

**EAST RUTHERFORD BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**EAST RUTHERFORD, NEW JERSEY**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**East Rutherford Board of Education**

**East Rutherford, New Jersey**

**For The Fiscal Year Ended June 30, 2017**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**



## EAST RUTHERFORD PUBLIC SCHOOLS

### Office of the Board of Education

100 Uhland Street

East Rutherford, NJ 07073

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October 4, 2017

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the East Rutherford Board of Education for the fiscal year ended June 30, 2017.

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

The East Rutherford Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the East Rutherford Board of Education for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' concluded, based upon the audit, that there was a

reasonable basis for rendering an unmodified opinion that the East Rutherford Board of Education's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten through Grade 8. These include both regular and special education programs. The District completed the 2016-2017 school year with an enrollment of 815 students. The following details the changes in the student enrollment of the District over the last several years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	815	0.74%
2015-2016	809	5.34%
2014-2015	768	3.22%
2013-2014	744	-3.13%
2012-2013	768	-1.41%
2011-2012	779	1.70%
2010-2011	766	8.65%
2009-2010	705	4.44%
2008-2009	675	-3.29%
2007-2008	698	-5.29%

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



**3. MAJOR INITIATIVES:** The East Rutherford Board of Education has continued its shared services program with the Borough and has updated its Long Range Facility Plan to include a referendum to meet its rapidly growing enrollment needs. The Comprehensive Professional Development Plan will continue to expand Google Apps and will transition to Gmail district wide for staff and students. The plan will also focus on using data to improve curriculum, instruction, assessments and test scores. The district has revised all content level curricula and will implement during them during 2017-2018 school year. The district will commence with a portion of year one (1) of our three (3) year Technology Plan for the items that were budgeted within the 2017-2198 budget. The district will continue to provide professional development with the new reading/language arts program at McKenzie School and our new Go Math series for grades K-5. The district will also revise the I&RS process, basics skills program and afterschool academic program to meet the needs of our struggling students. The district will continue to ensure the effectiveness of our reading and language arts program through hiring a literacy coach that will support a balanced literacy approach amongst grades K-8 teachers. Finally, the district will maintain its seniority and tenure charts with Califon Associates and central office staff.

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

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

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

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

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

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

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

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

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

Respectfully submitted,



Giovanni Giancaspro  
Superintendent of Schools

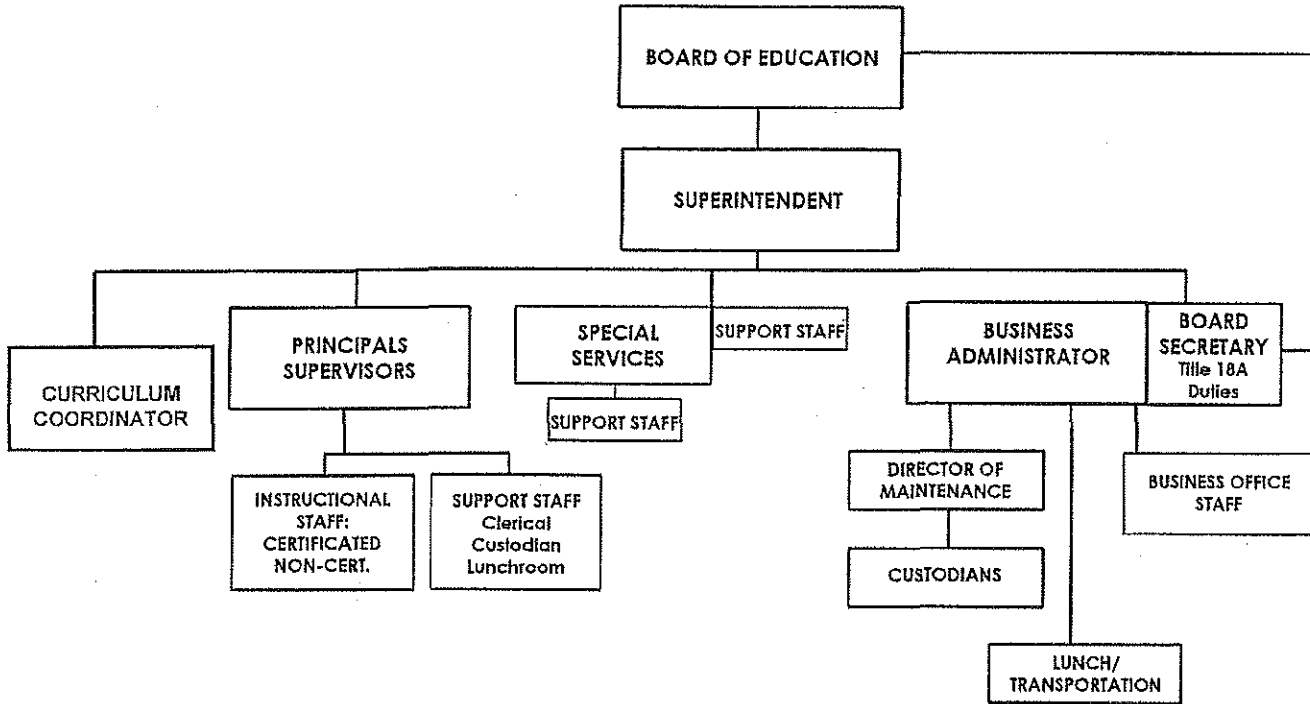


Mark Kramer  
Business Administrator/Board Secretary

**EAST RUTHERFORD  
BOARD OF EDUCATION**

Uhland and Grove Streets

East Rutherford, New Jersey 07073



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Richard Vartan, President	January, 2018
Maria Caruso, Vice-President	January, 2019
Daniel Alvarez	January, 2019
Jason Bulger	January, 2020
Carlo Maucione	January, 2020
Kathleen Winston	January, 2018
Debra Zoller	January, 2019

**OTHER OFFICIALS**

Giovanni Giancaspro, Superintendent of Schools

Mark Kramer, Business Administrator/Board Secretary

Diane Chorazy, Treasurer of School Monies

Thomas Kobin, Esq., Solicitor

**EAST RUTHERFORD BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

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

**ARCHITECT OF RECORD**

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

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR’S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

### *Management’s Responsibility for the Financial Statements*

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

### *Auditor’s Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

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

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

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2017 on our consideration of the East Rutherford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Rutherford Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Rutherford Board of Education's internal control over financial reporting and compliance.

*Leach, Vinci & Higgins, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 4, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***EAST RUTHERFORD BOARD OF EDUCATION***  
***Management's Discussion and Analysis***  
***For the Fiscal Year Ended June 30, 2017***

The discussion and analysis of the East Rutherford Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$954,088 (net position).
- Total School District's net position decreased \$391,487.
- District-Wide general revenues accounted for \$14,931,285 or 69 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$6,680,107 or 31 percent of total revenues of \$21,611,392.
- Total net position of governmental activities amounted to \$814,326 as of June 30, 2017 a decrease of \$376,071 from the previous year.
- The District had \$21,646,678 in expenses related to governmental activities; only \$6,339,322 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,931,285 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$16,986,045 in revenues, \$17,061,864 in expenditures. The General Fund's fund balance decreased \$75,819 from the previous year to \$1,157,782 at June 30, 2017.
- The General Fund unassigned budgetary fund balance increased \$93,579 from the previous year to \$311,230 at June 30, 2017.
- The District's total outstanding long-term liabilities increased by \$843,824 during the current fiscal year.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

**Using the Comprehensive Annual Financial Report (CAFR)**

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

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

**Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2017?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

**Enterprise Fund**

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

**Notes to the Financial Statements**

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

**The District as a Whole**

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

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

The following provides a summary of the District's net position as of June 30, 2017 and 2016.

Table A-1  
Statement of Net Position  
As of June 30, 2017 and 2016

	Net Position					
	As of June 30, 2017 and 2016					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Current Assets	\$ 1,380,889	\$ 1,286,767	\$ 150,579	\$ 145,166	\$ 1,531,468	\$ 1,431,933
Capital Assets	<u>8,439,994</u>	<u>8,940,226</u>	<u>13,293</u>	<u>10,697</u>	<u>8,453,287</u>	<u>8,950,923</u>
<b>Total Assets</b>	<u>9,820,883</u>	<u>10,226,993</u>	<u>163,872</u>	<u>155,863</u>	<u>9,984,755</u>	<u>10,382,856</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Amount on Refunding of Debt	61,084	81,838			61,084	81,838
Deferred Amount on Net Pension Liability	<u>1,670,068</u>	<u>684,653</u>	-	-	<u>1,670,068</u>	<u>684,653</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,731,152</u>	<u>766,491</u>	-	-	<u>1,731,152</u>	<u>766,491</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>11,552,035</u>	<u>10,993,484</u>	<u>163,872</u>	<u>155,863</u>	<u>11,715,907</u>	<u>11,149,347</u>
<b>LIABILITIES</b>						
Other Liabilities	286,983	125,611	23,780		310,763	125,611
Long-Term Liabilities	<u>10,450,726</u>	<u>9,606,902</u>	-	-	<u>10,450,726</u>	<u>9,606,902</u>
<b>Total Liabilities</b>	<u>10,737,709</u>	<u>9,732,513</u>	<u>23,780</u>	-	<u>10,761,489</u>	<u>9,732,513</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Amount on Net Pension Liability	-	70,574			-	70,574
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>330</u>	<u>685</u>	<u>330</u>	<u>685</u>
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>70,574</u>	<u>330</u>	<u>685</u>	<u>330</u>	<u>71,259</u>
<b>Total Liabilities and Deferred Inflows of Resource</b>	<u>10,737,709</u>	<u>9,803,087</u>	<u>24,110</u>	<u>685</u>	<u>10,761,819</u>	<u>9,803,772</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	4,088,243	4,016,618	13,293	10,697	4,101,536	4,027,315
Restricted	900,906	1,011,078			900,906	1,011,078
Unrestricted	<u>(4,174,823)</u>	<u>(3,837,299)</u>	<u>126,469</u>	<u>144,481</u>	<u>(4,048,354)</u>	<u>(3,692,818)</u>
<b>Total Net Position</b>	<u>\$ 814,326</u>	<u>\$ 1,190,397</u>	<u>\$ 139,762</u>	<u>\$ 155,178</u>	<u>\$ 954,088</u>	<u>\$ 1,345,575</u>

The District's combined net position was \$954,088 and \$1,345,575 at June 30, 2017 and 2016, respectively. This was a decrease of \$391,487 or 29 percent from the prior year. The decrease is mainly attributable to an increase in District expenses incurred for the current fiscal year.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

The following schedule shows changes in net position for fiscal years ended June 30, 2017 and 2016.

**Change in Net Position**  
**for the Fiscal Years Ended June 30, 2017 and 2016**

Revenues	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Program Revenues						
Charges for Services	\$ 84,200	\$ 53,878	\$ 134,751	\$ 147,164	\$ 218,951	\$ 201,042
Operating Grants and Contributions	6,255,122	4,937,922	206,034	216,351	6,461,156	5,154,273
General Revenues						
Property Taxes	14,811,214	14,400,822			14,811,214	14,400,822
Unrestricted State Aid	24,235	15,292			24,235	15,292
Other	95,836	129,901	-	-	95,836	129,901
<b>Total Revenues</b>	<u>21,270,607</u>	<u>19,537,815</u>	<u>340,785</u>	<u>363,515</u>	<u>21,611,392</u>	<u>19,901,330</u>
Expenses						
Instruction						
Regular	10,254,758	8,990,945			10,254,758	8,990,945
Special Education	3,571,227	2,964,763			3,571,227	2,964,763
Other Instruction	707,483	840,300			707,483	840,300
School Sponsored Activities and Athletics	68,727	94,929			68,727	94,929
Support Services						
Student and Instruction Related Services	2,845,665	2,571,607			2,845,665	2,571,607
General Administration Services	600,194	631,864			600,194	631,864
School Administration Services	887,991	728,173			887,991	728,173
Central and Other Support Services	601,493	492,472			601,493	492,472
Plant Operations and Maintenance	1,467,855	1,377,893			1,467,855	1,377,893
Pupil Transportation	491,074	452,825			491,074	452,825
Interest on Long Term Debt	150,211	171,474			150,211	171,474
Food Service	-	-	356,201	340,009	356,201	340,009
<b>Total Expenses</b>	<u>21,646,678</u>	<u>19,317,245</u>	<u>356,201</u>	<u>340,009</u>	<u>22,002,879</u>	<u>19,657,254</u>
<b>Change in Net Position</b>	(376,071)	220,570	(15,416)	23,506	(391,487)	244,076
<b>Beginning of Year, Net Position</b>	<u>1,190,397</u>	<u>969,827</u>	<u>155,178</u>	<u>131,672</u>	<u>1,345,575</u>	<u>1,101,499</u>
<b>Ending of Year, Net Position</b>	<u>\$ 814,326</u>	<u>\$ 1,190,397</u>	<u>\$ 139,762</u>	<u>\$ 155,178</u>	<u>\$ 954,088</u>	<u>\$ 1,345,575</u>

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

**Governmental Activities**

The District's total revenues were \$21,270,607 and \$19,537,815 for the fiscal years ended June 30, 2017 and 2016, respectively. Property taxes made up 70 percent and 74 percent of revenues for governmental activities for the East Rutherford Board of Education for fiscal years ended June 30, 2017 and 2016, respectively. Federal, state and local grants of \$6,279,357 and \$4,953,214 accounted for another 30 percent and 25 percent of revenues for the fiscal years ended June 30, 2017 and 2016, respectively. The increase in federal, state and local grants for the current year is largely due to the additional on-behalf TPAF pension contributions realized during the current fiscal year.

The total cost of all programs and services was \$21,646,678 and \$19,317,245 for the fiscal years ended June 30, 2017 and 2016, respectively. The increase in expenses for the current year is also due to the additional on-behalf TPAF pension contributions reported for the District. Instruction comprises 67 percent of governmental program expenses for the fiscal years ended June 30, 2016 and 2015. Support services expenses make up 32 percent of governmental expenses for the fiscal years ended June 30, 2017 and 2016. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The schedule below shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

**Total and Net Cost of Services**  
**for the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Instruction</b>				
Regular	\$ 10,254,758	\$ 8,990,945	\$ 6,834,575	\$ 6,465,757
Special Education	3,571,227	2,964,763	2,226,972	1,735,652
Other Instruction	707,483	840,300	460,084	612,808
School Sponsored Activities and Athletics	68,727	94,929	47,916	53,018
<b>Support Services</b>				
Student and Instruction Related Services	2,845,665	2,571,607	2,107,416	2,044,189
General Administration Services	600,194	631,864	509,639	561,352
School Administration Services	887,991	728,173	702,089	590,839
Central and Other Support Services	601,493	492,472	503,953	421,959
Plant Operations and Maintenance	1,467,855	1,377,893	1,316,421	1,256,346
Pupil Transportation	491,074	452,825	448,080	412,051
Interest on Long Term Debt	150,211	171,474	150,211	171,474
<b>Total</b>	<u>\$ 21,646,678</u>	<u>\$ 19,317,245</u>	<u>\$ 15,307,356</u>	<u>\$ 14,325,445</u>

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



**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

**Business-Type Activities**

The only business-type activity is the food service operation. The program had revenues of \$340,785 and \$363,515 compared to expenses of \$356,201 and \$340,099 in the fiscal years ended June 30, 2017 and 2016, respectively. Of the revenues, \$134,751 and \$147,164 were charges for services paid by patrons for daily food service, \$206,034 and \$216,351 were from State and Federal reimbursements for the fiscal years ended June 30, 2017 and 2016, respectively.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$18,105,584 and \$17,463,233 and expenditures were \$18,181,404 and \$17,552,216 for the fiscal years ended June 30, 2017 and 2016, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2017 and 2016.

<u>Revenue</u>	<u>Fiscal Year</u> <u>Year Ended</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2017</u>	<u>2016</u>		
Local Sources	\$ 14,994,750	\$ 14,584,601	\$ 410,149	3%
State Sources	2,691,011	2,473,063	217,948	9%
Federal Sources	419,823	405,569	14,254	4%
<b>Total</b>	<b>\$ 18,105,584</b>	<b>\$ 17,463,233</b>	<b>\$ 642,351</b>	<b>4%</b>

For fiscal year 2017 total governmental revenues increased \$642,351 or 4% from the previous year. The increase in local sources of \$410,149 or 3% was attributable to an increase in property taxes to support increases in budgeted operating costs. As indicated state sources increased \$217,948 or 9% mainly due to an increase in on-behalf pension contributions made by the State for the District's professional teaching staff. The increase in federal sources of \$14,254 or 9% was a result of increased grant funds earned from NCLB and IDEA grant programs.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2017 and 2016.

<u>Expenditure</u>	<u>Fiscal Year</u> <u>Year Ended</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2017</u>	<u>2016</u>		
Current Expense:				
Instruction	\$ 11,521,392	\$ 11,019,279	\$ 502,113	5%
Support Services	5,842,231	5,616,335	225,896	4%
Debt Service	786,483	786,433	50	0%
Capital Outlay	31,298	130,169	(98,871)	-76%
Total	<u>\$ 18,181,404</u>	<u>\$ 17,552,216</u>	<u>\$ 629,188</u>	4%

For fiscal year 2017, total governmental funds expenditures increased \$629,188 or 4%. Increases in instruction costs were attributable to special education programs and increases in support services costs were attributable to school and central administrative services, as well as student and instruction related service costs. Capital outlay decreased significantly as a result of the activity in the capital outlay while debt service remained relatively unchanged from the prior year.

Of the governmental funds, the General Fund had \$16,986,045 in revenues (predominately property taxes), \$17,061,864 in expenditures. As a result the General Fund's fund balance decreased \$75,819 from \$1,233,601 at June 30, 2016 to \$1,157,782 at June 30, 2017.

**General Fund Budgetary Highlights**

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

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

For the fiscal year 2017 General Fund budgetary expenditures were more than budgetary revenues decreasing budgetary fund balance \$15,500. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$93,579 from an unassigned fund balance of \$217,651 at June 30, 2016 to \$311,230 at June 30, 2017. Conversely, restricted fund balance for capital reserve increased \$68,789 from \$711,077 at June 30, 2016 to \$779,866 at June 30, 2017.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**

**Capital Assets**

At the end of fiscal years 2017 and 2016, the District had \$8,453,287 and \$8,950,923 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation decreased \$497,343 from fiscal year 2016 to fiscal year 2017. The following schedule is a comparison of capital assets net of depreciation at June 30, 2017 and 2016.

**Capital Assets, Net of Depreciation**  
**As of June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 984,211	\$ 984,211		
Construction in Progress	31,298	14,460		
Site Improvements	16,780	21,050		
Building and Building Improvements	7,195,547	7,650,753		
Machinery and Equipment	<u>212,158</u>	<u>269,752</u>	\$ 13,293	\$ 10,697
<b>Total</b>	<b><u>\$ 8,439,994</u></b>	<b><u>\$ 8,940,226</u></b>	<b><u>\$ 13,293</u></b>	<b><u>\$ 10,697</u></b>

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

**Long-Term Liabilities**

At June 30, 2017 and 2016, the District had \$10,450,726 and \$9,606,902 of long-term liabilities, respectively. Of this amount, \$4,412,835 and \$5,005,446 is for bonds payable for school construction, \$118,433 and \$174,278 is for lease-purchase agreements, \$58,212 and \$37,696 is for compensated absences and \$5,861,246 and \$4,389,482 is for the District's net pension liability, respectively. For fiscal year 2017 total outstanding long-term liabilities increased by \$843,824 from the prior year.

**Long-Term Liabilities**  
**As of June 30, 2017 and 2016**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Serial Bonds Payable (including premium)	\$ 4,412,835	\$ 5,005,446
Lease-Purchase Agreements	118,433	174,278
Compensated Absences	58,212	37,696
Net Pension Liability	<u>5,861,246</u>	<u>4,389,482</u>
<b>Total</b>	<b><u>\$ 10,450,726</u></b>	<b><u>\$ 9,606,902</u></b>

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

***EAST RUTHERFORD BOARD OF EDUCATION  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017***

**For the Future**

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

East Rutherford Board of Education's budget for 2017-2018 was approved by the Board in April of 2017. Budgeted expenditures in the General Fund increased 9.7% to \$16,886,232 for fiscal year 2017-2018. A significant portion of this increase was attributable to capital outlay projects that were funded by restricted fund balance from capital reserve.

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

**Contacting the District's Financial Management**

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

**FINANCIAL STATEMENTS**

**EAST RUTHERFORD BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,346,281	\$ 136,609	\$ 1,482,890
Receivables	34,608	10,448	45,056
Inventory		3,522	3,522
Capital Assets Not Being Depreciated	1,015,509		1,015,509
Capital Assets Being Depreciated, Net	7,424,485	13,293	7,437,778
Total Assets	<u>9,820,883</u>	<u>163,872</u>	<u>9,984,755</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	61,084		61,084
Deferred Amount on Net Pension Liability	1,670,068		1,670,068
Total Deferred Outflows of Resources	<u>1,731,152</u>		<u>1,731,152</u>
Total Assets and Deferred Outflows of Resources	<u>11,552,035</u>	<u>163,872</u>	<u>11,715,907</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	194,607	23,780	218,387
Accrued Interest Payable	63,876		63,876
Unearned Revenue	28,500		28,500
Noncurrent Liabilities			
Due Within One Year	668,884		668,884
Due Beyond One Year	9,781,842		9,781,842
Total Liabilities	<u>10,737,709</u>	<u>23,780</u>	<u>10,761,489</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	-	330	330
Total Deferred Inflows of Resources	<u>-</u>	<u>330</u>	<u>330</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,737,709</u>	<u>24,110</u>	<u>10,761,819</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,088,243	13,293	4,101,536
Restricted for:			
Capital Projects	779,866		779,866
Plant Maintenance	121,040		121,040
Unrestricted	(4,174,823)	126,469	(4,048,354)
Total Net Position	<u>\$ 814,326</u>	<u>\$ 139,762</u>	<u>\$ 954,088</u>

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

**EAST RUTHERFORD BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,254,758	\$ 59,000	\$ 3,361,183		\$ (6,834,575)		\$ (6,834,575)
Special Education	3,571,227		1,344,255		(2,226,972)		(2,226,972)
Other Instruction	707,483		247,399		(460,084)		(460,084)
School Sponsored Activities and Athletics							
	68,727		20,811		(47,916)		(47,916)
Support Services							
Student and Instruction Related Svcs.	2,845,665		738,249		(2,107,416)		(2,107,416)
General Administrative Services	600,194		90,555		(509,639)		(509,639)
School Administrative Services	887,991		185,902		(702,089)		(702,089)
Central and Other Support Services	601,493		97,540		(503,953)		(503,953)
Plant Operations and Maintenance	1,467,855	25,200	126,234		(1,316,421)		(1,316,421)
Pupil Transportation	491,074		42,994		(448,080)		(448,080)
Interest on Long-Term Debt	150,211				(150,211)		(150,211)
<b>Total Governmental Activities</b>	<b>21,646,678</b>	<b>84,200</b>	<b>6,255,122</b>	<b>-</b>	<b>(15,307,356)</b>	<b>-</b>	<b>(15,307,356)</b>
Business-Type Activities							
Food Service	356,201	134,751	206,034	-		\$ (15,416)	(15,416)
<b>Total Business-Type Activities</b>	<b>356,201</b>	<b>134,751</b>	<b>206,034</b>	<b>-</b>	<b>-</b>	<b>(15,416)</b>	<b>(15,416)</b>
<b>Total Primary Government</b>	<b>\$22,002,879</b>	<b>\$ 218,951</b>	<b>\$ 6,461,156</b>	<b>\$ -</b>	<b>(15,307,356)</b>	<b>(15,416)</b>	<b>(15,322,772)</b>
General Revenues:							
Property Taxes, Levied for General Purposes, Net					14,087,500		14,087,500
Property Taxes Levied for Debt Service, Net					723,714		723,714
Unrestricted State Aid					24,235		24,235
Miscellaneous Income					95,836		95,836
<b>Total General Revenues</b>					<b>14,931,285</b>	<b>-</b>	<b>14,931,285</b>
Change in Net Position					(376,071)	(15,416)	(391,487)
Net Position, Beginning of Year					1,190,397	155,178	1,345,575
Net Position, End of Year					<b>\$ 814,326</b>	<b>\$ 139,762</b>	<b>\$ 954,088</b>

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

**FUND FINANCIAL STATEMENTS**



**EAST RUTHERFORD BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,346,281			\$ 1,346,281
Receivables from Other Governments	3,888	\$ 30,720		34,608
Due from Other Funds	30,220			30,220
Total Assets	<u>\$ 1,380,389</u>	<u>\$ 30,720</u>	<u>\$ -</u>	<u>\$ 1,411,109</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 194,607			\$ 194,607
Due to Other Funds		\$ 30,220		30,220
Unearned Revenue	28,000	500		28,500
Total Liabilities	<u>222,607</u>	<u>30,720</u>	<u>-</u>	<u>253,327</u>
Fund Balances				
Restricted				
Capital Reserve	139,866			139,866
Capital Reserve - Designated for Subsequent Year's Expenditures	640,000			640,000
Maintenance Reserve	21,040			21,040
Maintenance Reserve - Designated for Subsequent Year's Expenditures	100,000			100,000
Assigned				
Year End Encumbrances	68,664			68,664
Designated for Subsequent Year's Expenditures	140,000			140,000
Unassigned				
General Fund	48,212			48,212
Total Fund Balances	<u>1,157,782</u>	<u>-</u>	<u>-</u>	<u>1,157,782</u>
Total Liabilities and Fund Balances	<u>\$ 1,380,389</u>	<u>\$ 30,720</u>	<u>\$ -</u>	<u>\$ 1,411,109</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2017**

<b>Total Fund Balances (Exhibit B-1)</b>	1,157,782
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,715,110 and the accumulated depreciation is \$5,275,116.	8,439,994
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.	61,084
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.	
Deferred Outflows of Resources	1,670,068
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:	(63,876)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These Items are as follows:	
Bonds Payable, Net	\$ (4,412,835)
Lease-Purchase Agreements	(118,433)
Compensated Absences Payable	(58,212)
Net Pension Liability	<u>(5,861,246)</u>
	<u>(10,450,726)</u>
Net position of governmental activities (Exhibit A-1)	<u><u>\$ 814,326</u></u>

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

**EAST RUTHERFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources				
Property Tax Levy	\$ 14,087,500		\$ 723,714	\$ 14,811,214
Tuition	59,000			59,000
Rents	25,200			25,200
Miscellaneous	95,836	\$ 3,500		99,336
Total - Local Sources	14,267,536	3,500	723,714	14,994,750
State Sources	2,691,011			2,691,011
Federal Sources	27,498	392,325		419,823
Total Revenues	16,986,045	395,825	723,714	18,105,584
<b>EXPENDITURES</b>				
Current				
Instruction				
Regular Instruction	7,590,866	171,510		7,762,376
Special Education Instruction	2,933,569	216,315		3,149,884
Other Instruction	551,799	1,650		553,449
School Sponsored Activities and Athletics	55,683			55,683
Support Services				
Student and Instruction Related Services	2,307,301	6,350		2,313,651
General Administrative Services	522,621			522,621
School Administrative Services	718,849			718,849
Central and Other Support Services	506,895			506,895
Plant Operations and Maintenance	1,337,820			1,337,820
Pupil Transportation	442,395			442,395
Debt Service				
Principal	55,845		575,000	630,845
Interest	6,923		148,715	155,638
Capital Outlay	31,298			31,298
Total Expenditures	17,061,864	395,825	723,715	18,181,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,819)	-	(1)	(75,820)
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	-			-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(75,819)	-	(1)	(75,820)
Fund Balance, Beginning of Year	1,233,601		1	1,233,602
Fund Balance, End of Year	\$ 1,157,782	\$ -	\$ -	\$ 1,157,782

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

**EAST RUTHERFORD BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (75,820)

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

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

Capital Outlay	\$ 31,298	
Depreciation Expense	<u>(522,930)</u>	(491,632)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals and donations) is to decrease net position. These transactions are not reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets		(8,600)
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In the statement of activities, costs related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon issuance of the debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years.

Original Issue Premium	17,611	
Deferred Charge of Refunding of Debt	<u>(20,754)</u>	(3,143)

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

Increase in Compensated Absences	(20,516)	
Increase in Pension Expense	<u>(415,775)</u>	(436,291)

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

Principal Repayments		
Bonds Paid	575,000	
Lease-Purchases Paid	<u>55,845</u>	630,845

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

Decrease in accrued interest		<u>8,570</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ (376,071)**

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

	<b>Business- Type            Activities            Enterprise            Funds</b> <hr/> <b>Food            Service</b> <hr/>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 136,609
Intergovernmental Receivable	10,448
Inventories	3,522
Total Current Assets	<hr/> 150,579
Capital Assets	
Machinery and Equipment	64,020
Less: Accumulated Depreciation	<hr/> (50,727)
Total Capital Assets, Net of Accumulated Depreciation	<hr/> 13,293
Total Assets	<hr/> 163,872
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<hr/> 23,780
Total Current Liabilities	<hr/> 23,780
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<hr/> 330
Total Deferred Inflows of Resources	<hr/> 330
Total Liabilities and Deferred Inflows of Resources	<hr/> 24,110
<b>NET POSITION</b>	
Investment in Capital Assets	13,293
Unrestricted	<hr/> 126,469
Total Net Position	<hr/> <hr/> \$ 139,762

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-Type            Activities            Enterprise Fund</b> <hr/> <b>Food            Service</b> <hr/>
Operating Revenues	
Daily Sales - Reimbursable Programs	\$ 98,150
Daily Sales - Non-Reimbursable Programs	36,601
Total Operating Revenues	<hr/> 134,751
Operating Expenses	
Cost of Sales - Reimbursable Programs	148,572
Cost of Sales - Non-Reimbursable Programs	15,905
Salaries and Benefits	126,261
Other Purchased Services	11,047
Management Fee	15,375
Indirect Costs	25,252
Supplies and Materials	7,700
Miscellaneous Expenditures	3,365
Depreciation	2,724
Total Operating Expenses	<hr/> 356,201
Operating Loss	<hr/> (221,450)
Nonoperating Revenues	
State Sources	
School Lunch Program	3,107
Federal Sources	
National School Breakfast Program	63,432
National School Lunch Program	115,623
Food Distribution Program	23,872
Total Nonoperating Revenues	<hr/> 206,034
Change in Net Position	(15,416)
Net Position, Beginning of Year	<hr/> 155,178
Net Position, End of Year	<hr/> <hr/> \$ 139,762

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 134,751
Cash Payments for Employees Salaries and Benefits	(126,261)
Cash Payments to Suppliers	(180,988)
	(172,498)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Cash Received from State and Federal Reimbursements	182,911
	182,911
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(5,320)
	(5,320)
Net Increase in Cash and Cash Equivalents	5,093
Cash and Cash Equivalents—Beginning of Year	131,516
Cash and Cash Equivalents—End of Year	\$ 136,609
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>	
Operating Loss	\$ (221,450)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities	
Depreciation	2,724
Non-Cash Federal Assistance - Food Distribution Program	23,872
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase) Decrease in Inventories	(1,069)
Increase (Decrease) in Accounts Payable	23,780
Increase (Decrease) in Deferred Commodities Revenue	(355)
	48,952
Net Cash Used For Operating Activities	\$ (172,498)
Non-Cash Financing Activities	
Value Received - Food Distribution Program	\$ 23,517

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

**EAST RUTHERFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2017**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 21,150
Total Assets	<u>\$ 21,150</u>
<b>LIABILITIES</b>	
Payroll Deductions and Withholdings	\$ 13,663
Due to Student Groups	<u>7,487</u>
Total Liabilities	<u>\$ 21,150</u>

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



**EAST RUTHERFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2017, the District adopted the following GASB statements as required:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**C. Basis of Presentation - Financial Statements**

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. Capital Assets**

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

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

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

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

**5. Deferred Outflows/Inflows of Resources**

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

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



**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***6. Compensated Absences***

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

***7. Pensions***

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

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

***8. Long-Term Obligations***

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***9. Net Position/Fund Balance***

**District-Wide Statements**

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

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

**Governmental Fund Statements**

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

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

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2C)

*Maintenance Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

**3. *Tuition Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$211,733. The increase was funded by an additional appropriation of restricted fund balance, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved the appropriation of \$65,000 of general fund capital reserve on September 20, 2016.

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

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

**B. Capital Reserve**

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 711,077
Increased by:	
Deposits Approved by Board Resolution	<u>133,789</u>
	844,866
Withdrawals:	
Approved by Board Resolution	<u>65,000</u>
Balance, June 30, 2017	<u>\$ 779,866</u>

The withdrawals from capital reserve were for use in a facilities project, consistent with the district's Long Range Facilities Plan. Of the capital reserve balance at June 30, 2017, \$640,000 was designated and appropriated in the 2017/2018 original budget certified for taxes.

**C. Maintenance Reserve**

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 300,000
Increased by:	
Transfer of Unexpended Balance from General Fund Budget Appropriation	<u>21,040</u>
	321,040
Withdrawals:	
Approved in District Budget	<u>200,000</u>
Balance, June 30, 2017	<u>\$ 121,040</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$740,082. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. Of the balance at June 30, 2017, \$100,000 was designated and appropriated in the 2017/18 original budget certified for taxes.

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. Transfers to Capital Outlay**

During the 2016/2017 school year, the district transferred \$65,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to fund pre-development and pre-application costs for architectural, engineering and construction management for school facilities projects in the District's Long Range Facilities Plan.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$1,504,040 and bank and brokerage firm balances of the Board's deposits amounted to \$1,797,811. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>1,797,811</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 none of the Board's bank balances were exposed to custodial credit.

**Investments**

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

As of June 30, 2017, the Board had no outstanding investments.

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

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

**B. Receivables**

Receivables as of June 30, 2017 for the district’s individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal	\$ 1,962	\$ 30,720	\$ 10,284	\$ 42,966
State	1,926	-	164	2,090
	<u>3,888</u>	<u>30,720</u>	<u>10,448</u>	<u>45,056</u>
Gross Receivables				
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 3,888</u>	<u>\$ 30,720</u>	<u>\$ 10,448</u>	<u>\$ 45,056</u>

**C. Unearned Revenue**

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 984,211			\$ 984,211
Construction in Progress	14,460	\$ 31,298	(14,460)	31,298
Total Capital Assets, Not Being Depreciated	998,671	31,298	(14,460)	1,015,509
Capital Assets, Being Depreciated:				
Site Improvements	220,460			220,460
Buildings and Building Improvements	11,685,615	14,460		11,700,075
Machinery and equipment	868,235	-	\$ (89,169)	779,066
Total Capital Assets Being Depreciated	12,774,310	14,460	(89,169)	12,699,601
Less Accumulated Depreciation for:				
Site Improvements	(199,410)	(4,270)		(203,680)
Buildings and Building Improvements	(4,034,862)	(469,666)		(4,504,528)
Machinery and Equipment	(598,483)	(48,994)	80,569	(566,908)
Total Accumulated Depreciation	(4,832,755)	(522,930)	80,569	(5,275,116)
Total Capital Assets, Being Depreciated, Net	7,941,555	(508,470)	(8,600)	7,424,485
Governmental Activities Capital Assets, Net	\$ 8,940,226	\$ (477,172)	\$ (23,060)	\$ 8,439,994
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 58,700	\$ 5,320	-	\$ 64,020
Total Capital Assets Being Depreciated	58,700	5,320	-	64,020
Less Accumulated Depreciation for:				
Machinery and Equipment	(48,003)	(2,724)	-	(50,727)
Total Accumulated Depreciation	(48,003)	(2,724)	-	(50,727)
Total Capital Assets, Being Depreciated, Net	10,697	2,596	-	13,293
Business-Type Activities Capital Assets, Net	\$ 10,697	\$ 2,596	\$ -	\$ 13,293



**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction	
Regular	\$ 492,717
Total Instruction	<u>492,717</u>

Support Services	
Support Services-Students	5,167
General Administration	2,562
Plant Operations And Maintenance	4,642
Transportation	<u>17,842</u>
Total Support Services	<u>30,213</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 522,930</u>
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**Business-Type Activities:**

Food Service Fund	<u>\$ 2,724</u>
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**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 30,220</u>
		<u>\$ 30,220</u>

The above balances are to cover cash balances which were in an overdraft position.

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Lease Purchase Agreement**

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2018	\$ 62,768
2019	<u>62,768</u>
Total minimum lease payments	125,536
Less: amount representing interest	<u>(7,103)</u>
Present value of minimum lease payments	<u>\$ 118,433</u>

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$4,575,000, 2010 Refunding Bonds, due in annual installments of \$455,000 to \$475,000 through July 15, 2021 interest at 2.50% to 5.00%	\$ 2,330,000
\$2,491,000, 2012 School Bonds, due in annual installments of \$130,000 to \$210,000 through July 15, 2027 interest at 2.00% to 2.75%	<u>2,031,000</u>
	<u>\$ 4,361,000</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Governmental Activities:**

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

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 605,000	\$ 128,471	\$ 733,471
2019	620,000	106,746	726,746
2020	625,000	86,354	711,354
2021	635,000	64,978	699,978
2022	645,000	41,991	686,991
2023-2027	1,025,000	94,497	1,119,497
2028-2030	<u>206,000</u>	<u>2,833</u>	<u>208,833</u>
	<u>\$ 4,361,000</u>	<u>\$ 525,870</u>	<u>\$ 4,886,870</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 62,341,600
Less: Net Debt Issued	<u>4,361,000</u>
Remaining Borrowing Power	<u>\$ 57,980,600</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	Additions	Reductions	Balance, June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 4,936,000		\$ 575,000	\$ 4,361,000	\$ 605,000
Add: Premium on Bonds	69,446	-	17,611	51,835	-
Bonds Payable, Net	5,005,446	-	592,611	4,412,835	605,000
Lease-Purchase Agreements	\$ 174,278		55,845	118,433	58,063
Compensated Absences	37,696	\$ 20,516		58,212	5,821
Net Pension Liability	4,389,482	1,647,576	175,812	5,861,246	-
Governmental Activity Long-Term Liabilities	<u>\$ 9,606,902</u>	<u>\$ 1,668,092</u>	<u>\$ 824,268</u>	<u>\$ 10,450,726</u>	<u>\$ 668,884</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 175,812	\$ 751,115	\$ 8,655
2016	168,185	530,466	6,531
2015	159,102	364,943	581

In addition for fiscal year 2016/2017 the District contributed \$229 for PERS and the State contributed \$1,122 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$533,814 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$5,861,246 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .01979 percent, which was an increase of .00024 percent from its proportionate share measured as of June 30, 2015 of .01955 percent.



**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$591,587 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 109,001	
Changes of Assumptions	1,214,137	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	223,495	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>123,435</u>	<u>\$ -</u>
Total	<u>\$ 1,670,068</u>	<u>\$ -</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 372,411
2019	372,411
2020	372,411
2021	372,411
2022	<u>180,424</u>
	<u>\$ 1,670,068</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%



**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,916,138 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$52,120,602. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .06626 percent, which was a decrease of .00124 percent from its proportionate share measured as of June 30, 2015 of .06750 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease (2.22%)</b>	<b>Current Discount Rate (3.22%)</b>	<b>1% Increase (4.22%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 62,243,646	\$ 52,120,602	\$ 43,853,830

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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



**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$625,850, \$631,638 and \$579,347, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**F. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For East Rutherford Board of Education, the District's share of abated taxes resulting from the municipality, Borough of East Rutherford, having entered into a tax abatement agreement is indeterminate.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 14,087,500		\$ 14,087,500	\$ 14,087,500	
Tuition - Individuals	68,000		68,000	59,000	\$ (9,000)
Interest Earned on Capital Reserve Funds	300		300		(300)
Rents	25,000		25,000	25,200	200
Miscellaneous	21,700	-	21,700	95,836	74,136
<b>Total Local Sources</b>	<b>14,202,500</b>	<b>-</b>	<b>14,202,500</b>	<b>14,267,536</b>	<b>65,036</b>
State Sources					
Categorical Special Education Aid	420,248		420,248	420,248	
Categorical Security Aid	124,143		124,143	124,143	
Transportation Aid	42,331		42,331	42,331	
Extraordinary Aid	220,000		220,000	228,231	8,231
PARCC Readiness Aid	7,650		7,650	7,650	
Per Pupil Growth Aid	7,650		7,650	7,650	
Professional Learning Community Aid	8,230		8,230	8,230	
Host District Support Aid	946		946	946	
TPAF Pension Contribution (Non-Budget)					
Normal Cost/ Accrued Liability				724,852	724,852
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				26,263	26,263
TPAF Contribution (Non-Budget)					
LTDI Premium				1,122	1,122
TPAF Contribution (Non-Budget)					
Post - Retirement Medical Benefits				625,850	625,850
Reimbursed TPAF Social Security Contributions (Non-Budget)	-	-	-	533,814	533,814
<b>Total State Sources</b>	<b>831,198</b>	<b>-</b>	<b>831,198</b>	<b>2,751,330</b>	<b>1,920,132</b>
Federal Sources					
Medicaid Reimbursement	20,129	-	20,129	27,498	7,369
<b>Total Federal Sources</b>	<b>20,129</b>	<b>-</b>	<b>20,129</b>	<b>27,498</b>	<b>7,369</b>
<b>Total Revenues</b>	<b>15,053,827</b>	<b>-</b>	<b>15,053,827</b>	<b>17,046,364</b>	<b>1,992,537</b>
<b>EXPENDITURES</b>					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	73,592	\$ (28,006)	45,586	45,586	
Kindergarten	320,572		61,631	382,203	
Grades 1-5	2,114,269	128,727	2,242,996	2,242,996	
Grades 6-8	2,065,447	39,260	2,104,707	2,104,707	
Regular Programs - Home Instruction					
Salaries of Teachers	1,500	1,178	2,678	2,678	
Purchased Professional -Educational Services		116	116	116	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	238,125	(84,962)	153,163	153,163	
Purchased Professional -Educational Services	180,000	(20,327)	159,673	159,673	
Purchased Technical Services	76,540	(3,439)	73,101	73,101	
Other Purchased Services	161,920	(85,740)	76,180	74,681	1,499
General Supplies	180,412	(16,143)	164,269	158,018	6,251
Textbooks	5,190	(984)	4,206	4,206	
Other Objects	99	(99)	-	-	-
<b>Total Regular Programs</b>	<b>5,417,666</b>	<b>(8,788)</b>	<b>5,408,878</b>	<b>5,401,128</b>	<b>7,750</b>
Learning and/or Language Disabilities					
Salaries of Teachers	157,270	(61,066)	96,204	96,204	
Other Salaries for Instruction	89,335	(19,709)	69,626	69,626	
Other Purchased Services	110	(110)	-	-	
General Supplies	1,824	(477)	1,347	1,347	-
<b>Total Learning and/or Language Disabilities</b>	<b>248,539</b>	<b>(81,362)</b>	<b>167,177</b>	<b>167,177</b>	<b>-</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Special Education Instruction-Multiple Disabilities					
Salaries of Teachers	\$ 144,260	\$ 17,456	\$ 161,716	\$ 161,716	
Other Salaries for Instruction	56,305	(21,246)	35,059	35,059	
General Supplies	2,010	(918)	1,092	1,092	-
<b>Total Special Education - Multiple Disabilities</b>	<b>202,575</b>	<b>(4,708)</b>	<b>197,867</b>	<b>197,867</b>	<b>-</b>
Special Education Instruction-Resource Room/Center					
Salaries of Teachers	389,715	(4,465)	385,250	385,250	
Other Salaries for Instruction	86,095	97,641	183,736	183,736	
General Supplies	2,240	(678)	1,562	1,562	-
<b>Total Resource Room/Resource Center</b>	<b>478,050</b>	<b>92,498</b>	<b>570,548</b>	<b>570,548</b>	<b>-</b>
Preschool Disabilities - Part Time					
Salaries of Teachers		29,671	29,671	29,671	
Other Salaries for Instruction	-	21,226	21,226	21,226	-
<b>Total Preschool Disabilities - Part Time</b>	<b>-</b>	<b>50,897</b>	<b>50,897</b>	<b>50,897</b>	<b>-</b>
Preschool Disabilities - Full Time					
Salaries of Teachers	104,925	18,123	123,048	123,048	
Other Salaries for Instruction	67,270	(15,257)	52,013	52,013	-
General Supplies	508	(110)	398	398	-
<b>Total Preschool Disabilities - Full Time</b>	<b>172,703</b>	<b>2,756</b>	<b>175,459</b>	<b>175,459</b>	<b>-</b>
Home Instruction					
Salaries of Teachers	1,500	(1,500)			
Purchased Professional -Educational Services	-	795	795	795	-
<b>Total Home Instruction</b>	<b>1,500</b>	<b>(705)</b>	<b>795</b>	<b>795</b>	<b>-</b>
<b>Total Special Education</b>	<b>1,103,367</b>	<b>59,376</b>	<b>1,162,743</b>	<b>1,162,743</b>	<b>-</b>
Basic Skills/Remedial					
Salaries of Teachers	185,170	(24,394)	160,776	160,776	
General Supplies	1,899	(738)	1,161	1,161	-
<b>Total Basic Skills/Remedial</b>	<b>187,069</b>	<b>(25,132)</b>	<b>161,937</b>	<b>161,937</b>	<b>-</b>
Bilingual Education					
Salaries of Teachers	224,471	(5,311)	219,160	219,160	
General Supplies	2,931	(2,565)	366	366	-
<b>Total Bilingual Education</b>	<b>227,402</b>	<b>(7,876)</b>	<b>219,526</b>	<b>219,526</b>	<b>-</b>
School Sponsored Co-Curricular Activities					
Salaries	12,086	9,800	21,886	21,886	
Purchased Services	8,890	(534)	8,356	5,357	\$ 2,999
Supplies and Materials	3,355	(671)	2,684	2,684	-
<b>Total School Sponsored Co-Curricular Activities</b>	<b>24,331</b>	<b>8,595</b>	<b>32,926</b>	<b>29,927</b>	<b>2,999</b>
School Sponsored Athletics - Instruction					
Salaries	9,915	373	10,288	10,288	
Purchased Services	1,510	(466)	1,044	1,044	
Supplies and Materials	1,300	(1,300)	-	-	-
<b>Total School Sponsored Athletics - Instruction</b>	<b>12,725</b>	<b>(1,393)</b>	<b>11,332</b>	<b>11,332</b>	<b>-</b>
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	40,290	-	40,290	-	40,290
Supplies and Materials	1,000	(1,000)	-	-	-
<b>Total Before/After School Programs - Instruction</b>	<b>41,290</b>	<b>(1,000)</b>	<b>40,290</b>	<b>-</b>	<b>40,290</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Summer School - Instruction					
Salaries of Teachers	\$ 24,500	\$ (24,500)			
Other Salaries	-	9,000	\$ 9,000	-	\$ 9,000
Total Summer School Programs - Instruction	<u>24,500</u>	<u>(15,500)</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Total Instruction	<u>7,038,350</u>	<u>8,282</u>	<u>7,046,632</u>	<u>\$ 6,986,593</u>	<u>60,039</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	358,422	10,194	368,616	333,207	35,409
Tuition to CSSD and Regional Day Schools	275,000	(23,659)	251,341	251,341	-
Tuition to Priv Sch for Disabled Within State	480,167	225,371	705,538	668,505	37,033
Tuition - Other	13,992	(13,992)	-	-	-
Total Undistributed Expenditures - Instruction	<u>1,127,581</u>	<u>197,914</u>	<u>1,325,495</u>	<u>1,253,053</u>	<u>72,442</u>
Attendance & Social Work					
Salaries	44,194	972	45,166	45,166	-
Total Attendance & Social Work	<u>44,194</u>	<u>972</u>	<u>45,166</u>	<u>45,166</u>	<u>-</u>
Health Services					
Salaries	166,130	5,177	171,307	171,307	-
Purchased Professional and Technical Services	4,175	7,602	11,777	10,016	1,761
Other Purchased Services	1,774	(717)	1,057	1,057	-
Supplies and Materials	6,841	(872)	5,969	5,733	236
Other Objects	300	(151)	149	149	-
Total Health Services	<u>179,220</u>	<u>11,039</u>	<u>190,259</u>	<u>188,262</u>	<u>1,997</u>
Speech, OT, PT, and Related Services					
Salaries	198,602	(6,129)	192,473	192,473	-
Purchased Prof. Ed. Services	103,068	(20,715)	82,353	80,644	1,709
Supplies and Materials	927	(469)	458	458	-
Other Objects	100	(8)	92	40	52
Total Speech, OT, PT, and Related Services	<u>302,697</u>	<u>(27,321)</u>	<u>275,376</u>	<u>273,615</u>	<u>1,761</u>
Other Support Services - Students - Extraordinary					
Salaries	41,527	(19,980)	21,547	21,547	-
Purchased Prof. Ed. Services	199,514	24,852	224,366	208,084	16,282
Supplies and Materials	-	3,632	3,632	3,632	-
Total Other Supp.Serv. Student - Extraordinary	<u>241,041</u>	<u>8,504</u>	<u>249,545</u>	<u>233,263</u>	<u>16,282</u>
Guidance					
Salaries of Other Professional Staff	175,674	3,953	179,627	179,627	-
Supplies and Materials	1,720	(1,467)	253	253	-
Total Guidance	<u>177,394</u>	<u>2,486</u>	<u>179,880</u>	<u>179,880</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	502,899	(1,058)	501,841	501,841	-
Salaries of Secretarial & Clerical Assistants	45,080	1,286	46,366	46,366	-
Purchased Prof. Ed. Services	29,937	(21,081)	8,856	7,796	1,060
Other Purchased Professional and Technical Services	6,000	(1,854)	4,146	4,146	-
Miscellaneous Purchased Services	-	1,075	1,075	1,075	-
Supplies and Materials	13,668	(9,075)	4,593	4,593	-
Total Child Study Teams	<u>597,584</u>	<u>(30,707)</u>	<u>566,877</u>	<u>565,817</u>	<u>1,060</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 60,000	\$ 11,000	\$ 71,000	\$ 71,000	
Salaries of Other Professional Staff	5,000	(1,670)	3,330	3,330	-
<b>Total Improvement of Instructional Services</b>	<b>65,000</b>	<b>9,330</b>	<b>74,330</b>	<b>74,330</b>	<b>-</b>
Educational Media/School Library					
Salaries	112,180	7,704	119,884	119,884	
Purchased Professional and Technical Services	15,725	(425)	15,300	15,300	
Supplies and Materials	5,038	(850)	4,188	4,188	-
<b>Total Educational Media/School Library</b>	<b>132,943</b>	<b>6,429</b>	<b>139,372</b>	<b>139,372</b>	<b>-</b>
Instructional Staff Training Services					
Purchased Prof. Ed. Services	10,000	(10,000)			
Other Purchased Services	1,300	641	1,941	1,941	-
<b>Total Instructional Staff Training Services</b>	<b>11,300</b>	<b>(9,359)</b>	<b>1,941</b>	<b>1,941</b>	<b>-</b>
Support Services General Administration					
Salaries	202,975	2,456	205,431	205,431	
Legal Services	48,500	21,787	70,287	64,242	\$ 6,045
Audit Fees	30,000	21,300	51,300	25,650	25,650
Other Purchased Professional Services	25,100	(13,616)	11,484	8,409	3,075
Purchased Technical Services	10,150	-	10,150	10,150	
Communications/Telephone	51,670	9,403	61,073	59,840	1,233
BOE Other Purchased Services	7,375	(1,408)	5,967	5,967	
Miscellaneous Purchased Services	7,900	(987)	6,913	6,913	
General Supplies	4,200	(1,901)	2,299	2,299	
Miscellaneous Expenditures	2,500	278	2,778	2,778	
BOE Membership Dues and Fees	9,700	(2,722)	6,978	6,978	-
<b>Total Support Services General Administration</b>	<b>400,070</b>	<b>34,590</b>	<b>434,660</b>	<b>398,657</b>	<b>36,003</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	286,406	(7)	286,399	286,399	
Salaries of Other Professional Staff	1,012	-	1,012	1,012	
Salaries of Secretarial and Clerical Assistants	155,270	37,591	192,861	192,861	
Purchased Professional and Technical Services	18,500	(8,027)	10,473	10,473	
Other Purchased Services	150	50	200	100	100
Supplies and Materials	11,002	(1,607)	9,395	8,866	529
Other Objects	4,240	213	4,453	4,453	-
<b>Total Support Services School Administration</b>	<b>476,580</b>	<b>28,213</b>	<b>504,793</b>	<b>504,164</b>	<b>629</b>
Central Services					
Salaries	265,985	3,744	269,729	269,729	
Purchased Technical Services	24,000	(1,234)	22,766	19,850	2,916
Miscellaneous Purchased Services	5,100	(449)	4,651	4,651	
Supplies and Material	7,850	(1,532)	6,318	6,153	165
Miscellaneous Expenditures	3,540	(2,075)	1,465	1,465	-
<b>Total Central Services</b>	<b>306,475</b>	<b>(1,546)</b>	<b>304,929</b>	<b>301,848</b>	<b>3,081</b>
Administration Information Technology					
Salaries	3,394	314	3,708	3,708	
Purchased Technical Services	81,350	(998)	80,352	79,152	1,200
Supplies and Materials	1,400	(1,400)	-	-	-
<b>Total Administration Information Technology</b>	<b>86,144</b>	<b>(2,084)</b>	<b>84,060</b>	<b>82,860</b>	<b>1,200</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 65,345	\$ (3,866)	\$ 61,479	\$ 58,164	\$ 3,315
Cleaning, Repair and Maintenance Services	195,184	32,457	227,641	215,408	12,233
Lead Testing of Drinking Water		3,736	3,736	3,736	
General Supplies	12,100	2,000	14,100	5,758	8,342
Total Required Maintenance for School Facilities	<u>272,629</u>	<u>34,327</u>	<u>306,956</u>	<u>283,066</u>	<u>23,890</u>
Custodial Services					
Salaries	406,815	(33,072)	373,743	373,743	
Salaries of Non-Instructional Aides	27,215	468	27,683	27,683	
Cleaning, Repair and Maintenance Services	44,100	(19,445)	24,655	24,655	
Other Purchased Property Services	13,500	(60)	13,440	12,170	1,270
Insurance	108,200	(2,441)	105,759	105,759	
General Supplies	59,400	(9,667)	49,733	49,733	
Energy (Natural Gas)	95,790	2,292	98,082	98,082	
Energy (Electricity)	194,760	(37,374)	157,386	154,656	2,730
Other Objects	732	3,004	3,736	3,736	-
Total Custodial Services	<u>950,512</u>	<u>(96,295)</u>	<u>854,217</u>	<u>850,217</u>	<u>4,000</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	41,965	(3,431)	38,534	38,534	
Salaries for Pupil Trans(Bet Home & Sch)-Reg	58,135	(19,874)	38,261	38,261	
Salaries for Pupil Trans(Bet Home & Sch)-Sp Ed	38,265	(2,881)	35,384	35,384	
Salaries for Pupil Trans(Other than Bet Home & Sch)	6,000	(5,150)	850	850	
Other Purchased Professional and Technical Services	1,200	(485)	715	715	
Cleaning, Repair & Maintenance Service	23,950	(12,606)	11,344	11,344	
Contr Serv (Bet Home & School)-Vendors	8,200	9,108	17,308	11,749	5,559
Contr Serv (Special Ed Students)-Joint Agreements	130,500	113,635	244,135	244,135	
Miscellaneous Purchased Services		80	80	80	
General Supplies		242	242	242	
Transportation Supplies	14,000	(3,627)	10,373	10,373	
Other Objects	975	(550)	425	425	-
Total Student Transportation Services	<u>323,190</u>	<u>74,461</u>	<u>397,651</u>	<u>392,092</u>	<u>5,559</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	195,000	(7,537)	187,463	170,376	17,087
TPAF/PERS - Special Assessments		14,074	14,074	14,074	
Other Retirement Contributions - PERS	180,707	(1,018)	179,689	176,041	3,648
Other Retirement Contributions - Regular	7,600	1,766	9,366	8,655	711
Unemployment Compensation	40,000	851	40,851	40,851	
Worker's Compensation	86,500	(21,285)	65,215	65,215	
Health Benefits	2,021,006	(151,116)	1,869,890	1,777,636	92,254
Tuition Reimbursement	19,950	1,230	21,180	21,180	
Other Employee Benefits	11,200	5,600	16,800	16,709	91
Unused Sick Payment to Terminated/Retired Staff	30,000	(30,000)	-	-	-
Total Unallocated Benefits	<u>2,591,963</u>	<u>(187,435)</u>	<u>2,404,528</u>	<u>2,290,737</u>	<u>113,791</u>
On - Behalf Payments					
TPAF Pension Contribution (Non-Budget)					
Normal Cost/Accrued Liability				724,852	(724,852)
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				26,263	(26,263)
TPAF Contribution (Non-Budget)					
LTDI Premium				1,122	(1,122)
TPAF Contribution (Non-Budget)					
Post - Retirement Medical Benefits				625,850	(625,850)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	533,814	(533,814)
Total On-Behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,911,901</u>	<u>(1,911,901)</u>
Total Undistributed Expenditures	<u>8,286,517</u>	<u>53,518</u>	<u>8,340,035</u>	<u>9,970,241</u>	<u>(1,630,206)</u>
Total Current Expenditures	<u>15,324,867</u>	<u>61,800</u>	<u>15,386,667</u>	<u>16,956,834</u>	<u>(1,570,167)</u>



**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Grade 1-5	\$ 4,200	\$ (4,200)			
Grade 6-8	8,254	(8,254)	-	-	-
Total Equipment	12,454	(12,454)	-	-	-
Facilities Acq. And Construction Services					
Legal Services		24,200	\$ 24,200	\$ 2,445	\$ 21,755
Architectural/Engineering Services		40,800	40,800	28,853	11,947
Assessment for Debt Service on SDA Funding	32,079	-	32,079	32,079	-
Total Facilities Acq. And Construction Services.	32,079	65,000	97,079	63,377	33,702
Interest Deposit to Capital Reserve	300	(300)	-	-	-
Total Capital Outlay	44,833	52,246	97,079	63,377	33,702
Transfer of Funds to Charter Schools	23,127	18,526	41,653	41,653	-
Total General Fund	15,392,827	132,572	15,525,399	17,061,864	(1,536,465)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(339,000)	(132,572)	(471,572)	(15,500)	456,072
Other Financing Sources(Uses)					
Transfer to Cover Deficit - Food Service Fund	(1,000)	-	(1,000)	-	1,000
Total Other Financing Sources(Uses)	(1,000)	-	(1,000)	-	1,000
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(340,000)	(132,572)	(472,572)	(15,500)	457,072
Fund Balance, Beginning of Year	1,137,646	(134,802)	1,002,844	1,436,300	433,456
Fund Balance, End of Year	\$ 797,646	\$ (267,374)	\$ 530,272	\$ 1,420,800	\$ 890,528
Restricted Fund Balances					
Capital Reserve				\$ 139,866	
Capital Reserve - Designated for Subsequent Year's Expenditures				640,000	
Maintenance Reserve				21,040	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				100,000	
Assigned Fund Balance					
Year End Encumbrances				68,664	
Designated for Subsequent Year's Expenditures				140,000	
Unassigned Fund Balance				311,230	
				1,420,800	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
Less: State Aid Revenue Not Recognized on a GAAP Basis				(263,018)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,157,782	

**EAST RUTHERFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources		\$ 3,500	\$ 3,500	\$ 3,500	
Federal Sources	\$ 352,867	75,661	428,528	392,325	\$ (36,203)
Total Revenues	<u>352,867</u>	<u>79,161</u>	<u>432,028</u>	<u>395,825</u>	<u>(36,203)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	175,414	(22,132)	153,282	138,101	15,181
Tuition	177,453	38,862	216,315	216,315	-
General Supplies		26,946	26,946	17,472	9,474
Other Objects	-	-	-	-	-
Total Instruction	<u>352,867</u>	<u>43,676</u>	<u>396,543</u>	<u>371,888</u>	<u>24,655</u>
<b>Support Services</b>					
Personal Services - Employee Benefits		17,587	17,587	17,587	-
Purchased Prof. Ed. Services		6,000	6,000	-	6,000
Other Purchased Services		7,698	7,698	2,150	5,548
General Supplies	-	4,200	4,200	4,200	-
Total Support Services	<u>-</u>	<u>35,485</u>	<u>35,485</u>	<u>23,937</u>	<u>11,548</u>
Total Expenditures	<u>352,867</u>	<u>79,161</u>	<u>432,028</u>	<u>395,825</u>	<u>36,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**EAST RUTHERFORD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 17,046,364	\$ 395,825
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
June 30, 2017 Encumbrances		
June 30, 2016 Encumbrances, Net		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.(2015-2016)	202,699	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2016-2017)	(263,018)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 16,986,045</u>	<u>\$ 395,825</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 17,061,864	\$ 395,825
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		
June 30, 2017 Encumbrances		-
June 30, 2016 Encumbrances	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 17,061,864</u>	<u>\$ 395,825</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

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

**Public Employees Retirement System**

**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01979%	0.01955%	0.01914%	0.01881%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,861,246	\$ 4,389,482	\$ 3,583,999	\$ 3,595,890
District's Covered-Employee Payroll	\$ 1,205,427	\$ 1,361,984	\$ 1,344,847	\$ 1,285,655
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	486%	322%	266%	280%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 175,812	\$ 168,185	\$ 159,102	\$ 141,766
Contributions in Relation to the Contractually Required Contribution	<u>175,812</u>	<u>168,185</u>	<u>159,102</u>	<u>141,766</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,205,427	\$ 1,361,984	\$ 1,344,847	\$ 1,285,655
Contributions as a Percentage of Covered-Employee Payroll	15%	12%	12%	11%

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

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

**Teachers Pension and Annuity Fund**

**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>52,120,602</u>	<u>42,664,437</u>	<u>35,785,741</u>	<u>34,032,535</u>
<b>Total</b>	<b><u>\$52,120,602</u></b>	<b><u>\$42,664,437</u></b>	<b><u>\$35,785,741</u></b>	<b><u>\$34,032,535</u></b>
District's Covered-Employee Payroll	6,811,104	6,766,187	6,599,168	6,666,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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



**EAST RUTHERFORD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Change of Benefit Terms:**                   None.

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

**SCHOOL LEVEL SCHEDULES**

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

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**EAST RUTHERFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>NCLB Title III Immigrant</u>	<u>I.D.E.A. Part B</u>	<u>I.D.E.A. Part B Preschool</u>	<u>Local Grants</u>	<u>Grand Total</u>
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 148,881	\$ 6,350	\$ 19,129	\$ 1,650	\$ 209,621	\$ 6,694		\$ 392,325
Local	-	-	-	-	-	-	\$ 3,500	3,500
Total Revenues	<u>\$ 148,881</u>	<u>\$ 6,350</u>	<u>\$ 19,129</u>	<u>\$ 1,650</u>	<u>\$ 209,621</u>	<u>\$ 6,694</u>	<u>\$ 3,500</u>	<u>\$ 395,825</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries	\$ 124,953		\$ 13,148					\$ 138,101
Tuition					\$ 209,621	\$ 6,694		216,315
General Supplies	9,759	-	2,563	\$ 1,650	-	-	\$ 3,500	17,472
Total Instruction	<u>134,712</u>	<u>-</u>	<u>15,711</u>	<u>1,650</u>	<u>209,621</u>	<u>6,694</u>	<u>3,500</u>	<u>371,888</u>
Support Services								
Personal Services-Employee Benefits	14,169		3,418					17,587
Purchased Prof. Ed. Services								-
Other Purchased Services		\$ 2,150						2,150
General Supplies	-	4,200	-	-	-	-	-	4,200
Total Support Services	<u>14,169</u>	<u>6,350</u>	<u>3,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,937</u>
Facilities Acquisition and Construction								
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 148,881</u>	<u>\$ 6,350</u>	<u>\$ 19,129</u>	<u>\$ 1,650</u>	<u>\$ 209,621</u>	<u>\$ 6,694</u>	<u>\$ 3,500</u>	<u>\$ 395,825</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

EAST RUTHERFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**



**PROPRIETARY FUNDS**

**EAST RUTHERFORD BOARD OF EDUCATION  
PROPRIETARY FUNDS  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**

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

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**EAST RUTHERFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,487	\$ 13,663	\$ 21,150
Total Assets	<u>\$ 7,487</u>	<u>\$ 13,663</u>	<u>\$ 21,150</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 13,663	\$ 13,663
Due to Student Groups	<u>\$ 7,487</u>	<u>-</u>	<u>7,487</u>
Total Liabilities	<u>\$ 7,487</u>	<u>\$ 13,663</u>	<u>\$ 21,150</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Student Activity</u>	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Special Activity	\$ 4,888	\$ 31,244	\$ 28,645	\$ 7,487
	<u>\$ 4,888</u>	<u>\$ 31,244</u>	<u>\$ 28,645</u>	<u>\$ 7,487</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2017</u>
<b><u>ASSETS</u></b>				
Cash	\$ 12,855	\$ 10,312,961	\$ 10,312,153	\$ 13,663
Total Assets	<u>\$ 12,855</u>	<u>\$ 10,312,961</u>	<u>\$ 10,312,153</u>	<u>\$ 13,663</u>
<b><u>LIABILITIES</u></b>				
Accrued Salaries and Wages		\$ 5,567,935	\$ 5,567,935	
Payroll Deductions and Withholdings	\$ (22,394)	4,745,026	4,708,969	\$ 13,663
Due to Other Funds	35,249	-	35,249	-
Total	<u>\$ 12,855</u>	<u>\$ 10,312,961</u>	<u>\$ 10,312,153</u>	<u>\$ 13,663</u>

**LONG-TERM DEBT**



EAST RUTHERFORD BOARD OF EDUCATION  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2016	Issued	Retired	Balance, June 30, 2017
			Date	Amount					
School Refunding Bonds	3/17/2010	\$ 4,575,000	7/15/2017	\$ 25,000	2.500%				
			7/15/2017	450,000	4.125%				
			7/15/2018	95,000	2.750%				
			7/15/2018	380,000	4.250%				
			7/15/2019	70,000	3.000%				
			7/15/2019	395,000	3.500%				
			7/15/2020	460,000	4.375%				
			7/15/2021	240,000	3.250%				
			7/15/2021	215,000	5.000%				
School Bonds, Series 2012	8/2/2012	2,491,000	7/15/2017	130,000	2.000%				
			7/15/2018	145,000	2.000%				
			7/15/2019	160,000	2.000%				
			7/15/2020	175,000	2.000%				
			7/15/2021	190,000	2.000%				
			7/15/2022	200,000	2.250%				
			7/15/2023	200,000	2.250%				
			7/15/2024	205,000	2.500%				
			7/15/2025	210,000	2.500%				
			7/15/2026	210,000	2.750%				
			7/15/2027	206,000	2.750%				
					<u>2,156,000</u>	<u>-</u>	<u>125,000</u>	<u>2,031,000</u>	
					<u>\$ 4,936,000</u>	<u>\$ -</u>	<u>\$ 575,000</u>	<u>\$ 4,361,000</u>	

**EAST RUTHERFORD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Computer Equipment (Supplies)	\$ 290,758	3.97%	\$ 174,278	\$ -	\$ 55,845	\$ 118,433
			<u>\$ 174,278</u>	<u>\$ -</u>	<u>\$ 55,845</u>	<u>\$ 118,433</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
LONG-TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final To Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 723,714		\$ 723,714	\$ 723,714	
Total Revenues	<u>723,714</u>		<u>723,714</u>	<u>723,714</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	148,715		148,715	148,715	
Redemption of Principal	575,000		575,000	575,000	
Total Regular Debt Service	<u>723,715</u>		<u>723,715</u>	<u>723,715</u>	-
Total Expenditures	<u>723,715</u>		<u>723,715</u>	<u>723,715</u>	-
Excess of Revenues Over Expenditures	(1)		(1)	(1)	-
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

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

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

	<b>Fiscal Year Ended June 30,</b>									
	2017	2016	2015	2014 (Restated)	2013	2012 (Restated)	2011	2010	2009	2008
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 4,088,243	\$ 4,016,618	\$ 3,642,511	\$ 3,084,184	\$ 2,654,693	\$ 2,116,326	\$ 1,876,368	\$ 5,178,123	\$ 5,086,178	\$ 4,646,058
Restricted	900,906	1,011,078	1,011,078	1,079,538	1,004,789	973,579	653,849	303,852	454,293	845,880
Unrestricted	<u>(4,174,823)</u>	<u>(3,837,299)</u>	<u>(3,683,762)</u>	<u>(3,121,463)</u>	<u>320,738</u>	<u>211,239</u>	<u>194,250</u>	<u>(329,586)</u>	<u>(349,447)</u>	<u>(56,012)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 814,326</u>	<u>\$ 1,190,397</u>	<u>\$ 969,827</u>	<u>\$ 1,042,259</u>	<u>\$ 3,980,220</u>	<u>\$ 3,301,144</u>	<u>\$ 2,724,467</u>	<u>\$ 5,152,389</u>	<u>\$ 5,191,024</u>	<u>\$ 5,435,926</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 13,293	\$ 10,697	\$ 13,663	\$ 16,630	\$ 15,840	\$ 19,733	\$ 22,799	\$ 19,255	\$ 22,321	\$ 25,387
Restricted										
Unrestricted	<u>126,469</u>	<u>144,481</u>	<u>118,009</u>	<u>110,616</u>	<u>91,137</u>	<u>72,564</u>	<u>49,044</u>	<u>30,382</u>	<u>26,593</u>	<u>27,003</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 139,762</u>	<u>\$ 155,178</u>	<u>\$ 131,672</u>	<u>\$ 127,246</u>	<u>\$ 106,977</u>	<u>\$ 92,297</u>	<u>\$ 71,843</u>	<u>\$ 49,637</u>	<u>\$ 48,914</u>	<u>\$ 52,390</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 4,101,536	\$ 4,027,315	\$ 3,656,174	\$ 3,100,814	\$ 2,670,533	\$ 2,136,059	\$ 1,899,167	\$ 5,197,378	\$ 5,108,499	\$ 4,671,445
Restricted	900,906	1,011,078	1,011,078	1,079,538	1,004,789	973,579	653,849	303,852	454,293	845,880
Unrestricted	<u>(4,048,354)</u>	<u>(3,692,818)</u>	<u>(3,565,753)</u>	<u>(3,010,847)</u>	<u>411,875</u>	<u>283,803</u>	<u>243,294</u>	<u>(299,204)</u>	<u>(322,854)</u>	<u>(29,009)</u>
<b>Total District Net Position</b>	<u>\$ 954,088</u>	<u>\$ 1,345,575</u>	<u>\$ 1,101,499</u>	<u>\$ 1,169,505</u>	<u>\$ 4,087,197</u>	<u>\$ 3,393,441</u>	<u>\$ 2,796,310</u>	<u>\$ 5,202,026</u>	<u>\$ 5,239,938</u>	<u>\$ 5,488,316</u>

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

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

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 10,254,758	\$ 8,990,945	\$ 8,641,143	\$ 6,935,179	\$ 7,163,564	\$ 6,321,110	\$ 6,002,039	\$ 6,589,931	\$ 6,908,410	\$ 6,867,641
Special Education	3,571,227	2,964,763	2,491,806	2,214,521	1,861,232	2,109,906	1,738,445	1,910,352	1,633,545	1,433,779
Other Special Education										545,674
Other Instruction	707,483	840,300	874,386	921,231	912,039	931,692	853,068	977,927	813,718	67,100
School Sponsored Activities and Athletics	68,727	94,929	103,915	70,145	68,425	59,998	44,083	108,263	70,020	
Support Services:										
Tuition										
Student & Instruction Related Services	2,845,665	2,571,607	2,447,507	2,088,691	2,093,454	1,844,184	1,907,795	1,894,003	1,821,770	1,676,867
General Administration Services	600,194	631,864	634,754	410,895	389,998	549,815	525,167	608,174	463,065	859,258
School Administrative Services	887,991	728,173	699,086	704,940	735,117	685,164	568,675	615,294	561,172	678,847
Central and Other Support Services	601,493	492,472	514,716	430,612	326,510	324,532	309,420	385,550	438,928	
Plant Operations And Maintenance	1,467,855	1,377,893	1,545,552	1,437,216	1,458,189	1,782,877	1,422,228	1,322,380	1,349,697	1,328,293
Pupil Transportation	491,074	452,825	425,730	448,602	344,157	338,531	323,705	337,319	300,543	262,055
Capital Outlay										98,839
Interest On Long-Term Debt	150,211	171,474	174,626	188,956	203,757	161,666	182,407	199,632	274,060	287,568
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	322,493
<b>Total Governmental Activities Expenses</b>	<b>21,646,678</b>	<b>19,317,245</b>	<b>18,553,221</b>	<b>15,850,988</b>	<b>15,556,442</b>	<b>15,109,475</b>	<b>13,877,032</b>	<b>14,948,825</b>	<b>14,634,928</b>	<b>14,428,414</b>
<b>Business-Type Activities:</b>										
Food Service	356,201	340,009	314,627	300,216	303,506	295,421	260,377	257,099	221,828	190,491
<b>Total Business-Type Activities Expense</b>	<b>356,201</b>	<b>340,009</b>	<b>314,627</b>	<b>300,216</b>	<b>303,506</b>	<b>295,421</b>	<b>260,377</b>	<b>257,099</b>	<b>221,828</b>	<b>190,491</b>
<b>Total District Expenses</b>	<b>\$ 22,002,879</b>	<b>\$ 19,657,254</b>	<b>\$ 18,867,848</b>	<b>\$ 16,151,204</b>	<b>\$ 15,859,948</b>	<b>\$ 15,404,896</b>	<b>\$ 14,137,409</b>	<b>\$ 15,205,924</b>	<b>\$ 14,856,756</b>	<b>\$ 14,618,905</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 84,200	\$ 53,878	\$ 113,563	\$ 95,909	\$ 93,889	\$ 116,888	\$ 109,410			
Operating Grants And Contributions	6,255,122	4,937,922	4,168,902	2,511,680	2,660,482	2,243,280	1,837,864	\$ 2,188,602	\$ 2,208,019	\$ 592,318
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>6,339,322</b>	<b>4,991,800</b>	<b>4,282,465</b>	<b>2,607,589</b>	<b>2,754,371</b>	<b>2,360,168</b>	<b>1,947,274</b>	<b>2,188,602</b>	<b>2,208,019</b>	<b>592,318</b>
<b>Business-Type Activities:</b>										
Charges For Services	134,751	147,164	138,430	148,695	148,764	149,305	135,425	119,469	125,813	111,520
Operating Grants And Contributions	206,034	216,351	180,557	171,298	169,044	166,314	140,176	138,097	92,211	82,365
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>340,785</b>	<b>363,515</b>	<b>318,987</b>	<b>319,993</b>	<b>317,808</b>	<b>315,619</b>	<b>275,601</b>	<b>257,566</b>	<b>218,024</b>	<b>193,885</b>
<b>Total District Program Revenues</b>	<b>\$ 6,680,107</b>	<b>\$ 5,355,315</b>	<b>\$ 4,601,452</b>	<b>\$ 2,927,582</b>	<b>\$ 3,072,179</b>	<b>\$ 2,675,787</b>	<b>\$ 2,222,875</b>	<b>\$ 2,446,168</b>	<b>\$ 2,426,043</b>	<b>\$ 786,203</b>

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (15,307,356)	\$ (14,325,445)	\$ (14,270,756)	\$ (13,243,399)	\$ (12,802,071)	\$ (12,749,307)	\$ (11,929,758)	\$ (12,760,223)	\$ (12,426,909)	\$ (13,836,096)
Business-Type Activities	(15,416)	23,506	4,360	19,777	14,302	20,198	15,224	467	(3,804)	3,394
<b>Total District-Wide Net Expense</b>	<u>\$ (15,322,772)</u>	<u>\$ (14,301,939)</u>	<u>\$ (14,266,396)</u>	<u>\$ (13,223,622)</u>	<u>\$ (12,787,769)</u>	<u>\$ (12,729,109)</u>	<u>\$ (11,914,534)</u>	<u>\$ (12,759,756)</u>	<u>\$ (12,430,713)</u>	<u>\$ (13,832,702)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For:										
General Purposes	\$ 14,087,500	\$ 13,677,157	\$ 13,408,977	\$ 13,146,056	\$ 12,888,592	\$ 12,645,826	\$ 12,397,885	\$ 11,627,888	\$ 11,180,662	\$ 10,750,637
Debt Service	723,714	723,665	721,866	741,700	551,250	631,825	626,694	653,726	658,245	661,590
Unrestricted Federal and State Aid	24,235	15,292	14,156	-	-	31,319	29,805	360,923	243,132	1,963,530
Investment Earnings	-	-	-	-	8,032	3,708	9,638	273	18,923	35,854
Miscellaneous Income	95,836	129,901	53,325	13,572	33,273	13,306	10,750	78,778	81,045	18,744
Transfer	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<u>14,931,285</u>	<u>14,546,015</u>	<u>14,198,324</u>	<u>13,901,328</u>	<u>13,481,147</u>	<u>13,325,984</u>	<u>13,074,772</u>	<u>12,721,588</u>	<u>12,182,007</u>	<u>13,430,355</u>
Business-Type Activities:										
Investment Earnings	-	-	66	492	378	256	372	256	328	795
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<u>-</u>	<u>-</u>	<u>66</u>	<u>492</u>	<u>378</u>	<u>256</u>	<u>372</u>	<u>256</u>	<u>328</u>	<u>795</u>
<b>Total District-Wide</b>	<u>\$ 14,931,285</u>	<u>\$ 14,546,015</u>	<u>\$ 14,198,390</u>	<u>\$ 13,901,820</u>	<u>\$ 13,481,525</u>	<u>\$ 13,326,240</u>	<u>\$ 13,075,144</u>	<u>\$ 12,721,844</u>	<u>\$ 12,182,335</u>	<u>\$ 13,431,150</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (376,071)	\$ 220,570	\$ (72,432)	\$ 657,929	\$ 679,076	\$ 576,677	\$ 1,145,014	\$ (38,635)	\$ (244,902)	\$ (405,741)
Business-Type Activities	(15,416)	23,506	4,426	20,269	14,680	20,454	15,596	723	(3,476)	4,189
<b>Total District</b>	<u>\$ (391,487)</u>	<u>\$ 244,076</u>	<u>\$ (68,006)</u>	<u>\$ 678,198</u>	<u>\$ 693,756</u>	<u>\$ 597,131</u>	<u>\$ 1,160,610</u>	<u>\$ (37,912)</u>	<u>\$ (248,378)</u>	<u>\$ (401,552)</u>

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 900,906	\$ 1,011,077	\$ 711,302	\$ 854,487	\$ 1,227,945	\$ 973,576	\$ 753,846	\$ 339,705	\$ 491,149	\$ 787,407
Unreserved								(209,768)	(260,530)	74,648
Assigned	208,664	207,572	274,501	327,890	228,789	352,468	279,493			
Unassigned	48,212	14,952	37,006	62,820	50,340	(3,072)	(32,706)	-	-	-
<b>Total General Fund</b>	<b>\$ 1,157,782</b>	<b>\$ 1,233,601</b>	<b>\$ 1,022,809</b>	<b>\$ 1,245,197</b>	<b>\$ 1,507,074</b>	<b>\$ 1,322,972</b>	<b>\$ 1,000,633</b>	<b>\$ 129,937</b>	<b>\$ 230,619</b>	<b>\$ 862,055</b>
All Other Governmental Funds										
Reserved										
Capital Projects Fund			\$ 299,775	\$ 448,210	\$ 427,759				\$ 67,268	\$ 56,557
Debt Service Fund	\$ -	\$ 1	1	-	3	3	3	6	1,920	1,916
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 299,776</b>	<b>\$ 448,210</b>	<b>\$ 427,762</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 6</b>	<b>\$ 69,188</b>	<b>\$ 58,473</b>



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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
<b>Local Sources:</b>										
Tax Levy	\$ 14,811,214	\$ 14,400,822	\$ 14,130,843	\$ 13,887,756	\$ 13,439,842	\$ 13,277,651	\$ 13,024,579	\$ 12,281,614	\$ 11,838,907	\$ 11,412,227
Tuition	59,000	53,878	113,563	95,909	93,889	116,888	109,410			
Interest Earnings	-			-	8,032	3,708	9,638	273	18,923	35,854
Rents and Royalties	25,200									
Miscellaneous	99,336	129,901	53,325	13,572	33,350	12,729	10,750	78,778	81,545	18,744
State Sources	2,691,011	2,473,063	2,220,829	2,079,089	2,295,002	1,828,969	1,418,741	2,048,106	2,082,879	2,250,001
Federal Sources	419,823	405,569	401,563	432,591	365,403	445,207	448,928	501,419	367,772	305,847
<b>Total Revenue</b>	<b>18,105,584</b>	<b>17,463,233</b>	<b>16,920,123</b>	<b>16,508,917</b>	<b>16,235,518</b>	<b>15,685,152</b>	<b>15,022,046</b>	<b>14,910,190</b>	<b>14,390,026</b>	<b>14,022,673</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	7,762,376	7,506,760	7,511,623	6,763,419	6,999,343	6,311,013	5,999,865	6,374,453	6,701,990	5,285,716
Special Education Instruction	3,149,884	2,724,921	2,329,115	2,215,264	1,861,789	2,110,334	1,739,934	1,883,372	1,608,318	745,068
Other Special Education										399,469
Other Instruction	553,449	715,735	767,899	921,798	912,477	932,062	854,630	951,290	788,660	48,099
School Sponsored Activities and Athletics	55,683	71,863	87,696	70,230	68,492	60,044	44,192	105,559	67,824	
<b>Support Services:</b>										
Tuition										413,314
Student and Inst. Related Services	2,313,651	2,237,165	2,203,305	2,063,639	2,067,987	1,844,789	1,910,730	1,842,969	1,773,666	1,289,574
General Administrative Services	522,621	577,055	594,622	403,371	383,749	537,002	514,046	600,367	455,844	706,867
School Administrative Services	718,849	636,800	638,369	705,400	735,494	675,937	560,218	596,851	543,868	506,543
Central and Other Support Services	506,895	443,185	482,781	430,823	326,664	324,656	309,937	371,255	425,305	
Plant Operations And Maintenance	1,337,820	1,314,533	1,521,854	1,427,160	1,422,775	1,610,850	1,251,110	1,297,815	1,326,854	1,146,425
Pupil Transportation	442,395	407,597	403,241	424,990	342,245	306,562	292,003	311,142	296,556	224,958
Employee Benefits										2,964,102
Capital Outlay	31,298	130,169	256,565	564,810	2,424,653		16,462	128,316	339,981	169,885
<b>Debt Service:</b>										
Interest and Other Charges	630,845	613,712	176,865	217,546	147,890	165,227	160,055	627,642	280,644	295,184
Principal	155,638	172,721	607,768	541,896	421,099	484,337	498,171	434,746	401,237	365,000
<b>Total Expenditures</b>	<b>18,181,404</b>	<b>17,552,216</b>	<b>17,581,703</b>	<b>16,750,346</b>	<b>18,114,657</b>	<b>15,362,813</b>	<b>14,151,353</b>	<b>15,525,777</b>	<b>15,010,747</b>	<b>14,560,204</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(75,820)	(88,983)	(661,580)	(241,429)	(1,879,139)	322,339	870,693	(615,587)	(620,721)	(537,531)

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds					\$ 2,491,000			\$ 4,575,000		
Bond Premium								246,369		
Capital Lease Proceeds			\$ 290,758					80,354		
Payment to Refunded Bond Escrow Agent								(4,456,000)		
Transfers In	\$ -	\$ 299,775		\$ 530,000	273,422	\$ 112	\$ 271	80,928	\$ 325,836	
Transfers Out	-	(299,775)	-	(530,000)	(273,422)	(112)	(271)	(80,928)	(325,836)	-
<b>Total Other Financing Sources (Uses)</b>	-	-	290,758	-	2,491,000	-	-	445,723	-	-
<b>Net Change in Fund Balances</b>	<u>\$ (75,820)</u>	<u>\$ (88,983)</u>	<u>\$ (370,822)</u>	<u>\$ (241,429)</u>	<u>\$ 611,861</u>	<u>\$ 322,339</u>	<u>\$ 870,693</u>	<u>\$ (169,864)</u>	<u>\$ (620,721)</u>	<u>\$ (537,531)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	4.33%	4.51%	4.53%	4.69%	3.63%	4.23%	4.66%	6.90%	4.65%	4.59%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30</u>	<u>Prior Year Voided Checks</u>	<u>Prior Year Refunds</u>	<u>Cancelled Payables</u>	<u>Tuition</u>	<u>Facility Rentals</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2017	\$ 787	\$ 60,837		\$ 59,000	\$ 25,200	\$ 4,547	\$ 29,665	\$ 180,036
2016	16,639	9,559	\$ 56,694	53,878		3,241	43,768	183,779
2015	22,536			113,563		3,474	27,315	166,888
2014				95,909		4,678	8,894	109,481
2013				93,889			36,673	130,562
2012							12,306	12,306
2011			8,310				2,440	10,750
2010		\$ 4,966					60,262	65,228
2009	18,028	17,907					45,110	81,045
2008							18,744	18,744

Source: District's financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2008	\$ 20,490,500	\$ 280,089,160			\$ 294,412,871	\$ 291,950,000	\$ 45,923,100	\$ 932,865,631	\$ 2,051,427	\$ 934,917,058	\$ 1,924,641,354	\$ 1.266
2009	21,340,200	281,850,450			248,793,300	287,310,100	59,773,100	899,067,150	1,869,582	900,936,732	2,127,370,972	1.363
2010 (A)	24,087,200	620,913,200			549,450,100	691,428,800	132,949,800	2,018,829,100	4,629,139	2,023,458,239	2,348,978,853	0.644
2011	30,169,900	620,286,300			535,068,700	688,918,800	130,562,300	2,005,006,000	4,220,950	2,009,226,950	2,409,474,206	0.661
2012	29,994,900	620,953,700			528,271,700	681,675,500	128,040,300	1,988,936,100	4,142,893	1,993,078,993	2,414,475,439	0.675
2013	28,711,500	620,449,400			527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.704
2014	29,874,100	619,122,800			420,711,800	653,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.762
2015	33,244,900	620,552,400			418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.779
2016	32,423,900	619,817,100			476,992,500	633,405,000	126,427,400	1,889,065,900	4,161,949	1,893,227,849	2,449,372,901	0.783
2017	33,919,400	620,007,200			390,632,800	632,456,800	190,853,400	1,867,869,600	4,069,535	1,871,939,135	2,502,356,056	0.843

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Total Direct Rate Local School District</u>	<u>Overlapping Rates</u>		
			<u>Regional School</u>	<u>Municipality</u>	<u>County</u>
2017	\$ 2.074	\$ 0.843	\$ 0.294	\$ 0.608	\$ 0.329
2016	1.945	0.783	0.283	0.566	0.313
2015	1.967	0.779	0.323	0.584	0.281
2014	1.904	0.762	0.318	0.590	0.234
2013	1.845	0.704	0.297	0.565	0.279
2012	1.735	0.675	0.288	0.535	0.237
2011	1.618	0.661	0.280	0.456	0.221
2010 (A)	1.552	0.644	0.262	0.424	0.222
2009	3.084	1.363	0.587	0.688	0.446
2008	2.841	1.266	0.533	0.662	0.380

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

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

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 313,740,000	16.76%	Federal Reserve Bank	\$ 94,250,000	10.08%
One Met Center LLC	75,000,000	4.01%	SPUSV5 One Meadowlands LP	47,500,000	5.08%
Waterside Gardens at Brick LLC	67,171,700	3.59%	Vornado Realty Trust	32,923,000	3.52%
Honeywell International	37,207,300	1.99%	BPG Hotel XVII c/o Sheraton	27,500,000	2.94%
MFREVEF-Rutherford Station	34,250,000	1.83%	Branca Properties	25,714,000	2.75%
ML Plaza Owner, LLC Hilton	28,000,000	1.50%	Liberty Commons	14,150,000	1.51%
Racioppi, (etals)	23,500,000	1.26%	Avalon NJ Value II LLC	14,000,000	1.50%
Liberty Terrace	23,300,000	1.24%	Liberty Terrace	11,356,000	1.21%
AMB Property Corp	22,252,500	1.19%	East Rutherford (Lodging Residence Inn)	10,400,000	1.11%
Liberty Commons	22,000,000	1.18%	BRE/HV Properties (Homestead Village)	8,380,500	0.90%
<b>Total</b>	<b>\$ 646,421,500</b>	<b>34.53%</b>		<b>\$ 286,173,500</b>	<b>30.61%</b>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2017	\$ 14,811,214	\$ 14,811,214	100%	
2016	14,400,822	14,400,822	100%	
2015	14,130,843	14,130,843	100%	
2014	13,887,756	13,887,756	100%	
2013	13,439,842	13,439,842	100%	
2012	13,277,651	13,277,651	100%	
2011	13,024,579	13,024,579	100%	
2010	12,281,614	12,281,614	100%	
2009	11,838,907	11,838,907	100%	
2008	11,412,227	11,412,227	100%	

Source: District's financial records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Lease- Purchase/Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2017	\$ 4,361,000		\$ 118,433			\$ 4,479,433	9,856	\$ 454
2016	4,936,000		174,278			5,110,278	9,164	558
2015	5,496,000		227,990			5,723,990	9,112	628
2014	6,041,000					6,041,000	9,067	666
2013	6,566,000		16,896			6,582,896	9,023	730
2012	4,480,000		32,995			4,512,995	8,992	502
2011	4,950,000		48,332			4,998,332	8,929	560
2010	5,420,000		76,503			5,496,503	8,785	626
2009	5,696,000		35,895			5,731,895	8,708	658
2008	6,076,000		57,132			6,133,132	7,721	794

Source: District records



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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2017	\$ 4,361,000		\$ 4,361,000	0.23%	\$ 442
2016	4,936,000		4,936,000	0.26%	539
2015	5,496,000		5,496,000	0.30%	603
2014	6,041,000		6,041,000	0.33%	666
2013	6,566,000		6,566,000	0.33%	728
2012	4,480,000		4,480,000	0.22%	498
2011	4,950,000		4,950,000	0.25%	554
2010	5,420,000		5,420,000	0.27%	617
2009	5,696,000		5,696,000	0.63%	654
2008	6,076,000		6,076,000	0.65%	787

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

EAST RUTHERFORD BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016  
(Unaudited)

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of East Rutherford	\$ 48,160,187
East Rutherford Board of Education	<u>4,361,000</u>
 Total Direct Debt	 <u>52,521,187</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County: (3);(A):	
County of Bergen (A)	17,572,648
Bergen County Utilities Authority - Water Pollution (B)	<u>3,184,791</u>
 Total Overlapping Debt	 <u>20,757,439</u>
 Total Direct and Overlapping Debt	 <u>\$ 73,278,626</u>

- (A) The debt for this entity was apportioned to the Borough of East Rutherford by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.
- (B) Overlapping Debt was computed based upon municipal flow to the Authority.

- Sources:
- (1) Borough of East Rutherford Annual Debt Statement
  - (2) BCUA 2016 Audit
  - (3) Bergen County 2016 Annual Debt Statement

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

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis

2016	\$	2,105,512,595
2015		1,972,706,102
2014		<u>2,155,941,300</u>
	\$	<u>6,234,159,997</u>
Average equalized valuation of taxable property	\$	2,078,053,332
Debt limit (3 % of average equalization value)		62,341,600 <sup>a</sup>
Total Net Debt Applicable to Limit		<u>4,361,000</u>
Legal debt margin	\$	<u>57,980,600</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 68,534,624	\$ 69,803,463	\$ 55,806,792	\$ 58,661,530	\$ 58,742,150	\$ 59,221,606	\$ 58,682,966	\$ 60,414,392	\$ 60,524,764	\$ 62,341,600
Total Net Debt Applicable to Limit	<u>6,076,000</u>	<u>5,696,000</u>	<u>5,420,000</u>	<u>4,950,000</u>	<u>4,480,000</u>	<u>7,096,951</u>	<u>6,041,951</u>	<u>5,496,951</u>	<u>4,936,000</u>	<u>4,361,000</u>
Legal Debt Margin	<u>\$ 62,458,624</u>	<u>\$ 64,107,463</u>	<u>\$ 50,386,792</u>	<u>\$ 53,711,530</u>	<u>\$ 54,262,150</u>	<u>\$ 52,124,655</u>	<u>\$ 52,641,015</u>	<u>\$ 54,917,441</u>	<u>\$ 55,588,764</u>	<u>\$ 57,980,600</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.87%	8.16%	9.71%	8.44%	7.63%	11.98%	10.30%	9.10%	8.16%	7.00%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Personal Income</u>	<u>Population</u>
2017	4.4%	( E ) \$ 75,849 ( E )	9,856
2016	4.4%	75,849 ( E )	9,164
2015	4.9%	75,849	9,112
2014	5.9%	73,536	9,067
2013	5.2%	70,498	9,023
2012	11.0%	71,380	8,992
2011	10.8%	68,244	8,929
2010	11.0%	65,275	8,785
2009	10.7%	64,571	8,708
2008	6.1%	68,548	7,721

( E ) Estimate

Source: United States Bureau of Census  
School District Records

(1) Bergen County Per Capita Income

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Instruction									
Regular	58.0	55.0	53.0	53.0	52.0	52.0	52.0	73.0	69.0
Special Education	15.0	17.0	17.0	17.0	17.0	17.0	17.0	15.0	12.4
Other Special Education	14.0	12.0	10.0	10.0	11.0	11.0	11.0	6.0	7.0
Other Instruction	6.0	4.0	3.0	2.0	2.1	2.1	2.1	7.0	5.0
Support Services:									
Student and Instruction Related Services	15.0	15.0	15.0	15.0	15.1	15.1	15.1	4.0	4.6
General and Business Administration Services	5.0	5.0	4.0	3.0	3.0	3.0	3.0	4.5	5.5
School Administrative Services	8.0	8.0	7.0	7.0	6.0	4.8	4.8	10.5	14.5
Plant Operations And Maintenance	9.0	9.0	9.0	9.0	9.1	9.0	9.0	5.0	11.5
Pupil Transportation	5.0	5.0	4.0	4.0	4.4	2.0	2.0		
Special Schools									2.0
Food Service	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>135.0</u>	<u>130.0</u>	<u>122.0</u>	<u>120.0</u>	<u>119.7</u>	<u>116.0</u>	<u>116.0</u>	<u>125.0</u>	<u>131.5</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	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					
2017	808	\$ 17,363,623	\$ 21,490	3.47%	86.00	Not Available		814	776	3.69%	95.33%
2016	801	16,635,614	20,769	-1.18%	83.00	Not Available		785	751	1.16%	95.67%
2015	787	16,540,505	21,017	1.37%	83.00	Not Available		776	744	0.13%	95.88%
2014	744	15,426,094	20,734	5.31%	82.00	Not Available		775	743	1.31%	95.87%
2013	768	15,121,015	19,689	4.25%	82.10	Not Available		765	731	-1.03%	95.56%
2012	779	14,713,249	18,887	7.35%	82.10	Not Available		773	741	2.25%	95.86%
2011	766	13,476,665	17,594	-13.47%	82.10	Not Available		756	723	7.28%	95.63%
2010	705	14,335,073	20,333	-1.89%	101.00	Not Available		705	674	4.40%	95.67%
2009	675	13,988,885	20,724	17.41%	93.40	Not Available		675	642	-1.17%	95.11%
2008	698	12,320,491	17,651	7.52%	97.40	Not Available		683	649	-7.33%	95.02%

Sources: District records

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>District Building</u></b>								
<b><u>Elementary</u></b>								
McKenzie Elementary								
Square Feet	54,500	54,500	54,500	54,500	54,500	54,500	54,500	54,500
Capacity (students)	411	411	411	411	411	411	411	411
Enrollment	472	475	454	451	467	471	450	391
<b><u>Middle School</u></b>								
Faust Intermediate								
Square Feet	69,935	69,935	69,935	69,935	69,935	69,935	69,935	69,935
Capacity (students)	349	349	349	349	349	349	349	349
Enrollment	342	326	333	293	297	296	306	314
<b><u>Other</u></b>								
Faust Annex								
Square Feet	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Capacity (students)	Included	Included	Included	Included	Included	Included	Included	Included
Enrollment	Included	Included	Included	Included	Included	Included	Included	Included

Number of Schools at June 30, 2017

    Elementary = 1

    Middle School = 1

    Other = 1

Source: District Records



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

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
School Facilities										
McKenzie	\$ 107,566	\$ 85,512	\$ 82,921	\$ 59,123	\$ 70,347	\$ 137,827	\$ 51,537	\$ 97,972	\$ 100,019	\$ 105,815
Faust Annex	8,491	6,750	6,546	4,668	5,554	10,882	4,069	5,743	5,863	7,222
Faust	<u>167,009</u>	<u>132,768</u>	<u>128,745</u>	<u>91,796</u>	<u>109,222</u>	<u>213,994</u>	<u>80,018</u>	<u>152,008</u>	<u>155,185</u>	<u>185,969</u>
Grand Total	<u>\$ 283,066</u>	<u>\$ 225,030</u>	<u>\$ 218,212</u>	<u>\$ 155,587</u>	<u>\$ 185,123</u>	<u>\$ 362,703</u>	<u>\$ 135,624</u>	<u>\$ 255,723</u>	<u>\$ 261,067</u>	<u>\$ 299,006</u>

Source: District records

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Source: District Records

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Misc School Property	lighting, radio/TV antennas, playground equipment outdoor benches, flagpoles, etc.	\$ 100,000	
Contractors Equipment	Includes leased equip, RC & \$5,000 rental reimbursement PROVIDE SCHEDULE OF EQUIPMENT	250,000	
Cameras, Audio/Video Equipment owned, leased or rented for use in your normal school operations		250,000	
Systems Power Pac- Equipment Breakdown (Boiler & Machinery)		Inc. in Prop. Limit	
Expediting Expenses		250,000	
Hazardous Substances		250,000	
Spoilage		250,000	
Theft, Disappearance & Destruction (per member)		50,000	\$ 1,000
Computer Fraud (per member)		50,000	1,000
Public Employee Dishonesty - Per Employee		100,000	5,000
Public Employee Dishonesty - Per Loss		400,000	100,000
<b>GENERAL LIABILITY</b>			
General Aggregate		2,000,000	
Products & Completed Operations		2,000,000	
Personal & Advertising Injury		1,000,000	
Each Occurrence		1,000,000	
Fire Legal Liability Limit		1,000,000	
Medical Expense		5,000	
<b>GENERAL LIABILITY FORMS AND CONDITIONS</b>			
Employee Benefits Liability Claims Made		1,000,000	1,000
		2,000,000	Aggregate
Sexual Abuse & Molestation: \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member			
<b>SURETY BOND COVERAGES</b>			
Board Secretary/School Business Administrator		200,000	
Treasurer of School Monies		200,000	

Source: District Records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the East Rutherford Board of Education's basic financial statements and have issued our report thereon dated October 4, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the East Rutherford Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 4, 2017.

### Purpose of this Report

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

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 4, 2017



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the East Rutherford Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the East Rutherford Board of Education's major state programs for the fiscal year ended June 30, 2017. The East Rutherford Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the East Rutherford Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

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

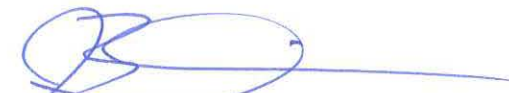


**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 4, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 4, 2017

EAST RUTHERFORD BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	June 30, 2016			Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Unearned Revenue Adjustment	Refund of Prior Year Balance	June 30, 2017			MEMO GAAP Receivable
						Accounts Receivable	Unearned Revenue	Due to Grantor							Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>U.S. Dept of Agriculture Passed-through State Department of Education</b>																		
<b>Food Service Fund</b>																		
National School Lunch Program	10.555		N/A															
Non-Cash Assistance (Food Distribution)		171N304N1099		7/1/16-6/30/17	\$ 23,517					\$ 23,517	\$ 23,187				\$ 330			
Non-Cash Assistance (Food Distribution)		16161N304N1099		7/1/15-6/30/16	26,421		\$ 685				685							
Cash Assistance		171N304N1099		7/1/16-6/30/17	115,623					109,522	115,623			\$ (6,101)			\$ (6,101)	
Cash Assistance		16161N304N1099		7/1/15-6/30/16	124,344	\$ (6,368)					6,368							
School Breakfast Program	10.553	171N304N1099	N/A	7/1/16-6/30/17	63,432					59,249	63,432				(4,183)		(4,183)	
School Breakfast Program	10.553	16161N304N1099	N/A	7/1/15-6/30/16	62,696	(4,653)				4,653								
<b>Total Child Nutrition Cluster/Food Service Fund</b>						<b>(11,021)</b>	<b>685</b>			<b>203,309</b>	<b>202,927</b>				<b>(10,284)</b>	<b>330</b>		<b>(10,284)</b>
<b>U.S. Department of Education Passed-through State Dept. of Education General Fund</b>																		
Medical Assistance Program (SEMI)	93.778	1705N15MAP	N/A	7/1/16-6/30/17	27,498					25,536	27,498				(1,962)			(1,962)
										25,536	27,498				(1,962)			(1,962)
<b>U.S. Department of Education Passed-through State Dept. of Education Special Revenue Fund</b>																		
Title III	84.365	S365A160030	NCLB123017	7/1/16-6/30/17	19,588			\$ (41)	\$ 41	14,233	19,129				(5,396)	500		(4,896)
Title III	84.365	S365A150030	NCLB123016	7/1/15-6/30/16	16,029	(44)	41		41	3								
Title III - Immigrant	84.365	S365A160030	NCLB123017	7/1/16-6/30/17	4,883					1,650	1,650				(3,233)	3,233		
<b>Total Title III Cluster</b>											<b>20,779</b>							
IDEA Part B, Basic	84.027	H027A160100	IDEA123017	7/1/16-6/30/17	203,363			(6,258)	6,258	209,621	209,621							
IDEA Part B, Basic	84.027	H027A150100	IDEA123016	7/1/15-6/30/16	202,264	(38,253)	6,727		6,258	31,995			\$ (469)					
IDEA Preschool	84.173	H173A160114	IDEA123017	7/1/16-6/30/17	6,694					6,694	6,694							
<b>Total Special Education Cluster (IDEA)</b>											<b>216,315</b>							
Title I- Part A	84.010	S010A160030	NCLB123017	7/1/16-6/30/17	159,031			(3,272)	3,272	123,057	148,881				(39,246)	13,422		(25,824)
Title I- Part A	84.010	S010A150030	NCLB123016	7/1/15-6/30/16	178,876	(38,647)	3,272		3,272	35,375								
Title II - Part A	84.367A	S367A160029	NCLB123017	7/1/16-6/30/17	25,398			(9,851)		16,201	6,350				(19,048)	19,048		
Title II - Part A	84.367A	S367A150029	NCLB123016	7/1/15-6/30/16	10,309	(9,851)			9,851									
<b>Total Special Revenue Fund</b>						<b>(86,795)</b>	<b>10,040</b>			<b>438,829</b>	<b>392,325</b>		<b>(469)</b>		<b>(66,925)</b>	<b>36,203</b>		<b>(30,720)</b>
<b>Total Federal Financial Assistance</b>						<b>\$ (97,816)</b>	<b>\$ 10,725</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 667,674</b>	<b>\$ 622,750</b>	<b>\$ (469)</b>	<b>\$ -</b>	<b>\$ (79,169)</b>	<b>\$ 36,533</b>	<b>\$ -</b>	<b>\$ (42,986)</b>

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

EAST RUTHERFORD BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	June 30, 2017			MEMO		
									Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures	
<b>State Department of Education</b>														
<b>General Fund</b>														
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 420,248			\$ 396,329	\$ 420,248		\$ (23,919)				\$	420,248
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	421,679	(31,749)		31,749								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	124,143			117,077	124,143		(7,066)					124,143
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	121,613	(9,157)		9,157								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	7,650			7,215	7,650		(435)					7,650
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	7,650	(576)		576								
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	7,650			7,215	7,650		(435)					7,650
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	7,650	(576)		576								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,230			7,761	8,230		(469)					8,230
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	946			892	946		(54)					946
<b>Total State Aid Public Cluster</b>							<b>568,867</b>							
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	42,331			39,922	42,331		(2,409)					42,331
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	40,797	(3,072)		3,072								
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	228,231				228,231		(228,231)					228,231
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	157,569	(157,569)		157,569								
On-behalf TPAF Pension Contributions - Normal Cost/Accrued Liability	17-495-034-5094-002	7/1/16-6/30/17	724,852			724,852	724,852							724,852
On-behalf TPAF Pension Contributions - NCGI Premiums	17-495-034-5094-004	7/1/16-6/30/17	26,263			26,263	26,263							26,263
On-behalf TPAF Contributions - LTDI Premiums	17-495-034-5094-004	7/1/16-6/30/17	1,122			1,122	1,122							1,122
On-behalf TPAF Contributions - Post-Retirement Medical Benefits	17-495-034-5094-001	7/1/16-6/30/17	625,850			625,850	625,850							625,850
Reimbursed TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	533,814			531,888	533,814		(1,926)				\$ (1,926)	533,814
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	502,164	(1,633)	-	1,633	-	-	-	-	-	-	-	-
<b>Total General Fund</b>				<b>(204,332)</b>	<b>-</b>	<b>2,690,718</b>	<b>2,751,330</b>	<b>-</b>	<b>(264,944)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,926)</b>	<b>2,751,330</b>
<b>Food Service Fund</b>														
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	3,107			2,943	3,107		(164)				(164)	3,107
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	3,372	(176)	-	176	-	-	-	-	-	-	-	-
<b>Total Food Service Fund</b>				<b>(176)</b>	<b>-</b>	<b>3,119</b>	<b>3,107</b>	<b>-</b>	<b>(164)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(164)</b>	<b>3,107</b>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>(204,508)</b>	<b>-</b>	<b>2,693,837</b>	<b>2,754,437</b>	<b>-</b>	<b>(265,108)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,090)</b>	<b>2,754,437</b>
<b>State Financial Assistance Not Subject to Major Program Determination:</b>														
<b>General Fund</b>														
TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	724,852			(724,852)	(724,852)							
TPAF Pension - NCGI Premiums	17-495-034-5094-004	7/1/16-6/30/17	26,263			(26,263)	(26,263)							
TPAF - LTDI Premiums	17-495-034-5094-004	7/1/16-6/30/17	1,122			(1,122)	(1,122)							
TPAF Post Retirement Medical Benefits	17-495-034-5094-001	7/1/16-6/30/17	625,850			(625,850)	(625,850)							
<b>Total State Financial Assistance for Major Program Determination</b>				<b>\$ (204,508)</b>	<b>\$ -</b>	<b>\$ 1,315,750</b>	<b>\$ 1,376,350</b>	<b>\$ -</b>	<b>\$ (265,108)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,090)</b>	<b>\$ 2,754,437</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$60,319 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 27,498	\$ 2,691,011	\$ 2,718,509
Special Revenue Fund	392,325		392,325
Food Service Fund	<u>202,927</u>	<u>3,107</u>	<u>206,034</u>
Total Awards Financial Assistance	<u>\$ 622,750</u>	<u>\$ 2,694,118</u>	<u>\$ 3,316,868</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$533,814 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$751,115 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$625,850 and TPAF Long-Term Disability Insurance in the amount of \$1,122 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

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

**Federal Awards Section**

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part I – Summary of Auditor's Results*

**State Awards Section**

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

Internal Control over compliance:

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

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-102</u>	<u>Host District Support Aid</u>

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

Auditee qualified as low-risk auditee?     X     yes            no

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.



**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE.

**EAST RUTHERFORD BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.