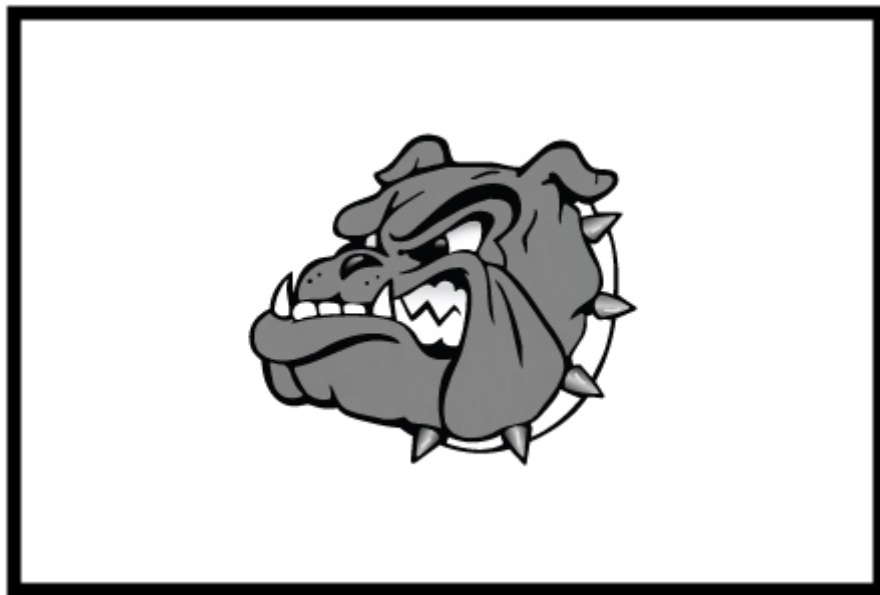


SCHOOL DISTRICT  
OF  
**RUTHERFORD**



Rutherford Board of Education  
Rutherford, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016

**RUTHERFORD SCHOOL DISTRICT  
Table of Contents**

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<b>INTRODUCTORY SECTION</b>	<b><u>Page</u></b>
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
 <b>FINANCIAL SECTION</b> 	
<b>Independent Auditor's Report</b>	10
<b>Required Supplementary Information – Part I Management's Discussion and Analysis</b>	16
<b>Basic Financial Statements</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	26
A-2 Statement of Activities	27
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Proprietary Funds:	
B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	34
B-6 Statement of Cash Flows	35
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	36
B-8 Statement of Changes in Fiduciary Net Position	37
<b>Notes to the Financial Statements</b>	38
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	71
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	82
C-3 Notes to Required Supplementary Information – Part II Budget-to-GAAP Reconciliation	84

**RUTHERFORD SCHOOL DISTRICT**  
**Table of Contents (Cont'd)**

---

	<b>Page</b>
<b>Required Supplementary Information – Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	86
L-2 Schedule of District Contributions – PERS	87
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	88
L-4 Schedule of District Contributions – TPAF	89
L-5 Notes to the Required Supplementary Information – Part III GASB 68 Pension Changes	90
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	93
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	98
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis	99
F-2a - Schedule(s) of Project Revenues, Expenditures, Project Balance and 2f Project Status	100
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	107
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	108
G-3 Combining Statement of Cash Flows	109

**RUTHERFORD SCHOOL DISTRICT  
Table of Contents (Cont'd)**

	<b>Page</b>
<b>Other Supplementary Information (Cont'd)</b>	
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	111
H-2 Combining Statement of Changes in Fiduciary Net Position	112
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	113
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	114
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	116
I-2 Schedule of Obligations under Capital Leases	117
I-3 Debt Service Fund Budgetary Comparison Schedule	118

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1 Net Position by Component	121
J-2 Changes in Net Position	122
J-3 Fund Balances—Governmental Funds	124
J-4 Changes in Fund Balances—Governmental Funds	125
J-5 General Fund Other Local Revenue by Source	126

**Revenue Capacity**

J-6 Assessed Value and Estimated Actual Value of Taxable Property	128
J-7 Direct and Overlapping Property Tax Rates	129
J-8 Principal Property Taxpayers	130
J-9 Property Tax Levies and Collections	131

**Debt Capacity**

J-10 Ratios of Outstanding Debt by Type	133
J-11 Ratios of General Bonded Debt Outstanding	134
J-12 Direct and Overlapping Governmental Activities Debt	135
J-13 Legal Debt Margin Information	136

**RUTHERFORD SCHOOL DISTRICT  
Table of Contents (Cont'd)**

---

	<b>Page</b>
<b>Statistical Section (Cont'd)</b>	
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	138
J-15 Principal Employers	139
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	141
J-17 Operating Statistics	142
J-18 School Building Information	143
J-19 Schedule of Required Maintenance Expenditures by School Facility	144
J-20 Insurance Schedule	145
 <b>SINGLE AUDIT SECTION</b> 	
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	13
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the State of New Jersey Circular 15-08-OMB	147
K-3 Schedule of Expenditures of Federal Awards, Schedule A	150
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	152
K-5 Notes to the Schedules of Federal Awards and State Financial Assistance	154
K-6 Schedule of Findings and Questioned Costs	156
K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	161

## INTRODUCTORY SECTION

# RUTHERFORD PUBLIC SCHOOLS

*Rooted in Excellence*

176 Park Avenue, Rutherford, NJ 07070

01-939-6350

JOHN J. HURLEY

Superintendent of Schools

Phone: 201-939-1717

JOSEPH P. KELLY

Business Administrator/Board Secretary

Phone: 201-939-1718

October 26, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Rutherford School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey State Treasury Circular 15-08-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## **1 REPORTING ENTITY AND ITS SERVICES:**

The Rutherford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. All funds of the District are included in this report. The 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 K through 12. These include regular, vocational and special education for students so classified. The District completed the 2015-2016 fiscal year with an average daily enrollment of 2,466 students, which is one student more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

**Average Daily Enrollment**

---

Fiscal Year	Student Enrollment	Percent Change
2015-2016	2,466.0	(1.4%)
2014-2015	2,501.0	0.4%
2013-2014	2,491.0	---
2012-2013	2,490.0	0.2%
2011-2012	2,485.0	2.1%
2010-2011	2,433.8	---
2009-2010	2,433.9	(1.2)%
2008-2009	2,463.8	0.6%
2007-2008	2,449.1	0.1%
2006-2007	2,447.3	2.0%

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Rutherford area is a mature community that has little space for future development in its core area, although various proposals regarding land east of Route 17 are under consideration. The recycling of existing homes has had some upward impact on pupil enrollment. Enrollment has increased and represents the highest number in ten years.

**3. MAJOR INITIATIVES:**

The Rutherford School District continues to offer a comprehensive educational program to its students. Major initiatives in place to support and enhance the academic and extracurricular programs already in place include the implementation of the STEM (Science, Technology, Engineering and Mathematics) program in the high school to better prepare students for the demands of the workplace in the 21<sup>st</sup> Century, investment in technology to participate in advanced standardized testing programs to measure student achievement, upgraded curriculum throughout the district, and the implementation of a summer head-start program for kindergartners. In 2016-2017, the District will reconfigure the district to provide a true middle school to students, including STEM programs, and other electives. Resulting program enhancements are expected to positively impact programs at all grade levels. Also in 2016-2017, the district will introduce a part-time preschool program and several full time special education programs to better prepare eligible students for ongoing placement in their home environments. In addition, the Board and district administration continue to evaluate facilities needs within the district and work to upgrade and improve the schools as needed, within budgetary constraints.

**4. INTERNAL ACCOUNTING CONTROLS:**

The administration of the District is responsible for establishing and maintaining an internal control structure 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 generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.



As a recipient of federal and state financial assistance, the District is also responsible for implementing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has 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 budget approved by the voters of the municipality. Annual appropriation budgets are adopted for the general, special revenue and debt service funds. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2016.

**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 the "Notes to the Financial Statements", Note 1.

**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", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**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, and fidelity bonds. The South Bergen Workers' Compensation Pool provides coverage for workers' compensation claims.

**9. OTHER INFORMATION:**

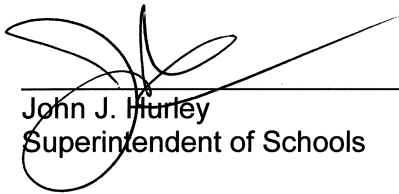
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200 and the New Jersey State Treasury Circular 15-08-OMB. The auditor's

Federal Regulations Part 200 and the New Jersey State Treasury Circular 15-08-OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Rutherford School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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,



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John J. Hurley  
Superintendent of Schools

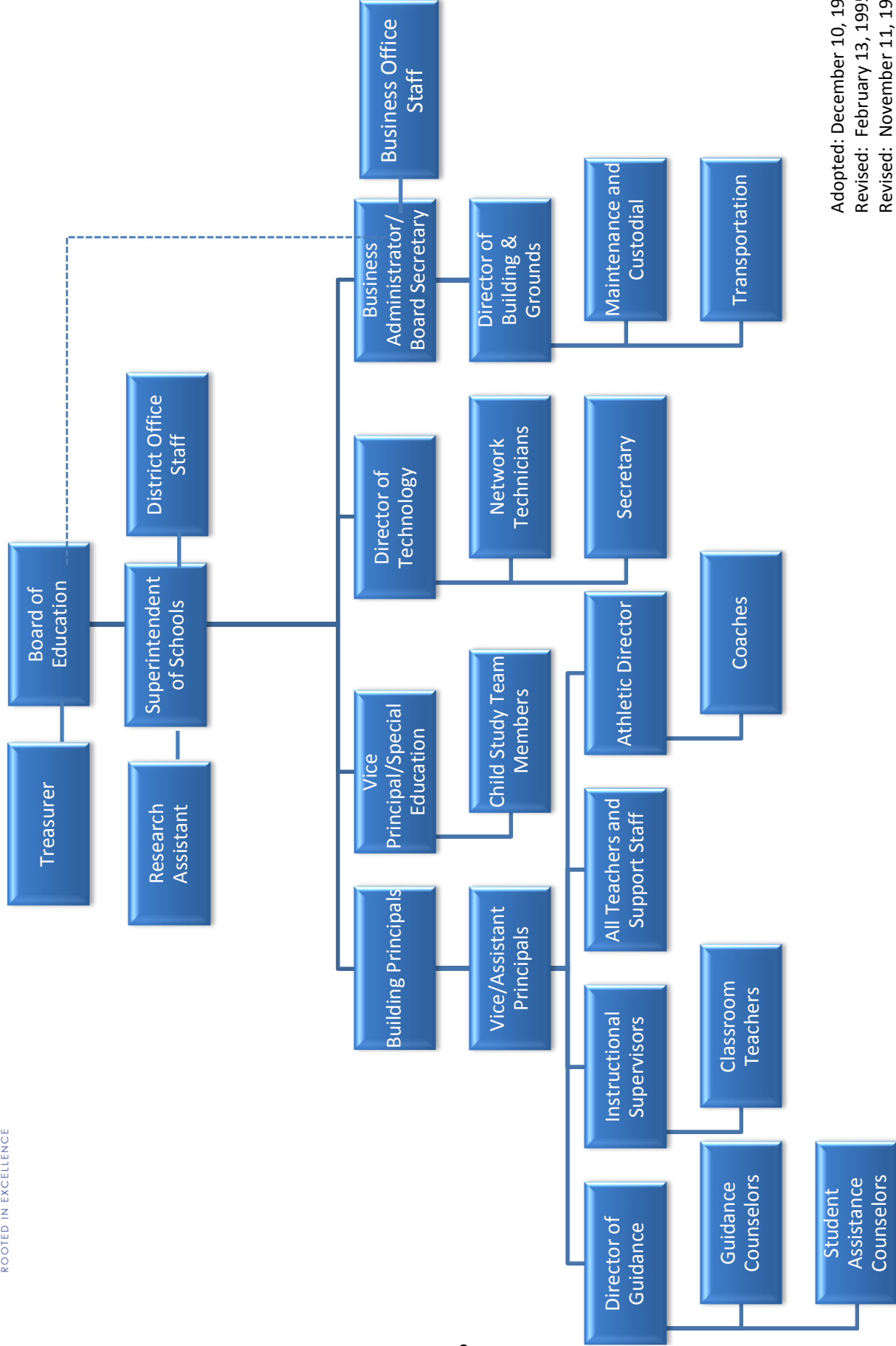


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Joseph P. Kelly  
Business Administrator/Board Secretary

## Line of Responsibility

## Administration 2121



Adopted: December 10, 1984  
 Revised: February 13, 1995  
 Revised: November 11, 1996  
 Revised: July 9, 2001  
 Revised: May, 2002  
 Revised: November 10, 2008  
 Revised: January 13, 2014

RUTHERFORD SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2016

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires December 31</u></b>
Kevin McLean, President	2016
Sally Librera, Vice President	2017
Shelly Ahmed	2018
Steven Arce	2016
Mary Lanni	2016
Diane Jones	2017
Keith Chu	2018
Greg Recine	2018
Gary Novosielski (Resigned 12/31/15)	2017
Dennis Mazone (Effective 2/22/16)	2016

**Other Officials**

Jack J. Hurley, Superintendent

Joseph Kelly, CPA, Business Administrator / Board Secretary

Edward Cortright, CPA, Treasurer

RUTHERFORD SCHOOL DISTRICT  
BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS  
2016

**ARCHITECT**

Chapin Architectural Services, P.A.  
17 Main Street  
Netcong, NJ 07857

**AUDIT FIRM**

Bowman & Company LLP  
601 White Horse Road  
Voorhees, New Jersey 08043

**ATTORNEY**

Fogarty and Hara  
Counselors at Law  
1600 Route 208 South  
Fair Lawn, NJ 07410

**OFFICIAL DEPOSITORY**

Wells Fargo Bank  
190 River Road  
Summit, NJ 07901

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Rutherford School District  
County of Bergen  
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 Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District'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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 from 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 School District'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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Borough of Rutherford School District, in the County of Bergen, State of New Jersey, 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, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's contributions, as listed in the table of contents, 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 Borough of Rutherford School District's basic financial statements. The introductory section, combining statements, related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying combining statements, related major fund supporting statements and 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.

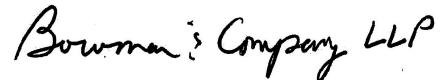
The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of the Borough of Rutherford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Rutherford School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Public School Accountant No. CS 001113

Voorhees, New Jersey  
October 26, 2016

**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**

The Honorable President and  
Members of the Board of Education  
Rutherford School District  
County of Bergen  
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 statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 26, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Borough of Rutherford School District'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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Rutherford School District'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 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.

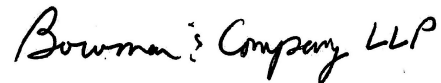
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Rutherford School District'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 Division of Administration and Finance, Department of Education, State of New Jersey.

**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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Public School Accountant No. CS 001113

Voorhees, New Jersey  
October 26, 2016

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**Rutherford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016**

As management of the Board of Education of the Borough of Rutherford, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The total assets and deferred outflows of resources of the School District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,932,042 (net position).
- The School District's total net position increased by \$253,710, from the prior fiscal year.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,112,338, an increase of \$76,370 in comparison with the prior year.

**Overview of the Basic Financial Statements**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations *in more detail* than the government-wide statements.
- *Governmental funds* statements tell how basic services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short* and *long-term* financial information about the activities the School District operates *like businesses*, such as food services, the adult school program and the summer music program.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

## Government-Wide Financial Statements

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

The two government-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – are one way to measure the School District's financial health or position.

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

In the government-wide financial statements, the School District's activities are divided in two categories:

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as the summer music program, adult school program, and food services.

## Fund Financial Statements

*Fund financial statements* are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

## **Fund Financial Statements (Cont'd)**

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District's three enterprise funds (Food Service Fund, Summer Music Program and the Community Education Fund) are listed individually and are considered to be a major fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

## **Government-Wide Financial Analysis**

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2016. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2016.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$14,824,353 with an unrestricted deficit of (\$8,310,792). The unrestricted net position deficit balance was increased due to the effect of pension related items, the accounting treatment for compensated absences payable, accrued interest payable and the June state aid payments and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

**Government-wide Financial Analysis (Cont'd)**

Table 1 provides a comparative schedule of the School District's net position for fiscal years ended June 30, 2016 and 2015.

<b>TABLE 1</b>						
<b>NET POSITION</b>						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 3,455,285	\$ 3,710,785	\$ 143,863	\$ 85,623	\$ 3,599,148	\$ 3,796,408
Capital Assets	35,670,060	35,745,246			35,670,060	35,745,246
<b>Total Assets</b>	<b>39,125,345</b>	<b>39,456,031</b>	<b>143,863</b>	<b>85,623</b>	<b>39,269,208</b>	<b>39,541,654</b>
Deferred Outflow of Resources - Related to Pensions	2,117,962	625,951	-	-	2,117,962	625,951
Long-term Liabilities Outstanding	25,062,513	22,259,298			25,062,513	22,259,298
Other Liabilities	952,277	2,457,053	36,175	10,421	988,451	2,467,474
<b>Total Liabilities</b>	<b>26,014,789</b>	<b>24,716,351</b>	<b>36,175</b>	<b>10,421</b>	<b>26,050,964</b>	<b>24,726,772</b>
Deferred Inflow of Resources - Related to Pensions	404,164	762,501	-	-	404,164	762,501
<b>Net Position:</b>						
Net Investment in Capital Assets	21,403,452	20,897,937			21,403,452	20,897,937
Restricted	1,731,693	1,395,749			1,731,693	1,395,749
Unrestricted (Deficit)	(8,310,792)	(7,690,556)	107,689	75,202	(8,203,103)	(7,615,354)
<b>Total Net Position</b>	<b>\$ 14,824,353</b>	<b>\$ 14,603,130</b>	<b>\$ 107,689</b>	<b>\$ 75,202</b>	<b>\$ 14,932,042</b>	<b>\$ 14,678,332</b>



**Government-wide Financial Analysis (Cont'd)**

Table 2 reflects the comparative schedule of changes in net position for fiscal years ended June 30, 2016 and 2015.

<b>TABLE 2</b>						
CHANGES IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 12,969	\$ 11,853	\$ 167,120	\$ 165,910	\$ 180,089	\$ 177,763
Operating Grants and Contributions	11,305,760	9,105,739			11,305,760	9,105,739
General Revenues:						
Property Taxes	39,690,240	38,156,764			39,690,240	38,156,764
Grants and Contributions Restricted and not Restricted to Programs	3,612,312	3,170,755			3,612,312	3,170,755
Other	7,883	15,594			7,883	15,594
<b>Total Revenues</b>	<b>54,629,164</b>	<b>50,460,705</b>	<b>167,120</b>	<b>165,910</b>	<b>54,796,284</b>	<b>50,626,615</b>
Expenses:						
Instruction	19,236,006	19,289,433			19,236,006	19,289,433
Support Services	34,451,569	30,722,568			34,451,569	30,722,568
Interest on Debt and Related Costs	622,555	661,655			622,555	661,655
Loss on Retirement of Capital Assets	37,655	13,674			37,655	
Community Education			91,329	94,803	91,329	94,803
Summer Music			7,500	7,500	7,500	7,500
Food Services			95,959	86,109	95,959	86,109
<b>Total Expenses</b>	<b>54,347,786</b>	<b>50,687,330</b>	<b>194,788</b>	<b>188,412</b>	<b>54,542,573</b>	<b>50,862,068</b>
Increase in Net Position before Transfers	281,378	(226,626)	(27,668)	(22,502)	253,710	(235,454)
Transfers	(60,155)	(31,136)	60,155	31,136		
<b>Change in Net Position</b>	<b>221,224</b>	<b>(257,761)</b>	<b>32,487</b>	<b>8,634</b>	<b>253,710</b>	<b>(235,454)</b>
Net Position July 1	14,603,130	14,860,891	75,202	66,568	14,678,332	14,927,459
<b>Net Position, June 30</b>	<b>\$ 14,824,353</b>	<b>\$ 14,603,130</b>	<b>\$ 107,689</b>	<b>\$ 75,202</b>	<b>\$ 14,932,042</b>	<b>\$ 14,692,005</b>

## **Financial Analysis of the Governmental Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,112,338, an increase of \$76,370 from the prior year.

The unassigned fund balance for the School District at the end of the fiscal year is \$1,345,261. The assigned fund balance for the School District at the end of the fiscal year consists of \$35,383 assigned for encumbrances. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget (\$93,096); 2) restricted for capital reserve account (\$885,087); 3) restricted for capital projects (\$528,724) and 4) restricted for debt service fund (\$540).

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unassigned fund balance is due, primarily, to the accounting treatment of the June state aid payments, and state statutes that prohibit New Jersey school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

### **General Fund Budgetary Highlights**

During the fiscal year 2016 year, the School District amended its general fund budget at needed. The net change in the total budget modification primarily resulted from the rollover of prior year encumbrances and the use of additional surplus (\$573,002) appropriated during the year, attributable to the receipt of extraordinary aid from the previous year.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$1,345,261 while total fund balance (budgetary basis) was \$2,583,073. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$46,099,631. Unassigned fund balance (budgetary basis) represents 2.9% of expenditures while total fund balance (budgetary basis) represents 5.6% of that same amount.

### **Capital Asset and Debt Administration**

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2016, totaled \$21,403,452 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$75,186, or a .2% decrease. Table 3 reflects the capital assets.

### Capital Asset and Debt Administration (Cont'd)

<b>TABLE 3</b>		
Capital Assets		
	June 30, 2016	June 30, 2015
Capital Assets (Net of Depreciation):		
Land	\$ 7,502,700	\$ 7,502,700
Construction in Progress	213,445	170,504
Land Improvements	140,413	158,636
Building and Improvements	26,074,379	26,809,642
Motor Vehicles	251,863	277,944
Furniture, Fixtures and Equipment	1,487,260	825,820
Net Capital Assets	\$ 35,670,060	\$ 35,745,246

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

During the fiscal year ended June 30, 2016, the School District had \$12,950,000 in serial bonds payable and \$1,003,836 in compensated absences payable, as well as \$80,492 of pension deferral and \$9,958,348 of net pension liability. This net pension liability occurred as a result of the implementation of GASB 68.

All reductions in long-term debt were made according to the payment schedules.

The School District continues to maintain its enhanced A2 rating from Moody's Investor Service, Inc. for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$105,859,851 and the legal debt margin was \$91,840,014.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

### Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2016-17 fiscal year:

- In preparing the 2016-17 budget, the administration evaluates all planned expenditures annually to determine ongoing need. Salaries are budgeted in accordance with contract terms in effect for the budget year; benefits, utilities and other costs are estimated based on recent experience and other external factors; and capital projects are budgeted based on prioritized need and the best estimate available of project costs.

### **Economic Factors and Next Year's Budgets and Rates (Cont'd)**

- For the general operating budget, the School District had a 2.3% tax levy increase for the 2016-17 budget year. The increase was primarily due to increases in special education costs, including costs to send students to out-of-district facilities, when appropriate services are not available in-district. Other cost drivers contributing to the increase were contracted salary increases, estimated increases to health benefits costs and utilities. In addition, in recognition of the district's aging facilities, amounts were budgeted for building repairs and certain capital projects. These expenditures are to be paid for by the mandated 2.0% cap on tax levy increases as well as certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be available to the district for future needs.
- The Rutherford School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

### **Requests for Information**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rutherford School District Business Administrator, 176 Park Avenue, Rutherford, New Jersey, 07070 (201-438-7675).

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RUTHERFORD SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 328,419.43	\$ 143,558.96	\$ 471,978.39
Receivables, net	2,241,239.02	304.45	2,241,543.47
Restricted Assets:			
Capital Reserve - Cash	885,086.62		885,086.62
Debt Service - Cash	540.00		540.00
Capital Assets, net (Note 5)	<u>35,670,059.53</u>		<u>35,670,059.53</u>
<b>Total Assets</b>	<u>39,125,344.60</u>	<u>143,863.41</u>	<u>39,269,208.01</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	<u>2,117,962.00</u>	-	<u>2,117,962.00</u>
<b>LIABILITIES:</b>			
Accounts Payable	616,520.53	36,155.30	652,675.83
Payable to State Government	23,936.73		23,936.73
Accrued Interest Payable	246,770.48		246,770.48
Unearned Revenue	65,048.81	19.45	65,068.26
Noncurrent Liabilities (Note 6):			
Due within One Year	1,281,169.64		1,281,169.64
Due beyond One Year	<u>23,781,343.20</u>		<u>23,781,343.20</u>
<b>Total Liabilities</b>	<u>26,014,789.39</u>	<u>36,174.75</u>	<u>26,050,964.14</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 8)	<u>404,164.00</u>	-	<u>404,164.00</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	21,403,452.04		21,403,452.04
Restricted for:			
Debt Service	540.00		540.00
Capital Projects	1,413,811.20		1,413,811.20
Other Purposes	317,341.80		317,341.80
Unrestricted (Deficit)	<u>(8,310,791.83)</u>	<u>107,688.66</u>	<u>(8,203,103.17)</u>
<b>Total Net Position</b>	<u>\$ 14,824,353.21</u>	<u>\$ 107,688.66</u>	<u>\$ 14,932,041.87</u>

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

**RUTHERFORD SCHOOL DISTRICT**  
Statement of Activities

For the Fiscal Year Ended June 30, 2016

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 15,876,660.92	\$ 12,969.00	\$ 705,615.50		\$ (15,158,076.42)	\$	\$ (15,158,076.42)
Special Education	2,137,432.68				(2,137,432.68)		(2,137,432.68)
Other Special Instruction	1,221,912.46				(1,221,912.46)		(1,221,912.46)
Support Services:							
Tuition	4,881,580.58				(4,881,580.58)		(4,881,580.58)
Student and Instruction Related Services	862,958.70		300,230.05		(562,728.65)		(562,728.65)
Other Support Services - Student Related	2,594,915.73				(2,594,915.73)		(2,594,915.73)
Improvement of Instruction	640,630.65				(640,630.65)		(640,630.65)
School Administrative Services	1,798,633.52				(1,798,633.52)		(1,798,633.52)
Other Administrative Services	622,322.41				(622,322.41)		(622,322.41)
Administrative Information Technology	244,190.87				(244,190.87)		(244,190.87)
Plant Operations and Maintenance	3,508,106.20				(3,508,106.20)		(3,508,106.20)
Care and Upkeep of Grounds	41,850.00				(41,850.00)		(41,850.00)
Pupil Transportation	1,212,499.98				(1,212,499.98)		(1,212,499.98)
Business and Other Support	637,805.56				(637,805.56)		(637,805.56)
Unallocated Benefits	16,159,168.47		10,299,913.96		(5,859,254.51)		(5,859,254.51)
Interest on Long-Term Debt	622,555.17				(622,555.17)		(622,555.17)
Unallocated Depreciation	1,246,906.53				(1,246,906.53)		(1,246,906.53)
Loss on Retirement of Capital Assets	37,655.31				(37,655.31)		(37,655.31)
<b>Total Governmental Activities</b>	<b>54,347,765.74</b>	<b>12,969.00</b>	<b>11,305,759.51</b>	<b>-</b>	<b>(43,029,057.23)</b>	<b>---</b>	<b>(43,029,057.23)</b>
<b>Business-Type Activities:</b>							
Food Service	95,958.52	63,999.25				\$(31,959.27)	\$(31,959.27)
Community Education	91,329.22	97,925.79				6,596.57	6,596.57
Summer Music	7,500.00	5,194.78				(2,305.22)	(2,305.22)
<b>Total Business-Type Activities</b>	<b>194,787.74</b>	<b>167,119.82</b>	<b>-</b>	<b>-</b>	<b>---</b>	<b>(27,667.92)</b>	<b>(27,667.92)</b>
<b>Total Primary Government</b>	<b>\$ 54,542,573.48</b>	<b>\$ 180,088.82</b>	<b>\$ 11,305,759.51</b>	<b>\$ -</b>	<b>\$ (43,029,057.23)</b>	<b>\$ (27,667.92)</b>	<b>\$ (43,056,725.15)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes, Levied for General Purposes, net					\$ 38,204,351.00	\$	\$ 38,204,351.00
Taxes Levied for Debt Service					1,485,889.00		1,485,889.00
Federal and State Aid not Restricted					3,182,732.39		3,182,732.39
Federal and State Aid Restricted					429,579.80		429,579.80
Transfers					(60,154.68)	\$ 60,154.68	
Miscellaneous Income					7,883.27		7,883.27
<b>Total General Revenues and Transfers</b>					<b>43,250,280.78</b>	<b>60,154.68</b>	<b>43,310,435.46</b>
<b>Change in Net Position</b>					<b>221,223.55</b>	<b>32,486.76</b>	<b>253,710.31</b>
<b>Net Position -- July 1</b>					<b>14,603,129.66</b>	<b>75,201.90</b>	<b>14,678,331.56</b>
<b>Net Position -- June 30</b>					<b>\$ 14,824,353.21</b>	<b>\$ 107,688.66</b>	<b>\$ 14,932,041.87</b>

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



FUND FINANCIAL STATEMENTS

**RUTHERFORD SCHOOL DISTRICT**  
Governmental Funds  
Balance Sheet  
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 1,192,208.17		\$ 21,297.88	\$ 540.00	\$ 1,214,046.05
Receivables from Other Governments	787,750.41	\$ 209,857.64	694,774.62		1,692,382.67
Other Accounts Receivable	548,729.35				548,729.35
Interfund Receivables	306,587.86				306,587.86
<b>Total Assets</b>	<b>\$ 2,835,275.79</b>	<b>\$ 209,857.64</b>	<b>\$ 716,072.50</b>	<b>\$ 540.00</b>	<b>\$ 3,761,745.93</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 207,472.37	\$ 14,013.86	\$ 32,475.30		\$ 253,961.53
Interfunds Payable		151,588.24	154,872.62		306,460.86
Payable to State Government		23,936.73			23,936.73
Unearned Revenue	44,730.00	20,318.81			65,048.81
<b>Total Liabilities</b>	<b>252,202.37</b>	<b>209,857.64</b>	<b>187,347.92</b>	<b>-</b>	<b>649,407.93</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	\$ 885,086.62				\$ 885,086.62
Capital Projects			528,724.58		528,724.58
Excess Surplus - Current Year	224,244.99				224,244.99
Excess Surplus - Designated for Subsequent Year's Expenditures	93,096.81				93,096.81
Debt Service Fund				\$ 540.00	540.00
<b>Assigned:</b>					
Other Purposes	35,383.62				35,383.62
Unassigned	1,345,261.38				1,345,261.38
<b>Total Fund Balances</b>	<b>2,583,073.42</b>	<b>-</b>	<b>528,724.58</b>	<b>540.00</b>	<b>3,112,338.00</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,835,275.79</b>	<b>\$ 209,857.64</b>	<b>\$ 716,072.50</b>	<b>\$ 540.00</b>	

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 \$74,598,692.15 and the accumulated depreciation is \$38,928,632.62.	35,670,059.53
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(246,770.48)
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.	(15,104,164.84)
Net Pension Liability	(9,958,348.00)
Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.	(362,559.00)
Deferred Outflows of Resources - Related to Pensions	2,117,962.00
Deferred Inflows of Resources - Related to Pensions	(404,164.00)
<b>Net Position of Governmental Activities</b>	<b>\$ 14,824,353.21</b>

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

**RUTHERFORD SCHOOL DISTRICT**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Local Tax Levy	\$ 38,204,351.00			\$ 1,485,889.00	\$ 39,690,240.00
Tuition Charges	12,969.00				12,969.00
Miscellaneous	7,883.27				7,883.27
Local Sources		\$ 67,129.37			67,129.37
State Sources	7,754,091.96	186,964.68	\$ 419,579.80		8,360,636.44
Federal Sources	779.39	761,751.50			762,530.89
<b>Total Revenues</b>	<b>45,980,074.62</b>	<b>1,015,845.55</b>	<b>419,579.80</b>	<b>1,485,889.00</b>	<b>48,901,388.97</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	15,576,999.79				15,576,999.79
Special Education Instruction	1,424,983.77	705,615.50			2,130,599.27
Other Special Instruction	1,221,912.46				1,221,912.46
<b>Support Services and Undistributed Costs:</b>					
Tuition	4,881,580.58				4,881,580.58
Student and Instruction Related Services	562,728.65				562,728.65
Other Support Services - Student Related	2,594,915.73	300,230.05			2,594,915.73
Improvement of Instruction	640,630.65				640,630.65
School Administrative Services	1,798,633.52				1,798,633.52
Other Administrative Services	604,193.25				604,193.25
Administrative Information Technology	239,271.98				239,271.98
Plant Operations and Maintenance	3,481,564.29				3,481,564.29
Care and Upkeep of Grounds	41,850.00				41,850.00
Pupil Transportation	1,253,485.73				1,253,485.73
Business and Other Support	637,805.56				637,805.56
Unallocated Benefits	5,555,385.71				5,555,385.71
On-Behalf Contributions	4,572,138.96				4,572,138.96
<b>Debt Service:</b>					
Principal				920,000.00	920,000.00
Interest and Other Charges				565,350.00	565,350.00
Capital Outlay	882,475.93	10,000.00	939,774.95		1,832,250.88
<b>Total Expenditures</b>	<b>45,970,556.56</b>	<b>1,015,845.55</b>	<b>939,774.95</b>	<b>1,485,350.00</b>	<b>49,411,527.06</b>

**RUTHERFORD SCHOOL DISTRICT**  
 Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues over Expenditures	\$ 9,518.06	-	\$ (520,195.15)	\$ 539.00	\$ (510,138.09)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	122,779.84		580,214.00		702,993.84
Operating Transfers Out	(640,368.68)		(122,779.84)		(763,148.52)
Assets Acquired under Capital Lease	646,662.80				646,662.80
Total Other Financing Sources and Uses	129,073.96	-	457,434.16	-	586,508.12
Net Change in Fund Balances	138,592.02		(62,760.99)	539.00	76,370.03
Fund Balance -- July 1	2,444,481.40		591,485.57	\$ 1.00	3,035,967.97
Fund Balance -- June 30	\$ 2,583,073.42	\$ -	\$ 528,724.58	\$ 540.00	\$ 3,112,338.00

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

**RUTHERFORD SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	76,370.03
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(1,576,918.19)
Debt Service Assessment		(75,126.00)
Assets Less Than \$2,000.00		(270,489.00)
Adjustment for Fixed Assets Charged to Budget		52,750.73
Capital Outlays		<u>1,832,250.88</u>
		(37,531.58)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		920,000.00
Governmental funds report the effect of premiums, discounts and similar items when long-term debt (bonds) are first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the amortized premium and the deferral of pension in the treatment of long-term debt and related items.		
		8,049.20
In the statement of activities, the disposal of capital assets is reported as a reduction in net position, whereas in the governmental funds, the retirement of capital assets does not reduce financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed net of accumulated depreciation (-).		
		(37,655.31)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		
		12,738.02
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(56,793.04)
Asset acquired under capital leases do not effect the Statement of Net Position, however, are reported as a financing source in the governmental funds.		
		(646,662.80)
Repayment of capital leases is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.		
		294,627.03
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceed the School District's pension contributions in the current period.		
		<u>(311,918.00)</u>
Change in Net Postion of Governmental Activities	\$	<u>221,223.55</u>

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

**RUTHERFORD SCHOOL DISTRICT**

Proprietary Funds  
Statement of Net Position  
June 30, 2016

	Business Type Activities - Enterprise Funds			<u>Total</u>
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 64,225.43	\$ 58,308.75	\$ 21,024.78	\$ 143,558.96
Accounts Receivable	<u>304.45</u>			<u>304.45</u>
Total Assets	<u>64,529.88</u>	<u>58,308.75</u>	<u>21,024.78</u>	<u>143,863.41</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	36,155.30			36,155.30
Unearned Revenue	<u>19.45</u>			<u>19.45</u>
Total Liabilities	<u>36,174.75</u>	<u>-</u>	<u>-</u>	<u>36,174.75</u>
<b>NET POSITION:</b>				
Unrestricted	<u>28,355.13</u>	<u>58,308.75</u>	<u>21,024.78</u>	<u>107,688.66</u>
Total Net Position	<u>\$ 28,355.13</u>	<u>\$ 58,308.75</u>	<u>\$ 21,024.78</u>	<u>\$ 107,688.66</u>

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

**RUTHERFORD SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position  
For the Fiscal Year Ended June 30, 2016

	Business Type Activities - Enterprise Funds			<u>Total</u>
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	
<b>OPERATING REVENUES:</b>				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs				
School Lunch Program	\$ 63,999.25			\$ 63,999.25
Fees for Enrollment		\$ 97,925.79	\$ 5,194.78	103,120.57
<b>Total Operating Revenues</b>	<u>63,999.25</u>	<u>97,925.79</u>	<u>5,194.78</u>	<u>167,119.82</u>
<b>OPERATING EXPENSES:</b>				
Salaries		25,480.08	7,500.00	32,980.08
Employee Benefits		2,175.24		2,175.24
Other Professional Services	962.50	30,165.50		31,128.00
Supplies and Materials		3,204.60		3,204.60
Postage		16,573.80		16,573.80
Printing Services		13,730.00		13,730.00
Miscellaneous	2,935.92			2,935.92
Cost of Sales - Non-Reimbursable Programs	92,060.10			92,060.10
<b>Total Operating Expenses</b>	<u>95,958.52</u>	<u>91,329.22</u>	<u>7,500.00</u>	<u>194,787.74</u>
Income (Loss) Before Contributions and Transfers	(31,959.27)	6,596.57	(2,305.22)	(27,667.92)
Board Contribution	60,154.68			60,154.68
Change in Net Position	28,195.41	6,596.57	(2,305.22)	32,486.76
Net Position -- July 1	159.72	51,712.18	23,330.00	75,201.90
Net Position -- June 30	<u>\$ 28,355.13</u>	<u>\$ 58,308.75</u>	<u>\$ 21,024.78</u>	<u>\$ 107,688.66</u>

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

**RUTHERFORD SCHOOL DISTRICT**  
Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2016

	Business Type Activities - Enterprise Funds			
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 63,963.65	\$ 97,925.79	\$ 5,194.78	\$ 167,084.22
Payments to Employees		(25,480.08)	(7,500.00)	(32,980.08)
Payments for Employee Benefits		(2,175.24)		(2,175.24)
Payments to Suppliers and Other Operating Payments	<u>(67,109.97)</u>	<u>(63,673.90)</u>		<u>(130,783.87)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,146.32)</u>	<u>6,596.57</u>	<u>(2,305.22)</u>	<u>1,145.03</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfers - General Fund	<u>60,154.68</u>			<u>60,154.68</u>
Net Cash Provided by Non-Capital Financing Activities	<u>60,154.68</u>	-	-	<u>60,154.68</u>
Cash and Cash Equivalents -- July 1	<u>7,217.07</u>	<u>51,712.18</u>	<u>23,330.00</u>	<u>82,259.25</u>
Cash and Equivalents -- June 30	<u>\$ 64,225.43</u>	<u>\$ 58,308.75</u>	<u>\$ 21,024.78</u>	<u>\$ 143,558.96</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>				
Operating Income (Loss)	\$ (31,959.27)	\$ 6,596.57	\$ (2,305.22)	\$ (27,667.92)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (used for) Operating Activities:				
(Increase) Decrease in Accounts Receivable, net	(38.45)		3,098.00	3,059.55
Increase (Decrease) in Accounts Payable	28,848.55			28,848.55
Increase (Decrease) in Unearned Revenue	<u>2.85</u>		<u>(3,098.00)</u>	<u>(3,095.15)</u>
Total Adjustments	<u>28,812.95</u>	<u>-</u>	<u>-</u>	<u>28,812.95</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,146.32)</u>	<u>\$ 6,596.57</u>	<u>\$ (2,305.22)</u>	<u>\$ 1,145.03</u>

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



**RUTHERFORD SCHOOL DISTRICT**  
Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2016

	Private-Purpose Trust Funds			Agency Funds	
	Unemployment Compensation <u>Trust</u>	Flexible Benefit <u>Trust</u>	Scholarship <u>Fund</u>	Student <u>Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 154,240.40	\$ 19,710.74	\$ 118,026.63	\$ 161,967.74	\$ 131.24
Total Assets	<u>154,240.40</u>	<u>19,710.74</u>	<u>118,026.63</u>	<u>\$ 161,967.74</u>	<u>\$ 131.24</u>
<b>LIABILITIES:</b>					
Accounts Payable	9,205.31			\$ 1,789.18	
Payable to Student Groups				160,178.56	
Interfund Accounts Payable					\$ 127.00
Payroll Deductions and Withholdings					4.24
Total Liabilities	<u>9,205.31</u>	<u>-</u>	<u>-</u>	<u>\$ 161,967.74</u>	<u>\$ 131.24</u>
<b>NET POSITION:</b>					
<b>Restricted:</b>					
Held in Trust for:					
Unemployment Compensation	145,035.09				
Payment of Claims		19,710.74			
Scholarships			118,026.63		
Total Net Position	<u>\$ 145,035.09</u>	<u>\$ 19,710.74</u>	<u>\$ 118,026.63</u>		

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

**RUTHERFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>			
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	<u>Scholarship Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions			\$ 8,216.85	\$ 8,216.85
Employee Withholdings	\$ 61,096.58	\$ 42,880.64		103,977.22
Interest on Investments			63.38	63.38
Total Additions	<u>61,096.58</u>	<u>42,880.64</u>	<u>8,280.23</u>	<u>112,257.45</u>
DEDUCTIONS:				
Scholarships Awarded			13,917.95	13,917.95
Claims and Premiums Paid		45,575.24		45,575.24
Due Agency - Employee Withholdings	24,887.54			24,887.54
Quarterly Unemployment Contributions	51,906.35			51,906.35
Total Deductions	<u>77,602.39</u>	<u>45,575.24</u>	<u>13,917.95</u>	<u>137,095.58</u>
Net Position -- July 1	<u>161,540.90</u>	<u>22,405.34</u>	<u>123,664.35</u>	<u>307,610.59</u>
Net Position -- June 30	<u>\$ 145,035.09</u>	<u>\$ 19,710.74</u>	<u>\$ 118,026.63</u>	<u>\$ 282,772.46</u>

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

**RUTHERFORD SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2016

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Rutherford School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 12 at its five schools. The School District has an approximate enrollment at June 30, 2016 of 2,594.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

**Component Units**

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Component Units (Cont'd)**

Based upon the application of these criteria, the School District has determined that the following organization is considered a component unit, and is not significant. Therefore, it has not been included in the basic financial statements.

Rutherford Education Foundation  
P.O. Box 246  
Rutherford, New Jersey 07070

Complete financial statements of the individual components can be obtained from their administrative offices.

**Government-wide and Fund Financial Statements**

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-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 primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges 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 and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Bergen County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. 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. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

**Summer Music Program Fund** - This fund accounts for the financial activity related to providing summer music lessons to students.

**Community Education Fund** - This fund accounts for the financial activity related to providing adult school activities within the School District.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

**Agency Funds** - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

**Private-Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

**Scholarship Fund** - Revenues consist of donations and interest income. Expenditures represent scholarships for deserving students, which are awarded in accordance with the trust requirements.

**New Jersey Unemployment Compensation Insurance Trust Fund** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

**Flexible Benefit Trust Account** - Revenues consist of employee contributions held in trust by the District for medical claims.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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 budget, as detailed on exhibit C-1, exhibit C-2 and exhibit I-3 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Encumbrances (Cont'd)**

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Tuition Receivable**

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Prepaid Expenses (Cont'd)**

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 20 Years
Motor Vehicles	4 - 10 Years
Buildings and Improvements	10 - 50 Years
Land Improvements	10 - 20 Years

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

**Defined Benefit Pension Plans** - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Pensions**

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 Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

***Nonspendable*** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

***Restricted*** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Fund Balance (Cont'd)**

**Committed** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**Assigned** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

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

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

For the fiscal year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

In addition, the School District adopted GASB Statement 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*. 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. The adoption of this Statement had no impact on the basic financial statements of the School District.

Lastly, the School District adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. 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. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. 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. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

**Note 2: CASH AND CASH EQUIVALENTS**

As of June 30, 2016, the School District's bank balances of \$2,657,042.17 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 2,443,646.01
Uninsured and Uncollateralized	<u>213,396.16</u>
Total	<u><u>\$ 2,657,042.17</u></u>

**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 362,306.78
Increased by:	
Deposits:	
Board Resolution, June 20, 2016	\$ 700,000.00
Transfer from Capital Projects Fund	<u>122,779.84</u>
	<u>822,779.84</u>
	1,185,086.62
Decreased by:	
Withdrawals:	
Transfer to Capital Projects, 2015-2016 Budgeted Withdrawal	<u>300,000.00</u>
Ending Balance, June 30, 2016	<u><u>\$ 522,779.84</u></u>

The June 30, 2016 LRFP balance of local support costs of uncompleted projects at June 30, 2016 is \$13,209,232.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

**Note 4: ACCOUNTS RECEIVABLE (CONT'D)**

Accounts receivable as of fiscal year end for the School District's individual major and proprietary funds, in the aggregate, are as follows:

Description	Governmental Funds			Total Governmental Activities	Proprietary Funds		Total
	General Fund	Special Revenue Fund	Capital Projects Fund		Food Service Fund	Total Business- Type Activities	
Federal Awards		\$ 203,470.25		\$ 203,470.25			\$ 203,470.25
State Awards	\$ 787,750.41	6,387.39	\$ 694,774.62	1,488,912.42			1,488,912.42
Tuition Charges	1,296.90			1,296.90			1,296.90
Other	547,559.45			547,559.45	\$ 304.45	\$ 304.45	547,863.90
	<u>\$ 1,336,606.76</u>	<u>\$ 209,857.64</u>	<u>\$ 694,774.62</u>	<u>\$ 2,241,239.02</u>	<u>\$ 304.45</u>	<u>\$ 304.45</u>	<u>\$ 2,241,543.47</u>

**Note 5: CAPITAL ASSETS**

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

	Balance July 1, 2015	Increases	Transfers	Decreases	Balance June 30, 2016
<b>Governmental Activities:</b>					
Capital Assets, not being Depreciated:					
Land	\$ 7,502,700.00				\$ 7,502,700.00
Construction in Progress	170,504.19	\$ 143,601.21	\$ (100,660.70)		213,444.70
Total Capital Assets, not being Depreciated	<u>7,673,204.19</u>	<u>143,601.21</u>	<u>(100,660.70)</u>	<u>-</u>	<u>7,716,144.70</u>
Capital Assets, being Depreciated:					
Furniture, Fixtures and Equipment	2,556,114.19	953,041.31	54,194.69		3,563,350.19
Motor Vehicles	701,498.00	49,722.10		\$ (204,870.00)	546,350.10
Buildings and Improvements	61,408,071.66	393,021.99	46,466.01		61,847,559.66
Land Improvements	925,287.50				925,287.50
Total Capital Assets, being Depreciated	<u>65,590,971.35</u>	<u>1,395,785.40</u>	<u>100,660.70</u>	<u>(204,870.00)</u>	<u>66,882,547.45</u>
Total Capital Assets, Cost	<u>73,264,175.54</u>	<u>1,539,386.61</u>	<u>-</u>	<u>(204,870.00)</u>	<u>74,598,692.15</u>
Less Accumulated Depreciation for:					
Furniture, Fixtures and Equipment	(1,730,293.57)	(345,796.89)			(2,076,090.46)
Motor Vehicles	(423,553.77)	(38,147.76)		167,214.69	(294,486.84)
Buildings and Improvements	(34,598,430.09)	(1,174,750.83)			(35,773,180.92)
Land Improvements	(766,651.69)	(18,222.71)			(784,874.40)
Total Accumulated Depreciation	<u>(37,518,929.12)</u>	<u>(1,576,918.19)</u>	<u>-</u>	<u>167,214.69</u>	<u>(38,928,632.62)</u>
Total Capital Assets, being Depreciated, Net	<u>28,072,042.23</u>	<u>(181,132.79)</u>	<u>100,660.70</u>	<u>(37,655.31)</u>	<u>27,953,914.83</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,745,246.42</u>	<u>\$ (37,531.58)</u>	<u>\$ -</u>	<u>\$ (37,655.31)</u>	<u>\$ 35,670,059.53</u>



**Note 5: CAPITAL ASSETS (CONT'D)**

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

<b>Governmental Activities:</b>	
Regular Instruction	\$ 213,819.30
Other Administrative Services	18,129.16
Plant Operations and Maintenance	59,915.44
Transportation	38,147.76
Unallocated	<u>1,246,906.53</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,576,918.19</u>

**Note 6: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 13,870,000.00		\$ (920,000.00)	\$ 12,950,000.00	\$ 940,000.00
Total Bonds Payable	<u>13,870,000.00</u>	<u>-</u>	<u>(920,000.00)</u>	<u>12,950,000.00</u>	<u>940,000.00</u>
Other Liabilities:					
Obligations under Capital Lease	717,801.24	\$ 646,662.80	(294,627.03)	1,069,837.01	318,501.57
Compensated Absences	947,042.79	90,237.20	(33,444.16)	1,003,835.83	14,618.87
Pension (PERS) Payment Deferral	88,541.20		(8,049.20)	80,492.00	8,049.20
Net Pension Liability (note 8)	<u>7,777,248.00</u>	<u>3,211,215.00</u>	<u>(1,030,115.00)</u>	<u>9,958,348.00</u>	
Total Other Liabilities	<u>9,530,633.23</u>	<u>3,948,115.00</u>	<u>(1,366,235.39)</u>	<u>12,112,512.84</u>	<u>341,169.64</u>
Governmental Activity Long-Term Liabilities	<u>\$ 23,400,633.23</u>	<u>\$ 3,948,115.00</u>	<u>\$ (2,286,235.39)</u>	<u>\$ 25,062,512.84</u>	<u>\$ 1,281,169.64</u>

The bonds payable and obligations under capital lease are generally liquidated by the debt service fund, while the, compensated absences, pension deferral, and net pension liability are liquidated by the general fund.

**Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On July 15, 2006, the School District issued \$7,100,000.00 general obligation bonds at interest rates varying from 4.00% to 4.25% for various construction and renovation projects. The final maturity of these bonds is January 15, 2028. The bonds will be paid from property taxes.

On July 15, 2006, the School District issued \$9,930,000.00 general obligation bonds at interest rates varying from 4.00% to 5.50% for various construction and renovation projects. The final maturity of these bonds is January 1, 2028. The bonds will be paid from property taxes.

**Note 6: LONG-TERM LIABILITIES (CONT'D)**

**Bonds Payable (Cont'd)** - Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 940,000.00	\$ 526,250.00	\$ 1,466,250.00
2018	950,000.00	480,400.00	1,430,400.00
2019	975,000.00	442,400.00	1,417,400.00
2020	1,015,000.00	403,400.00	1,418,400.00
2021	1,065,000.00	362,800.00	1,427,800.00
2022-2026	5,715,000.00	1,147,400.00	6,862,400.00
2027-2028	2,290,000.00	137,400.00	2,427,400.00
Total	<u>\$ 12,950,000.00</u>	<u>\$ 3,500,050.00</u>	<u>\$ 16,450,050.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

**Obligations under Capital Lease** - The School District is leasing computer equipment, network equipment, and vehicles totaling \$1,092,648.50 under capital leases. All capital leases are for terms of three to five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 318,501.57	\$ 9,429.14	\$ 327,930.71
2018	306,649.45	6,977.49	313,626.94
2019	267,288.65	4,477.29	271,765.94
2020	177,397.34	1,927.57	179,324.91
Total	<u>\$ 1,069,837.01</u>	<u>\$ 22,811.49</u>	<u>\$ 1,092,648.50</u>

**Compensated Absences** - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

**Public Employees' Retirement System (PERS) Payment Deferral** - On March 17, 2009, P.L. 2009, c.19 (S-21) was signed into legislation and provided regular and vocational school districts the option of deferring fifty percent (50%) of the school district's 2008-09 regular PERS pension liability. School districts that elected to defer the pension liability were required to begin repaying the deferred amount over fifteen (15) years, starting in April of 2012. The amount to be paid will fluctuate based on the pension system investment earnings on the unfunded liability. At any time, however, upon requesting a payoff amount from the Division of Pensions and Benefits, a school district may pay off the deferred amount. The deferral of the aforementioned PERS payment was only an option for 2008-09 fiscal year. Commencing in fiscal year June 30, 2010, and beyond, the full annual PERS pension liability is required to be budgeted and paid.

On April 13, 2009, the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of \$120,738. The following is a schedule for the payment of the PERS deferral, based on an interest rate of 8.25%. N.J.S.A 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25%.

**Note 6: LONG-TERM LIABILITIES (CONT'D)**

**Public Employees' Retirement System (PERS) Payment Deferral (Cont'd)** - Principal and interest due on the outstanding pension deferral is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferral Payment</u>	<u>Interest</u>	<u>Total Projected Payment</u>
2017	\$ 8,049.20	\$ 6,640.59	\$ 14,689.79
2018	8,049.20	5,976.53	14,025.73
2019	8,049.20	5,312.47	13,361.67
2020	8,049.20	4,648.41	12,697.61
2021	8,049.20	3,984.35	12,033.55
2022-2026	40,246.00	9,960.90	50,206.90
Total	<u>\$ 80,492.00</u>	<u>\$ 36,523.25</u>	<u>\$ 117,015.25</u>

**Net Pension Liability** - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

**Note 7: OPERATING LEASES**

At June 30, 2016, the School District had operating lease agreements in effect for copy machines, mail machines, and fax machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 76,690.84
2018	39,183.84
2019	21,720.84
2020	1,230.84
2021	102.57
	<u>\$ 138,928.93</u>

Rental payments under operating leases for the fiscal year ended June 30, 2016 were \$86,064.27.

**Note 8: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.nj.gov/treasury/pensions>

**General Information about the Pension Plans****Plan Descriptions**

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

**Teachers' Pension and Annuity Fund** - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Note 8: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.23% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$999,825.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$1,354,255.87.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

**Note 8: PENSION PLANS (CONT'D)****General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 13.29% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$381,393.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$193,045.61.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, employee contributions totaled \$47,092.03, and the School District recognized pension expense of \$34,677.90. There were no forfeitures during the fiscal year

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

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	117,584,718.00
	<u>\$117,584,718.00</u>

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 July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.1860391986%, which was an increase of 0.0036875789% from its proportion measured as of June 30, 2014.

**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Teachers' Pension and Annuity Fund (Cont'd)** - For the fiscal year ended June 30, 2016, the School District recognized \$7,179,606.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

**Public Employees' Retirement System** - At June 30, 2016, the School District reported a liability of \$9,958,348.00 for its proportionate share of the 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 July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was 0.0443618578%, which was an increase of 0.0028228002% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$693,297.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 237,571.00	\$ -
Changes of Assumptions	1,069,447.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	160,111.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	448,385.00	244,053.00
School District Contributions Subsequent to the Measurement Date	362,559.00	-
	<u>\$ 2,117,962.00</u>	<u>\$ 404,164.00</u>



**Note 8: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Public Employees' Retirement System (Cont'd)** - \$362,559.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2017	\$ 247,740.00
2018	247,740.00
2019	247,738.00
2020	363,607.00
2021	244,414.00
	<hr/>
	<b>\$ 1,351,239.00</b>
	<hr/> <hr/>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

**Note 8: PENSION PLANS (CONT'D)****Actuarial Assumptions**

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 July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

**Note 8: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
	<u>100.00%</u>			<u>100.00%</u>	

**Discount Rate** - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on 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. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PERS, the non-employer contributing entity, will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 8: PENSION PLANS (CONT'D)****Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	139,745,042.00	117,584,718.00	98,492,273.00
	<u>\$139,745,042.00</u>	<u>\$117,584,718.00</u>	<u>\$ 98,492,273.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ 12,377,008.00	\$ 9,958,348.00	\$ 7,930,561.00

**Pension Plan Fiduciary Net Position**

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 respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, 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. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

**Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire 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.

**Note 10: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and non-contributory insurance were \$1,382,942.00, \$1,728,729.00 and \$68,889.00, respectively.

**Note 11: RISK MANAGEMENT**

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

**New Jersey Unemployment Compensation Insurance** - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<b><u>Fiscal Year</u></b> <b><u>Ended June 30,</u></b>	<b><u>Employee</u></b> <b><u>Contributions</u></b>	<b><u>Claims</u></b> <b><u>Incurred</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
2016	\$ 61,096.58	\$ 77,602.39	\$ 145,035.09
2015	62,731.88	89,923.52	161,540.90
2014	59,449.58	63,682.06	188,732.54

**Note 11: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Pool** - The School District is a member of the School Alliance Insurance Fund. The Fund provides its members with the following coverage:

General and Auto Liability  
Property and Auto Physical Damage  
Boiler and Machinery  
Comprehensive Crime Coverage  
Environmental Impairment Liability  
Excess Liability  
School Leaders Professional Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report for the fiscal year ended June 30, 2016, which can be obtained from:

School Alliance Insurance Fund  
51 Everett Drive  
Lawrenceville, New Jersey 08648

**Note 12: DEFERRED COMPENSATION**

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

Lincoln National  
Lincoln Investment Planning  
American United  
Met Life  
Metropolitan Life  
Equitable

**Note 13: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$1,003,835.83.

**Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 306,587.86	
Special Revenue		\$ 151,588.24
Capital Projects		154,872.62
Fiduciary		127.00
	<u>\$ 306,587.86</u>	<u>\$ 306,587.86</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>
<b><u>Transfer Out:</u></b>			
General Fund		\$ 580,214.00	\$ 60,154.68
Capital Projects Fund	<u>\$ 122,779.84</u>		
Total Transfers	<u>\$ 122,779.84</u>	<u>\$ 580,214.00</u>	<u>\$ 60,154.68</u>

The transfer to capital projects fund from general fund for \$580,214.00 was a result of the School District funding capitals projects from capital outlay and capital reserve. The transfer to the general fund capital reserve for \$122,779.84 was a result of completed capital projects with excess funds available previously funded through capital reserve. The transfer to the enterprise fund from general fund for \$60,154.68 was a board contribution to cover the deficit in the School District's food service program.

**Note 15: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

**Litigation** - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 16: CONCENTRATIONS**

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**Note 17: COMMITMENTS**

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2016 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
ML, Inc.	01/05/16	<u>\$ 694,192.00</u>

**Note 18: FUND BALANCES****NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances as of June 30, 2016.

**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$224,244.99. Additionally, \$93,096.81 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

**For Capital Reserve Account** - As of June 30, 2016, the balance in the capital reserve account is \$885,086.62. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Capital Projects Fund** - As of June 30, 2016, the balance in the capital projects fund is \$528,724.58, which is restricted for approved projects.

**Debt Service Fund** - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$540.00 of debt service fund balance at June 30, 2016.

**COMMITTED**

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. The District did not authorize any specific commitments of the School District's fund balance.



**Note 18: FUND BALANCES (CONT'D)****ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund**

**Other Purposes** - As of June 30, 2016, the School District had \$35,383.62 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2016, \$1,345,261.38 of general fund balance was unassigned.

**Note 19: SUBSEQUENT EVENTS**

On September 12, 2016 the School District authorized the issuance of refunding bonds in the amount of \$10,920,000.00 to refund existing bonds payable. The refunding is estimated to be completed by November 23, 2016.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 38,204,351.00		\$ 38,204,351.00	\$ 38,204,351.00	
Tuition				12,969.00	\$ 12,969.00
Unrestricted Miscellaneous Revenues	10,000.00		10,000.00	7,883.27	(2,116.73)
<b>Total - Local Sources</b>	<b>38,214,351.00</b>		<b>38,214,351.00</b>	<b>38,225,203.27</b>	<b>10,852.27</b>
State Sources:					
Categorical Special Education Aid	1,481,725.00		1,481,725.00	1,481,725.00	
Equalization Aid	844,984.00		844,984.00	844,984.00	
Categorical Security Aid	38,134.00		38,134.00	38,134.00	
Categorical Transportation Aid	33,967.00		33,967.00	33,967.00	
Extraordinary Aid	200,000.00		200,000.00	718,622.00	518,622.00
PARCC Readiness Aid	25,055.00		25,055.00	25,055.00	
Per Pupil Growth Aid	25,055.00		25,055.00	25,055.00	
On-Behalf TPAF Pension Contributions (non-budgeted)				1,728,729.00	1,728,729.00
Post Retirement Medical (non-budgeted)				1,382,942.00	1,382,942.00
Teacher's Pension and Annuity Fund (non-budgeted)				68,889.00	68,889.00
TPAF Non-Contributory Insurance (non-budgeted)				1,391,578.96	1,391,578.96
Reimbursed TPAF Social Security Contributions (non-budgeted)					
<b>Total - State Sources</b>	<b>2,648,920.00</b>		<b>2,648,920.00</b>	<b>7,739,680.96</b>	<b>5,090,760.96</b>
Federal Sources:					
Special Education Medicaid Initiative	23,789.00		23,789.00	779.39	(23,009.61)
<b>Total - Federal Sources</b>	<b>23,789.00</b>		<b>23,789.00</b>	<b>779.39</b>	<b>(23,009.61)</b>
<b>Total Revenues</b>	<b>40,887,060.00</b>		<b>40,887,060.00</b>	<b>45,965,663.62</b>	<b>5,078,603.62</b>

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 553,410.00	\$ 898.00	\$ 554,308.00	\$ 554,308.00	
Grades 1-5	4,792,286.00	(44,121.37)	4,748,164.63	4,748,164.63	
Grades 6-8	3,628,381.00	66,666.57	3,695,047.57	3,695,047.57	
Grades 9-12	5,669,308.00	(142,105.56)	5,527,202.44	5,527,202.44	
Regular Programs - Home Instruction:					
Salaries of Teachers	75,000.00	821.35	75,821.35	75,821.35	
Purchased Professional - Educational Services	42,814.50	70.03	42,884.53	42,884.53	
Other Purchased Services	135,501.00	(135,501.00)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	249,438.00	(143,724.07)	105,713.93	105,713.93	
Other Purchased Services	127,335.00	121,090.26	248,425.26	246,993.60	\$ 1,431.66
General Supplies	555,428.00	(19,014.13)	536,413.87	529,498.06	6,915.81
Textbooks	54,520.00	(3,154.32)	51,365.68	51,365.68	
<b>Total Regular Programs</b>	<b>15,883,421.50</b>	<b>(298,074.24)</b>	<b>15,585,347.26</b>	<b>15,576,999.79</b>	<b>8,347.47</b>
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	425,004.00	(17,164.00)	407,840.00	407,840.00	
Other Salaries for Instruction	611,077.00	73,114.43	684,191.43	684,191.43	
Purchased Professional - Educational Services	377,065.00	(88,696.93)	288,368.07	288,368.07	
General Supplies	3,000.00	(533.10)	2,466.90	2,466.90	
Textbooks	500.00	1,131.67	1,631.67	1,631.67	
<b>Total Learning and / or Language Disabilities</b>	<b>1,416,646.00</b>	<b>(32,147.93)</b>	<b>1,384,498.07</b>	<b>1,384,498.07</b>	
Resource Room / Resource Center:					
Salaries of Teachers	3,500.00	37,272.99	37,272.99	37,272.99	
General Supplies	500.00	(680.02)	2,819.98	2,819.98	
Textbooks		(107.27)	392.73	392.73	
<b>Total Resource Room / Resource Center</b>	<b>4,000.00</b>	<b>36,485.70</b>	<b>40,485.70</b>	<b>40,485.70</b>	

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Total Special Education - Instruction	\$ 1,420,646.00	\$ 4,337.77	\$ 1,424,983.77	\$ 1,424,983.77	
Basic Skills/Remedial - Instruction	380,257.00	(31,573.94)	348,683.06	348,683.06	
Salaries of Teachers					
Total Basic Skills - Instruction	380,257.00	(31,573.94)	348,683.06	348,683.06	
Bilingual Education - Instruction:					
Salaries of Teachers	67,629.00	(2,821.00)	64,808.00	64,808.00	
Total Bilingual Education - Instruction	67,629.00	(2,821.00)	64,808.00	64,808.00	
School Sponsored Cocurricular Activities - Instruction:					
Salaries	200,681.00	(57,478.00)	143,203.00	143,203.00	
Transfer to Cover Deficit (Agency Funds)	56,051.00	(5,309.96)	50,741.04	50,741.04	
Total School Sponsored Cocurricular Activities - Instruction	256,732.00	(62,787.96)	193,944.04	193,944.04	
School Sponsored Athletics - Instruction:					
Salaries	456,500.00	(58,771.00)	397,729.00	397,729.00	
Purchased Services	55,468.00		55,468.00	55,468.00	
Supplies and Materials	90,058.00	20,715.06	110,773.06	110,613.46	\$ 159.60
Total School Sponsored Athletics - Instruction	602,026.00	(38,055.94)	563,970.06	563,810.46	159.60
Summer School - Instruction					
Other Salaries of Instruction		49,141.90	49,141.90	49,141.90	
Purchased Professional and Technical Services	42,000.00	(42,000.00)			
General Supplies	10,000.00	(9,600.00)	400.00	400.00	
Total Summer School - Instruction	52,000.00	(2,458.10)	49,541.90	49,541.90	
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Reading Specialists		1,125.00	1,125.00	1,125.00	
Total Other Supplemental/At-Risk Programs - Instruction		1,125.00	1,125.00	1,125.00	

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Total Other Instruction	\$ 1,358,644.00	\$ (136,571.94)	\$ 1,222,072.06	\$ 1,221,912.46	\$ 159.60
Total Instruction	18,662,711.50	(430,308.41)	18,232,403.09	18,223,896.02	8,507.07
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Special	1,589,072.00	603,678.61	2,192,750.61	2,192,733.39	17.22
Tuition to County Voc. School Dist. - Regular	279,360.00	24,012.00	303,372.00	303,372.00	
Tuition to County Voc. School Dist. - Special	162,864.00	(162,864.00)			
Tuition to CSSD and Regional Day Schools	206,544.00	298,897.00	505,441.00	505,441.00	
Tuition to Private Schools for the Disabled - Within State	1,700,215.00	62,094.68	1,762,309.68	1,762,309.68	
Tuition to Private Schools for the Disabled and Other LEA's	211,286.00	(126,121.93)	85,164.07	85,164.07	
Tuition - Other	15,000.00	835,161.20	850,161.20	32,560.44	817,600.76
Total Undistributed Expenditures - Instruction	4,164,341.00	1,534,857.56	5,699,198.56	4,881,580.58	817,617.98
Undistributed Expenditures - Attendance and Social Work:					
Salaries	63,001.00	3,114.08	66,115.08	66,115.08	
Purchased Professional and Technical Services		435.00	435.00	435.00	
Total Undistributed Expenditures - Attendance and Social Work	63,001.00	3,549.08	66,550.08	66,550.08	
Undistributed Expenditures - Health Services:					
Salaries	480,070.00	6,707.92	486,777.92	486,777.92	
Supplies and Materials	8,781.00	619.65	9,400.65	9,400.65	
Total Undistributed Expenditures - Health Services	488,851.00	7,327.57	496,178.57	496,178.57	
Undistributed Expenditures - Speech, OT, PT & Related Services:					
Salaries	243,544.00	(3,267.45)	240,276.55	240,276.55	
Purchased Professional - Educational Services	2,000.00	(100.00)	1,900.00	1,900.00	
Supplies and Materials	3,000.00	(19.11)	2,980.89	2,125.09	855.80
Total Undistributed Expenditures - Speech, OT, PT & Related Services	248,544.00	(3,386.56)	245,157.44	244,301.64	855.80

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	\$ 643,431.59	\$ (16,362.86)	\$ 627,068.73	\$ 627,068.73	
Total Undistributed Expenditures - Other Support Services -Students	643,431.59	(16,362.86)	627,068.73	627,068.73	
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	785,236.00	20,475.55	805,711.55	805,711.55	
Salaries of Secretarial and Clerical Assistants	90,648.00	(0.08)	90,647.92	90,647.92	
Supplies and Materials	3,070.00	(1,003.36)	2,066.64	1,649.20	\$ 417.44
Other Objects	12,667.38	(1,053.10)	11,614.28	11,048.93	565.35
Total Undistributed Expenditures - Guidance	891,621.38	18,419.01	910,040.39	909,057.60	982.79
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	769,314.00	173.96	769,487.96	769,487.96	
Salaries of Secretarial and Clerical Assistants	25,924.00	(0.12)	25,923.88	25,923.88	
Purchased Professional - Educational Services	1,964.68	1,058.75	1,058.75	1,058.75	
Miscellaneous Purch Services	18,700.00	(162.57)	1,802.11	1,802.11	
Supplies and Materials		(2,484.94)	16,215.06	16,215.06	
Total Undistributed Expenditures - Child Study Teams	815,902.68	(1,414.92)	814,487.76	814,487.76	
Undistributed Expenditures - Improvement of Instructional Services:					
Purchased Professional Services	5,000.00	(5,000.00)			
Other Purchased Services	9,350.00	(6,052.17)	3,297.83	3,297.83	
Supplies and Materials	6,000.00	(6,000.00)			
Total Undistributed Expenditures - Improvement of Instructional Services	20,350.00	(17,052.17)	3,297.83	3,297.83	

(Continued)



**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	\$ 433,001.00	\$ (8,146.08)	\$ 424,854.92	\$ 424,854.92	
Salaries of Technology Coordinators	151,371.00	65.16	151,436.16	151,436.16	
Supplies and Materials	41,151.00	(2,795.50)	38,355.50	36,786.86	\$ 1,568.64
Other Objects	21,363.00	(1,485.93)	19,877.07	19,877.07	
<b>Total Undistributed Expenditures - Educational Media Services / School Library</b>	<b>646,886.00</b>	<b>(12,362.35)</b>	<b>634,523.65</b>	<b>632,955.01</b>	<b>1,568.64</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	3,600.00	(800.00)	2,800.00	2,800.00	
Other Objects	3,000.00	(1,422.19)	1,577.81	1,577.81	
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>6,600.00</b>	<b>(2,222.19)</b>	<b>4,377.81</b>	<b>4,377.81</b>	
Undistributed Expenditures - Support Services - General Administration:					
Salaries	248,829.00	749.04	249,578.04	249,578.04	
Legal Services	42,693.75	(371.25)	42,322.50	34,631.50	7,691.00
Audit Fees	28,100.00	3,000.00	31,100.00	31,100.00	
Architectural / Engineering Services	90,000.00	(68,707.35)	21,292.65	21,292.65	
Other Purchased Professional Services	74,250.00	41,250.60	115,500.60	112,167.23	3,333.37
Communications / Telephone	126,050.00	(19,912.73)	106,137.27	106,137.27	
Board of Education Other Purchased Services	2,000.00	(1,246.02)	753.98	753.98	
Miscellaneous Purchased Services	7,638.40	(3,061.26)	4,577.14	4,577.14	
General Supplies	23,035.70	2,805.29	25,840.99	25,840.99	
Miscellaneous Expenditures		225.00	225.00	225.00	
Board of Education Member Dues/Fees	18,200.00	(310.55)	17,889.45	17,889.45	
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>660,796.85</b>	<b>(45,579.23)</b>	<b>615,217.62</b>	<b>604,193.25</b>	<b>11,024.37</b>

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals / Prog Dir	\$ 1,087,590.00	\$ 9,002.40	\$ 1,096,592.40	\$ 1,096,592.40	
Salaries of Secretarial and Clerical Assistants	543,023.00	(14,276.92)	528,746.08	528,746.08	
Salaries of Secretarial and Clerical Assistants - Vacation		2,717.40	2,717.40	2,717.40	
Purchased Professional and Technical Services	52,283.00	3,214.00	55,497.00	55,497.00	
Other Purchased Services	3,225.00	3,412.04	6,637.04	6,602.47	\$ 34.57
Supplies and Materials	58,375.22	(10,225.24)	48,149.98	46,836.98	1,313.00
Other Objects	76,653.00	(10,517.43)	66,135.57	61,641.19	4,494.38
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>1,821,149.22</b>	<b>(16,673.75)</b>	<b>1,804,475.47</b>	<b>1,798,633.52</b>	<b>5,841.95</b>
Undistributed Expenditures - Central Services:					
Salaries	571,049.00	6,336.52	577,385.52	577,385.52	
Purchased Technical Services	47,500.00	(7,762.48)	39,737.52	39,512.52	225.00
Miscellaneous Purchased Services	2,900.00	(1,481.50)	1,418.50	1,418.50	
Supplies and Materials	14,500.00	(5,226.08)	9,273.92	9,273.92	
Miscellaneous Expenditures	4,000.00	9,265.10	13,265.10	10,215.10	3,050.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>639,949.00</b>	<b>1,131.56</b>	<b>641,080.56</b>	<b>637,805.56</b>	<b>3,275.00</b>
Undistributed Expenditures - Administrative Information Technology:					
Salaries	165,497.00	3,096.58	168,593.58	168,593.58	
Purchased Technical Services	11,775.00	4,234.00	16,009.00	13,990.75	2,018.25
Other Purchased Services	1,509.74	(1,119.14)	390.60	390.60	
Supplies and Materials	76,475.00	(20,177.95)	56,297.05	56,297.05	
<b>Total Undistributed Expenditures - Administrative Information Technology</b>	<b>255,256.74</b>	<b>(13,966.51)</b>	<b>241,290.23</b>	<b>239,271.98</b>	<b>2,018.25</b>

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	\$ 533,951.00	\$ (77,791.51)	\$ 456,159.49	\$ 456,159.49	\$ 6,378.28
Cleaning, Repair and Maintenance Services	297,313.70	65,902.94	363,216.64	356,838.36	1,593.27
General Supplies	135,770.13	(25,106.91)	110,663.22	109,069.95	
Other Objects	2,000.00	315.76	2,315.76	2,315.76	
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>969,034.83</b>	<b>(36,679.72)</b>	<b>932,355.11</b>	<b>924,383.56</b>	<b>7,971.55</b>
Undistributed Expenditures - Custodial Services:					
Salaries	740,222.00	11,694.74	751,916.74	751,916.74	
Salaries of Non Instructional Aides	187,500.00	(5,484.74)	182,015.26	182,015.26	
Salaries of Non Instructional Aides - Vacation		3,194.80	3,194.80	3,194.80	
Cleaning, Repair and Maintenance Services	675,000.00	(9,351.32)	665,648.68	665,648.68	
Other Purchased Property Services	61,200.00	(16,894.78)	44,305.22	44,305.22	
Insurance	132,000.00	(3,722.00)	128,278.00	128,278.00	
General Supplies	135,000.00	(20,369.09)	114,630.91	114,630.91	
Energy (Natural Gas)	145,000.00	(11,057.95)	133,942.05	133,942.05	
Energy (Electricity)	627,000.00	(82,993.94)	544,006.06	533,249.07	10,756.99
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>2,702,922.00</b>	<b>(134,984.28)</b>	<b>2,567,937.72</b>	<b>2,557,180.73</b>	<b>10,756.99</b>
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	45,000.00	(3,150.00)	41,850.00	41,850.00	
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>45,000.00</b>	<b>(3,150.00)</b>	<b>41,850.00</b>	<b>41,850.00</b>	
Undistributed Expenditures - Security:					
Purchased Professional and Technical Services	20,000.00	(20,000.00)			
<b>Total Undistributed Expenditures - Security</b>	<b>20,000.00</b>	<b>(20,000.00)</b>			

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Salaries of Transportation Assistants	\$ 75,634.00	\$ 33,411.68	\$ 33,411.68	\$ 33,411.68	
Salaries of Non-Instructional Aides	175,350.00	4,710.51	80,344.51	80,344.51	
Salaries for Pupil Transportation (Between Home and School)-Special Ed	45,000.00	10,695.21	186,045.21	186,045.21	
Salaries for Pupil Transportation (Other than Bet. Home and School)	45,000.00	(319.01)	44,680.99	44,680.99	
Cleaning, Repair, & Maintenance Services	45,000.00	37,868.25	82,868.25	82,868.25	
Lease Purchases - School Buses	53,135.00	(8,195.88)	44,939.12	44,939.12	
Contracted Services (Special Education Students) - Vendors	670,610.00	88,612.27	759,222.27	758,997.96	\$ 224.31
General Supplies	40,613.47	(17,995.46)	22,618.01	22,198.01	420.00
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>1,105,342.47</b>	<b>148,787.57</b>	<b>1,254,130.04</b>	<b>1,253,485.73</b>	<b>644.31</b>
Unallocated Benefits:					
Social Security Contributions	470,000.00	(62,741.79)	407,258.21	405,322.54	1,935.67
Other Retirement Contributions - PERS	410,308.00	(10,383.00)	399,925.00	399,925.00	
Other Retirement Contributions - Regular	29,000.00	6,240.25	35,240.25	35,240.25	
Workers' Compensation	191,000.00	(24,673.00)	166,327.00	166,100.99	226.01
Health Benefits	4,548,730.00	(213,380.66)	4,335,349.34	4,335,349.34	
Tuition Reimbursement	30,000.00	(12,559.00)	17,441.00	17,441.00	
Other Employee Benefits	385,000.00	(188,993.41)	196,006.59	196,006.59	
<b>Total Unallocated Benefits</b>	<b>6,064,038.00</b>	<b>(506,490.61)</b>	<b>5,557,547.39</b>	<b>5,555,385.71</b>	<b>2,161.68</b>
On-Behalf TPAF Pension Contributions (non-budgeted)					
Post Retirement Medical (non-budgeted)				1,728,729.00	(1,728,729.00)
Teacher's Pension and Annuity Fund (non-budgeted)				1,382,942.00	(1,382,942.00)
TPAF Non-Contributory Insurance (non-budgeted)				68,889.00	(68,889.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,391,578.96	(1,391,578.96)
<b>Total On-Behalf Contributions</b>				<b>4,572,138.96</b>	<b>(4,572,138.96)</b>
<b>Total Undistributed Expenditures</b>	<b>22,273,017.76</b>	<b>883,747.20</b>	<b>23,156,764.96</b>	<b>26,864,184.61</b>	<b>(3,707,419.65)</b>
<b>Total Current Expense</b>	<b>40,935,729.26</b>	<b>453,438.79</b>	<b>41,389,168.05</b>	<b>45,088,080.63</b>	<b>(3,698,912.58)</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONTD):</b>					
Capital Outlay:					
Equipment:					
Regular Program Kindergarten	\$ 21,500.00	\$ 13,315.00	\$ 34,815.00	\$ 34,815.00	
Regular Program Grades 1-5	29,965.00	(11,862.00)	18,103.00	18,103.00	
Regular Program Grades 9-12	29,000.00	18,161.82	47,161.82	43,125.82	\$ 4,036.00
Undistributed Expenditures:					
School Administration	3,200.00	(3,200.00)			
General Administration		9,970.00	9,970.00	9,970.00	
Operation and Maintenance of Plant		38,623.71	38,623.71	38,623.71	
Security	5,600.00	(5,600.00)			
Student Transportation	178,770.05		178,770.05	16,049.60	162,720.45
<b>Total Equipment</b>	<b>268,035.05</b>	<b>59,408.53</b>	<b>327,443.58</b>	<b>160,687.13</b>	<b>166,756.45</b>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	75,126.00		75,126.00	75,126.00	
<b>Total Facilities Acquisition and Construction Services</b>	<b>75,126.00</b>		<b>75,126.00</b>	<b>75,126.00</b>	
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures - Equipment				646,662.80	(646,662.80)
<b>Total Capital Outlay</b>	<b>343,161.05</b>	<b>59,408.53</b>	<b>402,569.58</b>	<b>882,475.93</b>	<b>(479,906.35)</b>
<b>Total Expenditures</b>	<b>41,278,890.31</b>	<b>512,847.32</b>	<b>41,791,737.63</b>	<b>45,970,556.56</b>	<b>(4,178,818.93)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(391,830.31)</b>	<b>(512,847.32)</b>	<b>(904,677.63)</b>	<b>(4,892.94)</b>	<b>899,784.69</b>
Other Financing Sources (Uses):					
Operating Transfers Out:					
Transfer to Food Service Fund - Board Contribution		(60,154.68)	(60,154.68)	(60,154.68)	
Capital Reserve - Transfer to Capital Projects	(300,000.00)		(300,000.00)	(300,000.00)	
Capital Outlay - Transfer to Capital Projects	(280,214.00)		(280,214.00)	(280,214.00)	
Operating Transfers In:					
Capital Reserve - Transfer from Capital Projects				122,779.84	122,779.84
Assets Acquired Under Capital Lease				646,662.80	646,662.80
<b>Total Other Financing Sources (Uses)</b>	<b>(580,214.00)</b>	<b>(60,154.68)</b>	<b>(640,368.68)</b>	<b>129,073.96</b>	<b>769,442.64</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (972,044.31)	\$ (573,002.00)	\$ (1,545,046.31)	\$ 124,181.02	\$ 1,669,227.33
Fund Balances, July 1	972,044.31	573,002.00	1,545,046.31	2,657,583.40	1,112,537.09
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,781,764.42</u>	<u>\$ 2,781,764.42</u>

Restricted:

- Capital Reserve
- Excess Surplus - Current Year
- Excess Surplus -- Designated for Subsequent Year's Expenditures

Assigned:

- Encumbrances
- Unassigned

Reconciliation to Governmental Funds Statements (GAAP):

- Last State Aid Payment Not Recognized on GAAP Basis
- Fund Balance per Governmental Funds (GAAP)

	\$ 885,086.62
	422,935.99
	93,096.81
	35,383.62
	<u>1,345,261.38</u>
	2,781,764.42
	<u>(198,691.00)</u>
	<u>\$ 2,583,073.42</u>

**RUTHERFORD SCHOOL DISTRICT**

Special Revenue Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
State Sources:					
Nonpublic aid	\$ 259,417.00	\$ (48,717.61)	\$ 210,699.39	\$ 186,762.66	\$ (23,936.73)
<b>Total - State Sources</b>	<u>259,417.00</u>	<u>(48,717.61)</u>	<u>210,699.39</u>	<u>186,762.66</u>	<u>(23,936.73)</u>
Federal Sources:					
Title I	187,586.00		187,586.00	187,577.67	(8.33)
Title IIA	(29,822.00)		52,778.00	36,781.23	(15,996.77)
Title III	3,511.00		3,511.00	3,511.00	
Title III Immigrant	1,416.67		1,416.67	695.62	(721.05)
I.D.E.I.A., Part B	410,000.00	201,604.00	611,604.00	493,927.40	(117,676.60)
I.D.E.I.A., Part B, Preschool Incentive		20,373.00	20,373.00	19,354.00	(1,019.00)
<b>Total - Federal Sources</b>	<u>492,600.00</u>	<u>384,668.67</u>	<u>877,268.67</u>	<u>741,846.92</u>	<u>(135,421.75)</u>
Local Sources					
		72,199.38	72,199.38	67,129.37	(5,070.01)
<b>Total Revenues</b>	<u>\$ 752,017.00</u>	<u>\$ 408,150.44</u>	<u>\$ 1,160,167.44</u>	<u>\$ 995,738.95</u>	<u>\$ (164,428.49)</u>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

Special Revenue Fund

Required Supplementary Information

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 166,718.80	\$ 37,012.48	\$ 37,012.48	\$ 37,012.48	\$ 24,927.77
Purchased Professional and Technical Services	362,333.00	(39,230.41)	127,488.39	102,560.62	42,787.60
Purchased Professional Educational Services	11,417.00	137,635.00	499,968.00	457,180.40	1,544.51
Supplies and Materials	29,000.00	51,016.05	62,433.05	60,888.54	522.77
Textbooks		(4,675.00)	24,325.00	23,802.23	
Other Objects		259.00	259.00	259.00	
<b>Total Instruction</b>	<b>569,468.80</b>	<b>182,017.12</b>	<b>751,485.92</b>	<b>681,703.27</b>	<b>69,782.65</b>
Support Services:					
Personal Services-Employee Benefits		690.00	690.00	690.00	
Purchased Professional/Technical Services	182,548.20	9,270.80	191,819.00	113,178.26	78,640.74
Other Purchased Services		52,778.00	52,778.00	36,781.23	15,996.77
Supplies and Materials		153,394.52	153,394.52	153,386.19	8.33
<b>Total Support Services</b>	<b>182,548.20</b>	<b>216,133.32</b>	<b>398,681.52</b>	<b>304,035.68</b>	<b>94,645.84</b>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		10,000.00	10,000.00	10,000.00	
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>10,000.00</b>	<b>10,000.00</b>	<b>10,000.00</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 752,017.00</b>	<b>\$ 408,150.44</b>	<b>\$ 1,160,167.44</b>	<b>\$ 995,738.95</b>	<b>\$ 164,428.49</b>



**RUTHERFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 45,965,663.62	\$ 995,738.95
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		20,106.60
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	213,102.00	
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(198,691.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 45,980,074.62</u>	<u>\$ 1,015,845.55</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 45,970,556.56	\$ 995,738.95
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>20,106.60</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 45,970,556.56</u>	<u>\$ 1,015,845.55</u>

REQUIRED SUPPLEMENTARY INFORMATION  
PART III

**RUTHERFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0443618578%	0.0415390576%	0.0433912226%
School District's Proportionate Share of the Net Pension Liability	\$ 9,958,348.00	\$ 7,777,248.00	\$ 8,292,925.00
School District's Covered Payroll (Plan Measurement Period)	\$ 3,246,116.00	\$ 3,004,876.00	\$ 3,161,352.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	306.78%	258.82%	262.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**RUTHERFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Contributions  
 Public Employees' Retirement System (PERS)  
 Last Three Fiscal Years

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 362,559.00	\$ 381,393.00	\$ 342,442.00
Contributions in Relation to the Contractually Required Contribution	<u>(362,559.00)</u>	<u>(381,393.00)</u>	<u>(342,442.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 2,727,403.00	\$ 2,712,947.00	\$ 2,922,617.00
Contributions as a Percentage of School District's Covered Payroll	13.29%	14.06%	11.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**RUTHERFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of the School District's Proportionate Share of the Net Pension Liability  
 Teachers' Pension and Annuity Fund (TPAF)  
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>117,584,718.00</u>	<u>97,461,006.00</u>	<u>90,336,392.00</u>
	<u>\$ 117,584,718.00</u>	<u>\$ 97,461,006.00</u>	<u>\$ 90,336,392.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 21,525,380.00	\$ 21,731,800.00	\$ 20,880,568.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	546.26%	448.47%	432.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
 However, until a full 10-year trend is compiled, this presentation will only include information  
 for those years for which information is available.

**RUTHERFORD SCHOOL DISTRICT**  
Required Supplementary Information  
Schedule of School District's Contributions  
Teachers' Pension and Annuity Fund (TPAF)  
Last 10 Fiscal Years

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This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

**RUTHERFORD SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2016

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**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION



SPECIAL REVENUE FUND

**RUTHERFORD SCHOOL DISTRICT**

Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2016

N.C.L.B.

	Total	Title I - A	Title II - A	Title III	Title III Immigrant	Total Brought Forward
<b>REVENUES:</b>						
Local Sources	\$ 67,129.37					\$ 67,129.37
Federal Sources	741,846.92	\$ 187,577.67	\$ 36,781.23	\$ 3,511.00	\$ 695.62	513,281.40
State Sources	186,762.66					186,762.66
<b>Total Revenues</b>	<b>995,738.95</b>	<b>187,577.67</b>	<b>36,781.23</b>	<b>3,511.00</b>	<b>695.62</b>	<b>767,173.43</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	37,012.48	34,191.48		2,821.00		102,560.62
Purchased Professional and Technical Services	102,560.62					457,180.40
Purchased Professional Educational Services	457,180.40					60,888.54
Supplies and Materials	60,888.54				436.62	23,802.23
Textbooks	23,802.23					259.00
Other Objects	259.00					
<b>Total Instruction</b>	<b>681,703.27</b>	<b>34,191.48</b>	<b>-</b>	<b>2,821.00</b>	<b>695.62</b>	<b>643,995.17</b>
Support Services:						
Personal Services-Employee Benefits	690.00			690.00		113,178.26
Purchased Professional/Technical Services	113,178.26					36,781.23
Other Purchased Services	36,781.23	153,386.19	36,781.23			
Supplies and Materials	153,386.19					
<b>Total Support Services</b>	<b>304,035.68</b>	<b>153,386.19</b>	<b>36,781.23</b>	<b>690.00</b>	<b>-</b>	<b>113,178.26</b>
Facilities Acquisition and Construction Services:						
Noninstructional Equipment	10,000.00					10,000.00
<b>Total Facilities Acquisition and Construction Services</b>	<b>10,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000.00</b>
<b>Total Expenditures</b>	<b>\$ 995,738.95</b>	<b>\$ 187,577.67</b>	<b>\$ 36,781.23</b>	<b>\$ 3,511.00</b>	<b>\$ 695.62</b>	<b>\$ 767,173.43</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2016

	I.D.E.A., Part B					Total Brought Forward
	Total Carried Forward	Basic	Preschool Incentive	AeroJet Grant	Sustainable New Jersey Grant	
<b>REVENUES:</b>						
Local Sources	\$ 67,129.37			\$ 1,000.00	\$ 5,929.99	\$ 60,199.38
Federal Sources	513,281.40	\$ 493,927.40	\$ 19,354.00			
State Sources	186,762.66					\$ 186,762.66
<b>Total Revenues</b>	<b>767,173.43</b>	<b>493,927.40</b>	<b>19,354.00</b>	<b>1,000.00</b>	<b>5,929.99</b>	<b>186,762.66</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	102,560.62			1,000.00	5,929.99	95,630.63
Purchased Professional and Technical Services	457,180.40	437,826.40	19,354.00			50,199.38
Purchased Professional Educational Services	60,451.92					10,252.54
Supplies and Materials	23,802.23					23,802.23
Textbooks						
Other Objects						
<b>Total Instruction</b>	<b>643,995.17</b>	<b>437,826.40</b>	<b>19,354.00</b>	<b>1,000.00</b>	<b>5,929.99</b>	<b>129,685.40</b>
Support Services:						
Personal Services-Employee Benefits	113,178.26	56,101.00				57,077.26
Purchased Professional/Technical Services						
Other Purchased Services						
Supplies and Materials						
<b>Total Support Services</b>	<b>113,178.26</b>	<b>56,101.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,077.26</b>
Facilities Acquisition and Construction Services:						
Noninstructional Equipment	10,000.00					10,000.00
<b>Total Facilities Acquisition and Construction Services</b>	<b>10,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000.00</b>
<b>Total Expenditures</b>	<b>767,173.43</b>	<b>493,927.40</b>	<b>19,354.00</b>	<b>1,000.00</b>	<b>5,929.99</b>	<b>186,762.66</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2016

	N.J. Nonpublic					Total Brought Forward
	Total Carried Forward	Textbook Aid CH. 194, L. 1979	Nursing	Technology	Corrective Speech	
<b>REVENUES:</b>						
Local Sources						
Federal Sources						
State Sources	\$ 186,762.66	\$ 23,802.23	\$ 38,520.00	\$ 10,252.54	\$ 10,450.87	\$ 103,737.02
<b>Total Revenues</b>	<u>186,762.66</u>	<u>23,802.23</u>	<u>38,520.00</u>	<u>10,252.54</u>	<u>10,450.87</u>	<u>103,737.02</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services	95,630.63				10,450.87	85,179.76
Purchased Professional Educational Services						
Supplies and Materials	10,252.54			10,252.54		
Textbooks	23,802.23	23,802.23				
Other Objects						
<b>Total Instruction</b>	<u>129,685.40</u>	<u>23,802.23</u>	<u>-</u>	<u>10,252.54</u>	<u>10,450.87</u>	<u>85,179.76</u>
Support Services:						
Personal Services-Employee Benefits						
Purchased Professional/Technical Services	57,077.26		38,520.00			18,557.26
Other Purchased Services						
Supplies and Materials						
<b>Total Support Services</b>	<u>57,077.26</u>	<u>-</u>	<u>38,520.00</u>	<u>-</u>	<u>-</u>	<u>18,557.26</u>
Facilities Acquisition and Construction Services:						
Noninstructional Equipment						
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 186,762.66</u>	<u>\$ 23,802.23</u>	<u>\$ 38,520.00</u>	<u>\$ 10,252.54</u>	<u>\$ 10,450.87</u>	<u>\$ 103,737.02</u>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**

Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2016

	N.J. Nonpublic					
	Total Carried Forward	Supplemental Instruction	Examination/Classification	Compensatory Education	Security	Home Instruction
<b>REVENUES:</b>						
Local Sources						
Federal Sources						
State Sources	\$ 103,737.02	\$ 23,168.18	\$ 26,932.94	\$ 36,548.51	\$ 10,700.00	\$ 6,387.39
Total Revenues	103,737.02	23,168.18	26,932.94	36,548.51	10,700.00	6,387.39
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services	85,179.76	23,168.18	19,075.68	36,548.51		6,387.39
Purchased Professional Educational Services						
Supplies and Materials						
Textbooks						
Other Objects						
Total Instruction	85,179.76	23,168.18	19,075.68	36,548.51	-	6,387.39
Support Services:						
Personal Services-Employee Benefits						
Purchased Professional/Technical Services	18,557.26		7,857.26		10,700.00	
Other Purchased Services						
Supplies and Materials						
Total Support Services	18,557.26	-	7,857.26	-	10,700.00	-
Facilities Acquisition and Construction Services:						
Noninstructional Equipment						
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-
Total Expenditures	\$ 103,737.02	\$ 23,168.18	\$ 26,932.94	\$ 36,548.51	\$ -	\$ 6,387.39

CAPITAL PROJECTS FUND

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2016

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures To Date</u>		<u>Cancellations</u>	<u>Unexpended Balance June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Sylvan School Electrical Service Improvements	1/6/2014	\$ 505,105.00	\$ 433,138.88	\$ 1,959.25	\$ (70,006.87)	
High School Gymnasium Roof Replacement	1/6/2014	319,228.00	254,848.18	7,011.39	(57,368.43)	
High School Gymnasium Improvements - Lintel Repair	1/6/2014	784,286.00	56,197.99	120,543.46		\$ 607,544.55
High School Gymnasium Improvements - Wall Rehab	1/6/2014	243,852.00	13,645.50	23,057.75		207,148.75
Pierrepont Roof Replacement	1/6/2014	402,321.40	46,466.01	351,169.09	(4,686.30)	
Pierrepont Fire Alarm Upgrade	1/6/2014	495,957.60	54,194.69	441,762.91		
<b>Total</b>		<b>\$ 2,750,750.00</b>	<b>\$ 858,491.25</b>	<b>\$ 945,503.85</b>	<b>\$ (132,061.60)</b>	<b>\$ 814,693.30</b>
Reconciliation to Governmental Funds Statements (GAAP):						
Unexpended Balance as of June 30, 2016						\$ 814,693.30
SDA Grant Revenue Not Recognized on GAAP Basis						(285,968.72)
Fund Balance per Governmental Funds (GAAP)						<u>\$ 528,724.58</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2016

**REVENUES:**

State Sources--SDA Grant	\$ 687,473.00	
Transfer from Capital Reserve	300,000.00	
Transfer from Capital Outlay	<u>280,214.00</u>	
 Total Revenues		 \$ 1,267,687.00

**EXPENDITURES:**

Construction Services		<u>945,503.85</u>
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Excess (Deficiency) of Revenues Over (Under) Expenditures		322,183.15
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**OTHER FINANCING SOURCES (USES):**

Cancellation of Prior Year Accounts Payable	5,728.90	
Cancellation of SDA Grant	(15,010.66)	
Transfer to General Fund - Capital Reserve	<u>(122,779.84)</u>	
 Total Other Financing Uses		 <u>(132,061.60)</u>

Net Change in Fund Balance		190,121.55
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Fund Balance -- July 1		<u>624,571.75</u>
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Fund Balance -- June 30		<u>\$ 814,693.30</u>
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**Reconciliation to Governmental Funds Statements (GAAP):**

Fund Balance as of June 30, 2016		\$ 814,693.30
SDA Grant Revenue Not Recognized on GAAP Basis		<u>(285,968.72)</u>

Fund Balance per Governmental Funds (GAAP)		<u>\$ 528,724.58</u>
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Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.



**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Sylvan School Electrical Service and Distribution Improvements  
 For the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES:</b>				
State Sources--SDA Grant	\$ 180,590.00		\$ 180,590.00	\$ 180,590.00
Transfer from Capital Outlay	324,515.00		324,515.00	324,515.00
<b>Total Revenues</b>	<u>505,105.00</u>	<u>-</u>	<u>505,105.00</u>	<u>505,105.00</u>
<b>EXPENDITURES:</b>				
Construction Services	433,138.88	\$ 1,959.25	435,098.13	435,098.13
<b>Total Expenditures</b>	<u>433,138.88</u>	<u>1,959.25</u>	<u>435,098.13</u>	<u>435,098.13</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Cancellation of Prior Year Accounts Payable Transfer to General Fund -- Capital Reserve		5,728.90 (75,735.77)	5,728.90 (75,735.77)	5,728.90 (75,735.77)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(70,006.87)</u>	<u>(70,006.87)</u>	<u>(70,006.87)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 71,966.12</u>	<u>\$ (71,966.12)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4600-090-14-1006
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 451,475.00
Additional Authorized Cost	\$ 53,630.00
Revised Authorized Cost	\$ 505,105.00
Percentage Increase over Original Authorized Cost	12%
Percentage Completion	100%
Original Target Completion Date	FY 2015
Revised Target Completion Date	12/30/2015

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 High School Gymnasium Roof Replacement  
 For the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES:</b>				
State Sources--SDA Grant	\$ 127,691.00		\$ 127,691.00	\$ 127,691.00
Transfer from Capital Outlay	191,537.00		191,537.00	191,537.00
<b>Total Revenues</b>	<b>319,228.00</b>	<b>-</b>	<b>319,228.00</b>	<b>319,228.00</b>
<b>EXPENDITURES:</b>				
Construction Services	254,848.18	\$ 7,011.39	261,859.57	261,859.57
<b>Total Expenditures</b>	<b>254,848.18</b>	<b>7,011.39</b>	<b>261,859.57</b>	<b>261,859.57</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Cancellation of SDA Grant		(15,010.66)	(15,010.66)	(15,010.66)
Transfer to General Fund -- Capital Reserve		(42,357.77)	(42,357.77)	(42,357.77)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(57,368.43)</b>	<b>(57,368.43)</b>	<b>(57,368.43)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 64,379.82</b>	<b>\$ (64,379.82)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Additional Project Information:</b>				
Project Number	4600-050-14-1002			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 388,265.00			
Additional Authorized Cost/(Reduction)	\$ (69,037.00)			
Revised Authorized Cost	\$ 319,228.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	FY 2015			
Revised Target Completion Date	12/30/2015			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 High School Gym Lintel Repair Project  
 For the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES:</b>				
State Sources--SDA Grant		\$ 300,448.00	\$ 300,448.00	\$ 300,448.00
Transfer from Capital Reserve	\$ 250,000.00		250,000.00	250,000.00
Transfer from Capital Outlay	233,838.00		233,838.00	233,838.00
	<u>483,838.00</u>	<u>300,448.00</u>	<u>784,286.00</u>	<u>784,286.00</u>
<b>Total Revenues</b>				
<b>EXPENDITURES:</b>				
Construction Services	<u>56,197.99</u>	<u>120,543.46</u>	<u>176,741.45</u>	<u>176,741.45</u>
<b>Total Expenditures</b>	<u>56,197.99</u>	<u>120,543.46</u>	<u>176,741.45</u>	<u>176,741.45</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>427,640.01</u>	<u>\$ 179,904.54</u>	<u>\$ 607,544.55</u>	<u>\$ 607,544.55</u>
<b>Additional Project Information:</b>				
Project Number	4600-050-14-1004			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 806,397.00			
Additional Authorized Cost	\$ (55,277.00)			
Revised Authorized Cost	\$ 751,120.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	23%			
Original Target Completion Date	FY 2017			
Revised Target Completion Date	6/30/2017			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 High School Gym Wall Rehabilitation  
 For the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES:</b>				
State Sources--SDA Grant		\$ 68,960.00	\$ 68,960.00	\$ 68,960.00
Transfer from Capital Outlay	\$ 174,892.00		174,892.00	174,892.00
<b>Total Revenues</b>	<u>174,892.00</u>	<u>68,960.00</u>	<u>243,852.00</u>	<u>243,852.00</u>
<b>EXPENDITURES:</b>				
Construction Services	13,645.50	23,057.75	36,703.25	36,703.25
<b>Total Expenditures</b>	<u>13,645.50</u>	<u>23,057.75</u>	<u>36,703.25</u>	<u>36,703.25</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 161,246.50</u>	<u>\$ 45,902.25</u>	<u>\$ 207,148.75</u>	<u>\$ 207,148.75</u>
<b>Additional Project Information:</b>				
Project Number	4600-050-14-1003			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 291,486.00			
Additional Authorized Cost	\$ (119,086.00)			
Revised Authorized Cost	\$ 172,400.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	20%			
Original Target Completion Date	FY 2017			
Revised Target Completion Date	6/30/2017			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Pierrepont Roof Replacement  
 For the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES:</b>				
State Sources--SDA Grant		\$ 119,924.00	\$ 119,924.00	\$ 119,924.00
Transfer from Capital Reserve		282,397.40	282,397.40	282,397.40
<b>Total Revenues</b>	<u>-</u>	<u>402,321.40</u>	<u>402,321.40</u>	<u>402,321.40</u>
<b>EXPENDITURES:</b>				
Construction Services	\$ 46,466.01	351,169.09	397,635.10	397,635.10
<b>Total Expenditures</b>	<u>46,466.01</u>	<u>351,169.09</u>	<u>397,635.10</u>	<u>397,635.10</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to General Fund -- Capital Reserve	<u>-</u>	<u>(4,686.30)</u>	<u>(4,686.30)</u>	<u>(4,686.30)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (46,466.01)</u>	<u>\$ 46,466.01</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	4600-080-14-1009			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 299,811.00			
Additional Authorized Cost	\$ 102,510.40			
Revised Authorized Cost	\$ 402,321.40			
Percentage Increase over Original Authorized Cost	34%			
Percentage Completion	100%			
Original Target Completion Date	FY 2016			
Revised Target Completion Date	6/30/2016			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Pierrepont Fire Alarm Upgrade  
 For the Fiscal Year Ended June 30, 2016

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES:</b>				
State Sources--SDA Grant		\$ 198,141.00	\$ 198,141.00	\$ 198,141.00
Transfer from Capital Reserve		17,602.60	17,602.60	17,602.60
Transfer from Capital Outlay		280,214.00	280,214.00	280,214.00
Total Revenues	-	495,957.60	495,957.60	495,957.60
<b>EXPENDITURES:</b>				
Construction Services	\$ 54,194.69	441,762.91	495,957.60	495,957.60
Total Expenditures	54,194.69	441,762.91	495,957.60	495,957.60
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				
	<u>\$ (54,194.69)</u>	<u>\$ 54,194.69</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	4600-080-14-1010			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 667,211.00			
Additional Authorized Cost	\$ (171,253.40)			
Revised Authorized Cost	\$ 495,957.60			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	FY 2016			
Revised Target Completion Date	6/30/2016			

PROPRIETARY FUNDS

**RUTHERFORD SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Net Position  
June 30, 2016

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 64,225.43	\$ 58,308.75	\$ 21,024.78	\$ 143,558.96
Accounts Receivable	304.45			304.45
<b>Total Assets</b>	<u>64,529.88</u>	<u>58,308.75</u>	<u>21,024.78</u>	<u>143,863.41</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	36,155.30			36,155.30
Unearned Revenue	19.45			19.45
<b>Total Liabilities</b>	<u>36,174.75</u>	<u>-</u>	<u>-</u>	<u>36,174.75</u>
<b>NET POSITION:</b>				
Unrestricted	<u>28,355.13</u>	<u>58,308.75</u>	<u>21,024.78</u>	<u>107,688.66</u>
<b>Total Net Position</b>	<u>\$ 28,355.13</u>	<u>\$ 58,308.75</u>	<u>\$ 21,024.78</u>	<u>\$ 107,688.66</u>



**RUTHERFORD SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs				
School Lunch Program	\$ 63,999.25			\$ 63,999.25
Fees for Enrollment		\$ 97,925.79	\$ 5,194.78	\$ 103,120.57
Total Operating Revenues	<u>63,999.25</u>	<u>97,925.79</u>	<u>5,194.78</u>	<u>167,119.82</u>
<b>OPERATING EXPENSES:</b>				
Salaries		25,480.08	7,500.00	32,980.08
Employee Benefits		2,175.24		2,175.24
Other Professional Services	962.50	30,165.50		31,128.00
Supplies and Materials		3,204.60		3,204.60
Postage		16,573.80		16,573.80
Printing Services		13,730.00		13,730.00
Miscellaneous	2,935.92			2,935.92
Cost of Sales - Non-Reimbursable Programs	92,060.10			92,060.10
Total Operating Expenses	<u>95,958.52</u>	<u>91,329.22</u>	<u>7,500.00</u>	<u>194,787.74</u>
Operating Income / (Loss)	<u>(31,959.27)</u>	<u>6,596.57</u>	<u>(2,305.22)</u>	<u>(27,667.92)</u>
Income (Loss) Before Contributions and Transfers	(31,959.27)	6,596.57	(2,305.22)	(27,667.92)
Board Contribution	60,154.68			60,154.68
Change in Net Position	28,195.41	6,596.57	(2,305.22)	32,486.76
Net Position -- July 1	159.72	51,712.18	23,330.00	75,201.90
Net Position -- June 30	<u>\$ 28,355.13</u>	<u>\$ 58,308.75</u>	<u>\$ 21,024.78</u>	<u>\$ 107,688.66</u>

**RUTHERFORD SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2016

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 63,963.65	\$ 97,925.79	\$ 5,194.78	\$ 167,084.22
Payments to Employees		(25,480.08)	(7,500.00)	(32,980.08)
Payments for Employee Benefits		(2,175.24)		(2,175.24)
Payments to Suppliers and Other Operating Payments	<u>(67,109.97)</u>	<u>(63,673.90)</u>		<u>(130,783.87)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,146.32)</u>	<u>6,596.57</u>	<u>(2,305.22)</u>	<u>1,145.03</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfers - General Fund	<u>60,154.68</u>			<u>60,154.68</u>
Net Cash Provided by Non-Capital Financing Activities	<u>60,154.68</u>	<u>-</u>	<u>-</u>	<u>60,154.68</u>
Net Increase in Cash and Cash Equivalents	57,008.36	6,596.57	(2,305.22)	61,299.71
Cash and Cash Equivalents -- July 1	<u>7,217.07</u>	<u>51,712.18</u>	<u>23,330.00</u>	<u>82,259.25</u>
Cash and Equivalents -- June 30	<u>\$ 64,225.43</u>	<u>\$ 58,308.75</u>	<u>\$ 21,024.78</u>	<u>\$ 143,558.96</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>				
Operating Income (Loss)	\$ (31,959.27)	\$ 6,596.57	\$ (2,305.22)	\$ (27,667.92)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:				
(Increase) Decrease in Accounts Receivable, net	(38.45)		3,098.00	3,059.55
Increase (Decrease) in Accounts Payable	28,848.55			28,848.55
Increase (Decrease) in Unearned Revenue	2.85		(3,098.00)	(3,095.15)
Total Adjustments	<u>28,812.95</u>	<u>-</u>	<u>-</u>	<u>28,812.95</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,146.32)</u>	<u>\$ 6,596.57</u>	<u>\$ (2,305.22)</u>	<u>\$ 1,145.03</u>

## FIDUCIARY FUNDS

**RUTHERFORD SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2016

	Private-Purpose Trust Funds				Agency Funds		
	Unemployment Compensation Trust	Flexible Benefit Trust	Scholarship Fund	Private-Purpose Trust	Student Activity	Payroll	Total Agency
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 154,240.40	\$ 19,710.74	\$ 118,026.63	\$ 291,977.77	\$ 161,967.74	\$ 131.24	\$ 162,098.98
Total Assets	154,240.40	19,710.74	118,026.63	291,977.77	161,967.74	131.24	162,098.98
<b>LIABILITIES:</b>							
Accounts Payable	9,205.31			9,205.31	\$ 1,789.18		\$ 1,789.18
Payable to Student Groups					160,178.56		160,178.56
Interfund Accounts Payable						\$ 127.00	127.00
Payroll Deductions and Withholdings						4.24	4.24
Total Liabilities	9,205.31	-	-	9,205.31	161,967.74	131.24	\$ 162,098.98
<b>NET POSITION:</b>							
Restricted:							
Held in Trust for:							
Unemployment Compensation	145,035.09			145,035.09			
Payment of Claims		19,710.74		19,710.74			
Scholarships			118,026.63	118,026.63			
Total Net Position	\$ 145,035.09	\$ 19,710.74	\$ 118,026.63	\$ 282,772.46			

**RUTHERFORD SCHOOL DISTRICT**  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>			<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	<u>Scholarship Fund</u>	
ADDITIONS:				
Contributions			\$ 8,216.85	\$ 8,216.85
Employee Withholdings	\$ 61,096.58	\$ 42,880.64		103,977.22
Interest on Investments			63.38	63.38
<b>Total Additions</b>	<b>61,096.58</b>	<b>42,880.64</b>	<b>8,280.23</b>	<b>112,257.45</b>
DEDUCTIONS:				
Scholarships Awarded			13,917.95	13,917.95
Claims and Premiums Paid		45,575.24		45,575.24
New Jersey Catastrophic Illness	808.50			808.50
Due Agency - Employee Withholdings	24,887.54			24,887.54
Quarterly Unemployment Contributions	51,906.35			51,906.35
<b>Total Deductions</b>	<b>77,602.39</b>	<b>45,575.24</b>	<b>13,917.95</b>	<b>137,095.58</b>
Change in Net Position	(16,505.81)	(2,694.60)	(5,637.72)	(24,838.13)
Net Position -- July 1	161,540.90	22,405.34	123,664.35	307,610.59
Net Position -- June 30	<u>\$ 145,035.09</u>	<u>\$ 19,710.74</u>	<u>\$ 118,026.63</u>	<u>\$ 282,772.46</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2016

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	Balance <u>June 30, 2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2016</u>
Elementary Schools	\$ 83,135.45	\$ 141,551.18	\$ 150,549.43	\$ 74,137.20
General Activities	78,382.82	218,361.46	220,989.41	75,754.87
General Activities Athletic	11,846.39	23,814.99	24,633.36	11,028.02
Athletics	<u>4,961.04</u>	<u>55,000.00</u>	<u>58,913.39</u>	<u>1,047.65</u>
Total All Schools	<u>\$ 178,325.70</u>	<u>\$ 438,727.63</u>	<u>\$ 455,085.59</u>	<u>\$ 161,967.74</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 396.40	\$ 27,303,319.47	\$ 27,303,584.63	\$ 131.24
Total Assets	<u>\$ 396.40</u>	<u>\$ 27,303,319.47</u>	<u>\$ 27,303,584.63</u>	<u>\$ 131.24</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 271.40	\$ 12,502,782.91	\$ 12,503,050.07	\$ 4.24
Net Payroll		14,800,534.56	14,800,534.56	
Interfunds Accounts Payable	<u>125.00</u>	<u>2.00</u>		<u>127.00</u>
Total Liabilities	<u>\$ 396.40</u>	<u>\$ 27,303,319.47</u>	<u>\$ 27,303,584.63</u>	<u>\$ 131.24</u>

LONG-TERM DEBT



**RUTHERFORD SCHOOL DISTRICT**  
 Debt Service Fund  
 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 Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
Refunding Bonds	12/18/06	\$ 7,100,000.00	1/15/17	\$ 390,000.00	4.00%			
			1/15/18	395,000.00	4.00%			
			1/15/19	410,000.00	4.00%			
			1/15/20	420,000.00	4.00%			
			1/15/21	445,000.00	4.00%			
			1/15/22	460,000.00	4.00%			
			1/15/23	480,000.00	4.00%			
			1/15/24	485,000.00	4.00%			
			1/15/25	480,000.00	4.00%			
			1/15/26	475,000.00	4.00%			
			1/15/27	475,000.00	4.00%			
			1/15/28	475,000.00	4.00%	\$ 5,775,000.00	\$ 385,000.00	\$ 5,390,000.00
Refunding Bonds	12/18/06	9,930,000.00	1/15/17	550,000.00	5.50%			
			1/15/18	555,000.00	4.00%			
			1/15/19	565,000.00	4.00%			
			1/15/20	595,000.00	4.00%			
			1/15/21	620,000.00	4.00%			
			1/15/22	645,000.00	4.00%			
			1/15/23	670,000.00	4.00%			
			1/15/24	675,000.00	4.00%			
			1/15/25	670,000.00	4.00%			
			1/15/26	675,000.00	4.00%			
			1/15/27	670,000.00	4.00%			
			1/15/28	670,000.00	4.00%	8,095,000.00	535,000.00	7,560,000.00
						\$ 13,870,000.00	\$ 920,000.00	\$ 12,950,000.00

**RUTHERFORD SCHOOL DISTRICT**  
Debt Service Fund  
Schedule of Obligations Under Capital Leases  
For the Fiscal Year Ended June 30, 2016

Series	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
			Principal	Interest					
Computers and Accessories	07/01/14	3 years	\$ 40,919.95	-	n/a	\$ 27,279.96	\$	12,977.40	\$ 14,302.56
Computers	07/10/14	4 years	167,444.00	-	n/a	125,583.00		41,859.79	83,723.21
Vehicles	01/22/15	5 years	252,000.00	\$ 13,675.00	2.015%	240,113.28		79,397.43	160,715.85
Computers	04/29/15	4 years	324,825.00	-	n/a	324,825.00		81,206.25	243,618.75
Network Infrastructure	07/14/15	5 years	385,000.00	16,024.35	1.944%		\$ 385,000.00	79,186.16	305,813.84
Technology Equipment	06/23/16	4 years	261,662.80	-	n/a		261,662.80		261,662.80
						\$ 717,801.24	\$ 646,662.80	\$ 294,627.03	\$ 1,069,837.01

**RUTHERFORD SCHOOL DISTRICT**

Debt Service Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,485,889.00		\$ 1,485,889.00	\$ 1,485,889.00	
Total Revenues	1,485,889.00	-	1,485,889.00	1,485,889.00	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	565,890.00		565,890.00	565,350.00	\$ 540.00
Redemption of Principal	920,000.00		920,000.00	920,000.00	
Total Expenditures	1,485,890.00	-	1,485,890.00	1,485,350.00	540.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1.00)		(1.00)	539.00	540.00
Fund Balance -- July 1	1.00		1.00	1.00	-
Fund Balance -- June 30	\$ -	\$ -	\$ -	\$ 540.00	\$ 540.00

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

**RUTHERFORD SCHOOL DISTRICT**

Net Position by Component  
Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 21,403,452.04	\$ 20,897,836.68	\$ 20,625,161.35	\$ 19,717,622.77	\$ 18,120,224.00	\$ 17,366,325.00	\$ 17,555,546.00	\$ 17,449,702.00	\$ 17,781,974.00	\$ 18,208,176.00
Restricted	1,731,693.00	1,395,848.53	2,141,004.53	1,150,345.16	2,369,654.00	1,529,105.00	1,163,418.00	409,614.00	651,566.00	1,716,459.00
Unrestricted	(8,310,791.83)	(7,890,555.55)	387,849.97	1,885,314.49	277,194.00	(381,578.00)	(148,470.00)	(183,471.00)	(631,987.00)	(280,299.00)
<b>Total Governmental Activities Net Position</b>	<b>\$ 14,824,353.21</b>	<b>\$ 14,603,129.66</b>	<b>\$ 23,153,815.85</b>	<b>\$ 22,553,282.42</b>	<b>\$ 20,767,072.00</b>	<b>\$ 19,277,008.00</b>	<b>\$ 18,573,494.00</b>	<b>\$ 17,705,845.00</b>	<b>\$ 17,801,553.00</b>	<b>\$ 19,644,336.00</b>
<b>Business-type Activities:</b>										
Unrestricted	\$ 107,688.66	\$ 75,201.90	\$ 66,567.74	\$ 68,259.07	\$ 46,019.00	\$ 25,374.00	\$ 63,969.00	\$ 56,917.00	\$ 52,132.00	\$ 42,793.00
<b>Total Business-type Activities Net Position</b>	<b>\$ 107,688.66</b>	<b>\$ 75,201.90</b>	<b>\$ 66,567.74</b>	<b>\$ 68,259.07</b>	<b>\$ 46,019.00</b>	<b>\$ 25,374.00</b>	<b>\$ 63,969.00</b>	<b>\$ 56,917.00</b>	<b>\$ 52,132.00</b>	<b>\$ 42,793.00</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 21,403,452.04	\$ 20,897,836.68	\$ 20,625,161.35	\$ 19,717,622.77	\$ 18,120,224.00	\$ 17,366,325.00	\$ 17,555,546.00	\$ 17,449,702.00	\$ 17,781,974.00	\$ 18,208,176.00
Restricted	1,731,693.00	1,395,848.53	2,141,004.53	1,150,345.16	2,369,654.00	1,529,105.00	1,163,418.00	409,614.00	651,566.00	1,716,459.00
Unrestricted	(8,203,103.17)	(7,615,353.65)	454,217.71	1,753,573.56	323,213.00	(406,952.00)	(81,501.00)	(96,554.00)	(579,855.00)	(237,506.00)
<b>Total District-wide Net Position</b>	<b>\$ 14,932,041.87</b>	<b>\$ 14,678,331.56</b>	<b>\$ 23,220,383.59</b>	<b>\$ 22,621,541.49</b>	<b>\$ 20,813,091.00</b>	<b>\$ 19,302,382.00</b>	<b>\$ 18,637,465.00</b>	<b>\$ 17,762,762.00</b>	<b>\$ 17,853,685.00</b>	<b>\$ 19,687,129.00</b>

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: Exhibit A-1

**RUTHERFORD SCHOOL DISTRICT**  
Changes in Net Position  
Last Ten Fiscal Years (Accrual Basis of Accounting)  
Unaudited

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 15,876,660.92	\$ 14,214,861.94	\$ 13,953,793.27	\$ 13,395,762.51	\$ 13,165,384.00	\$ 13,348,579.00	\$ 13,914,947.00	\$ 13,474,144.00	\$ 13,392,361.00	\$ 12,809,364.00
Special Education	2,137,432.68	3,777,952.43	3,715,093.08	3,662,520.50	3,450,190.00	2,488,947.00	2,532,603.00	2,315,846.00	2,288,238.00	2,221,704.00
Other Instruction	1,221,912.46	1,296,619.10	1,272,722.38	1,389,254.86	1,147,282.00	1,161,616.00	1,145,441.00	1,153,495.00	1,150,966.00	1,106,170.00
Tuition	4,881,580.58	4,044,262.39	3,547,315.97	3,208,561.02	3,406,844.00	3,140,892.00	2,696,729.00	2,868,518.00	2,450,955.00	2,189,354.00
Support Services:										
Student and Instruction Related Services	4,098,505.08	3,817,689.65	3,661,410.34	3,550,790.16	3,279,883.00	3,190,355.00	3,257,939.00	2,951,122.00	2,906,348.00	2,805,003.00
School Administrative Services	1,798,633.52	1,755,395.44	1,723,655.19	1,722,138.65	1,670,955.00	1,636,919.00	1,829,062.00	1,904,280.00	1,904,280.00	1,693,610.00
General and Business Administrative Services	866,513.28	891,976.98	904,601.46	768,711.58	1,419,502.00	1,505,194.00	1,654,114.00	1,548,748.00	1,602,084.00	1,514,107.00
Plant Operations and Maintenance	3,549,956.20	3,721,935.76	3,722,393.48	3,707,280.11	3,408,267.00	4,106,156.00	3,718,740.00	4,680,114.00	4,356,343.00	3,740,972.00
Pupil Transportation	1,212,499.98	974,599.65	1,150,018.74	892,579.73	887,408.00	897,608.00	914,347.00	949,629.00	843,513.00	823,592.00
Business and Other Support Services	637,805.56	624,097.25	627,599.31	589,481.85	834,676.00	8,024,863.00	8,450,212.00	7,311,980.00	8,343,687.00	8,062,647.00
Unallocated Benefits	16,159,168.47	13,737,655.00	8,308,704.97	9,057,894.21	698,226.00	734,225.00	768,676.00	801,362.00	885,231.00	1,489,902.00
Interest on Long-term Debt	622,555.17	661,655.17	700,064.54	837,951.54	1,041,372.00	959,409.00	954,232.00	968,120.00	1,077,118.00	628,947.00
Unallocated Depreciation	1,246,906.53	1,188,041.97	1,150,164.10	1,078,205.59	1,041,372.00	959,409.00	954,232.00	968,120.00	1,077,118.00	628,947.00
Loss on Retirement of Capital Assets	37,655.31	13,673.58	123,988.86	13,673.58						
Total Governmental Activities Expenses	54,347,785.74	50,720,416.31	44,561,525.69	43,861,132.31	41,922,081.00	41,194,763.00	41,837,042.00	40,849,514.00	41,201,144.00	39,045,372.00
Business-type Activities:										
Food Service	95,958.52	86,108.77	67,226.11	55,831.30	75,932.00	83,046.00	87,228.00	91,206.00	82,827.00	80,835.00
Summer Music Program	7,500.00	7,500.00	5,000.00	5,000.00	5,000.00	5,000.00	3,500.00	3,500.00	3,500.00	4,435.00
Community Education	91,329.22	94,802.53	98,316.29	98,168.12	110,849.00	129,894.00	99,391.00	99,993.00	101,886.00	102,199.00
Total Business-type Activities Expense	194,787.74	188,411.30	170,542.40	158,999.42	186,781.00	212,940.00	190,119.00	194,699.00	188,213.00	187,469.00
Total District Expenses	\$ 54,542,573.48	\$ 50,908,827.61	\$ 44,732,068.09	\$ 44,020,131.73	\$ 42,108,862.00	\$ 41,407,703.00	\$ 42,027,161.00	\$ 41,044,213.00	\$ 41,389,357.00	\$ 39,232,841.00
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 11,305,529.51	\$ 9,105,738.60	\$ 4,257,681.39	\$ 4,701,478.29	\$ 3,913,613.00	\$ 3,434,722.00	\$ 3,949,820.00	\$ 3,322,330.00	\$ 4,513,860.00	\$ 4,328,160.00
Charges for Services	12,969.00	11,853.00	308,281.00	72,468.00				12,606.00	1,320.00	9,462.00
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	11,318,498.51	9,117,591.60	4,565,962.39	4,701,478.29	3,986,081.00	3,434,722.00	3,949,820.00	3,334,936.00	4,515,180.00	4,337,622.00
Business-type activities:										
Charges for Services:										
Food Service	63,999.25	53,767.78	42,749.95	53,607.12	66,224.00	76,131.00	80,890.00	89,210.00	83,178.00	77,701.00
Summer Music Program	5,194.78	7,500.00	6,200.00	1,610.00	14,440.00	6,655.00	6,630.00	4,345.00	4,205.00	4,180.00
Community Education	97,925.79	104,641.96	106,641.12	113,646.58	126,762.00	91,559.00	109,651.00	105,876.00	108,509.00	108,689.00
Operating Grants and Contributions										
Total Business-type Activities Program Revenues	167,119.82	165,909.74	155,591.07	168,863.70	207,426.00	174,345.00	197,171.00	199,431.00	195,892.00	191,073.00
Total District Program Revenues	\$ 11,485,618.33	\$ 9,283,501.34	\$ 4,721,553.46	\$ 4,870,341.99	\$ 4,193,507.00	\$ 3,609,067.00	\$ 4,146,991.00	\$ 3,534,367.00	\$ 4,711,072.00	\$ 4,528,695.00
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (43,029,057.23)	\$ (41,602,824.71)	\$ (39,985,563.30)	\$ (39,159,654.02)	\$ (37,836,000.00)	\$ (37,760,041.00)	\$ (37,887,222.00)	\$ (37,514,578.00)	\$ (36,885,964.00)	\$ (34,707,750.00)
Business-type Activities	(27,667.92)	(22,501.56)	(14,951.33)	9,864.28	20,645.00	(38,595.00)	7,052.00	4,732.00	7,673.00	3,604.00
Total District-wide Net Expense	\$ (43,056,725.15)	\$ (41,625,326.27)	\$ (40,010,514.63)	\$ (39,149,789.74)	\$ (37,915,355.00)	\$ (37,798,636.00)	\$ (37,880,170.00)	\$ (37,509,846.00)	\$ (36,878,285.00)	\$ (34,704,146.00)
<b>General Revenues and Other Changes in Net Position:</b>										
Total Governmental Activities:	\$ 43,250,280.78	\$ 41,345,063.52	\$ 40,299,817.81	\$ 39,231,285.84	\$ 38,463,555.00	\$ 38,463,555.00	\$ 38,754,871.00	\$ 37,418,870.00	\$ 36,759,070.00	\$ 35,486,708.00
Total Business-type Activities:	60,154.68	31,135.72	13,260.00	12,375.00	38,463,555.00	38,463,555.00	38,754,871.00	37,418,870.00	36,759,070.00	35,486,708.00
Total District-wide	\$ 43,310,435.46	\$ 41,376,199.24	\$ 40,313,077.81	\$ 39,243,660.84	\$ 38,463,555.00	\$ 38,463,555.00	\$ 38,754,871.00	\$ 37,418,870.00	\$ 36,760,730.00	\$ 35,487,719.00

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Change in Net Position:</b>										
Governmental Activities	\$ 221,223.55	\$ (257,761.19)	\$ 304,254.51	\$ 71,631.82	\$ 527,555.00	\$ 703,514.00	\$ 867,649.00	\$ (95,708.00)	\$ 73,106.00	\$ 778,958.00
Business-type Activities	32,486.76	8,634.16	(1,691.33)	22,239.28	20,645.00	(38,595.00)	7,052.00	4,765.00	9,339.00	4,615.00
<b>Total District</b>	<b>\$ 253,710.31</b>	<b>\$ (249,127.03)</b>	<b>\$ 302,563.18</b>	<b>\$ 93,871.10</b>	<b>\$ 548,200.00</b>	<b>\$ 664,919.00</b>	<b>\$ 874,701.00</b>	<b>\$ (90,923.00)</b>	<b>\$ 82,445.00</b>	<b>\$ 783,573.00</b>

In accordance with GASBS No. 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: Exhibit A-2



**RUTHERFORD SCHOOL DISTRICT**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011(1)	2010	2009	2008	2007
General Fund:										
Restricted	\$ 1,202,428.42	\$ 703,601.26	\$ 1,305,665.64	\$ 1,141,331.16	\$ 476,960.00			\$	\$ 91,714.00	\$ 393,293.00
Assigned	35,383.62	330,749.83	290,499.82	1,257,387.48	1,876,601.00	\$ 1,517,753.00	\$ 1,105,354.00	295,226.00	539,282.00	852,255.00
Unassigned	1,345,261.38	1,410,130.31	1,190,367.58	1,188,137.41	1,125,331.00	1,164,028.00	775,140.00	768,269.00	715,100.00	638,611.00
<b>Total General Fund</b>	<b>\$ 2,583,073.42</b>	<b>\$ 2,444,481.40</b>	<b>\$ 2,786,533.04</b>	<b>\$ 3,586,856.05</b>	<b>\$ 3,478,892.00</b>	<b>\$ 2,681,781.00</b>	<b>\$ 1,880,494.00</b>	<b>\$ 1,162,790.00</b>	<b>\$ 1,346,096.00</b>	<b>\$ 1,884,159.00</b>
All Other Governmental Funds:										
Restricted	\$ 529,264.58	\$ 692,147.27	\$ 835,338.89	\$ 9,014.00	\$ 9,013.00	\$ 2,340.00	\$ 49,052.00	\$ 6,081.00	\$ 201.00	
Assigned										
Unassigned, Reported in:		(100,660.70)				9,012.00	9,012.00	9,012.00	11,388.00	\$ 405,066.00
Capital Projects Fund									9,011.00	65,845.00
Debt Service Fund										
<b>Total All Other Governmental Funds</b>	<b>\$ 529,264.58</b>	<b>\$ 591,486.57</b>	<b>\$ 835,338.89</b>	<b>\$ 9,014.00</b>	<b>\$ -</b>	<b>\$ 11,352.00</b>	<b>\$ 58,064.00</b>	<b>\$ 15,093.00</b>	<b>\$ 20,570.00</b>	<b>\$ 470,911.00</b>

(1) In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed.

Source: Exhibit B-1

**RUTHERFORD SCHOOL DISTRICT**  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>REVENUES:</b>										
Tax Levy	\$ 39,690,240.00	\$ 38,156,764.00	\$ 37,262,106.00	\$ 36,602,970.00	\$ 36,594,646.00	\$ 36,280,558.00	\$ 35,257,893.00	\$ 34,043,063.00	\$ 33,505,635.00	\$ 32,157,417.00
Tuition Charges	12,969.00	11,853.00			72,468.00	30,986.00		12,606.00	1,320.00	9,462.00
Interest Earnings							9,990.00	23,583.00	19,410.00	172,644.00
Miscellaneous	75,012.64	105,208.72	79,304.81	49,870.63	6,040.00	41,604.00	5,967,897.00	6,037,213.00	134,748.00	163,295.00
State Sources	8,360,636.44	7,338,751.03	6,919,975.53	7,051,959.59	5,866,087.00	4,847,365.00	5,967,897.00	6,037,213.00	7,007,845.00	6,781,769.00
Federal Sources	762,530.89	642,693.09	617,653.86	632,075.70	738,282.00	697,764.00	1,468,911.00	637,890.00	605,292.00	555,445.00
<b>Total Revenue</b>	<b>48,901,388.97</b>	<b>46,255,269.84</b>	<b>44,879,040.20</b>	<b>44,336,875.92</b>	<b>43,277,523.00</b>	<b>41,898,277.00</b>	<b>42,704,691.00</b>	<b>40,754,345.00</b>	<b>41,274,250.00</b>	<b>39,840,032.00</b>
<b>EXPENDITURES:</b>										
Instruction										
Regular Instruction	15,576,999.79	13,798,522.40	13,197,156.38	13,573,427.19	13,027,910.00	13,456,268.00	13,887,976.00	13,475,453.00	13,328,301.00	12,750,662.00
Special Education Instruction	2,130,599.27	3,788,633.89	3,715,093.08	3,662,520.50	3,443,110.00	2,488,947.00	2,532,603.00	2,315,846.00	2,288,238.00	2,221,704.00
Other Special Instruction	1,221,912.46	1,296,619.10	1,272,722.38	1,389,254.86	1,147,282.00	1,161,616.00	1,145,441.00	1,153,495.00	1,150,986.00	1,106,170.00
Tuition	4,881,580.58	4,044,262.39	3,547,315.97	3,208,561.02	3,406,844.00	3,140,892.00	2,896,729.00	2,868,518.00	2,450,955.00	2,189,354.00
Support Services:										
Student and Instruction Related Services	4,098,505.08	3,817,689.65	3,661,410.34	3,550,790.16	3,279,883.00	3,190,355.00	3,257,939.00	2,951,122.00	2,906,348.00	2,770,791.00
School Administrative Services	1,798,633.52	1,755,395.44	1,723,655.19	1,722,138.65	1,628,257.00	1,636,919.00	1,829,062.00	1,728,701.00	1,804,555.00	1,633,400.00
General and Business Admin. Services	843,465.23	1,499,806.26	1,487,629.90	1,556,130.06	1,419,502.00	1,477,712.00	1,588,290.00	1,548,748.00	1,602,084.00	1,475,715.00
Plant Operations and Maintenance	3,523,414.29	3,679,707.78	3,916,400.00	3,546,743.78	3,391,787.00	3,313,313.00	3,698,602.00	4,015,733.00	4,339,210.00	3,705,922.00
Pupil Transportation	1,253,485.73	978,282.08	1,133,943.99	869,056.73	829,266.00	877,608.00	894,347.00	815,513.00	815,513.00	806,906.00
Other Support Services	10,765,330.23	9,504,917.20	8,316,754.17	8,953,254.61	8,346,768.00	8,024,863.00	9,450,212.00	7,311,980.00	8,343,687.00	8,062,647.00
Capital Outlay	1,832,250.88	1,698,576.89	1,543,785.86	619,771.31	1,005,579.00	813,321.00	407,352.00	1,076,641.00	1,372,283.00	1,431,895.00
Debt Service:										
Principal	920,000.00	920,000.00	890,000.00	885,000.00	840,000.00	810,000.00	770,000.00	750,000.00	960,000.00	1,205,000.00
Interest and Other Charges	565,350.00	604,450.00	642,275.00	679,887.50	716,563.00	751,888.00	785,463.00	817,262.00	900,494.00	954,158.00
<b>Total Expenditures</b>	<b>49,411,527.06</b>	<b>47,386,863.08</b>	<b>45,048,142.26</b>	<b>44,216,536.37</b>	<b>42,482,751.00</b>	<b>41,143,702.00</b>	<b>42,944,016.00</b>	<b>40,943,128.00</b>	<b>42,262,654.00</b>	<b>40,314,324.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(510,138.09)	(1,131,593.24)	(169,102.06)	120,339.55	794,772.00	754,575.00	(239,325.00)	(188,783.00)	(988,404.00)	(474,292.00)
<b>OTHER FINANCING SOURCES (USES):</b>										
Net Proceeds from Refinancing	646,662.80	576,825.00	208,363.94							213,110.00
Capital Lease	702,993.84	721,036.78	617,417.00						19,410.00	149,363.00
Transfers In	(763,148.52)	(752,172.50)	(630,677.00)	(12,375.00)					(19,410.00)	(149,363.00)
Transfers Out										
<b>Total Other Financing Sources (Uses)</b>	<b>586,508.12</b>	<b>545,689.28</b>	<b>195,103.94</b>	<b>(12,375.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>432,490.00</b>
<b>Net Change in Fund Balances</b>	<b>\$ 76,370.03</b>	<b>\$ (585,903.96)</b>	<b>\$ 26,001.88</b>	<b>\$ 107,964.55</b>	<b>\$ 794,772.00</b>	<b>\$ 754,575.00</b>	<b>\$ (239,325.00)</b>	<b>\$ (188,783.00)</b>	<b>\$ (988,404.00)</b>	<b>\$ (41,802.00)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.12%	3.34%	3.52%	3.59%	3.75%	3.87%	3.66%	3.93%	4.55%	5.55%

Source: Exhibit B-2

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Interest on Investments										
Tuition				\$ 8,878.80	\$ 117.00	\$ 731.00	\$ 381.00	\$ 13,150.00	\$ 141,829.00	\$ 327,757.00
Prior Year Refunds	\$ 5,056.30	\$ 38,568.75	\$ 41,810.66		72,468.00	30,986.00		12,606.00	1,320.00	9,462.00
FEMA Reimbursement			1,665.00			31,234.00			9,928.00	
Rentals				14,375.00	3,705.00	7,699.00	6,875.00	8,467.00	1,557.00	6,653.00
Void Checks				6.00	2,102.00					
Sale of Assets	2,750.00		100.00							
Vending Commission	74.97	116.57	337.65							
Anti-Bully Program			1,075.00							
Miscellaneous	2.00	5.00	164.50	189.83	116.00	1,940.00	2,734.00	1,966.00	844.00	1,529.00
<b>Total Miscellaneous Revenues</b>	<b>\$ 7,883.27</b>	<b>\$ 38,680.32</b>	<b>\$ 45,152.81</b>	<b>\$ 23,449.63</b>	<b>\$ 78,508.00</b>	<b>\$ 72,590.00</b>	<b>\$ 9,990.00</b>	<b>\$ 36,189.00</b>	<b>\$ 155,478.00</b>	<b>\$ 345,401.00</b>

Source: District Records

## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

**RUTHERFORD SCHOOL DISTRICT**  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
*Unaudited*

Year Ended Dec. 31	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2016	\$ 21,133,300.00	\$ 2,160,845,000.00	\$ 329,136,500.00	\$ 86,559,000.00	\$ 110,890,400.00	\$ 2,708,564,200.00	\$ 11,448,192.00	\$ 2,720,012,392.00	\$ 214,581,000.00	\$ 2,768,178,701.00	1.475
2015	22,367,100.00	2,169,598,500.00	325,036,800.00	87,212,400.00	111,316,900.00	2,715,531,700.00	10,838,761.00	2,726,370,461.00	214,129,200.00	2,586,267,186.00	1.428
2014	22,816,700.00	2,183,090,700.00	330,511,200.00	87,212,400.00	111,438,200.00	2,735,069,200.00	10,743,509.00	2,745,812,709.00	213,937,500.00	2,557,125,783.00	1.373
2013	23,542,400.00	2,213,768,300.00	336,421,900.00	87,262,500.00	112,236,900.00	2,773,232,000.00	11,418,057.00	2,784,650,057.00	213,470,200.00	2,582,081,757.00	1.327
2012	23,714,300.00	2,227,309,400.00	337,368,800.00	88,100,300.00	112,528,200.00	2,789,021,000.00	14,807,649.00	2,803,828,649.00	214,316,100.00	2,707,172,742.00	1.304
2011	22,338,300.00	2,234,824,900.00	337,769,700.00	91,330,600.00	110,672,400.00	2,796,935,900.00	14,520,120.00	2,811,456,020.00	214,396,000.00	2,838,462,128.00	1.270
2010	46,865,400.00	2,245,176,100.00	339,377,300.00	31,445,600.00	112,343,800.00	2,774,208,200.00	14,247,620.00	2,788,455,820.00	189,405,800.00	3,080,070,898.00	1.256
2009	46,329,600.00	2,250,266,300.00	342,051,100.00	91,852,900.00	112,343,800.00	2,842,843,700.00	13,946,682.00	2,866,790,382.00	187,113,600.00	3,067,504,882.00	1.213
2008	45,949,700.00	2,251,611,300.00	344,226,000.00	95,127,200.00	111,504,500.00	2,848,418,700.00	12,936,070.00	2,861,354,770.00	186,793,400.00	2,988,726,393.00	1.175
2007	51,284,700.00	2,243,829,900.00	366,302,200.00	94,820,600.00	110,744,800.00	2,868,982,200.00	13,727,387.00	2,880,709,587.00	186,791,200.00	2,829,621,532.00	1.140

(1) Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100 of Assessed Valuation

Source: Municipal Tax Assessor

**RUTHERFORD SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Rate per \$100 of Assessed Value)  
*Unaudited*

Year Ended Dec. 31	District Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct Tax Rate	Borough of Rutherford	Library	Bergen County		
2016	\$ 1.420	\$ 0.055	\$ 1.475	\$ 0.845	\$ 0.034	\$ 0.250	\$ 2.604	
2015	1.372	0.056	1.428	0.846	0.031	0.228	2.533	
2014	1.318	0.055	1.373	0.832	0.031	0.218	2.454	
2013	1.271	0.056	1.327	0.811	0.031	0.213	2.382	
2012	1.271	0.056	1.304	0.788	0.032	0.213	2.337	
2011	1.249	0.055	1.270	0.753	0.034	0.210	2.267	
2010	1.215	0.055	1.256	0.744		0.212	2.212	
2009	1.202	0.054	1.213	0.688		0.206	2.107	
2008	1.153	0.060	1.175	0.673		0.193	2.041	
2007	1.113	0.062	1.140	0.642		0.178	1.960	

Source: Municipal Tax Collector

**RUTHERFORD SCHOOL DISTRICT**  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
*Unaudited*

	2016			2007		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Meadows Office, LLC	\$ 83,500,000.00	1	3.08%	\$ 104,002,300.00	1	3.63%
Citigroup Technology Inc.	39,200,000.00	2	1.45%	39,200,000.00	2	1.37%
Hasting Village Inc.	30,376,200.00	3	1.12%	30,376,200.00	4	1.06%
Frederich & Weill Trustees	27,000,000.00	4	1.00%			
RB-C Meadowlands Concord	18,464,600.00	5	0.68%	13,456,200.00	8	0.47%
Volvo North America Corp.	11,775,400.00	6	0.43%			
359 Veterans Blvd., LLC	11,600,000.00	7	0.43%	13,727,487.00	7	0.48%
Verizon (Duff Phelps)	11,448,192.00	8	0.42%			
Linque-HC Partners LLC	8,998,800.00	9	0.33%			
Unionford LLC	8,450,000.00	10	0.31%			
Maurice M. Weill				31,225,000.00	3	1.09%
Rutherford Lodging, LLC				18,239,600.00	6	0.64%
BRE/ESA Properties				13,111,000.00	9	0.46%
Linque-HC Partners LLC				8,998,000.00	10	0.31%
Encap Cherokee				19,905,300.00	5	0.69%
<b>Total</b>	<b>\$ 250,813,192.00</b>		<b>9.26%</b>	<b>\$ 292,241,087.00</b>		<b>10.19%</b>

Source: Municipal Chief Financial Officer

**RUTHERFORD SCHOOL DISTRICT**  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
*Unaudited*

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<u>Fiscal Year Ended June 30,</u>	School District Taxes Levied for the <u>Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2016	\$ 39,690,240.00	\$ 39,690,240.00	100.00%
2015	38,156,764.00	38,156,764.00	100.00%
2014	37,262,106.00	37,262,106.00	100.00%
2013	36,602,970.00	36,602,970.00	100.00%
2012	36,594,646.00	36,594,646.00	100.00%
2011	36,280,558.00	36,280,558.00	100.00%
2010	35,257,893.00	35,257,893.00	100.00%
2009	34,043,063.00	34,043,063.00	100.00%
2008	33,505,635.00	33,505,635.00	100.00%
2007	32,157,417.00	32,157,417.00	100.00%

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

Source: District Records including the Certificate and Report of School Taxes (A4F Form)



## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**RUTHERFORD SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities (1)			Total District Debt	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes			
2016	\$ 12,950,000.00	\$ 1,069,837.01	\$	14,019,837.01	Unavailable	Unavailable
2015	13,870,000.00	555,080.80		14,425,080.80	Unavailable	\$ 771.81
2014	14,790,000.00	208,363.95		14,998,363.95	1.10%	810.81
2013	15,680,000.00			15,680,000.00	1.21%	851.76
2012	16,565,000.00			16,565,000.00	1.27%	905.24
2011	17,405,000.00			17,405,000.00	1.40%	955.22
2010	18,215,000.00			18,215,000.00	1.54%	1,006.74
2009	18,985,000.00			18,985,000.00	1.69%	1,088.28
2008	19,735,000.00	394,367.00	\$ 800,000.00	20,929,367.00	1.75%	1,202.15
2007	20,695,000.00	1,075,295.00	901,880.00	22,672,175.00	1.91%	1,298.22

## Sources:

- (1) District Records  
(2) Personal income has been estimated based upon the municipal population and per capita personal income  
(3) Per Capita personal income data provided by the NJ Dept. of Labor and Workforce

**RUTHERFORD SCHOOL DISTRICT**  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
*Unaudited*

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Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Net General Bonded Debt Outstanding (1)		
2016	\$ 12,950,000.00	\$ 12,950,000.00	0.48%	Unavailable
2015	13,870,000.00	13,870,000.00	0.51%	\$ 742.11
2014	14,790,000.00	14,790,000.00	0.54%	799.55
2013	15,680,000.00	15,680,000.00	0.57%	851.76
2012	16,565,000.00	16,565,000.00	0.59%	905.24
2011	17,405,000.00	17,405,000.00	0.62%	955.22
2010	18,215,000.00	18,215,000.00	0.66%	1,006.74
2009	18,985,000.00	18,985,000.00	0.67%	1,088.28
2008	19,735,000.00	19,735,000.00	0.69%	1,133.54
2007	20,695,000.00	20,695,000.00	0.72%	1,185.01

## Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce Development

**RUTHERFORD SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2015  
*Unaudited*

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Rutherford Borough</u>
Municipal Debt: (1)				
Rutherford School District	\$ 13,870,000.00	\$ 13,870,000.00	\$ 16,439,987.27	\$ 16,439,987.27
Rutherford Borough	<u>16,439,987.27</u>			
	30,309,987.27	13,870,000.00	16,439,987.27	16,439,987.27
Overlapping Debt Apportioned to the Municipality:				
County of Bergen: (1)				
General:				
Bonds	545,806,558.00	36,049,000.00	509,757,558.00	8,054,169.42 (3)
Notes	123,000,000.00		123,000,000.00	1,943,400.00 (3)
Loan Agreements	160,878.00		160,878.00	2,541.87 (3)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>488,879,000.00</u>	<u>488,879,000.00 (2)</u>		
	1,157,846,436.00	524,928,000.00	632,918,436.00	10,000,111.29
	<u>\$ 1,188,156,423.27</u>	<u>\$ 538,798,000.00</u>	<u>\$ 649,358,423.27</u>	<u>\$ 26,440,098.56</u>

Sources:

- (1) 2015 Annual Debt Statement
  - (2) Deductible in accordance with N.J.S. 40:37A-80.
  - (3) Such debt is allocated as a proportion of the Borough's share of the total 2015 Equalized Value, which is 1.580%.
- The source for this computation was the 2015 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**RUTHERFORD SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2015:**

Equalized Valuation Basis (1):	
2015	\$ 2,763,618,665
2014	2,593,957,891
2013	2,581,912,299
	<u>\$ 7,939,488,855</u>

	<u>\$ 2,646,496,285.00</u>	Average equalized valuation of taxable property
\$	105,859,851	Debt limit (4% of average equalization value) (2)
	<u>12,950,000</u>	Net bonded school debt (3)
\$	<u>92,909,851</u>	Legal Debt Margin

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 105,859,851	\$ 103,482,261	\$ 104,896,232	\$ 108,507,416	\$ 114,917,454	\$ 119,588,739	\$ 121,371,274	\$ 117,902,558	\$ 109,924,242	\$ 98,434,864
Total Net Debt Applicable to Limit (3)	12,950,000	13,870,000	14,790,000	15,680,000	16,565,000	17,405,000	18,215,000	18,985,000	19,735,000	20,695,000
Legal Debt Margin	<u>\$ 92,909,851</u>	<u>\$ 89,612,261</u>	<u>\$ 90,106,232</u>	<u>\$ 92,827,416</u>	<u>\$ 98,352,454</u>	<u>\$ 102,183,739</u>	<u>\$ 103,156,274</u>	<u>\$ 98,917,558</u>	<u>\$ 90,189,242</u>	<u>\$ 77,739,864</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.23%	13.40%	14.10%	14.45%	14.41%	14.55%	15.01%	16.10%	17.95%	21.02%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
- (3) District Records

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**RUTHERFORD SCHOOL DISTRICT**  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
*Unaudited*

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2015	18,690	Unavailable	Unavailable	4.1%
2014	18,498	\$ 1,360,268,928.00	\$ 73,536.00	4.9%
2013	18,409	1,297,797,682.00	70,498.00	7.8%
2012	18,299	1,306,182,620.00	71,380.00	8.8%
2011	18,221	1,243,473,924.00	68,244.00	8.6%
2010	18,093	1,181,020,575.00	65,275.00	8.8%
2009	17,445	1,126,441,095.00	64,571.00	8.6%
2008	17,410	1,193,420,680.00	68,548.00	4.8%
2007	17,464	1,190,119,208.00	68,147.00	3.7%
2006	17,523	942,982,722.00	53,814.00	4.1%

## Sources:

- (1) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- (4) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.





## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

**RUTHERFORD SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
*Unaudited*

Function/Program	Fiscal Year Ended June 30,									
	<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>
Instruction:										
Regular	173	171	172	170	168	168	169	170	169	169
Special Education	53	53	52	51	57	52	52	52	52	53
Support Services:										
Student & Instruction Related Services	42	42	42	42	41	42	42	42	42	37
School Administrative Services	21	21	22	21	19	20	21	21	21	22
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	19	19	19	19	19	49	51	51	51	51
Pupil Transportation	6	6	5	7	9	9	9	9	9	9
Business and Other Support Services	9	9	9	9	10	11	12	12	12	12
<b>Total</b>	<u>325</u>	<u>323</u>	<u>323</u>	<u>321</u>	<u>325</u>	<u>353</u>	<u>358</u>	<u>359</u>	<u>358</u>	<u>355</u>

Source: District Personnel Records

**RUTHERFORD SCHOOL DISTRICT**  
Operating Statistics  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2016	2,594	\$ 46,093,926.18	\$ 17,769.44	0.63%	225	1:12	1:11	1:09	2,466	2,366	-5.15%	95.94%
2015	2,501	44,163,836.19	17,658.47	4.80%	225	1:12	1:11	1:09	2,600	2,470	0.54%	95.00%
2014	2,491	41,972,081.40	16,849.49	-0.18%	225	1:12	1:11	1:09	2,586	2,456	3.86%	94.97%
2013	2,490	42,031,877.56	16,880.27	5.08%	223	1:12	1:11	1:09	2,490	2,400	0.20%	96.39%
2012	2,485	39,920,609.00	16,064.63	0.86%	243	1:15	1:13	1:11	2,485	2,384	2.10%	95.95%
2011	2,434	38,768,493.00	15,927.89	-3.03%	240	1:15	1:13	1:11	2,434	2,328	0.00%	95.67%
2010	2,434	39,981,201.00	16,426.13	5.68%	241	1:15	1:13	1:11	2,434	2,330	-1.21%	95.74%
2009	2,464	38,299,225.00	15,543.52	-2.47%	242	1:15	1:13	1:11	2,464	2,356	0.60%	95.60%
2008	2,449	39,029,877.00	15,937.07	6.19%	241	1:15	1:13	1:11	2,449	2,346	0.07%	95.78%
2007	2,447	36,723,271.00	15,007.47	2.50%	245	1:15	1:13	1:11	2,447	2,344	1.98%	95.78%

Sources: District Records

**RUTHERFORD SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>District Building:</b>										
<b>Elementary:</b>										
Washington Elementary (1912)										
Square Feet	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100
Capacity (students)	304	304	304	304	304	304	304	304	304	304
Enrollment	265	279	337	333	345	335	324	341	331	322
Lincoln (1912)										
Square Feet	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	451	474	381	384	371	355	352	357	333	357
Pierrepont Elementary School (1906)										
Square Feet	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500
Capacity (students)	533	533	533	533	533	533	533	533	533	533
Enrollment	516	516	510	506	506	486	490	501	496	489
<b>Middle School:</b>										
Union Middle School (1926)										
Square Feet	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700
Capacity (students)	530	530	530	530	530	530	530,481	530	530	530
Enrollment	477	484	500	492	498	493	129	489	484	471
<b>High School:</b>										
Rutherford High School (1922)										
Square Feet	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600
Capacity (students)	775	775	775	775	775	775	775	775	775	775
Enrollment	749	748	770	778	756	741	778	782	803	817

Number of Schools at June 30, 2016:  
 Elementary = 3  
 Middle School = 1  
 High School = 1

Source: District Records

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

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
*Unaudited*

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

School Facilities*	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
High School	\$ 326,644.64	\$ 346,091.03	\$ 325,368.24	\$ 432,869.63	\$ 441,963.00	\$ 462,754.00	\$ 537,117.00	\$ 622,263.00	\$ 728,119.00	\$ 514,063.00
Union	196,946.74	167,932.32	349,961.47	181,337.48	210,346.00	218,683.00	253,825.00	294,207.00	346,222.00	362,403.00
Pierrepont	159,365.65	165,367.39	130,419.40	191,932.67	194,688.00	203,857.00	236,617.00	274,261.00	354,800.00	210,802.00
Washington	105,227.74	115,935.38	82,533.25	176,789.95	91,999.00	93,449.00	108,466.00	125,722.00	220,873.00	143,864.00
Lincoln	102,653.46	128,158.43	89,523.60	187,804.94	94,591.00	95,919.00	111,334.00	129,046.00	228,670.00	157,204.00
Kindergarten Center	31,725.86	34,059.43	70,564.26	38,033.61	46,216.00	48,747.00	56,578.00	65,581.00	70,765.00	40,635.00
Administration	1,819.47	6,705.47	16,652.43	12,841.76						
<b>Total School Facilities</b>	<b>\$ 924,383.56</b>	<b>\$ 964,249.45</b>	<b>\$ 1,065,022.65</b>	<b>\$ 1,221,610.04</b>	<b>\$ 1,079,803.00</b>	<b>\$ 1,123,409.00</b>	<b>\$ 1,303,937.00</b>	<b>\$ 1,511,080.00</b>	<b>\$ 1,949,449.00</b>	<b>\$ 1,428,971.00</b>

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

Source: District Records

## RUTHERFORD SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)		
Limits of Liability per Occurrence	\$ 250,000,000.00	\$ 2,500.00
Boiler and Machinery	100,000,000.00	2,500.00
General Liability including Automobile and Employee Benefits	5,000,000.00	1,000.00
Fire Damage	2,500,000.00	
Crime Coverage	50,000.00	1,000.00
Blanket Dishonesty Bond	100,000.00	1,000.00
Computer Fraud	50,000.00	1,000.00
Forgery and Alteration	50,000.00	1,000.00
Environmental Impairment Liability	1,000,000.00	10,000.00
Excess Liability	5,000,000.00	
School Board Legal Liability	5,000,000.00	5,000.00
Surety Bonds (2):		
Treasurer	350,000.00	
Board Secretary	350,000.00	
Student Accident Policy (2)	6,000,000.00	

(1) School Alliance Insurance Fund

(2) Selective Insurance Company of America

Source: District Records

SINGLE AUDIT SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Rutherford School District  
County of Bergen  
Rutherford, New Jersey

***Report on Compliance for Each Major State Program***

We have audited the Rutherford School District's, in the County of Bergen, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2016. The School District'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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District'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 Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB 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 Rutherford School District's, in the County of Bergen, State of New Jersey, 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 School District's compliance.

***Opinion on Each Major State Program***

In our opinion, the Rutherford School District, in the County of Bergen, State of New Jersey, 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.



**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey Circular 15-08-OMB, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as item 2016-001. Our opinion on each major state program is not modified with respect to these matters.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Rutherford School District, in the County of Bergen, State of New Jersey, 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 School District'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 State of New Jersey Circular 15-08-OMB, 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 School District's internal control over compliance.

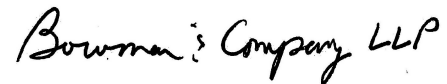
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material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

*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. We consider the deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as item 2016-001 to be a significant deficiency.

The School District's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Robert S. Marrone  
Certified Public Accountant  
Public School Accountant No. CS 001113

Voorhees, New Jersey  
October 26, 2016

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards - Schedule A  
 For the Fiscal Year Ended June 30, 2016

<u>Federal Grantor/ Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal FAIN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>		<u>Balance June 30, 2015</u>
					<u>From</u>	<u>To</u>	
General Fund:							
U.S. Department of Health and Human Services:							
Passed-through the State Department of Education:							
Special Education Medicaid Initiative	93.778	1605NJ5MAP	NA	\$ 779.39	7-1-15	6-30-16	_____
Total General Fund							_____ - _____
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
N.C.L.B.:							
Title I, Part A	84.010	S010A150030	NCLB460016	185,157.00	7-1-15	6-30-16	
Title I, Part A	84.010	S010A140030	NCLB460015	27,861.00	7-1-14	6-30-15	\$ (29,527.64)
Total Title I, Part A							_____ (29,527.64)
Title II, Part A, Improving Teacher Quality	84.367	S367A150029	NCLB460016	44,676.00	7-1-15	6-30-16	
Title II, Part A, Improving Teacher Quality	84.367	S367A150029	NCLB460015	45,708.00	7-1-14	6-30-15	_____ (40,347.75)
Total Title II, Part A, Improving Teacher Quality							_____ (40,347.75)
Title III	84.365	S365A150030	NCLB460016	3,511.00	7-1-15	6-30-16	
Title III	84.365	S365A150030	NCLB460015	9,209.00	7-1-14	6-30-15	(8,953.00)
Title III	84.365	S365A150030	NCLB460014	8,238.00	7-1-13	6-30-14	(91.33)
Title III Immigrant	84.365	S365A150030	NCLB460016	-	7-1-15	6-30-16	
Title III Immigrant	84.365	S365A140030	NCLB460015	23,566.00	7-1-14	6-30-15	_____ (26,732.90)
Total Title III, English Language Acquisition							_____ (35,777.23)
I.D.E.A. Part B:							
Special Education Cluster:							
Basic	84.027	H027A150100	FT460016	564,877.00	7-1-15	6-30-16	
Basic	84.027	H027A150100	FT460015	548,870.00	7-1-14	6-30-15	(44,096.33)
Preschool	84.173	H173A150114	PS460016	20,373.00	7-1-15	6-30-16	
Total I.D.E.A. Part B Special Education Cluster							_____ (44,096.33)
Total Special Revenue Fund							_____ (149,748.95)
Total Federal Financial Assistance							\$ _____ (149,748.95)

(A) See Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with the Uniform Administrative Audit Requirements since the total expenditures did not exceed \$750,000.00.

Carryover / (Walkover) <u>Amount</u>	Cash <u>Received</u>	<u>Adjustments (A)</u>	Budgetary Expenditures			Passed Through to <u>Subrecipients</u>	Repayment of Prior Years' <u>Balances</u>	Balance at June 30, 2016		
			<u>Pass-Through Funds</u>	<u>Direct Funds</u>	<u>Total Budgetary Expenditures</u>			<u>(Accounts Receivable)</u>	<u>Unearned Revenue</u>	<u>Due to Grantor</u>
	\$ 779.39		\$ 779.39		\$ 779.39					
-	779.39	-	779.39	-	779.39	-	-	-	-	-
	175,610.00		187,577.67		187,577.67			\$ (11,976.00)	\$ 8.33	
	29,527.00	\$ 0.64								
-	205,137.00	0.64	187,577.67	-	187,577.67	-	-	(11,976.00)	8.33	-
	30,043.00		36,781.23		36,781.23			(22,735.00)	15,996.77	
	40,155.00	192.75								
-	70,198.00	192.75	36,781.23	-	36,781.23	-	-	(22,735.00)	15,996.77	-
	8,953.00		3,511.00		3,511.00			(3,511.00)		
		91.33								
\$ (10,662.00)	10,380.00	(1,413.53)	695.62		695.62			(282.00)	(2,109.15)	
10,662.00	17,486.00	1,415.10							2,830.20	
-	36,819.00	92.90	4,206.62	-	4,206.62	-	-	(3,793.00)	721.05	-
	312,235.00		493,927.40		493,927.40			(299,369.00)	117,676.60	
	44,097.00	(0.67)								
	19,354.00		19,354.00		19,354.00			(1,019.00)	1,019.00	
-	375,686.00	(0.67)	513,281.40	-	513,281.40	-	-	(300,388.00)	118,695.60	-
-	687,840.00	285.62	741,846.92	-	741,846.92	-	-	(338,892.00)	135,421.75	-
\$ -	\$ 688,619.39	\$ 285.62	\$ 742,626.31	\$ -	\$ 742,626.31	\$ -	\$ -	\$ (338,892.00)	\$ 135,421.75	\$ -

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance - Schedule B  
 For the Fiscal Year Ended June 30, 2016

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		Carryover/ Walkover Amount
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
<b>General Fund:</b>							
New Jersey State Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	16-495-034-5120-078	\$ 844,984.00	7-1-15	6-30-16			
Equalization Aid	15-495-034-5120-078	844,984.00	7-1-14	6-30-15	\$ (73,529.47)		
Categorical Aid Special Education Aid	16-495-034-5120-089	1,481,725.00	7-1-15	6-30-16			
Categorical Aid Special Education Aid	15-495-034-5120-089	1,481,725.00	7-1-14	6-30-15	(128,937.88)		
Categorical Aid Security Aid	16-495-034-5120-084	38,134.00	7-1-15	6-30-16			
Categorical Aid Security Aid	15-495-034-5120-084	38,134.00	7-1-14	6-30-15	(3,318.37)		
PARCC Readiness Aid	16-495-034-5120-098	25,055.00	7-1-15	6-30-16			
PARCC Readiness Aid	15-495-034-5120-098	25,055.00	7-1-14	6-30-15	(2,180.25)		
Per Pupil Growth Aid	16-495-034-5120-097	25,055.00	7-1-15	6-30-16			
Per Pupil Growth Aid	15-495-034-5120-097	25,055.00	7-1-14	6-30-15	(2,180.26)		
<b>Total State Aid - Public Cluster</b>					<b>(210,146.23)</b>	<b>-</b>	<b>-</b>
Transportation Aid:							
Categorical Transportation Aid	16-495-034-5120-014	33,967.00	7-1-15	6-30-16			
Categorical Transportation Aid	15-495-034-5120-014	33,967.00	7-1-14	6-30-15	(2,955.77)		
<b>Total Transportation Aid</b>					<b>(2,955.77)</b>	<b>-</b>	<b>-</b>
Extraordinary Aid							
Extraordinary Aid	16-100-034-5120-473	718,622.00	7-1-15	6-30-16			
Extraordinary Aid	15-100-034-5120-473	725,599.00	7-1-14	6-30-15	(725,599.00)		
<b>Total Extraordinary Aid</b>					<b>(725,599.00)</b>	<b>-</b>	<b>-</b>
Reimbursed TPAF Social Security Contributions							
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,391,578.96	7-1-15	6-30-16			
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	1,367,831.66	7-1-14	6-30-15	(67,131.00)		
<b>Total Reimbursed TPAF Social Security Contributions</b>					<b>(67,131.00)</b>	<b>-</b>	<b>-</b>
Homeless Tuition Reimbursement Aid							
Homeless Tuition Reimbursement Aid	15-495-034-5120-078	3,665.00	7-1-14	6-30-15	(3,665.00)		
<b>Total General Fund</b>					<b>(1,009,497.00)</b>	<b>-</b>	<b>-</b>
<b>Special Revenue Fund:</b>							
New Jersey Department of Education:							
Nonpublic Aid:							
Nursing Services							
Nursing Services	16-100-034-5120-070	38,520.00	7-1-15	6-30-16	-	-	-
Textbook Aid (Ch. 194, L. 1977)							
Textbook Aid (Ch. 194, L. 1977)	16-100-034-5120-064	24,325.00	7-1-15	6-30-16			
Textbook Aid (Ch. 194, L. 1977)	15-100-034-5120-064	28,896.00	7-1-14	6-30-15	\$ 142.46		
<b>Total Textbook Aid (Ch. 194, L. 1977)</b>					<b>-</b>	<b>142.46</b>	<b>-</b>
Technology Initiative Aid							
Technology Initiative Aid	16-100-034-5120-373	11,076.00	7-1-15	6-30-16			
Technology Initiative Aid	15-100-034-5120-373	15,520.00	7-1-14	6-30-15		312.01	
<b>Total Technology Initiative Aid</b>					<b>-</b>	<b>312.01</b>	<b>-</b>
Security							
Security	16-100-034-5120-509	10,700.00	7-1-15	6-30-16			
Auxiliary Services (Ch. 192, L. 1977)							
Compensatory Education							
Compensatory Education	16-100-034-5120-067	43,994.00	7-1-15	6-30-16			
Compensatory Education	15-100-034-5120-067	63,602.00	7-1-14	6-30-15		20,603.60	
English as a Second Language	16-100-034-5120-067	1,726.00	7-1-15	6-30-16			
English as a Second Language	15-100-034-5120-067	9,135.00	7-1-14	6-30-15		9,135.00	
Home Instruction	16-100-034-5120-067	6,387.39	7-1-15	6-30-16			
Home Instruction	15-100-034-5120-067	3,262.74	7-1-14	6-30-15	(3,262.74)		
<b>Total Auxiliary Services (Ch. 192, L. 1977)</b>					<b>(3,262.74)</b>	<b>29,738.60</b>	<b>-</b>
Handicapped Services (Ch. 193, L. 1977)							
Corrective Speech							
Corrective Speech	16-100-034-5120-066	10,869.00	7-1-15	6-30-16			
Corrective Speech	15-100-034-5120-066	21,204.00	7-1-14	6-30-15		11,397.15	
Examination and Classification	16-100-034-5120-066	35,627.00	7-1-15	6-30-16			
Examination and Classification	15-100-034-5120-066	43,947.00	7-1-14	6-30-15		13,143.38	
Supplementary Instruction	16-100-034-5120-066	27,475.00	7-1-15	6-30-16			
Supplementary Instruction	15-100-034-5120-066	31,388.00	7-1-14	6-30-15		3,138.80	
<b>Total Handicapped Services (Ch. 193, L. 1977)</b>					<b>-</b>	<b>27,679.33</b>	<b>-</b>
<b>Total Special Revenue Fund</b>					<b>(3,262.74)</b>	<b>57,872.40</b>	<b>-</b>
<b>Capital Projects Fund:</b>							
New Jersey Economic Development Authority:							
School Development Authority							
School Development Authority	4600-090-14-1006	180,590.00	1-6-14	Completion	(173,255.55)		
School Development Authority	4600-050-14-1002	127,691.00	1-6-14	Completion	(101,939.27)		
School Development Authority	4600-050-14-1004	322,559.00	1-6-14	Completion			
School Development Authority	4600-050-14-1003	116,594.00	1-6-14	Completion			
School Development Authority	4600-050-14-1009	119,924.00	1-6-14	Completion			
School Development Authority	4600-050-14-1010	266,884.00	1-6-14	Completion			
<b>Total Capital Projects Fund</b>					<b>(275,194.82)</b>	<b>-</b>	<b>-</b>
<b>Total State Financial Assistance subject to Major Program Determination for State Single Audit</b>					<b>(1,287,954.56)</b>	<b>57,872.40</b>	<b>-</b>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-Behalf Contributions:							
TPAF Post-Retirement Medical	16-495-034-5094-001	1,728,729.00	7-1-15	6-30-16			
Teacher's Pension and Annuity Fund	16-495-034-5094-002	1,382,942.00	7-1-15	6-30-16			
TPAF Non-Contributory Insurance	16-495-034-5094-004	68,889.00	7-1-15	6-30-16			
<b>Total General Fund (Non-Cash Assistance)</b>					<b>-</b>	<b>-</b>	<b>-</b>
<b>Total State Financial Assistance</b>					<b>\$ (1,287,954.56)</b>	<b>\$ 57,872.40</b>	<b>\$ -</b>

(A) See Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Adjustments (A)	Budgetary Expenditures	Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo Only	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 776,426.96		\$ 844,984.00			\$ (68,557.04)			\$ (68,557.04)	\$ 844,984.00
73,529.47									
1,361,506.53		1,481,725.00			(120,218.47)			(120,218.47)	1,481,725.00
128,937.88									
35,040.03		38,134.00			(3,093.97)			(3,093.97)	38,134.00
3,318.37									
23,022.18		25,055.00			(2,032.82)			(2,032.82)	25,055.00
2,180.25									
23,022.18		25,055.00			(2,032.82)			(2,032.82)	25,055.00
2,180.26									
2,429,164.11	-	2,414,953.00	-	-	(195,935.12)	-	-	(195,935.12)	2,414,953.00
31,211.12		33,967.00			(2,755.88)			(2,755.88)	33,967.00
2,955.77									
34,166.89	-	33,967.00	-	-	(2,755.88)	-	-	(2,755.88)	33,967.00
		718,622.00			(718,622.00)				718,622.00
725,599.00									
725,599.00	-	718,622.00	-	-	(718,622.00)	-	-	-	718,622.00
1,322,450.55		1,391,578.96			(69,128.41)				1,391,578.96
67,131.00									
1,389,581.55	-	1,391,578.96	-	-	(69,128.41)	-	-	-	1,391,578.96
(3,665.00)	-		-	-	(7,330.00)	-	-	-	-
4,574,846.55	-	4,559,120.96	-	-	(993,771.41)	-	-	(198,691.00)	4,559,120.96
38,520.00	-	38,520.00	-	-	-	-	-	-	38,520.00
24,325.00		23,802.23		\$ 142.46			\$ 522.77		23,802.23
24,325.00	-	23,802.23	-	142.46	-	-	522.77	-	23,802.23
11,076.00		10,252.54					823.46		10,252.54
11,076.00	-	10,252.54	-	312.01	-	-	823.46	-	10,252.54
10,700.00	-	10,700.00	-	-	-	-	-	-	10,700.00
43,994.00		36,548.51					7,445.49		36,548.51
1,726.00				20,603.60			1,726.00		
		6,387.39		9,135.00	(6,387.39)				6,387.39
3,263.00	\$ (0.26)								
48,983.00	(0.26)	42,935.90	-	29,738.60	(6,387.39)	-	9,171.49	-	42,935.90
10,869.00		10,450.87					418.13		10,450.87
35,627.00		26,932.94		11,397.15			8,694.06		26,932.94
27,475.00		23,168.18		13,143.38			4,306.82		23,168.18
				3,138.80					
73,971.00	-	60,551.99	-	27,679.33	-	-	13,419.01	-	60,551.99
207,575.00	(0.26)	186,762.66	-	57,872.40	(6,387.39)	-	23,936.73	-	186,762.66
		7,334.45			(180,590.00)				180,590.00
		10,741.07			(112,680.34)				112,680.34
		69,462.48			(69,462.48)				69,462.48
		13,976.80			(13,976.80)				13,976.80
		119,924.00			(119,924.00)				119,924.00
		198,141.00			(198,141.00)				198,141.00
		419,579.80	-	-	(694,774.62)	-	-	-	694,774.62
4,782,421.55	(0.26)	5,165,463.42	-	57,872.40	(1,694,933.42)	-	23,936.73	(198,691.00)	5,440,658.24
1,728,729.00		1,728,729.00							1,728,729.00
1,382,942.00		1,382,942.00							
68,889.00		68,889.00							68,889.00
3,180,560.00	-	3,180,560.00	-	-	-	-	-	-	1,797,618.00
\$ 7,962,981.55	\$ (0.26)	\$ 8,346,023.42	\$ -	\$ 57,872.40	\$ (1,694,933.42)	\$ -	\$ 23,936.73	\$ (198,691.00)	\$ 7,238,276.24

**RUTHERFORD SCHOOL DISTRICT**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2016

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Rutherford School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exception: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the modified accrual basis of accounting.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$20,106.60 for the special revenue fund. See exhibit C-3, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 779.39	\$ 7,754,091.96	\$ 7,754,871.35
Special Revenue	761,751.50	186,964.68	948,716.18
Capital Projects	_____	419,579.80	419,579.80
Total Awards and Financial Assistance	<u>\$ 762,530.89</u>	<u>\$ 8,360,636.44</u>	<u>\$ 9,123,167.33</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent rounding differences and cancellation of grant receivables.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs and non-contributory insurance related to TPAF members.

**Note 7: MAJOR PROGRAMS**

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.



RUTHERFORD SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_ yes x no

    Significant deficiency(ies) identified? \_\_\_ yes x none reported

Noncompliance material to financial statements noted? \_\_\_ yes x no

**Federal Awards**

Not Applicable

Internal control over major programs:

    Material weakness(es) identified? \_\_\_ yes \_\_\_ no

    Significant deficiency(ies) identified? \_\_\_ yes \_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? \_\_\_ yes \_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no

RUTHERFORD SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB?  yes  no

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

State Aid Public Cluster: \_\_\_\_\_

\_\_\_\_\_

16-495-034-5120-078

Equalization Aid

16-495-034-5120-084

Security Aid

16-495-034-5120-089

Special Education Aid

16-495-034-5120-097

Per Pupil Growth Aid

16-495-034-5120-098

PARCC Readiness

16-100-034-5120-473

Extraordinary Special Education Costs Aid

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee?  yes  no

**RUTHERFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

**None**

**RUTHERFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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***Section 3- Schedule of Federal 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 programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**A Federal Single Audit was not required.**

**RUTHERFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2016

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***Section 4- Schedule of State Financial Assistance 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 State of New Jersey Circular 15-08-OMB.

**Finding No. 2016-001 (Prior Year Finding No. 2015-001)**

**Information on the State Program**

Extraordinary Aid (16-100-034-5120-473)

**Criteria or Specific Requirement**

Extraordinary Aid is awarded based on the application of special education costs for students that require additional services that the School District has not provided for in the budget.

**Condition**

Two extraordinary aid applications included costs for nursing services that were greater than the actual costs incurred by the district.

**Questioned Costs**

None.

**Context**

Extraordinary aid award applications were reviewed to determine if services applied for were performed by the School District. Nursing costs reported on two applications did not agree to actual costs reported on supporting documentation. The School District will amend the application subsequent to June 30, 2016 and refund the State of New Jersey \$15,069.00.

**Effect**

Originally the School District was not in compliance, however, the School District was able to correct the information submitted and are therefore, now in compliance.

**Cause**

Oversight by the responsible officials.

**Recommendation**

That the School District reconcile estimated costs reported on the extraordinary aid application to actual costs incurred for services and revise the application as needed.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**RUTHERFORD SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARDS**

None

**STATE FINANCIAL ASSISTANCE PROGRAMS**

**Finding No. 2015-001**

**Program**

Extraordinary Aid (13-100-034-5120-473)

**Condition**

Four extraordinary aid applications included costs for tuition and services that were not performed within the scope of the aid awarded.

**Current Status**

The application was corrected. This specific condition was resolved, however an additional condition related to the program exists as Finding No. 2016-001.

**Finding No. 2015-002**

**Program**

Equalization Aid (GMIS Number 495-034-5120-078)  
Special Education Categorical Aid (GMIS Number 495-034-5120-089)  
Security Aid (GMIS Number 495-034-5120-084)  
Per Pupil Growth Aid (GMIS Number 495-034-5120-097)  
PARCC Readiness (GMIS Number 495-034-5120-098)

**Condition**

There were two expenditures related to travel that were not compliant with School District travel policies and New Jersey Administrative Code.

**Current Status**

Finding has been substantially corrected.

