 8,940,226</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 58,700	-	-	\$ 58,700
Total Capital Assets Being Depreciated	<u>58,700</u>	<u>-</u>	<u>-</u>	<u>58,700</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(45,037)	\$ (2,966)	-	(48,003)
Total Accumulated Depreciation	<u>(45,037)</u>	<u>(2,966)</u>	<u>-</u>	<u>(48,003)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,663</u>	<u>(2,966)</u>	<u>-</u>	<u>10,697</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,663</u>	<u>\$ (2,966)</u>	<u>\$ -</u>	<u>\$ 10,697</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 229,524
Total Instruction	<u>229,524</u>
Support Services	
Support Services-Students	28,890
General Administration	8,155
Plant Operations And Maintenance	13,537
Transportation	<u>32,069</u>
Total Support Services	<u>82,651</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 312,175</u>

Business-Type Activities:

Food Service Fund	<u>\$ 2,966</u>
-------------------	-----------------

E. Interfund Receivables, Payables, and Transfers

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

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 76,255
General Fund	Payroll Agency Fund	<u>35,249</u>
		<u>\$ 111,504</u>

The above balances are the result of expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>
	General
	Fund
<u>Transfer Out:</u>	
Capital Projects Fund	\$ 299,775
	<u>\$ 299,775</u>

The above transfers are the result of unspent appropriations that were returned to the fund that financed the appropriations.

F. Leases

Lease Purchase Agreements

The District is leasing computer equipment (supplies) totaling \$290,758 under a lease-purchase agreement. The lease is for a term of 5 years.

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

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2017	\$ 62,768
2018	62,768
2019	<u>62,768</u>
Total minimum lease payments	188,304
Less: amount representing interest	<u>(14,026)</u>
Present value of minimum lease payments	<u>\$ 174,278</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issues:

\$4,575,000, 2010 Refunding Bonds, due in annual installments of \$450,000 to \$475,000 through July 15, 2021 interest at 2.50% to 5.00%	\$ 2,780,000
\$2,491,000, 2012 School Bonds, due in annual installments of \$125,000 to \$210,000 through July 15, 2027 interest at 2.00% to 2.75%	<u>2,156,000</u>
	<u>\$ 4,936,000</u>

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

Governmental Activities:

Fiscal Year Ending	Serial Bonds		Total	
	June 30,	Principal		Interest
2017	\$	575,000	\$ 148,715	\$ 723,715
2018		605,000	128,471	733,471
2019		620,000	106,746	726,746
2020		625,000	86,354	711,354
2021		635,000	64,978	699,978
2022-2026		1,460,000	122,215	1,582,215
2027-2029		<u>416,000</u>	<u>17,106</u>	<u>433,106</u>
	\$	<u>4,936,000</u>	\$ <u>674,585</u>	\$ <u>5,610,585</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 60,524,764
Less: Net Debt Issued	<u>4,936,000</u>
Remaining Borrowing Power	<u>\$ 55,588,764</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, July 1, 2015	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 5,496,000		\$ 560,000	\$ 4,936,000	\$ 575,000
Add: Premium on Refunding	<u>91,226</u>	<u>-</u>	<u>21,780</u>	<u>69,446</u>	<u>-</u>
Bonds Payable, Net	5,587,226	-	581,780	5,005,446	575,000
Lease-Purchase Agreements	\$ 227,990		53,712	174,278	55,845
Compensated Absences	57,711	\$ 6,846	26,861	37,696	3,770
Net Pension Liability	<u>3,583,999</u>	<u>973,668</u>	<u>168,185</u>	<u>4,389,482</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,456,926</u>	<u>\$ 980,514</u>	<u>\$ 830,538</u>	<u>\$ 9,606,902</u>	<u>\$ 634,615</u>

For the governmental activities, the liabilities for lease-purchase agreements, compensated absences and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 168,185	\$ 530,466	\$ 6,531
2015	159,102	364,943	581
2014	141,766	283,252	669

For fiscal years 2015/2016 and 2014/2015, the state contributed \$530,466 and \$364,943, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$283,252 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$502,164 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$4,389,482 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .01955 percent, which was an increase of .00041 percent from its proportionate share measured as of June 30, 2014 of .01914 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$311,600 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 104,718	
Changes of Assumptions	471,395	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 70,574
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>108,540</u>	<u>-</u>
Total	<u>\$ 684,653</u>	<u>\$ 70,574</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 115,867
2018	115,867
2019	115,867
2020	169,264
2021	<u>97,214</u>
	<u>\$ 614,079</u>

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 - June 30, 2011
Study Upon Which Actuarial Assumptions were Based	

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

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

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

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

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90% as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,455,589</u>	<u>\$ 4,389,482</u>	<u>\$ 3,495,666</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,605,048 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$42,664,437. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .06750 percent, which was an increase of .00054 percent from its proportionate share measured as of June 30, 2014 of .06696 percent.

Actuarial Assumptions

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 50,705,089</u>	<u>\$ 42,664,437</u>	<u>\$ 35,736,934</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$631,638, \$579,347 and \$464,428, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 13,677,157		\$ 13,677,157	\$ 13,677,157	
Tuition - Individuals	85,000		85,000	53,878	\$ (31,122)
Interest Earned on Capital Reserve Funds	300		300		(300)
Miscellaneous	15,000	-	15,000	129,901	114,901
Total Local Sources	<u>13,777,457</u>	<u>-</u>	<u>13,777,457</u>	<u>13,860,936</u>	<u>83,479</u>
State Sources					
Categorical Special Education Aid	421,679		421,679	421,679	
Categorical Security Aid	121,613		121,613	121,613	
Transportation Aid	40,797		40,797	40,797	
Extraordinary Aid	220,000		220,000	157,569	(62,431)
PARCC Readiness Aid	7,650		7,650	7,650	
Per Pupil Growth Aid	7,650		7,650	7,650	
TPAF Pension Contribution (Non-Budget) NCGI				25,171	25,171
TPAF Pension Contribution (Non-Budget) Normal Cost				505,295	505,295
TPAF Pension Contribution (Non-Budget) Post - Retirement Medical Contribution				631,638	631,638
TPAF Social Security Contributions (Non-Budget)	-	-	-	502,164	502,164
Total State Sources	<u>819,389</u>	<u>-</u>	<u>819,389</u>	<u>2,421,226</u>	<u>1,601,837</u>
Total Revenues	<u>14,596,846</u>	<u>-</u>	<u>14,596,846</u>	<u>16,282,162</u>	<u>1,685,316</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	71,075	\$ 2,903	73,978	73,978	
Kindergarten	256,815	61,965	318,780	318,780	
Grades 1-5	2,001,381	(7,682)	1,993,699	1,993,699	
Grades 6-8	1,802,726	208,068	2,010,794	2,010,329	465
Regular Programs - Home Instruction					
Salaries of Teachers	5,000	(3,346)	1,654	1,654	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	500,435	(210,894)	289,541	289,541	
Purchased Professional -Educational Services		219,551	219,551	219,551	
Purchased Technical Services	62,500	(5,288)	57,212	57,021	191
Other Purchased Services	2,000	1,951	3,951	3,871	80
General Supplies	215,000	(22,062)	192,938	191,058	1,880
Textbooks	100,000	4,538	104,538	104,114	424
Other Objects	-	5,197	5,197	5,197	-
Total Regular Programs	<u>5,016,932</u>	<u>254,901</u>	<u>5,271,833</u>	<u>5,268,793</u>	<u>3,040</u>
Learning and/or Language Disabilities					
Salaries of Teachers	198,851	283	199,134	199,134	
Other Salaries for Instruction		65,765	65,765	65,765	
General Supplies	2,000	(2,000)	-	-	-
Total Learning and/or Language Disabilities	<u>200,851</u>	<u>64,048</u>	<u>264,899</u>	<u>264,899</u>	<u>-</u>

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

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Special Education Instruction-Multiple Disabilities					
Salaries of Teachers	\$ 79,805	\$ 37,891	\$ 117,696	\$ 117,696	
Other Salaries for Instruction	40,563	40,563	40,563	40,563	
General Supplies	1,000	(1,000)	-	-	-
Total Special Education - Multiple Disabilities	80,805	77,454	158,259	158,259	-
Special Education Instruction-Resource Room/Center					
Salaries of Teachers	421,555	(40,769)	380,786	380,786	
Other Salaries for Instruction	63,153	63,153	63,153	63,153	
General Supplies	4,000	(4,000)	-	-	-
Total Resource Room/Resource Center	425,555	18,384	443,939	443,939	-
Preschool Disabilities - Full Time					
Salaries of Teachers	101,766	8,907	110,673	110,673	
Other Salaries for Instruction	28,393	28,700	57,093	57,093	-
Total Preschool Disabilities - Full Time	130,159	37,607	167,766	167,766	-
Home Instruction					
Salaries of Teachers	-	5,037	5,037	4,871	\$ 166
Total Home Instruction	-	5,037	5,037	4,871	166
Total Special Education	837,370	202,530	1,039,900	1,039,734	166
Basic Skills/Remedial					
Salaries of Teachers	324,171	(75,471)	248,700	248,214	486
General Supplies	2,000	(2,000)	-	-	-
Total Basic Skills/Remedial	326,171	(77,471)	248,700	248,214	486
Bilingual Education					
Salaries of Teachers	214,188	3,190	217,378	217,220	158
General Supplies	2,500	(776)	1,724	1,724	-
Total Bilingual Education	216,688	2,414	219,102	218,944	158
School Sponsored Co-Curricular Activities					
Salaries	38,000	(8,427)	29,573	29,573	
Purchased Services	3,000	(1,101)	1,899	1,899	
Transfers to Cover Deficit (Agency Funds)	-	2,920	2,920	2,920	-
Total School Sponsored Co-Curricular Activities	41,000	(6,608)	34,392	34,392	-
School Sponsored Athletics - Instruction					
Salaries	-	1,217	1,217	1,217	
Purchased Services	-	696	696	696	-
Total School Sponsored Athletics - Instruction	-	1,913	1,913	1,913	-
Before/After School Programs - Instruction					
Salaries of Teachers	18,000	(3,645)	14,355	14,355	
Salaries of Teacher Tutors	-	18,723	18,723	18,361	362
Total Before/After School Programs - Instruction	18,000	15,078	33,078	32,716	362
Summer School - Instruction					
Salaries	10,000	12,678	22,678	22,678	-
Total Summer School Programs - Instruction	10,000	12,678	22,678	22,678	-
Total Instruction	6,466,161	405,435	6,871,596	6,867,384	4,212

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/ State - Special	\$ 244,980	\$ (86,102)	\$ 158,878	\$ 158,878	
Tuition to CSSD and Regional Day Schools	129,426	3,272	132,698	132,698	
Tuition to Priv Sch for Disabled Within State	897,574	(47,835)	849,739	755,449	\$ 94,290
Total Undistributed Expenditures - Instruction	<u>1,271,980</u>	<u>(130,665)</u>	<u>1,141,315</u>	<u>1,047,025</u>	<u>94,290</u>
Attendance & Social Work					
Salaries	46,678	(2,905)	43,773	43,773	-
Total Attendance & Social Work	<u>46,678</u>	<u>(2,905)</u>	<u>43,773</u>	<u>43,773</u>	<u>-</u>
Health Services					
Salaries	157,249	10,664	167,913	167,913	
Purchased Professional and Technical Services	5,000	(825)	4,175	4,175	
Other Purchased Services		115	115		115
Supplies and Materials	3,000	1,552	4,552	4,552	-
Total Health Services	<u>165,249</u>	<u>11,506</u>	<u>176,755</u>	<u>176,640</u>	<u>115</u>
Speech, OT, PT, and Related Services					
Salaries	253,088	(46,493)	206,595	206,503	92
Purchased Prof. Ed. Services	130,000	(24,510)	105,490	104,819	671
Supplies and Materials	1,000	(1,000)			
Other Objects	-	100	100	100	-
Total Speech, OT, PT, and Related Services	<u>384,088</u>	<u>(71,903)</u>	<u>312,185</u>	<u>311,422</u>	<u>763</u>
Other Support Services - Students - Extraordinary					
Salaries	51,483	(6,519)	44,964	44,964	
Purchased Prof. Ed. Services	130,000	70,091	200,091	198,765	1,326
Total Other Supp.Serv. Student - Extraordinary	<u>181,483</u>	<u>63,572</u>	<u>245,055</u>	<u>243,729</u>	<u>1,326</u>
Guidance					
Salaries of Other Professional Staff	185,028	(6,411)	178,617	178,617	
Supplies and Materials	1,500	(1,370)	130	129	1
Total Guidance	<u>186,528</u>	<u>(7,781)</u>	<u>178,747</u>	<u>178,746</u>	<u>1</u>
Child Study Teams					
Salaries of Other Professional Staff	424,379	39,719	464,098	464,098	
Salaries of Secretarial & Clerical Assistants	43,720	842	44,562	44,562	
Purchased Prof. Ed. Services	40,000	(24,909)	15,091	13,026	2,065
Miscellaneous Purchased Services		5,620	5,620	5,620	
Supplies and Materials	8,000	(6,975)	1,025	1,025	-
Total Child Study Teams	<u>516,099</u>	<u>14,297</u>	<u>530,396</u>	<u>528,331</u>	<u>2,065</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	100,000	(30,874)	69,126	26,607	42,519
Salaries of Other Professional Staff	-	1,215	1,215	1,215	-
Total Improvement of Instructional Services	<u>100,000</u>	<u>(29,659)</u>	<u>70,341</u>	<u>27,822</u>	<u>42,519</u>

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Educational Media/School Library					
Salaries	\$ 164,826	\$ (66,012)	\$ 98,814	\$ 98,814	
Purchased Professional and Technical Services	80,000	3,830	83,830	83,830	
Supplies and Materials	2,500	(2,500)	-	-	-
Total Educational Media/School Library	<u>247,326</u>	<u>(64,682)</u>	<u>182,644</u>	<u>182,644</u>	<u>-</u>
Instructional Staff Training Services					
Purchased Prof. Ed. Services	10,000	(9,791)	209	209	
Other Purchased Services	1,000	(430)	570	340	\$ 230
Total Instructional Staff Training Services	<u>11,000</u>	<u>(10,221)</u>	<u>779</u>	<u>549</u>	<u>230</u>
Support Services General Administration					
Salaries	232,000	(6,986)	225,014	225,014	
Unused Vacation Payment to Terminated/Retired Staff	-	9,861	9,861	9,861	
Legal Services	50,000	4,845	54,845	50,983	3,862
Audit Fees	30,000	(4,605)	25,395	25,395	
Other Purchased Professional Services	25,000	18,160	43,160	41,160	2,000
Purchased Technical Services	7,000	(7,000)	-	-	
Communications/Telephone	45,000	11,028	56,028	53,869	2,159
BOE Other Purchased Services	10,000	(2,613)	7,387	7,249	138
Miscellaneous Purchased Services	7,000	12,679	19,679	19,505	174
General Supplies	1,500	549	2,049	2,049	
Miscellaneous Expenditures	6,500	56	6,556	6,292	264
BOE Membership Dues and Fees	11,000	(2,600)	8,400	8,400	-
Total Support Services General Administration	<u>425,000</u>	<u>33,374</u>	<u>458,374</u>	<u>449,777</u>	<u>8,597</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	237,000	45,412	282,412	282,412	
Salaries of Secretarial and Clerical Assistants	166,172	(5,166)	161,006	161,005	1
Other Purchased Services		756	756	606	150
Other Objects	5,000	78	5,078	5,078	-
Total Support Services School Administration	<u>408,172</u>	<u>41,080</u>	<u>449,252</u>	<u>449,101</u>	<u>151</u>
Central Services					
Salaries	265,122	(13,243)	251,879	251,685	194
Purchased Prof. Services	3,000	(1,800)	1,200	1,200	
Purchased Technical Services	23,000	26,025	49,025	48,786	239
Miscellaneous Purchased Services		819	819	773	46
Supplies and Material	5,000	(1,103)	3,897	3,566	331
Miscellaneous Expenditures	1,500	88	1,588	1,588	-
Total Central Services	<u>297,622</u>	<u>10,786</u>	<u>308,408</u>	<u>307,598</u>	<u>810</u>
Administration Information Technology					
Salaries		166	166	166	
Other Purchased Services	14,000	(3,540)	10,460	9,875	585
Supplies and Materials	50,000	(31,440)	18,560	18,481	79
Total Administration Information Technology	<u>64,000</u>	<u>(34,814)</u>	<u>29,186</u>	<u>28,522</u>	<u>664</u>

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 26,500	\$ 38,425	\$ 64,925	\$ 64,925	
Cleaning, Repair and Maintenance Services	132,000	15,575	147,575	134,281	\$ 13,294
General Supplies	10,000	(2,142)	7,858	7,858	
Other Objects	-	17,966	17,966	17,966	-
Total Required Maintenance for School Facilities	<u>168,500</u>	<u>69,824</u>	<u>238,324</u>	<u>225,030</u>	<u>13,294</u>
Custodial Services					
Salaries	430,000	(15,834)	414,166	414,166	
Salaries of Non-Instructional Aides		28,944	28,944	28,944	
Purchased Professional and Technical Services	45,000	(36,660)	8,340	8,340	
Cleaning, Repair and Maintenance Services	55,000	933	55,933	55,368	565
Other Purchased Property Services	12,000	2,912	14,912	14,912	
Insurance	106,000	(2,808)	103,192	103,192	
General Supplies	25,000	(9,614)	15,386	15,148	238
Energy (Natural Gas)	85,000	(11,952)	73,048	73,048	
Energy (Electricity)	165,000	(13,224)	151,776	151,776	
Other Objects	2,000	(2,000)	-	-	-
Total Custodial Services	<u>925,000</u>	<u>(59,303)</u>	<u>865,697</u>	<u>864,894</u>	<u>803</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	28,000	12,901	40,901	40,901	
Salaries for Pupil Trans(Bet Home & Sch)-Reg	75,000	(22,256)	52,744	52,732	12
Salaries for Pupil Trans(Bet Home & Sch)-Sp Ed	37,000	3,108	40,108	40,050	58
Salaries for Pupil Trans(Other than Bet Home & Sch)	3,000	(2,500)	500	500	
Salaries for Pupil Trans(Bet Home & Sch)-Nonpublic Sch	2,000	(2,000)	-	-	
Cleaning, Repair & Maintenance Service	15,000	14,337	29,337	29,337	
Contr Serv (Special Ed Students)-Joint Agreements	180,000	(14,768)	165,232	164,872	360
General Supplies	10,000	(6,125)	3,875	3,586	289
Transportation Supplies	17,000	(7,700)	9,300	9,290	10
Other Objects	8,000	(700)	7,300	7,005	295
Total Student Transportation Services	<u>375,000</u>	<u>(25,703)</u>	<u>349,297</u>	<u>348,273</u>	<u>1,024</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	195,000	(83,954)	111,046	177,147	(66,101)
Other Retirement Contributions - PERS	175,000	(6,815)	168,185	168,185	
Other Retirement Contributions - Regular		6,597	6,597	6,531	66
Unemployment Compensation	18,199	18,604	36,803	29,383	7,420
Worker's Compensation	89,000	(20,166)	68,834	68,834	
Health Benefits	1,700,000	(99,222)	1,600,778	1,635,929	(35,151)
Tuition Reimbursement	25,000	(11,488)	13,512	12,822	690
Other Employee Benefits		24,386	24,386	24,386	
Unused Sick Payment to Terminated/Retired Staff	-	17,000	17,000	17,000	-
Total Unallocated Benefits	<u>2,202,199</u>	<u>(155,058)</u>	<u>2,047,141</u>	<u>2,140,217</u>	<u>(93,076)</u>
On - Behalf Payments					
TPAF Pension Contribution (Non-Budget)				25,171	(25,171)
NCCI				505,295	(505,295)
TPAF Pension Contribution (Non-Budget)				631,638	(631,638)
Normal Cost				502,164	(502,164)
TPAF Pension Contribution (Non-Budget)				-	-
Post - Retirement Medical Contribution				-	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	-	-
Total On-Behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,268</u>	<u>(1,664,268)</u>
Total Undistributed Expenditures	<u>7,975,924</u>	<u>(348,255)</u>	<u>7,627,669</u>	<u>9,218,361</u>	<u>(1,590,692)</u>
Total Current Expenditures	<u>14,442,085</u>	<u>57,180</u>	<u>14,499,265</u>	<u>16,085,745</u>	<u>(1,586,480)</u>

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Admin. Info. Tech. Sys	\$ 77,381	\$ (77,381)			
Undistributed Expenditures - Student Trans.-Non-Inst. Equip.	120,000	(120,000)			
Undistributed Expenditures - Non-Inst. Serv.	30,000	163,493	\$ 193,493	\$ 158,948	\$ 34,545
School Buses - Regular	-	111,510	111,510	111,510	-
Total Equipment	<u>227,381</u>	<u>77,622</u>	<u>305,003</u>	<u>270,458</u>	<u>34,545</u>
Facilities Acq. And Construction Services					
Assessment for Debt Service on SDA Funding	32,079	-	32,079	32,079	-
Total Facilities Acq. And Construction Services.	<u>32,079</u>	<u>-</u>	<u>32,079</u>	<u>32,079</u>	<u>-</u>
Interest Deposit to Capital Reserve	300	-	300	-	300
Total Capital Outlay	<u>259,760</u>	<u>77,622</u>	<u>337,382</u>	<u>302,537</u>	<u>34,845</u>
Transfer of Funds to Charter Schools	34,700	-	34,700	34,700	-
Total General Fund	<u>14,736,545</u>	<u>134,802</u>	<u>14,871,347</u>	<u>16,422,982</u>	<u>(1,551,635)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(139,699)	(134,802)	(274,501)	(140,820)	133,681
Other Financing Sources(Uses)					
Transfers In	-	-	-	299,775	299,775
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,775</u>	<u>299,775</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(139,699)	(134,802)	(274,501)	158,955	433,456
Fund Balance, Beginning of Year	<u>1,277,345</u>	<u>-</u>	<u>1,277,345</u>	<u>1,277,345</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,137,646</u>	<u>\$ (134,802)</u>	<u>\$ 1,002,844</u>	<u>\$ 1,436,300</u>	<u>\$ 433,456</u>
Restricted Fund Balances					
Capital Reserve				\$ 711,077	
Maintenance Reserve				100,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				200,000	
Assigned Fund Balance					
Year End Encumbrances				67,572	
Designated for Subsequent Year's Expenditures				140,000	
Unassigned Fund Balance				<u>217,651</u>	
				1,436,300	
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Revenue Not Recognized on a GAAP Basis				<u>(202,699)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,233,601</u>	

**EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources	\$ 291,669	\$ 123,470	\$ 415,139	\$ 405,099	\$ (10,040)
Total Revenues	<u>291,669</u>	<u>123,470</u>	<u>415,139</u>	<u>405,099</u>	<u>(10,040)</u>
EXPENDITURES					
Instruction					
Salaries	86,142	16,883	103,025	103,025	
Tuition	150,771	46,998	197,769	192,484	5,285
General Supplies	11,964	76,472	88,436	86,365	2,071
Other Objects	-	-	-	-	-
Total Instruction	<u>248,877</u>	<u>140,353</u>	<u>389,230</u>	<u>381,874</u>	<u>7,356</u>
Support Services					
Personal Services - Employee Benefits	15,600	-	15,600	12,916	2,684
Purchased Prof. Ed. Services	6,000	3,308	9,308	9,308	
Other Purchased Services	21,192	(20,191)	1,001	1,001	
General Supplies	-	-	-	-	-
Total Support Services	<u>42,792</u>	<u>(16,883)</u>	<u>25,909</u>	<u>23,225</u>	<u>2,684</u>
Total Expenditures	<u>291,669</u>	<u>123,470</u>	<u>415,139</u>	<u>405,099</u>	<u>10,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 16,282,162	\$ 405,099
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
June 30, 2016 Encumbrances		470
June 30, 2015 Encumbrances, Net		-
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.(2014-2015)	254,536	-
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2015-2016)	<u>(202,699)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 16,333,999</u>	<u>\$ 405,569</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 16,422,982	\$ 405,099
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		
June 30, 2016 Encumbrances		-
June 30, 2015 Encumbrances	<u>-</u>	<u>470</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 16,422,982</u>	<u>\$ 405,569</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01955%	0.01914%	0.01881%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,389,482	\$ 3,583,999	\$ 3,595,890
District's Covered-Employee Payroll	\$ 1,361,984	\$ 1,344,847	\$ 1,285,655
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	322%	266%	280%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 168,185	\$ 159,102	\$ 141,766
Contributions in Relation to the Contractually Required Contribution	<u>168,185</u>	<u>159,102</u>	<u>141,766</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,361,984	\$ 1,344,847	\$ 1,285,655
Contributions as a Percentage of Covered-Employee Payroll	12%	12%	11%

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>42,664,437</u>	<u>35,785,741</u>	<u>34,032,535</u>
Total	<u>\$42,664,437</u>	<u>\$35,785,741</u>	<u>\$34,032,535</u>
District's Covered-Employee Payroll	6,766,187	6,599,168	6,666,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

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

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>NCLB Title III Immigrant</u>	<u>I.D.E.A. Part B</u>	<u>I.D.E.A. Part B Preschool</u>	<u>Grand Total</u>
REVENUES							
Intergovernmental Federal	\$ 175,604	\$ 10,309	\$ 15,988	\$ 1,156	\$ 195,537	\$ 6,505	\$ 405,099
Total Revenues	<u>\$ 175,604</u>	<u>\$ 10,309</u>	<u>\$ 15,988</u>	<u>\$ 1,156</u>	<u>\$ 195,537</u>	<u>\$ 6,505</u>	<u>\$ 405,099</u>
EXPENDITURES							
Instruction							
Salaries	\$ 103,025						\$ 103,025
Tuition					\$ 186,979	\$ 5,505	192,484
General Supplies	59,663	-	\$ 15,988	\$ 1,156	8,558	1,000	86,365
Total Instruction	<u>162,688</u>	<u>-</u>	<u>15,988</u>	<u>1,156</u>	<u>195,537</u>	<u>6,505</u>	<u>381,874</u>
Support Services							
Personal Services-Employee Benefits	12,916						12,916
Purchased Prof. Ed. Services		\$ 9,308					9,308
Other Purchased Services		1,001					1,001
General Supplies	-	-	-	-	-	-	-
Total Support Services	<u>12,916</u>	<u>10,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,225</u>
Facilities Acquisition and Construction							
Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 175,604</u>	<u>\$ 10,309</u>	<u>\$ 15,988</u>	<u>\$ 1,156</u>	<u>\$ 195,537</u>	<u>\$ 6,505</u>	<u>\$ 405,099</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

EAST RUTHERFORD BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Year</u>	<u>Issue/Project Title</u>	<u>Original Appropriation</u>	<u>Additional Appropriation</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Transfer to General Fund</u>	<u>Cancelled</u>	<u>Balance, June 30, 2016</u>
					<u>Prior Years</u>	<u>Current Year</u>			
2012	Undertake the Renovation and Alteration of Faust School Including Roof Replacement, Masonry Repairs, Window Replacement and Electrical System Upgrades	\$ 2,491,951	\$ 530,000	\$ 3,021,951	\$ 2,721,225	\$ -	\$ 299,775	\$ 951	\$ -
		<u>\$ 2,491,951</u>	<u>\$ 530,000</u>	<u>\$ 3,021,951</u>	<u>\$ 2,721,225</u>	<u>\$ -</u>	<u>\$ 299,775</u>	<u>\$ 951</u>	<u>\$ -</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Expenditures and Other Financing Uses	
Transfers to General Fund	\$ <u>299,775</u>
Total Expenditures and Other Financing Uses	<u>299,775</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(299,775)
Fund Balance- Beginning of Year	<u>299,775</u>
Fund Balance- End of Year	<u>\$ -</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
RENOVATION AND ALTERATION OF FAUST SCHOOL INCLUDING ROOF REPLACEMENT, MASONRY
REPAIRS, WINDOW REPLACEMENT AND ELECTRICAL SYSTEM UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 2,491,000		\$ 2,491,000	\$ 2,491,951
Capital Reserve	530,000	-	530,000	530,000
Total Revenues	<u>3,021,000</u>	<u>-</u>	<u>3,021,000</u>	<u>3,021,951</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	585,571		585,571	726,496
Construction Services	2,135,654		2,135,654	2,295,455
Transfer to General Fund	-	\$ 299,775	299,775	-
Total Expenditures and Other Financing Uses	<u>2,721,225</u>	<u>299,775</u>	<u>3,021,000</u>	<u>3,021,951</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 299,775</u>	<u>\$ (299,775)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	1230-040-12-2000
Grant Date	N/A
Bond Authorization Date	6/21/2012
Bonds Authorized	\$ 3,021,951
Bonds Issued	2,491,000
SCC Grant Authorized	N/A
Original Authorized Cost	2,491,951
Additional Authorized Cost	530,000
Revised Authorized Cost	3,021,951

Percentage Increase Over Original

Authorized Cost	21.27%
Percentage Completion	100.00%
Original Target Completion Date	6/30/13
Revised Target Completion Date	2014/15

PROPRIETARY FUNDS

EXHIBIT G-1

**EAST RUTHERFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

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

NOT APPLICABLE

FIDUCIARY FUNDS

AGENCY FUNDS

**EAST RUTHERFORD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,888	\$ 12,855	\$ 17,743
Total Assets	<u>\$ 4,888</u>	<u>\$ 12,855</u>	<u>\$ 17,743</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ (22,394)	\$ (22,394)
Due to Other Funds		35,249	35,249
Due to Student Groups	<u>\$ 4,888</u>	<u>-</u>	<u>4,888</u>
Total Liabilities	<u>\$ 4,888</u>	<u>\$ 12,855</u>	<u>\$ 17,743</u>

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

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Student Activity</u>	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Special Activity	\$ 3,845	\$ 28,570	\$ 27,527	\$ 4,888
	<u>\$ 3,845</u>	<u>\$ 28,570</u>	<u>\$ 27,527</u>	<u>\$ 4,888</u>

**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2016</u>
<u>ASSETS</u>				
Cash	\$ 182,752	\$ 10,298,072	\$ 10,467,969	\$ 12,855
Total Assets	<u>\$ 182,752</u>	<u>\$ 10,298,072</u>	<u>\$ 10,467,969</u>	<u>\$ 12,855</u>
<u>LIABILITIES</u>				
Accrued Salaries and Wages	\$ 273	\$ 5,461,344	\$ 5,461,617	-
Payroll Deductions and Withholdings	79,921	4,836,728	4,939,043	\$ (22,394)
Due to Other Funds	<u>102,558</u>	<u>-</u>	<u>67,309</u>	<u>35,249</u>
Total	<u>\$ 182,752</u>	<u>\$ 10,298,072</u>	<u>\$ 10,467,969</u>	<u>\$ 12,855</u>

LONG-TERM DEBT

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
School Refunding Bonds	3/17/2010	\$ 4,575,000	7/15/2016	\$ 120,000	2.500%	\$ 3,220,000			\$ 2,780,000
			7/15/2016	330,000	4.000%				
			7/15/2017	25,000	2.500%				
			7/15/2017	450,000	4.125%				
			7/15/2018	95,000	2.750%				
			7/15/2018	380,000	4.250%				
			7/15/2019	70,000	3.000%				
			7/15/2019	395,000	3.500%				
			7/15/2020	460,000	4.375%				
			7/15/2021	240,000	3.250%				
			7/15/2021	215,000	5.000%				
			School Bonds, Series 2012	8/2/2012	2,491,000				
7/15/2017	130,000	2.000%							
7/15/2018	145,000	2.000%							
7/15/2019	160,000	2.000%							
7/15/2020	175,000	2.000%							
7/15/2021	190,000	2.000%							
7/15/2022	200,000	2.250%							
7/15/2023	200,000	2.250%							
7/15/2024	205,000	2.500%							
7/15/2025	210,000	2.500%							
7/15/2026	210,000	2.750%							
7/15/2027	206,000	2.750%							
								<u>2,276,000</u>	<u>-</u>
					<u>\$ 5,496,000</u>	<u>\$ -</u>	<u>\$ 560,000</u>	<u>\$ 4,936,000</u>	

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Computer Equipment (Supplies)	\$ 290,758	3.97%	\$ 227,990	\$ -	\$ 53,712	\$ 174,278
			<u>\$ 227,990</u>	<u>\$ -</u>	<u>\$ 53,712</u>	<u>\$ 174,278</u>

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final To Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 723,665		\$ 723,665	\$ 723,665	
Total Revenues	<u>723,665</u>		<u>723,665</u>	<u>723,665</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	163,665		163,665	163,665	
Redemption of Principal	560,000		560,000	560,000	
Total Regular Debt Service	<u>723,665</u>		<u>723,665</u>	<u>723,665</u>	-
Total Expenditures	<u>723,665</u>		<u>723,665</u>	<u>723,665</u>	-
Excess of Revenues Over Expenditures	-		-	-	-
Fund Balance, Beginning of Year	<u>1</u>	-	<u>1</u>	<u>1</u>	-
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Debt Service:					
Designated for Subsequent Year's Expenditures				\$ 1	
Total Fund Balance - Restricted for Debt Service				<u>\$ 1</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2016	2015	2014 (Restated)	2013	2012 (Restated)	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets	\$ 4,016,618	\$ 3,642,511	\$ 3,084,184	\$ 2,654,693	\$ 2,116,326	\$ 1,876,368	\$ 5,178,123	\$ 5,086,178	\$ 4,646,058	\$ 4,383,608
Restricted	1,011,078	1,011,078	1,079,538	1,004,789	973,579	653,849	303,852	454,293	845,880	1,213,465
Unrestricted	<u>(3,837,299)</u>	<u>(3,683,762)</u>	<u>(3,121,463)</u>	<u>320,738</u>	<u>211,239</u>	<u>194,250</u>	<u>(329,586)</u>	<u>(349,447)</u>	<u>(56,012)</u>	<u>244,594</u>
Total Governmental Activities Net Position	<u>\$ 1,190,397</u>	<u>\$ 969,827</u>	<u>\$ 1,042,259</u>	<u>\$ 3,980,220</u>	<u>\$ 3,301,144</u>	<u>\$ 2,724,467</u>	<u>\$ 5,152,389</u>	<u>\$ 5,191,024</u>	<u>\$ 5,435,926</u>	<u>\$ 5,841,667</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 10,697	\$ 13,663	\$ 16,630	\$ 15,840	\$ 19,733	\$ 22,799	\$ 19,255	\$ 22,321	\$ 25,387	\$ 28,453
Restricted										
Unrestricted	<u>144,481</u>	<u>118,009</u>	<u>110,616</u>	<u>91,137</u>	<u>72,564</u>	<u>49,044</u>	<u>30,382</u>	<u>26,593</u>	<u>27,003</u>	<u>19,748</u>
Total Business-Type Activities Net Position	<u>\$ 155,178</u>	<u>\$ 131,672</u>	<u>\$ 127,246</u>	<u>\$ 106,977</u>	<u>\$ 92,297</u>	<u>\$ 71,843</u>	<u>\$ 49,637</u>	<u>\$ 48,914</u>	<u>\$ 52,390</u>	<u>\$ 48,201</u>
District-Wide										
Net Investment in Capital Assets	\$ 4,027,315	\$ 3,656,174	\$ 3,100,814	\$ 2,670,533	\$ 2,136,059	\$ 1,899,167	\$ 5,197,378	\$ 5,108,499	\$ 4,671,445	\$ 4,412,061
Restricted	1,011,078	1,011,078	1,079,538	1,004,789	973,579	653,849	303,852	454,293	845,880	1,213,465
Unrestricted	<u>(3,692,818)</u>	<u>(3,565,753)</u>	<u>(3,010,847)</u>	<u>411,875</u>	<u>283,803</u>	<u>243,294</u>	<u>(299,204)</u>	<u>(322,854)</u>	<u>(29,009)</u>	<u>264,342</u>
Total District Net Position	<u>\$ 1,345,575</u>	<u>\$ 1,101,499</u>	<u>\$ 1,169,505</u>	<u>\$ 4,087,197</u>	<u>\$ 3,393,441</u>	<u>\$ 2,796,310</u>	<u>\$ 5,202,026</u>	<u>\$ 5,239,938</u>	<u>\$ 5,488,316</u>	<u>\$ 5,889,868</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Pension at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 8,990,945	\$ 8,641,143	\$ 6,935,179	\$ 7,163,564	\$ 6,321,110	\$ 6,002,039	\$ 6,589,931	\$ 6,908,410	\$ 6,867,641	\$ 6,828,410
Special Education	2,964,763	2,491,806	2,214,521	1,861,232	2,109,906	1,738,445	1,910,352	1,633,545	1,433,779	749,737
Other Special Education									545,674	493,773
Other Instruction	840,300	874,386	921,231	912,039	931,692	853,068	977,927	813,718	67,100	45,440
School Sponsored Activities and Athletics	94,929	103,915	70,145	68,425	59,998	44,083	108,263	70,020		
Support Services:										
Tuition										219,141
Student & Instruction Related Services	2,571,607	2,447,507	2,088,691	2,093,454	1,844,184	1,907,795	1,894,003	1,821,770	1,676,867	1,631,142
General Administration Services	631,864	634,754	410,895	389,998	549,815	525,167	608,174	463,065	859,258	977,495
School Administrative Services	728,173	699,086	704,940	735,117	685,164	568,675	615,294	561,172	678,847	563,385
Central and Other Support Services	492,472	514,716	430,612	326,510	324,532	309,420	385,550	438,928		
Plant Operations And Maintenance	1,377,893	1,545,552	1,437,216	1,458,189	1,782,877	1,422,228	1,322,380	1,349,697	1,328,293	1,200,230
Pupil Transportation	452,825	425,730	448,602	344,157	338,531	323,705	337,319	300,543	262,055	241,801
Capital Outlay									98,839	81,052
Interest On Long-Term Debt	171,474	174,626	188,956	203,757	161,666	182,407	199,632	274,060	287,568	304,144
Unallocated Depreciation	-	-	-	-	-	-	-	-	322,493	322,122
Total Governmental Activities Expenses	<u>19,317,245</u>	<u>18,553,221</u>	<u>15,850,988</u>	<u>15,556,442</u>	<u>15,109,475</u>	<u>13,877,032</u>	<u>14,948,825</u>	<u>14,634,928</u>	<u>14,428,414</u>	<u>13,657,872</u>
Business-Type Activities:										
Food Service	340,009	314,627	300,216	303,506	295,421	260,377	257,099	221,828	190,491	217,456
Total Business-Type Activities Expense	<u>340,009</u>	<u>314,627</u>	<u>300,216</u>	<u>303,506</u>	<u>295,421</u>	<u>260,377</u>	<u>257,099</u>	<u>221,828</u>	<u>190,491</u>	<u>217,456</u>
Total District Expenses	<u>\$ 19,657,254</u>	<u>\$ 18,867,848</u>	<u>\$ 16,151,204</u>	<u>\$ 15,859,948</u>	<u>\$ 15,404,896</u>	<u>\$ 14,137,409</u>	<u>\$ 15,205,924</u>	<u>\$ 14,856,756</u>	<u>\$ 14,618,905</u>	<u>\$ 13,875,328</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 53,878	\$ 113,563	\$ 95,909	\$ 93,889	\$ 116,888	\$ 109,410				
Operating Grants And Contributions	4,937,922	4,168,902	2,511,680	2,660,482	2,243,280	1,837,864	\$ 2,188,602	\$ 2,208,019	\$ 592,318	\$ 597,057
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>4,991,800</u>	<u>4,282,465</u>	<u>2,607,589</u>	<u>2,754,371</u>	<u>2,360,168</u>	<u>1,947,274</u>	<u>2,188,602</u>	<u>2,208,019</u>	<u>592,318</u>	<u>597,057</u>
Business-Type Activities:										
Charges For Services	147,164	138,430	148,695	148,764	149,305	135,425	119,469	125,813	111,520	104,286
Operating Grants And Contributions	216,351	180,557	171,298	169,044	166,314	140,176	138,097	92,211	82,365	79,915
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	<u>363,515</u>	<u>318,987</u>	<u>319,993</u>	<u>317,808</u>	<u>315,619</u>	<u>275,601</u>	<u>257,566</u>	<u>218,024</u>	<u>193,885</u>	<u>184,201</u>
Total District Program Revenues	<u>\$ 5,355,315</u>	<u>\$ 4,601,452</u>	<u>\$ 2,927,582</u>	<u>\$ 3,072,179</u>	<u>\$ 2,675,787</u>	<u>\$ 2,222,875</u>	<u>\$ 2,446,168</u>	<u>\$ 2,426,043</u>	<u>\$ 786,203</u>	<u>\$ 781,258</u>

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue										
Governmental Activities	\$ (14,325,445)	\$ (14,270,756)	\$ (13,243,399)	\$ (12,802,071)	\$ (12,749,307)	\$ (11,929,758)	\$ (12,760,223)	\$ (12,426,909)	\$ (13,836,096)	\$ (13,060,815)
Business-Type Activities	23,506	4,360	19,777	14,302	20,198	15,224	467	(3,804)	3,394	(33,255)
Total District-Wide Net Expense	\$ (14,301,939)	\$ (14,266,396)	\$ (13,223,622)	\$ (12,787,769)	\$ (12,729,109)	\$ (11,914,534)	\$ (12,759,756)	\$ (12,430,713)	\$ (13,832,702)	\$ (13,094,070)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For:										
General Purposes	\$ 13,677,157	\$ 13,408,977	\$ 13,146,056	\$ 12,888,592	\$ 12,645,826	\$ 12,397,885	\$ 11,627,888	\$ 11,180,662	\$ 10,750,637	\$ 10,337,154
Debt Service	723,665	721,866	741,700	551,250	631,825	626,694	653,726	658,245	661,590	661,590
Unrestricted Federal and State Aid	15,292	14,156	-	-	31,319	29,805	360,923	243,132	1,963,530	1,938,288
Investment Earnings	-	-	-	8,032	3,708	9,638	273	18,923	35,854	111,094
Miscellaneous Income	129,901	53,325	13,572	33,273	13,306	10,750	78,778	81,045	18,744	71,495
Transfer	-	-	-	-	-	-	-	-	-	(40,775)
Total Governmental Activities	14,546,015	14,198,324	13,901,328	13,481,147	13,325,984	13,074,772	12,721,588	12,182,007	13,430,355	13,078,846
Business-Type Activities:										
Investment Earnings	-	66	492	378	256	372	256	328	795	794
Miscellaneous Income	-	-	-	-	-	-	-	-	-	40,775
Transfer	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	-	66	492	378	256	372	256	328	795	41,569
Total District-Wide	\$ 14,546,015	\$ 14,198,390	\$ 13,901,820	\$ 13,481,525	\$ 13,326,240	\$ 13,075,144	\$ 12,721,844	\$ 12,182,335	\$ 13,431,150	\$ 13,120,415
Change in Net Position										
Governmental Activities	\$ 220,570	\$ (72,432)	\$ 657,929	\$ 679,076	\$ 576,677	\$ 1,145,014	\$ (38,635)	\$ (244,902)	\$ (405,741)	\$ 18,031
Business-Type Activities	23,506	4,426	20,269	14,680	20,454	15,596	723	(3,476)	4,189	8,314
Total District	\$ 244,076	\$ (68,006)	\$ 678,198	\$ 693,756	\$ 597,131	\$ 1,160,610	\$ (37,912)	\$ (248,378)	\$ (401,552)	\$ 26,345

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Fiscal Year Ended June 30,</u>		<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
					<u>2012</u>	<u>2011</u>				
General Fund										
Restricted	\$ 1,011,077	\$ 711,302	\$ 854,487	\$ 1,227,945	\$ 973,576	\$ 753,846	\$ 339,705	\$ 491,149	\$ 787,407	\$ 1,136,999
Unreserved							(209,768)	(260,530)	74,648	244,594
Assigned	207,572	274,501	327,890	228,789	352,468	279,493				
Unassigned	<u>14,952</u>	<u>37,006</u>	<u>62,820</u>	<u>50,340</u>	<u>(3,072)</u>	<u>(32,706)</u>	-	-	-	-
Total General Fund	<u>\$ 1,233,601</u>	<u>\$ 1,022,809</u>	<u>\$ 1,245,197</u>	<u>\$ 1,507,074</u>	<u>\$ 1,322,972</u>	<u>\$ 1,000,633</u>	<u>\$ 129,937</u>	<u>\$ 230,619</u>	<u>\$ 862,055</u>	<u>\$ 1,381,593</u>
All Other Governmental Funds										
Reserved										
Capital Projects Fund		\$ 299,775	\$ 448,210	\$ 427,759				\$ 67,268	\$ 56,557	\$ 75,956
Debt Service Fund	<u>\$ 1</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>1,920</u>	<u>1,916</u>	<u>510</u>
Total All Other Governmental Funds	<u>\$ 1</u>	<u>\$ 299,776</u>	<u>\$ 448,210</u>	<u>\$ 427,762</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 69,188</u>	<u>\$ 58,473</u>	<u>\$ 76,466</u>

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Local Sources:										
Tax Levy	\$ 14,400,822	\$ 14,130,843	\$ 13,887,756	\$ 13,439,842	\$ 13,277,651	\$ 13,024,579	\$ 12,281,614	\$ 11,838,907	\$ 11,412,227	\$ 10,998,744
Tuition	53,878	113,563	95,909	93,889	116,888	109,410				
Interest Earnings	-		-	8,032	3,708	9,638	273	18,923	35,854	111,094
Miscellaneous	129,901	53,325	13,572	33,350	12,729	10,750	78,778	81,545	18,744	71,495
State Sources	2,473,063	2,220,829	2,079,089	2,295,002	1,828,969	1,418,741	2,048,106	2,082,879	2,250,001	2,167,748
Federal Sources	405,569	401,563	432,591	365,403	445,207	448,928	501,419	367,772	305,847	367,597
Total Revenue	<u>17,463,233</u>	<u>16,920,123</u>	<u>16,508,917</u>	<u>16,235,518</u>	<u>15,685,152</u>	<u>15,022,046</u>	<u>14,910,190</u>	<u>14,390,026</u>	<u>14,022,673</u>	<u>13,716,678</u>
Expenditures										
Instruction										
Regular Instruction	7,506,760	7,511,623	6,763,419	6,999,343	6,311,013	5,999,865	6,374,453	6,701,990	5,285,716	5,284,299
Special Education Instruction	2,724,921	2,329,115	2,215,264	1,861,789	2,110,334	1,739,934	1,883,372	1,608,318	745,068	556,487
Other Special Education									399,469	367,089
Other Instruction	715,735	767,899	921,798	912,477	932,062	854,630	951,290	788,660	48,099	33,658
School Sponsored Activities and Athletics	71,863	87,696	70,230	68,492	60,044	44,192	105,559	67,824		
Support Services:										
Tuition									413,314	219,141
Student and Inst. Related Services	2,237,165	2,203,305	2,063,639	2,067,987	1,844,789	1,910,730	1,842,969	1,773,666	1,289,574	1,270,146
General Administrative Services	577,055	594,622	403,371	383,749	537,002	514,046	600,367	455,844	706,867	764,452
School Administrative Services	636,800	638,369	705,400	735,494	675,937	560,218	596,851	543,868	506,543	429,137
Central and Other Support Services	443,185	482,781	430,823	326,664	324,656	309,937	371,255	425,305		
Plant Operations And Maintenance	1,314,533	1,521,854	1,427,160	1,422,775	1,610,850	1,251,110	1,297,815	1,326,854	1,146,425	1,039,177
Pupil Transportation	407,597	403,241	424,990	342,245	306,562	292,003	311,142	296,556	224,958	205,792
Employee Benefits									2,964,102	2,730,177
Capital Outlay	130,169	256,565	564,810	2,424,653		16,462	128,316	339,981	169,885	285,260
Debt Service:										
Interest and Other Charges	613,712	176,865	217,546	147,890	165,227	160,055	627,642	280,644	295,184	311,298
Principal	172,721	607,768	541,896	421,099	484,337	498,171	434,746	401,237	365,000	350,000
Total Expenditures	<u>17,552,216</u>	<u>17,581,703</u>	<u>16,750,346</u>	<u>18,114,657</u>	<u>15,362,813</u>	<u>14,151,353</u>	<u>15,525,777</u>	<u>15,010,747</u>	<u>14,560,204</u>	<u>13,846,113</u>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(88,983)	(661,580)	(241,429)	(1,879,139)	322,339	870,693	(615,587)	(620,721)	(537,531)	(129,435)

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Other Financing Sources (Uses)										
Bond Proceeds				\$ 2,491,000			\$ 4,575,000			
Bond Premium							246,369			
Capital Lease Proceeds		\$ 290,758					80,354			
Payment to Refunded Bond Escrow Agent							(4,456,000)			
Transfers In	\$ 299,775		\$ 530,000	273,422	\$ 112	\$ 271	80,928	\$ 325,836		
Transfers Out	(299,775)	-	(530,000)	(273,422)	(112)	(271)	(80,928)	(325,836)	-	-
Total Other Financing Sources (Uses)	-	290,758	-	2,491,000	-	-	445,723	-	-	-
Net Change in Fund Balances	<u>\$ (88,983)</u>	<u>\$ (370,822)</u>	<u>\$ (241,429)</u>	<u>\$ 611,861</u>	<u>\$ 322,339</u>	<u>\$ 870,693</u>	<u>\$ (169,864)</u>	<u>\$ (620,721)</u>	<u>\$ (537,531)</u>	<u>\$ (129,435)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	4.51%	4.53%	4.69%	3.63%	4.23%	4.66%	6.90%	4.65%	4.59%	4.88%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30</u>	<u>Prior Year Voided Checks</u>	<u>Prior Year Refunds</u>	<u>Cancelled Payables</u>	<u>Tuition</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2016	\$ 16,639	\$ 9,559	\$ 56,694	\$ 53,878	\$ 3,241	\$ 43,768	\$ 183,779
2015	22,536			113,563	3,474	27,315	166,888
2014				95,909	4,678	8,894	109,481
2013				93,889		36,673	130,562
2012						12,306	12,306
2011			8,310			2,440	10,750
2010		\$ 4,966				60,262	65,228
2009	18,028	17,907				45,110	81,045
2008						18,744	18,744
2007						21,488	21,488

Source: District's financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 21,905,600	\$ 279,467,660			\$ 273,181,971	\$ 292,189,000	\$ 61,099,600	\$ 927,843,831	\$ 2,028,598	\$ 929,872,429	\$ 1,681,665,242	\$ 1.227
2008	20,490,500	280,089,160			294,412,871	291,950,000	45,923,100	932,865,631	2,051,427	934,917,058	1,924,641,354	1.266
2009	21,340,200	281,850,450			248,793,300	287,310,100	59,773,100	899,067,150	1,869,582	900,936,732	2,127,370,972	1.363
2010 (A)	24,087,200	620,913,200			549,450,100	691,428,800	132,949,800	2,018,829,100	4,629,139	2,023,458,239	2,348,978,853	0.644
2011	30,169,900	620,286,300			535,068,700	688,918,800	130,562,300	2,005,006,000	4,220,950	2,009,226,950	2,409,474,206	0.661
2012	29,994,900	620,953,700			528,271,700	681,675,500	128,040,300	1,988,936,100	4,142,893	1,993,078,993	2,414,475,439	0.675
2013	28,711,500	620,449,400			527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.704
2014	29,874,100	619,122,800			420,711,800	653,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.762
2015	33,244,900	620,552,400			418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.779
2016	32,423,900	619,817,100			476,992,500	633,405,000	126,427,400	1,889,065,900	4,161,949	1,893,227,849	2,449,372,901	0.783

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Total Direct Rate Local School District</u>	<u>Overlapping Rates</u>		
			<u>Regional School</u>	<u>Municipality</u>	<u>County</u>
2016	\$ 1.945	\$ 0.783	\$ 0.283	\$ 0.566	\$ 0.313
2015	1.967	0.779	0.323	0.584	0.281
2014	1.904	0.762	0.318	0.590	0.234
2013	1.845	0.704	0.297	0.565	0.279
2012	1.735	0.675	0.288	0.535	0.237
2011	1.618	0.661	0.280	0.456	0.221
2010 (A)	1.552	0.644	0.262	0.424	0.222
2009	3.084	1.363	0.587	0.688	0.446
2008	2.841	1.266	0.533	0.662	0.380
2007	2.580	1.227	0.474	0.555	0.324

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

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

Taxpayer	2016		Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 313,740,000	16.57%	Federal Reserve Bank	\$ 94,250,000	10.46%
One Met Center LLC	75,000,000	3.96%	SPUSV5 One Meadowlands LP	47,500,000	5.27%
Equinox 360 Associates	66,727,600	3.52%	Vornado Realty Trust	32,923,000	3.65%
ML Plaza Owner	42,500,000	2.24%	BPG Hotel XVII c/o Sheraton	27,500,000	3.05%
Honeywell International	37,207,300	1.97%	Branca Properties	25,714,000	2.85%
MFREVEF-Rutherford Station	34,250,000	1.81%	Liberty Commons	14,150,000	1.57%
Racioppi, (etals)	23,500,000	1.24%	Avalon NJ Value II LLC	14,000,000	1.55%
Liberty Terrace	23,300,000	1.23%	Liberty Terrace	11,356,000	1.26%
AMB Property Corp	22,252,500	1.18%	East Rutherford (Lodging Residence Inn)	10,400,000	1.15%
Liberty Commons	22,000,000	1.16%	BRE/HV Properties (Homestead Village)	8,380,500	0.93%
Total	\$ 660,477,400	34.89%		\$ 286,173,500	31.76%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2016	\$ 14,400,822	\$ 14,400,822	100%	
2015	14,130,843	14,130,843	100%	
2014	13,887,756	13,887,756	100%	
2013	13,439,842	13,439,842	100%	
2012	13,277,651	13,277,651	100%	
2011	13,024,579	13,024,579	100%	
2010	12,281,614	12,281,614	100%	
2009	11,838,907	11,838,907	100%	
2008	11,412,227	11,412,227	100%	
2007	10,998,744	10,998,744	100%	

Source: District's financial records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Certificates of Participation	Lease- Purchase/Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Population	Per Capita
2016	\$ 4,936,000		\$ 174,278			\$ 5,110,278	9,164	\$ 558
2015	5,496,000		227,990			5,723,990	9,112	628
2014	6,041,000					6,041,000	9,067	666
2013	6,566,000		16,896			6,582,896	9,023	730
2012	4,480,000		32,995			4,512,995	8,992	502
2011	4,950,000		48,332			4,998,332	8,929	560
2010	5,420,000		76,503			5,496,503	8,785	626
2009	5,696,000		35,895			5,731,895	8,708	658
2008	6,076,000		57,132			6,133,132	7,721	794
2007	6,441,000		84,928			6,525,928	7,884	828

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$ 4,936,000		\$ 4,936,000	0.26%	\$ 539
2015	5,496,000		5,496,000	0.30%	603
2014	6,041,000		6,041,000	0.33%	666
2013	6,566,000		6,566,000	0.33%	728
2012	4,480,000		4,480,000	0.22%	498
2011	4,950,000		4,950,000	0.25%	554
2010	5,420,000		5,420,000	0.27%	617
2009	5,696,000		5,696,000	0.63%	654
2008	6,076,000		6,076,000	0.65%	787
2007	6,441,000		6,441,000	0.69%	817

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**EAST RUTHERFORD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of East Rutherford	\$ 47,332,555
East Rutherford Board of Education	<u>4,936,000</u>
Total Direct Debt	<u>52,268,555</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County: (3);(A):	
County of Bergen (A)	12,740,371
Bergen County Utilities Authority - Water Pollution (B)	<u>3,545,433</u>
Total Overlapping Debt	<u>16,285,804</u>
Total Direct and Overlapping Debt	<u><u>\$ 68,554,359</u></u>

(A) The debt for this entity was apportioned to the Borough of East Rutherford by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

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

Sources:

- (1) Borough of East Rutherford Annual Debt Statement
- (2) BCUA 2015 Audit
- (3) Bergen County 2015 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2016

<u>Equalized valuation basis</u>	
2015	\$ 1,972,706,102
2014	2,155,941,300
2013	1,923,829,035
	<u>\$ 6,052,476,437</u>
Average equalized valuation of taxable property	\$ 2,017,492,146
Debt limit (3 % of average equalization value)	60,524,764 ^a
Total Net Debt Applicable to Limit	<u>4,936,000</u>
Legal debt margin	<u>\$ 55,588,764</u>

	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 34,215,678	\$ 68,534,624	\$ 69,803,463	\$ 55,806,792	\$ 58,661,530	\$ 58,742,150	\$ 59,221,606	\$ 58,682,966	\$ 60,414,392	\$ 60,524,764
Total Net Debt Applicable to Limit	<u>6,441,000</u>	<u>6,076,000</u>	<u>5,696,000</u>	<u>5,420,000</u>	<u>4,950,000</u>	<u>4,480,000</u>	<u>7,096,951</u>	<u>6,041,951</u>	<u>5,496,951</u>	<u>4,936,000</u>
Legal Debt Margin	<u>\$ 27,774,678</u>	<u>\$ 62,458,624</u>	<u>\$ 64,107,463</u>	<u>\$ 50,386,792</u>	<u>\$ 53,711,530</u>	<u>\$ 54,262,150</u>	<u>\$ 52,124,655</u>	<u>\$ 52,641,015</u>	<u>\$ 54,917,441</u>	<u>\$ 55,588,764</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.82%	8.87%	8.16%	9.71%	8.44%	7.63%	11.98%	10.30%	9.10%	8.16%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Personal Income</u>	<u>Population</u>
2016	4.9%	(E) \$ 73,536 (E)	9,164
2015	4.9%	73,536 (E)	9,112
2014	5.9%	73,536	9,067
2013	5.2%	70,498	9,023
2012	11.0%	71,380	8,992
2011	10.8%	68,244	8,929
2010	11.0%	65,275	8,785
2009	10.7%	64,571	8,708
2008	6.1%	68,548	7,721
2007	N/A	68,147	7,884

(E) Estimate

Source: United States Bureau of Census
School District Records

(1) Bergen County Per Capita Income

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

	<u>2016</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction								
Regular	54.0	53.0	53.0	52.0	52.0	52.0	73.0	69.0
Special Education	17.0	17.0	17.0	17.0	17.0	17.0	15.0	12.4
Other Special Education	10.0	10.0	10.0	11.0	11.0	11.0	6.0	7.0
Other Instruction	3.0	3.0	2.0	2.1	2.1	2.1	7.0	5.0
Support Services:								
Student and Instruction Related Services	15.0	15.0	15.0	15.1	15.1	15.1	4.0	4.6
General and Business Administration Services	5.0	4.0	3.0	3.0	3.0	3.0	4.5	5.5
School Administrative Services	7.0	7.0	7.0	6.0	4.8	4.8	10.5	14.5
Plant Operations And Maintenance	9.0	9.0	9.0	9.1	9.0	9.0	5.0	11.5
Pupil Transportation	14.0	4.0	4.0	4.4	2.0	2.0		
Special Schools							-	2.0
Food Service	-	-	-	-	-	-	-	-
Total	<u>134.0</u>	<u>122.0</u>	<u>120.0</u>	<u>119.7</u>	<u>116.0</u>	<u>116.0</u>	<u>125.0</u>	<u>131.5</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary/Middle School				
2016	801	\$ 16,635,614	\$ 20,769	-1.18%	83.00	Not Available	785	751	1.16%	95.67%
2015	787	16,540,505	21,017	1.37%	83.00	Not Available	776	744	0.13%	95.88%
2014	744	15,426,094	20,734	5.31%	82.00	Not Available	775	743	1.31%	95.87%
2013	768	15,121,015	19,689	4.25%	82.10	Not Available	765	731	-1.03%	95.56%
2012	779	14,713,249	18,887	7.35%	82.10	Not Available	773	741	2.25%	95.86%
2011	766	13,476,665	17,594	-13.47%	82.10	Not Available	756	723	7.28%	95.63%
2010	705	14,335,073	20,333	-1.89%	101.00	Not Available	705	674	4.40%	95.67%
2009	675	13,988,885	20,724	17.41%	93.40	Not Available	675	642	-1.17%	95.11%
2008	698	12,320,491	17,651	7.52%	97.40	Not Available	683	649	-7.33%	95.02%
2007	737	12,099,555	16,417	#REF!	97.40	Not Available	737	737	#REF!	100.00%

Sources: District records

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>District Building</u>							
<u>Elementary</u>							
McKenzie Elementary							
Square Feet	54,500	54,500	54,500	54,500	54,500	54,500	54,500
Capacity (students)	411	411	411	411	411	411	411
Enrollment	475	454	451	467	471	450	391
<u>Middle School</u>							
Faust Intermediate							
Square Feet	69,935	69,935	69,935	69,935	69,935	69,935	69,935
Capacity (students)	349	349	349	349	349	349	349
Enrollment	326	333	293	297	296	306	314
<u>Other</u>							
Faust Annex							
Square Feet	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Capacity (students)	Included	Included	Included	Included	Included	Included	Included
Enrollment	Included	Included	Included	Included	Included	Included	Included

Number of Schools at June 30, 2016

 Elementary = 1

 Middle School = 1

 Other = 1

Source: District Records

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

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
School Facilities										
McKenzie	\$ 85,512	\$ 82,921	\$ 59,123	\$ 70,347	\$ 137,827	\$ 51,537	\$ 97,972	\$ 100,019	\$ 105,815	\$ 1,000
Faust Annex	6,750	6,546	4,668	5,554	10,882	4,069	5,743	5,863	7,222	3,500
Faust	132,768	128,745	91,796	109,222	213,994	80,018	152,008	155,185	185,969	174,340
Other	-	-	-	-	-	-	-	-	-	53,041
Grand Total	<u>\$ 225,030</u>	<u>\$ 218,212</u>	<u>\$ 155,587</u>	<u>\$ 185,123</u>	<u>\$ 362,703</u>	<u>\$ 135,624</u>	<u>\$ 255,723</u>	<u>\$ 261,067</u>	<u>\$ 299,006</u>	<u>\$ 231,881</u>

Source: District records

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
School Package Policy			
Property Blanket Building & Contents-		\$ 30,571,803	\$ 5,000
Flood & Earthquake: \$5,000,000 per occurrence/\$5,000,000 annual aggregate per member			50,000
Flood: Zone A & V \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member			500,000
Extra Expense		5,000,000	
Ordinance or Law Coverage A: Included			
Building Ordinance Demolition Cost		2,000,000	
Pollutant Clean Up & Removal		100,000	
Broadened Water-Direct Damage: \$100,000 or Limit of Insurance whichever is less			
Broadened Water: Loss of Income Planned Events and Tuition Fees		100,000	
Claim Data Expenses		25,000	
Fire Department Service Charge		25,000	
Fire Protection Device Charge		5,000	
Food Contamination Shutdown-Planned Events		10,000	
Lock Replacement		2,500	
Loss of Income Planned Events - Actual Loss Sustained			
Loss of Reduction Rewards: 10% of loss or \$25,000			
Newly Acquired or Constructed Property-Building		1,000,000	
Newly Acquired Property Type: Personal Property		500,000	
Non-owned Detached Trailers		5,000	
Outdoor Fences: Actual Loss You Sustain		100,000	
Outside Signs Actual Loss You Sustain		100,000	
Outdoor trees, shrubs, or plants Actual Loss You Sustain-Limit of \$10,000 per tree, shrub or plant			
Personal Effects & Property of Others		1,000	
Pollutant Cleanup and Removal: Planned Events		10,000	
Premises Extension Property: 1000 Feet			
Property Off Premises Actual Loss You Sustain		100,000	
Roof Protection		1,000	
Specified Appurtenant Structures: Public Use \$1,000,000, Your Use \$10,000, Contents \$1,000			
Transportation: Actual Loss You Sustain		100,000	
Tuition and Fees		20,000	
Utility Services: Actual Loss You Sustain		50,000	
Utility Services: Planned Events: Actual Loss You Sustain		25,000	
Voluntary Parting by Trick, Scheme or Device			
Asbestos Exclusion			
Exclusion of Certain Computer-Related Losses			
Valuable Papers & Records		5,000,000	
Accounts Receivable		100,000	
Fine Arts		25,000	
Computer Equipment		2,500,000	
Musical Instruments, Band Uniforms, Athletic Equipment & Theatrical Equipment		250,000	
Cameras, Audio/Video Equipment owned, leased or rented for use in your normal school operations		250,000	

Source: District Records

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the East Rutherford Board of Education's basic financial statements and have issued our report thereon dated October 13, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the East Rutherford Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 13, 2016.

Purpose of this Report

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 13, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major State Program

We have audited the East Rutherford Board of Education’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the East Rutherford Board of Education’s major state programs for the fiscal year ended June 30, 2016. The East Rutherford Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor’s Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the East Rutherford Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 13, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 13, 2016

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	June 30, 2015			Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	June 30, 2016			MEMO GAAP Receivable
						Accounts Receivable	Unearned Revenue	Due to Grantor						Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Dept. of Agriculture Passed-through State Department of Education																	
Food Service Fund																	
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 26,421					\$ 26,421	\$ 25,736				\$ 685		
Non-Cash Assistance (Food Distribution)				7/1/14-6/30/15	22,896		\$ 203				203						
Non-Cash Assistance (Food Distribution)				7/1/15-6/30/16	124,344					117,976	124,344		\$ (6,368)			\$ (6,368)	
Cash Assistance				7/1/14-6/30/15	105,100	\$ (5,888)				5,888						(4,653)	
Cash Assistance				7/1/15-6/30/16	62,696					58,043	62,696						
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	49,768	(3,682)				3,682							
School Breakfast Program	10.553		N/A	7/1/14-6/30/15													
Total Child Nutrition Cluster/Food Service Fund						(9,570)	203	-	-	-	212,010	212,979	-	(11,021)	685	-	(11,021)
U.S. Department of Education Passed-through State Dept. of Education Special Revenue Fund																	
Title III	84.365A	S365A150030	NCLB123016	7/1/15-6/30/16	16,029					15,985	15,988			(44)	41		(3)
Title III - Immigrant	84.365A	S365A150030	NCLB123016	7/1/15-6/30/16	1,156					1,156							
Title III - Immigrant	84.365A		NCLB123013	9/1/12-8/31/13	15,379			\$ 2,653					\$ 2,653				
Total Title III Cluster											17,144						
IDEA Part B, Basic	84.027	H027A150100	IDEA123016	7/1/15-6/30/16	202,264					164,011	195,537			(38,255)	6,727		(31,526)
IDEA Part B, Basic	84.027		IDEA123015	7/1/14-6/30/15	193,347	(2,487)				2,487							
IDEA Preschool	84.173	H173A150114	IDEA123016	7/1/15-6/30/16	6,505					6,505	6,505						
IDEA Preschool	84.173		IDEA123015	7/1/14-6/30/15	6,278	(184)				184							
IDEA Preschool	84.173		IDEA123013	9/1/12-8/31/13	6,622			555					555				
Total Special Education Cluster (IDEA)											202,042						
Title I-A	84.010A	S010A150030	NCLB123016	7/1/15-6/30/16	178,876					140,229	175,604			(38,647)	3,272		(35,375)
Title I-A	84.010A		NCLB123013	9/1/12-8/31/13	135,702			18,588					18,588				
Title II - A	84.367A	S367A150029	NCLB123016	7/1/15-6/30/16	10,309					458	10,309			(9,851)	-		(9,851)
Title II - A	84.367A		NCLB123013	9/1/12-8/31/13	26,912			325					325				
Total Special Revenue Fund						(2,671)	-	22,121	-	-	331,015	405,099	22,121	(86,795)	10,040	-	(76,755)
Total Federal Financial Assistance						\$ (12,241)	\$ 203	\$ 22,121	\$ -	\$ -	\$ 543,025	\$ 618,078	\$ 22,121	\$ (97,816)	\$ 10,725	\$ -	\$ (87,776)

FAIN numbers are only applicable for current year grant awards.

This schedule was not subject to a Single Audit in accordance with U.S. Uniform Guidance.

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, Julv 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	June 30, 2016			MEMO	
									Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
State Department of Education													
General Fund													
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 421,679			\$ 389,930	\$ 421,679		\$ (31,749)			\$ 421,679	
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	421,679	\$ (31,521)		31,521							
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	121,613			112,456	121,613		(9,157)			121,613	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	121,613	(9,091)		9,091							
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	7,650			7,074	7,650		(576)			7,650	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	7,650	(572)		572							
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	7,650			7,074	7,650		(576)			7,650	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	7,650	(572)		572							
Total State Aid Public Cluster							558,592						
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	40,797			37,725	40,797		(3,072)			40,797	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	40,797	(3,049)		3,049							
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	157,569				157,569		(157,569)			157,569	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	209,731	(209,731)		209,731							
On-behalf TPAF Pension System Payments - NCGI	16-495-034-5094-004	7/1/15-6/30/16	25,171			25,171	25,171					25,171	
On-behalf TPAF Pension System Payments - Normal Cost	16-495-034-5094-002	7/1/15-6/30/16	505,295			505,295	505,295					505,295	
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	631,638			631,638	631,638					631,638	
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	502,164			500,531	502,164		(1,633)			\$ (1,633)	502,164
Reimbursed TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	497,708	(25,058)	-	25,058	-	-	-	-	-	-	-
Total General Fund				(279,594)	-	2,496,488	2,421,226	-	(204,332)	-	-	(1,633)	2,421,226
Food Service Fund													
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	3,372			3,196	3,372		(176)			(176)	3,372
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,996	(168)	-	168	-	-	-	-	-	-	-
Total Food Service Fund				(168)	-	3,364	3,372	-	(176)	-	-	(176)	3,372
Total State Financial Assistance Subject to Single Audit Determination				(279,762)	-	2,499,852	2,424,598	-	(204,508)	-	-	(1,809)	2,424,598
State Financial Assistance Not Subject to Major Program Determination:													
General Fund													
TPAF Pension Contributions	16-495-034-5094-002	7/1/15-6/30/16	505,295			(505,295)	(505,295)						
TPAF Pension - NCGI Premiums	16-495-034-5094-004	7/1/15-6/30/16	25,171			(25,171)	(25,171)						
TPAF Post Retirement Medical Contributions	16-495-034-5094-001	7/1/15-6/30/16	631,638			(631,638)	(631,638)						
Total State Financial Assistance for Major Program Determination				\$ (279,762)	\$ -	\$ 1,337,748	\$ 1,262,494	\$ -	\$ (204,508)	\$ -	\$ -	\$ (1,809)	\$ 2,424,598

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$51,837 for the general fund and an increase of \$470 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,473,063	\$ 2,473,063
Special Revenue Fund	\$ 405,569		405,569
Food Service Fund	<u>212,979</u>	<u>3,372</u>	<u>216,351</u>
Total Awards Financial Assistance	<u>\$ 618,548</u>	<u>\$ 2,476,435</u>	<u>\$ 3,094,983</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$502,164 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$530,466 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$631,638 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions as well as on-behalf School Development Authority Educational Facility Construction and Financing Act Program payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

NOT APPLICABLE

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

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

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

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

Identification of major programs:

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

Dollar threshold used to determine Type A programs \$750,000

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

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

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

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

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

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

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

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001

Condition

Our audit of claims revealed certain purchase orders and/or invoices were not available for audit.

Status

Corrective action has been taken.