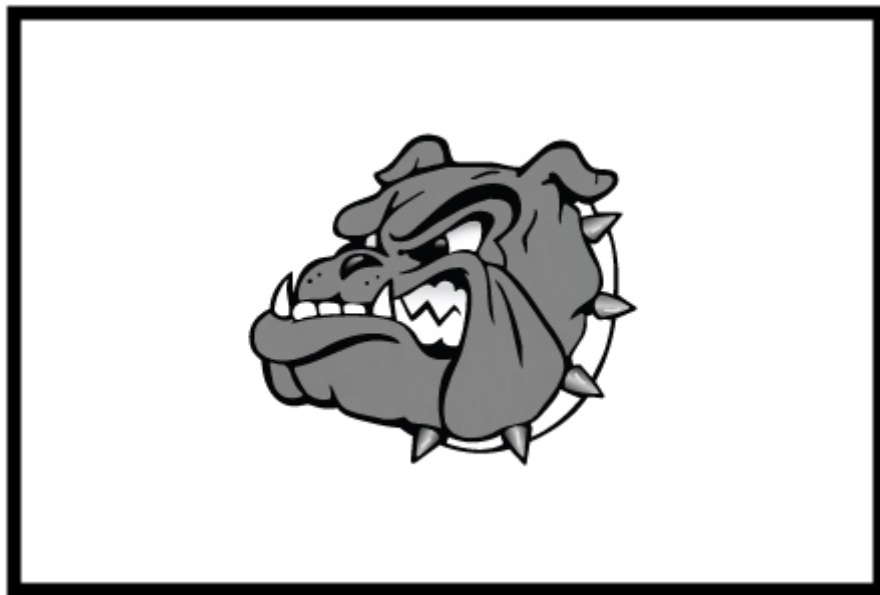


SCHOOL DISTRICT
OF
RUTHERFORD



Rutherford Board of Education
Rutherford, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION

RUTHERFORD PUBLIC SCHOOLS

Rooted in Excellence

176 Park Avenue, Rutherford, NJ 07070

JOHN J. HURLEY

Superintendent of Schools

Phone: 201-939-1717

01-939-6350

JOSEPH P. KELLY

Business Administrator/Board Secretary

Phone: 201-939-1718

February 4, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Rutherford School District (District) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1 REPORTING ENTITY AND ITS SERVICES:

The Rutherford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. All funds of the District are included in this report. The Rutherford Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education for students so classified. The District completed the 2017-2018 fiscal year with an average daily enrollment of 2,599 students, which is 86 students more than the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years:

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2017-2018	2,599.0	3.4%
2016-2017	2,513.0	1.9%
2015-2016	2,466.0	(1.4%)
2014-2015	2,501.0	0.4%
2013-2014	2,491.0	0.0%
2012-2013	2,490.0	0.2%
2011-2012	2,485.0	2.1%
2010-2011	2,433.8	0.0%
2009-2010	2,433.9	(1.2%)
2008-2009	2,463.8	0.6%

2. ECONOMIC CONDITION AND OUTLOOK:

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

3. MAJOR INITIATIVES:

The Rutherford School District continues to offer a comprehensive educational program to its students. Major initiatives in place to support and enhance the academic and extracurricular programs already in place include the implementation of the STEM (Science, Technology, Engineering and Mathematics) program in the high school to better prepare students for the demands of the workplace in the 21st Century, investment in technology to participate in advanced standardized testing programs to measure student achievement, upgraded curriculum throughout the District, and the implementation of a summer head-start program for kindergartners. In 2016-2017, the District reconfigured the District to provide a true middle school to students, including STEM programs, and other electives. Resulting program enhancements are expected to positively impact programs at all grade levels. Also in 2016-2017, the District introduced a part-time preschool program and several full time special education programs to better prepare eligible students for ongoing placement in their home environments. In 2017-2018, the School District initiated a Life Skills program for students aged 18-21, which is housed in the Rutherford Public Library. The program helps older students to adapt to life outside of a school environment. In addition, the Board and District administration continue to evaluate facilities needs within the District and work to upgrade and improve the schools as needed, within budgetary constraints.

4. INTERNAL ACCOUNTING CONTROLS:

The administration of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting

4. INTERNAL ACCOUNTING CONTROLS (Cont'd):

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget. Annual appropriation budgets are adopted for the general, special revenue and debt service funds. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in the "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The South Bergen Workers' Compensation Pool provides coverage for workers' compensation claims.

9. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200 and the New Jersey State Treasury Circular 15-08-OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

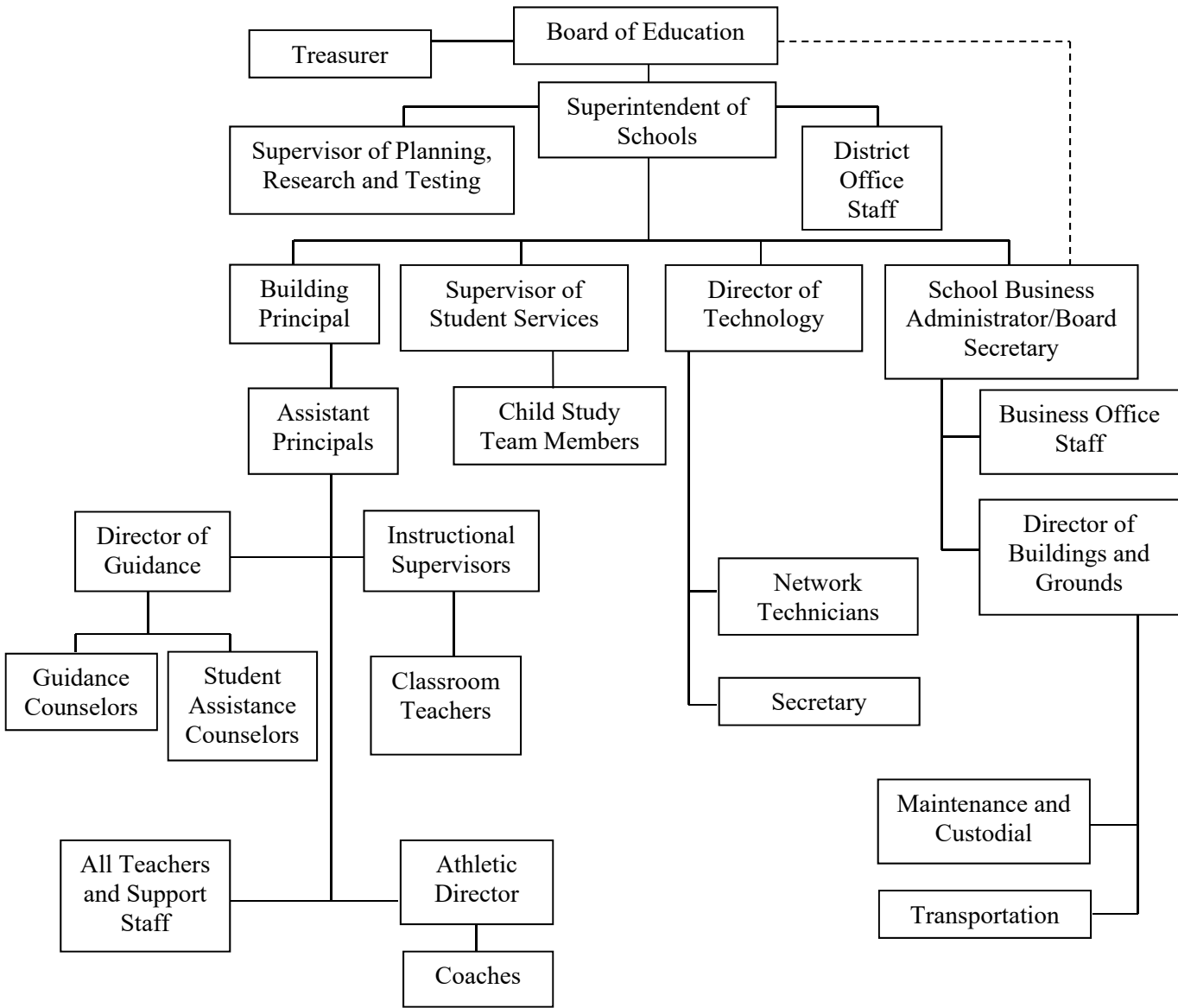


John J. Hurley
Superintendent of Schools



Joseph P. Kelly
Business Administrator/Board Secretary

ORGANIZATIONAL CHART



RUTHERFORD SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires December 31</u>
Kevin McLean, President	2019
Sally Librera, Vice President	2020
Shelly Ahmed	2018
Diane Jones	2020
Sergio Alati (Appointed October 23, 2017)	2018
Greg Recine	2018
Dennis Mazone	2019
Dennis Healey	2020
Edward Rolon	2019

Other Officials

John J. Hurley, Superintendent

Joseph Kelly, CPA, Business Administrator / Board Secretary

Edward Cortright, CPA, Treasurer

RUTHERFORD SCHOOL DISTRICT

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

2018

ARCHITECT

Parette Somjen Architects LLC
439 Route 46 East
Rockaway, NJ 07866

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORIES

Wells Fargo Bank
190 River Road
Summit, NJ 07901

BCB Community Bank
591-595 Avenue C
Bayonne, NJ 07002

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Rutherford School District
Rutherford, New Jersey 07070

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of June 30, 2018, 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.

Emphasis of Matter*Adoption of New Accounting Principles*

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. The related disclosures for the implementation of this new accounting pronouncement are included in note 10 in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Rutherford School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

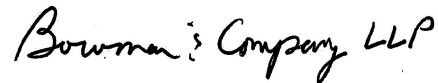
The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019 on our consideration of the Rutherford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Borough of Rutherford School District'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 Borough of Rutherford School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 01113

Voorhees, New Jersey
February 4, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Rutherford School District
Rutherford, New Jersey 07070

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 4, 2019. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of a new accounting principle.

Internal Control Over Financial Reporting

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

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

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

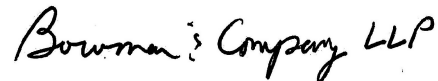
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Voorhees, New Jersey
February 4, 2019

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**Rutherford School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

As management of the Board of Education of the Borough of Rutherford, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- During the fiscal year ended June 30, 2018, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The notes to the financial statements provide a more thorough discussion of the implementation of this GASB Statement and the effects to the financial statements.
- The total assets and deferred outflows of resources of the School District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,662,679 (net position).
- The School District's total net position decreased by \$3,886 from the prior fiscal year.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,497,661, a decrease of \$290,151 in comparison with the prior year.

Overview of the Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Fund Financial Statements (Cont'd)

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

Notes to the Basic Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2019. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2019.

The assets and deferred outflows of the government activities exceeded liabilities and deferred inflows by \$15,564,125 with an unrestricted deficit of (\$9,227,746). The unrestricted net position deficit balance was decreased due to the effect of pension related items, the accounting treatment for compensated absences payable, accrued interest payable and the June state aid payments and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

Table 1 provides a comparative schedule of the School District's net position for fiscal years ended June 30, 2018 and 2017.

Government-Wide Financial Analysis (Cont'd)

TABLE 1						
NET POSITION						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 3,932,379	\$ 3,962,234	\$ 120,318	\$ 147,714	\$ 4,052,697	\$ 4,109,948
Capital Assets	34,827,411	35,137,615			34,827,411	35,137,615
Total Assets	38,759,790	39,099,849	120,318	147,714	38,880,108	39,247,563
Deferred Outflow of Resources:						
Related to Pension	2,865,618	3,921,597			2,865,618	3,921,597
Deferred Loss on Refunding	120,029	131,506			120,029	131,506
Total Deferred Outflows of Resources	2,985,647	4,053,103	-	-	2,985,647	4,053,103
Long-term Liabilities Outstanding	22,663,236	26,036,497			22,663,236	26,036,497
Other Liabilities	1,021,559	803,065	21,764	26,780	1,043,323	829,845
Total Liabilities	23,684,795	26,839,562	21,764	26,780	23,706,559	26,866,342
Deferred Inflow of Resources - Related to Pensions	2,496,517	767,759	-	-	2,496,517	767,759
Net Position:						
Net Investment in Capital Assets	22,740,283	22,166,781			22,740,283	22,166,781
Restricted	2,051,588	2,646,797			2,051,588	2,646,797
Unrestricted (Deficit)	(9,227,746)	(9,267,947)	98,554	120,934	(9,129,192)	(9,147,013)
Total Net Position	\$ 15,564,125	\$ 15,545,631	\$ 98,554	\$ 120,934	\$ 15,662,679	\$ 15,666,565

Government-Wide Financial Analysis (Cont'd)

Table 2 reflects the comparative schedule of changes in net position for fiscal years ended June 30, 2018 and 2017.

TABLE 2						
CHANGES IN NET POSITION						
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 196,288	\$ 180,779	\$ 180,966	\$ 185,833	\$ 377,254	\$ 366,612
Operating Grants and Contributions	15,744,767	19,773,848			15,744,767	19,773,848
Capital Grants and Contributions	3,290				3,290	
General Revenues:						
Property Taxes	41,531,633	40,533,916			41,531,633	40,533,916
Grants and Contributions Restricted and not Restricted to Programs	3,197,783	3,394,372			3,197,783	3,394,372
Other	106,141	67,682			106,141	67,682
Total Revenues	60,779,902	63,950,597	180,966	185,833	60,960,868	64,136,430
Expenses:						
Instruction	19,118,127	19,480,715			19,118,127	19,480,715
Support Services	41,184,668	43,158,156			41,184,668	43,158,156
Interest on Debt and Related Costs	443,613	565,448			443,613	565,448
Community Education			104,635	93,244	104,635	93,244
Summer Music			92,547	10,786	92,547	10,786
Food Services			21,164	93,558	21,164	93,558
Total Expenses	60,746,408	63,204,319	218,346	197,588	60,964,754	63,401,907
Increase in Net Position before Transfers	33,494	746,278	(37,380)	(11,755)	(3,886)	734,523
Transfers	(15,000)	(25,000)	15,000	25,000		
Change in Net Position	18,494	721,278	(22,380)	13,245	(3,886)	734,523
Net Position July 1	15,545,631	14,824,353	120,934	107,689	15,666,565	14,932,042
Net Position, June 30	\$ 15,564,125	\$ 15,545,631	\$ 98,554	\$ 120,934	\$ 15,662,679	\$ 15,666,565

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,497,661, a decrease of \$290,151 from the prior year.

Financial Analysis of the Governmental Funds (Cont'd)

The unassigned fund balance for the School District at the end of the fiscal year is \$1,131,017. The assigned fund balance for the School District at the end of the fiscal year consists of \$215,056 assigned for encumbrances. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in subsequent years' budgets of \$404,925 and \$375,937 respectively; 2) restricted for capital reserve account \$1,066,093; and 3) restricted for capital projects \$204,633.

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

General Fund Budgetary Highlights

During the fiscal year 2018, the School District amended its general fund budget as needed. The net change in the total budget modification primarily resulted from the rollover of prior year encumbrances, \$225,832 and the use of additional surplus \$300,036 appropriated during the year, attributable to the receipt of extraordinary aid from the previous year.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$1,343,129 while total fund balance (budgetary basis) was \$3,505,140. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$49,603,022. Unassigned fund balance (budgetary basis) represents 2.7% of expenditures while total fund balance (budgetary basis) represents 7.1% of that same amount.

Capital Asset and Debt Administration

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$22,740,283 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was (\$310,204), or a (0.9%) decrease. Table 3 reflects the capital assets.

TABLE 3		
Capital Assets		
	June 30, 2018	June 30, 2017
Capital Assets (Net of Depreciation):		
Land	\$ 7,502,700	\$ 7,502,700
Construction in Progress	333,819	
Land Improvements	104,881	122,190
Building and Improvements	25,188,294	25,839,115
Motor Vehicles	247,065	296,137
Furniture, Fixtures and Equipment	1,450,652	1,377,473
Net Capital Assets	\$ 34,827,411	\$ 35,137,615

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

Capital Asset and Debt Administration (Cont'd)

During the fiscal year ended June 30, 2018, the School District had \$10,275,000 in serial bonds payable and \$1,056,891 in compensated absences payable, as well as \$64,394 of pension deferral and \$9,517,152 of net pension liability. This net pension liability occurred as a result of the implementation of GASB 68.

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$114,813,576 and the legal debt margin was \$104,538,576.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2018-19 fiscal year:

- In preparing the 2018-19 budget, the administration evaluates all planned expenditures annually to determine ongoing need. Salaries are budgeted in accordance with contract terms in effect for the budget year; benefits, utilities and other costs are estimated based on recent experience and other external factors; and capital projects are budgeted based on prioritized need and the best estimate available of project costs.
- For the general operating budget, the School District had a 2.9% tax levy increase for the 2018-19 budget year. The increase was primarily due to increases in special education costs, including costs to send students to out-of-district facilities, when appropriate services are not available in-district. Other cost drivers contributing to the increase were contracted salary increases, estimated increases to health benefits costs and utilities. In addition, in recognition of the district's aging facilities, amounts were budgeted for building repairs and certain capital projects. These expenditures are to be paid for by the mandated 2.0% cap on tax levy increases as well as certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be available to the district for future needs.
- The School District has been evaluating the condition of the schools and the needs for capital improvements. The School District recently held a public referendum that would provide rehabilitation, renovations and additions as well as playground equipment and improvements to the Kindergarten Center. Unfortunately, the public referendum was defeated and the School District is in the process of determining the factors that contributed to the defeat and is contemplating another public referendum in the near future.
- The Rutherford School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RUTHERFORD SCHOOL DISTRICT

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 842,221.35	\$ 120,318.06	\$ 962,539.41
Receivables, net	1,811,849.70		1,811,849.70
Restricted Assets:			
Capital Reserve - Cash	1,066,093.42		1,066,093.42
Capital Projects - Cash	212,214.28		212,214.28
Capital Assets, net (Note 6)	<u>34,827,411.35</u>		<u>34,827,411.35</u>
Total Assets	<u>38,759,790.10</u>	<u>120,318.06</u>	<u>38,880,108.16</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	2,865,618.00		2,865,618.00
Deferred Loss on Refunding	<u>120,028.98</u>		<u>120,028.98</u>
Total Deferred Outflows	<u>2,985,646.98</u>	<u>-</u>	<u>2,985,646.98</u>
LIABILITIES:			
Accounts Payable:			
Related to Pensions	387,927.00		387,927.00
Other	270,154.05	2,895.00	273,049.05
Payable to State Government	46,377.67		46,377.67
Internal Balances	(4,250.00)	4,250.00	
Accrued Interest Payable	198,914.58		198,914.58
Unearned Revenue	122,435.97	14,619.00	137,054.97
Noncurrent Liabilities (Note 7):			
Due within One Year	1,315,762.58		1,315,762.58
Due beyond One Year	<u>21,347,472.95</u>		<u>21,347,472.95</u>
Total Liabilities	<u>23,684,794.80</u>	<u>21,764.00</u>	<u>23,706,558.80</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	<u>2,496,517.00</u>	<u>-</u>	<u>2,496,517.00</u>
NET POSITION:			
Net Investment in Capital Assets	22,740,283.11		22,740,283.11
Restricted for:			
Capital Projects	1,270,726.08		1,270,726.08
Other Purposes	780,862.05		780,862.05
Unrestricted (Deficit)	<u>(9,227,745.96)</u>	<u>98,554.06</u>	<u>(9,129,191.90)</u>
Total Net Position	<u>\$ 15,564,125.28</u>	<u>\$ 98,554.06</u>	<u>\$ 15,662,679.34</u>

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

RUTHERFORD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 15,288,081.29	\$ 196,287.89	\$ 700,036.49	\$ 3,290.00	\$ (14,391,756.91)	\$	\$ (14,391,756.91)
Special Education	1,988,703.64				(1,955,413.64)		(1,955,413.64)
Other Special Instruction	1,871,341.45				(1,871,341.45)		(1,871,341.45)
Support Services:							
Tuition	4,385,168.35				(4,385,168.35)		(4,385,168.35)
Student and Instruction Related Services	744,289.19		163,270.52		(581,018.67)		(581,018.67)
Other Support Services - Student Related	3,178,458.15				(3,178,458.15)		(3,178,458.15)
Improvement of Instruction	655,390.55				(655,390.55)		(655,390.55)
School Administrative Services	2,616,395.75				(2,616,395.75)		(2,616,395.75)
Other Administrative Services	582,829.09				(582,829.09)		(582,829.09)
Administrative Information Technology	304,871.33				(304,871.33)		(304,871.33)
Plant Operations and Maintenance	3,734,370.57				(3,734,370.57)		(3,734,370.57)
Care and Upkeep of Grounds	41,100.00				(41,100.00)		(41,100.00)
Pupil Transportation	1,485,769.70				(1,485,769.70)		(1,485,769.70)
Business and Other Support	722,329.35				(722,329.35)		(722,329.35)
Unallocated Benefits	21,437,669.62		14,881,459.82		(6,556,209.80)		(6,556,209.80)
Transfer to Charter School	10,915.00				(10,915.00)		(10,915.00)
Interest on Long-Term Debt	443,613.45				(443,613.45)		(443,613.45)
Unallocated Depreciation	1,285,111.65				(1,285,111.65)		(1,285,111.65)
Total Governmental Activities	60,746,408.13	196,287.89	15,744,766.83	3,290.00	(44,802,063.41)	-	(44,802,063.41)
Business-Type Activities:							
Food Service	104,634.88	73,917.60				\$ (30,717.28)	(30,717.28)
Community Education	92,546.73	91,905.00				(641.73)	(641.73)
Summer Music	21,164.30	15,143.00				(6,021.30)	(6,021.30)
Total Business-Type Activities	218,345.91	180,965.60	-	-		(37,380.31)	(37,380.31)
Total Government	\$ 60,964,754.04	\$ 377,253.49	\$ 15,744,766.83	\$ 3,290.00	(44,802,063.41)	(37,380.31)	(44,839,443.72)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, net					40,196,620.00		40,196,620.00
Taxes Levied for Debt Service					1,335,013.00		1,335,013.00
Federal and State Aid not Restricted					3,172,089.80		3,172,089.80
Federal and State Aid Restricted					25,693.95		25,693.95
Transfers					(15,000.00)	15,000.00	
Miscellaneous Income					106,141.29		106,141.29
Total General Revenues and Transfers					44,820,558.04	15,000.00	44,835,558.04
Change in Net Position					18,494.63	(22,380.31)	(3,885.68)
Net Position -- July 1					15,545,630.65	120,934.37	15,666,565.02
Net Position -- June 30					\$ 15,564,125.28	\$ 98,554.06	\$ 15,662,679.34

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

FUND FINANCIAL STATEMENTS

RUTHERFORD SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 1,908,314.77		\$ 212,214.28	\$ 2,120,529.05
Receivables from Other Governments	660,121.00	\$ 171,670.71	977,320.69	1,809,112.40
Other Accounts Receivable	2,737.30			2,737.30
Interfund Receivables	1,045,012.03			1,045,012.03
	<hr/>			<hr/>
Total Assets	\$ 3,616,185.10	\$ 171,670.71	\$ 1,189,534.97	\$ 4,977,390.78
	<hr/>			<hr/>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 258,756.70	\$ 3,815.73	\$ 7,581.62	\$ 270,154.05
Interfunds Payable		63,441.34	977,320.69	1,040,762.03
Payable to State Government		46,377.67		46,377.67
Unearned Revenue	64,400.00	58,035.97		122,435.97
	<hr/>			<hr/>
Total Liabilities	323,156.70	171,670.71	984,902.31	1,479,729.72
	<hr/>			<hr/>
Fund Balances:				
Restricted:				
Capital Reserve Account	1,066,093.42			1,066,093.42
Capital Projects			204,632.66	204,632.66
Excess Surplus - Current Year	375,936.75			375,936.75
Excess Surplus - Designated for Subsequent Year's Expenditures	404,925.30			404,925.30
Assigned:				
Designated for Subsequent Years' Expenditures	100,000.00			100,000.00
Other Purposes	215,056.27			215,056.27
Unassigned	1,131,016.66			1,131,016.66
	<hr/>			<hr/>
Total Fund Balances	3,293,028.40	-	204,632.66	3,497,661.06
	<hr/>			<hr/>
Total Liabilities and Fund Balances	\$ 3,616,185.10	\$ 171,670.71	\$ 1,189,534.97	
	<hr/>			<hr/>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$76,966,474.39 and the accumulated depreciation is \$42,139,063.04	34,827,411.35
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(198,914.58)
Deferred loss on refundings are not financial resources and therefore are not reported in the funds.	120,028.98
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.	(13,146,083.53)
Net Pension Liability	(9,517,152.00)
Accounts Payable related to the April 1, 2019 Required PERS pension contribution that is not to be liquidated with current financial resources.	(387,927.00)
Deferred Outflows of Resources - Related to Pensions	2,865,618.00
Deferred Inflows of Resources - Related to Pensions	<hr/> (2,496,517.00)
Net Position of Governmental Activities	<hr/> \$ 15,564,125.28 <hr/>

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

RUTHERFORD SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 40,196,620.00			\$ 1,335,013.00	\$ 41,531,633.00
Tuition Charges	196,287.89				196,287.89
Miscellaneous	106,141.29				106,141.29
Local Sources		\$ 32,380.00			32,380.00
State Sources	9,194,598.22	164,734.08			9,359,332.30
Federal Sources	26,408.40	691,886.88			718,295.28
Total Revenues	49,720,055.80	889,000.96	-	1,335,013.00	51,944,069.76
EXPENDITURES:					
Current:					
Regular Instruction	15,425,204.04				15,425,204.04
Special Education Instruction	1,253,056.92	700,036.49			1,953,093.41
Other Special Instruction	1,871,341.45				1,871,341.45
Support Services and Undistributed Costs:					
Tuition	4,385,168.35				4,385,168.35
Student and Instruction Related Services	581,018.67	163,270.52			744,289.19
Other Support Services - Student Related	3,178,458.15				3,178,458.15
Improvement of Instruction	655,390.55				655,390.55
School Administrative Services	2,616,395.75				2,616,395.75
Other Administrative Services	577,829.37				577,829.37
Administrative Information Technology	303,329.31				303,329.31
Plant Operations and Maintenance	3,645,586.84				3,645,586.84
Care and Upkeep of Grounds	41,100.00				41,100.00
Pupil Transportation	1,479,331.01				1,479,331.01
Business and Other Support	722,329.35				722,329.35
Unallocated Benefits	6,340,234.00				6,340,234.00
On-Behalf Contributions	6,048,916.82				6,048,916.82
Transfer of Funds to Charter Schools	10,915.00				10,915.00
Debt Service:					
Principal				840,000.00	840,000.00
Interest and Other Charges	75,126.00			495,553.00	570,679.00
Capital Outlay	945,742.43	25,693.95	\$ 333,819.16		1,305,255.54
Total Expenditures	50,156,474.01	889,000.96	333,819.16	1,335,553.00	52,714,847.13
Excess (Deficiency) of Revenues over Expenditures	(436,418.21)	-	(333,819.16)	(540.00)	(770,777.37)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	94,610.62		538,451.82		633,062.44
Operating Transfers Out	(553,451.82)		(94,610.62)		(648,062.44)
Assets Acquired under Capital Lease	495,625.93				495,625.93
Total Other Financing Sources and Uses	36,784.73	-	443,841.20	-	480,625.93
Net Change in Fund Balances	(399,633.48)		110,022.04	(540.00)	(290,151.44)
Fund Balance -- July 1	3,692,661.88		94,610.62	540.00	3,787,812.50
Fund Balance -- June 30	<u>\$ 3,293,028.40</u>	<u>\$ -</u>	<u>\$ 204,632.66</u>	<u>\$ -</u>	<u>\$ 3,497,661.06</u>

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

RUTHERFORD SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (290,151.44)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation Expense	\$ (1,618,748.84)
Donated Assets	3,290.00
Capital Outlays	<u>1,305,255.54</u>
	(310,203.30)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>	
	840,000.00
<p>Governmental funds report the effect of premiums, discounts and similar items when long-term debt (bonds) are first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the amortized premium and the deferral of pension in the treatment of long-term debt and related items.</p>	
Pension Deferral	8,049.20
Amortization of Loss on Refunding Bonds	(11,476.88)
Amortization of Bond Premiums	86,060.21
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)</p>	
	50,982.53
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	(48,879.83)
<p>Asset acquired under capital leases do not effect the Statement of Net Position, however, are reported as a financing source in the governmental funds.</p>	
	(495,625.93)
<p>Repayment of capital leases is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities.</p>	
	413,765.07
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceed the School District's pension contributions in the current period.</p>	
	<u>(224,025.00)</u>
Change in Net Postion of Governmental Activities	<u>\$ 18,494.63</u>

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

RUTHERFORD SCHOOL DISTRICT
 Proprietary Funds
 Statement of Net Position
 June 30, 2018

	Business Type Activities - Enterprise Funds			<u>Total</u>
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 11,105.19	\$ 66,804.09	\$ 42,408.78	\$ 120,318.06
Total Assets	<u>11,105.19</u>	<u>66,804.09</u>	<u>42,408.78</u>	<u>120,318.06</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	75.00	320.00		395.00
Interfunds Accounts Payable:				
Due to General Fund			4,250.00	4,250.00
Due to Fiduciary Funds			2,500.00	2,500.00
Unearned Revenue			<u>14,619.00</u>	<u>14,619.00</u>
Total Liabilities	<u>75.00</u>	<u>320.00</u>	<u>21,369.00</u>	<u>21,764.00</u>
NET POSITION:				
Unrestricted	<u>11,030.19</u>	<u>66,484.09</u>	<u>21,039.78</u>	<u>98,554.06</u>
Total Net Position	<u>\$ 11,030.19</u>	<u>\$ 66,484.09</u>	<u>\$ 21,039.78</u>	<u>\$ 98,554.06</u>

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

RUTHERFORD SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds			<u>Total</u>
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs				
School Lunch Program	\$ 73,917.60			\$ 73,917.60
Miscellaneous			\$ 930.00	930.00
Fees for Enrollment		\$ 91,905.00	14,213.00	106,118.00
Total Operating Revenues	<u>73,917.60</u>	<u>91,905.00</u>	<u>15,143.00</u>	<u>180,965.60</u>
OPERATING EXPENSES:				
Salaries		19,560.00	11,000.00	30,560.00
Employee Benefits		1,669.86		1,669.86
Other Professional Services		33,162.50		33,162.50
Repairs and Maintenance			8,571.62	8,571.62
Supplies and Materials		5,921.47	1,592.68	7,514.15
Postage		13,303.17		13,303.17
Printing Services		14,090.00		14,090.00
Miscellaneous	1,460.38	4,839.73		6,300.11
Cost of Sales - Non-Reimbursable Programs	103,174.50			103,174.50
Total Operating Expenses	<u>104,634.88</u>	<u>92,546.73</u>	<u>21,164.30</u>	<u>218,345.91</u>
Net Income (Loss) Before Contributions and Transfers	<u>(30,717.28)</u>	<u>(641.73)</u>	<u>(6,021.30)</u>	<u>(37,380.31)</u>
Operating Transfers In - General Fund	15,000.00			15,000.00
Change in Net Position	<u>(15,717.28)</u>	<u>(641.73)</u>	<u>(6,021.30)</u>	<u>(22,380.31)</u>
Net Position -- July 1	<u>26,747.47</u>	<u>67,125.82</u>	<u>27,061.08</u>	<u>120,934.37</u>
Net Position -- June 30	<u>\$ 11,030.19</u>	<u>\$ 66,484.09</u>	<u>\$ 21,039.78</u>	<u>\$ 98,554.06</u>

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

RUTHERFORD SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds			
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 73,917.60	\$ 91,905.00	\$ 16,414.00	\$ 182,236.60
Payments to Employees		(19,560.00)	(11,000.00)	(30,560.00)
Payments for Employee Benefits		(1,669.86)		(1,669.86)
Payments to Suppliers and Other Operating Payments	<u>(111,241.33)</u>	<u>(70,996.87)</u>	<u>(10,164.30)</u>	<u>(192,402.50)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(37,323.73)</u>	<u>(321.73)</u>	<u>(4,750.30)</u>	<u>(42,395.76)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating Transfers - General Fund	<u>15,000.00</u>			<u>15,000.00</u>
Net Cash Provided by Non-Capital Financing Activities	<u>15,000.00</u>	-	-	<u>15,000.00</u>
Cash and Cash Equivalents -- July 1	<u>33,428.92</u>	<u>67,125.82</u>	<u>47,159.08</u>	<u>147,713.82</u>
Cash and Cash Equivalents -- June 30	<u>\$ 11,105.19</u>	<u>\$ 66,804.09</u>	<u>\$ 42,408.78</u>	<u>\$ 120,318.06</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (30,717.28)	\$ (641.73)	\$ (6,021.30)	\$ (37,380.31)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (used for) Operating Activities:				
Increase (Decrease) in Accounts Payable	(6,606.45)	320.00	(480.00)	(6,766.45)
Increase (Decrease) in Unearned Revenue			1,751.00	1,751.00
Total Adjustments	<u>(6,606.45)</u>	<u>320.00</u>	<u>1,271.00</u>	<u>(5,015.45)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (37,323.73)</u>	<u>\$ (321.73)</u>	<u>\$ (4,750.30)</u>	<u>\$ (42,395.76)</u>

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

RUTHERFORD SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2018

	Private-Purpose Trust Funds			Agency Funds	
	Unemployment Compensation <u>Trust</u>	Flexible Benefit <u>Trust</u>	Scholarship <u>Fund</u>	Student Activity	<u>Payroll</u>
ASSETS:					
Cash and Cash Equivalents	\$ 160,926.10	\$ 26,621.38	\$ 108,622.92	\$ 167,610.89	\$ 273.37
Interfund Accounts Receivable				2,500.00	
Total Assets	<u>160,926.10</u>	<u>26,621.38</u>	<u>108,622.92</u>	<u>\$ 170,110.89</u>	<u>\$ 273.37</u>
LIABILITIES:					
Accounts Payable	8,720.87			\$ 687.96	
Payable to Student Groups				169,422.93	
Payroll Deductions and Withholdings					\$ 273.37
Total Liabilities	<u>8,720.87</u>	<u>-</u>	<u>-</u>	<u>\$ 170,110.89</u>	<u>\$ 273.37</u>
NET POSITION:					
Restricted:					
Held in Trust for:					
Unemployment Compensation	152,205.23				
Payment of Claims		26,621.38			
Scholarships			108,622.92		
Total Net Position	<u>\$ 152,205.23</u>	<u>\$ 26,621.38</u>	<u>\$ 108,622.92</u>		

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

RUTHERFORD SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Private-Purpose Trust Funds</u>			
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	<u>Scholarship Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions			\$ 4,750.00	\$ 4,750.00
Employee Withholdings	\$ 66,860.93	\$ 52,720.68		119,581.61
Interest on Investments			870.02	870.02
Total Additions	<u>66,860.93</u>	<u>52,720.68</u>	<u>5,620.02</u>	<u>125,201.63</u>
DEDUCTIONS:				
Scholarships Awarded			9,800.00	9,800.00
Scholarship Expense			42.95	
Claims and Premiums Paid		38,182.87		38,182.87
New Jersey Catastrophic Illness	825.00			825.00
Due Agency - Employee Withholdings	28,009.34			28,009.34
Quarterly Unemployment Contributions	24,609.96			24,609.96
Total Deductions	<u>53,444.30</u>	<u>38,182.87</u>	<u>9,842.95</u>	<u>101,427.17</u>
Net Position -- July 1	<u>138,788.60</u>	<u>12,083.57</u>	<u>112,845.85</u>	<u>263,718.02</u>
Net Position -- June 30	<u>\$ 152,205.23</u>	<u>\$ 26,621.38</u>	<u>\$ 108,622.92</u>	<u>\$ 287,492.48</u>

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

RUTHERFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre-K through 12 at its five schools. The School District has an approximate enrollment at June 30, 2018 of 2,597.

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

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

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

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

Complete financial statements of the component unit can be obtained from its administrative offices.

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Bergen County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due.

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

Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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

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

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major proprietary funds:

Enterprise Funds

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

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

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

Additionally, the School District reports the following fund types:

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

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

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

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

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on exhibit C-1, exhibit C-2, and exhibit I-3, includes all amendments to the adopted budget, if any.

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

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

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

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

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018. The School District had no prepaid expenses for the fiscal year ended June 30, 2018.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

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

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources: loss on refunding of debt, defined benefit pension plans, and postemployment benefit plans.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

Compensated Absences

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

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

Accounting Estimates

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

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2018:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of this Statement required the School District to recognize a revenue and expense on the government-wide statement of activities for the State's proportionate share of the postemployment expense associated with the School District. In addition, the School District was required to include additional note disclosures (see note 10) and required supplementary information related to postemployment benefits.

Statement No. 85, *Omnibus 2017*. This Statement addresses 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 postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2018:

Statement No. 84, *Fiduciary Activities*. 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 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

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

Statement No. 87, *Leases*. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2018, the School District's bank balances of \$3,832,886.82 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,594,551.27
Uninsured and Uncollateralized	<u>238,335.55</u>
Total	<u>\$ 3,832,886.82</u>

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$170,000.00 on October 2, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017		\$ 1,723,784.62
Increased by:		
Deposits:		
Local Portion of EFCFA Projects Canceled	\$ 94,610.62	
Board Resolution, June 25, 2018	<u>519,000.00</u>	
		<u>613,610.62</u>
Total Deposits:		2,337,395.24
Decreased by:		
Withdrawals:		
Transfer to Capital Outlay	732,850.00	
Transfer to Capital Projects Fund	<u>538,451.82</u>	
Total Withdrawals		<u>1,271,301.82</u>
Ending Balance, June 30, 2018		<u>\$ 1,066,093.42</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted projects at June 30, 2018 is \$23,948,392.00. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: TRANSFERS FROM CAPITAL RESERVE TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the School District transferred \$732,850.00 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters in the budget certified for taxes pursuant to N.J.A.C. 6A:23A-8.4.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Note 5: ACCOUNTS RECEIVABLE (CONT'D)

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

<u>Description</u>	<u>Governmental Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>	
Federal Awards		\$ 170,021.32		\$ 170,021.32	\$ 170,021.32
State Awards	\$ 660,121.00	1,649.39	\$ 977,320.69	1,639,091.08	1,639,091.08
Tuition Charges	2,737.30			2,737.30	2,737.30
	<u>\$ 662,858.30</u>	<u>\$ 171,670.71</u>	<u>\$ 977,320.69</u>	<u>\$ 1,811,849.70</u>	<u>\$ 1,811,849.70</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Balance June 30, 2018</u>
Governmental Activities:			
Capital Assets, not being Depreciated:			
Land	\$ 7,502,700.00		\$ 7,502,700.00
Construction in Progress		\$ 333,819.16	333,819.16
Total Capital Assets, not being Depreciated	<u>7,502,700.00</u>	<u>333,819.16</u>	<u>7,836,519.16</u>
Capital Assets, being Depreciated:			
Furniture, Fixtures and Equipment	3,766,389.26	383,649.11	4,150,038.37
Motor Vehicles	638,192.67		638,192.67
Buildings and Improvements	62,825,359.42	591,077.27	63,416,436.69
Land Improvements	925,287.50		925,287.50
Total Capital Assets, being Depreciated	<u>68,155,228.85</u>	<u>974,726.38</u>	<u>69,129,955.23</u>
Total Capital Assets, Cost	<u>75,657,928.85</u>	<u>1,308,545.54</u>	<u>76,966,474.39</u>
Less Accumulated Depreciation for:			
Furniture, Fixtures and Equipment	(2,388,916.91)	(310,469.07)	(2,699,385.98)
Motor Vehicles	(342,055.61)	(49,071.86)	(391,127.47)
Buildings and Improvements	(36,986,244.57)	(1,241,898.21)	(38,228,142.78)
Land Improvements	(803,097.11)	(17,309.70)	(820,406.81)
Total Accumulated Depreciation	<u>(40,520,314.20)</u>	<u>(1,618,748.84)</u>	<u>(42,139,063.04)</u>
Total Capital Assets, being Depreciated, Net	<u>27,634,914.65</u>	<u>(644,022.46)</u>	<u>26,990,892.19</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,137,614.65</u>	<u>\$ (310,203.30)</u>	<u>\$ 34,827,411.35</u>

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Regular Instruction	\$ 173,587.48
Other Administrative Services	22,194.12
Plant Operations and Maintenance	88,783.73
Pupil Transportation	49,071.86
Unallocated	<u>1,285,111.65</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,618,748.84</u>
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Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 11,115,000.00		\$ (840,000.00)	\$ 10,275,000.00	\$ 910,000.00
Plus Amounts:					
Issuance Premiums	986,106.55		(86,060.21)	900,046.34	
Total Bonds Payable	<u>12,101,106.55</u>	<u>-</u>	<u>(926,060.21)</u>	<u>11,175,046.34</u>	<u>910,000.00</u>
Other Liabilities:					
Obligations under Capital Lease	751,335.44	\$ 495,625.93	(413,765.07)	833,196.30	381,156.81
Compensated Absences	1,024,567.46	63,412.58	(14,532.75)	1,073,447.29	16,556.57
Pension (PERS) Payment Deferral	72,442.80		(8,049.20)	64,393.60	8,049.20
Net Pension Liability (note 9)	12,087,044.00	3,848,222.00	(6,418,114.00)	9,517,152.00	
Total Other Liabilities	<u>13,935,389.70</u>	<u>4,407,260.51</u>	<u>(6,854,461.02)</u>	<u>11,488,189.19</u>	<u>405,762.58</u>
Governmental Activities Long-Term Liabilities	<u>\$ 26,036,496.25</u>	<u>\$ 4,407,260.51</u>	<u>\$ (7,780,521.23)</u>	<u>\$ 22,663,235.53</u>	<u>\$ 1,315,762.58</u>

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

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

On December 13, 2016, the School District issued \$11,115,000.00 of refunding bonds at interest rates varying from 4.00% to 5.00% to refund the callable bonds of the 2006 and 2007 issues. The final maturity of these bonds is January 15, 2028. The bonds will be paid from property taxes.

Note 7: LONG-TERM LIABILITIES (CONT'D)

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

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 910,000.00	\$ 421,500.00	\$ 1,331,500.00
2020	945,000.00	385,100.00	1,330,100.00
2021	995,000.00	347,300.00	1,342,300.00
2022	1,030,000.00	307,500.00	1,337,500.00
2023	1,075,000.00	266,300.00	1,341,300.00
2024-2028	5,320,000.00	688,300.00	6,008,300.00
Total	<u>\$ 10,275,000.00</u>	<u>\$ 2,416,000.00</u>	<u>\$ 12,691,000.00</u>

Bonds Authorized but not Issued - As of June 30, 2018, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing copiers, computer equipment, network equipment, and vehicles with a total original cost of \$1,719,113.73 under capital leases. All capital leases are for terms of four to five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

Fiscal Year			
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 381,156.81	\$ 12,315.55	\$ 393,472.36
2020	293,478.76	7,552.57	301,031.33
2021	118,364.11	3,342.31	121,706.42
2022	29,960.08	987.92	30,948.00
2023	10,236.54	79.46	10,316.00
Total	<u>\$ 833,196.30</u>	<u>\$ 24,277.81</u>	<u>\$ 857,474.11</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

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

Note 7: LONG-TERM LIABILITIES (CONT'D)

Public Employees' Retirement System (PERS) Payment Deferral (Cont'd) - On April 13, 2009, the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of \$120,738.00. The following is a schedule for the payment of the PERS deferral, based on an interest rate of 8.25%. N.J.S.A 43:15A-24b requires the use of "regular interest" when the actuary calculates the amortization of the unfunded accrued liability of the pension system, which is set by the State Treasurer (N.J.S.A. 43:15A-6n) and currently is 8.25%.

Principal and interest due on the outstanding pension deferral is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Deferral</u> <u>Payment</u>	<u>Interest</u>	<u>Total</u> <u>Projected</u> <u>Payment</u>
2019	\$ 8,049.20	\$ 5,312.47	\$ 13,361.67
2020	8,049.20	4,648.41	12,697.61
2021	8,049.20	3,984.35	12,033.55
2022	8,049.20	3,320.30	11,369.50
2023	8,049.20	2,656.24	10,705.44
2024-2027	<u>24,147.60</u>	<u>3,984.36</u>	<u>28,131.96</u>
Total	<u>\$ 64,393.60</u>	<u>\$ 23,906.13</u>	<u>\$ 88,299.73</u>

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2018, the School District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 46,056.84
2020	25,566.84
2021	24,438.57
2022	<u>4,056.00</u>
	<u>\$ 100,118.25</u>

Rental payments under operating leases for the fiscal year ended June 30, 2018 were \$63,519.84.

Note 9: PENSION PLANS

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

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

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

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

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

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 10.36% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$2,026,595.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$1,441,640.88.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 13.73% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$378,747.00, and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$208,872.65.

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

For the fiscal year ended June 30, 2018, employee contributions totaled \$67,755.05, and the School District recognized pension expense, which equaled the required contributions, of \$48,620.90. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	121,683,972.00
	<u>\$ 121,683,972.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. For the June 30, 2017 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2017, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2017 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.1804768091%, which was a decrease of 0.0008573050% from its proportion measured as of June 30, 2016.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2018, the School District recognized \$8,429,649.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Public Employees' Retirement System - At June 30, 2018, the School District reported a liability of \$9,517,152.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the School District's proportion was 0.0408840436%, which was an increase of 0.0000730543% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the School District recognized pension expense of \$602,768.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 224,096.00	\$ -
Changes of Assumptions	1,917,378.00	1,910,349.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	64,805.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	271,412.00	586,168.00
School District Contributions Subsequent to the Measurement Date	387,927.00	-
	<u>\$ 2,865,618.00</u>	<u>\$ 2,496,517.00</u>

\$387,927.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2019.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30,</u>	
2019	\$ 140,355.00
2020	254,398.00
2021	125,357.00
2022	(341,739.00)
2023	(197,197.00)
	<u>\$ (18,826.00)</u>

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

	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
2012-2021	Varies Based on Experience	-
Through 2026	-	1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	<u>8.25%</u>	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2017 were 4.25% and 5.00% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036 for TPAF and 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 for TPAF and 2040 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	144,564,376.00	121,683,972.00	102,834,996.00
	<u>\$ 144,564,376.00</u>	<u>\$ 121,683,972.00</u>	<u>\$ 102,834,996.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
School District's Proportionate Share of the Net Pension Liability	\$ 11,806,673.00	\$ 9,517,152.00	\$ 7,609,697.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS's respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2018, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>366,078</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2018 was \$79,983,318.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The total Non-Employer OPEB Liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total Non-Employer OPEB Liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. For the June 30, 2017 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was 0.1491117707%, which was an increase of 0.0001197532% from its proportion measured as of June 30, 2016.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2016 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%.

Mortality Rates - Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Experience Studies - The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Changes in the Total Non-Employer OPEB Liability - The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2017		\$ 86,164,742.00
Changes for the Year:		
Service Cost	\$ 3,618,763.00	
Interest Cost	2,533,581.00	
Changes in Assumptions	(10,549,402.00)	
Gross Benefit Payments	(1,852,583.00)	
Member Contributions	<u>68,217.00</u>	
Net Changes		<u>(6,181,424.00)</u>
Balance at June 30, 2018		<u>\$ 79,983,318.00</u>

There were no changes in benefit terms between the June 30, 2016 measurement date and the June 30, 2017 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for the June 30, 2016 measurement date to 3.58% for the June 30, 2017 measurement date.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a discount rate of 3.58%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 94,945,968.96</u>	<u>\$ 79,983,318.00</u>	<u>\$ 68,114,801.05</u>

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2017, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 65,778,547.06</u>	<u>\$ 79,983,318.00</u>	<u>\$ 98,847,086.66</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Non-Employer OPEB Liability - For the fiscal year ended June 30, 2018, the School District recognized \$5,051,592.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2017 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2018, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ 54,724.00	\$ -
Changes of Assumptions or Other Inputs	<u>-</u>	<u>9,459,306.00</u>
	<u>\$ 54,724.00</u>	<u>\$ 9,459,306.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ (1,101,239.11)
2020	(1,101,239.11)
2021	(1,101,239.11)
2022	(1,101,239.11)
2023	(1,101,239.11)
Thereafter	<u>(3,898,386.45)</u>
	<u>\$ (9,404,582.00)</u>

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$2,757,529.00, \$66,918.00, \$1,824,251.00, and \$4,353.00, respectively.

Note 12: RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 66,860.93	\$ 53,444.30	\$ 152,205.23
2017	66,793.96	73,040.45	138,788.60
2016	61,096.58	77,602.39	145,035.09

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

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

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended June 30, 2018, which can be obtained from:

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

Note 13: DEFERRED COMPENSATION

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

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

Note 14: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2018, the liability for compensated absences reported on the government-wide statement of net position was \$1,073,447.29.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,045,012.03	
Special Revenue		\$ 63,441.34
Capital Projects		977,320.69
Enterprise		6,750.00
Fiduciary	<u>2,500.00</u>	
	<u>\$ 1,047,512.03</u>	<u>\$ 1,047,512.03</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2019, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)

Interfund Transfers:

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>
<u>Transfer Out:</u>			
General Fund		\$ 538,451.82	\$ 15,000.00
Capital Projects Fund	\$ 94,610.62		
Total Transfers	<u>\$ 94,610.62</u>	<u>\$ 538,451.82</u>	<u>\$ 15,000.00</u>

The transfers were a result of authorized capital reserve transferred to Capital Projects fund and the return of Capital Projects Fund balance to General Fund – Capital Reserve. In addition, there was a transfer to Food Service Fund to assist in the funding of the school food service program.

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances as of June 30, 2018.

RESTRICTED

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

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

Specific restrictions of the School District's fund balance are summarized as follows:

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$375,936.75. Additionally, \$404,925.30 of excess fund balance generated during 2016-2017 has been restricted and designated for utilization in the 2018-2019 budget.

For Capital Reserve Account - As of June 30, 2018, the balance in the capital reserve account is \$1,066,093.42. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). The School District has budgeted a withdrawal of \$507,450.00 for budgeted construction services for the fiscal year 2018-2019.

Capital Projects Fund - As of June 30, 2019, the balance in the capital projects fund is \$204,632.66, which is restricted for approved projects.

COMMITTED

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

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2019 \$100,000.00 of general fund balance at June 30, 2018.

Other Purposes - As of June 30, 2018, the School District had \$215,056.27 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2018, \$1,131,016.66 of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 40,196,620.00		\$ 40,196,620.00	\$ 40,196,620.00	
Tuition	207,125.00		207,125.00	196,287.89	\$ (10,837.11)
Interest Earned on Capital Reserve Funds	100.00		100.00		(100.00)
Unrestricted Miscellaneous Revenues	122,500.00		122,500.00	106,141.29	(16,358.71)
Total - Local Sources	40,526,345.00		40,526,345.00	40,499,049.18	(27,295.82)
State Sources:					
Categorical Special Education Aid	1,505,767.00		1,505,767.00	1,509,423.00	3,656.00
Equalization Aid	815,410.00		815,410.00	815,410.00	
Categorical Security Aid	43,921.00		43,921.00	43,921.00	
Categorical Transportation Aid	40,538.00		40,538.00	40,538.00	
Extraordinary Aid	200,000.00		200,000.00	660,121.00	460,121.00
PARCC Readiness Aid	25,055.00		25,055.00	25,055.00	
Per Pupil Growth Aid	25,055.00		25,055.00	25,055.00	
Professional Learning Community Aid	25,500.00		25,500.00	25,500.00	
State Reimbursement for Lead Testing				2,709.40	2,709.40
On-Behalf TPAF Pension Contributions (non-budgeted)					
Post Retirement Medical				1,824,251.00	1,824,251.00
Teacher's Pension and Annuity Fund				2,757,529.00	2,757,529.00
TPAF Non-Contributory Insurance				66,918.00	66,918.00
Long-Term Disability Insurance				4,353.00	4,353.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,395,865.82	1,395,865.82
Total - State Sources	2,681,246.00		2,681,246.00	9,196,649.22	6,515,403.22
Federal Sources:					
Special Education Medicaid Initiative	26,350.00		26,350.00	20,775.90	(5,574.10)
Medicaid Administrative Claiming Aid				5,632.50	5,632.50
Total - Federal Sources	26,350.00		26,350.00	26,408.40	58.40
Total Revenues	43,233,941.00		43,233,941.00	49,722,106.80	6,488,165.80

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 104,882.00	\$ 201.25	\$ 105,083.25	\$ 105,083.25	
Kindergarten	548,724.00	8,502.77	557,226.77	557,226.77	
Grades 1-5	4,449,073.00	22,076.11	4,471,149.11	4,471,149.11	
Grades 6-8	3,705,259.00	17,335.99	3,722,594.99	3,722,594.99	
Grades 9-12	4,862,575.00	51,936.55	4,914,511.55	4,909,111.55	\$ 5,400.00
Regular Programs - Home Instruction:					
Salaries of Teachers	70,000.00	(9,132.70)	60,867.30	60,867.30	
Purchased Professional - Educational Services	33,028.45	(7,157.25)	25,871.20	15,871.20	10,000.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	471,516.00	(225,193.46)	246,322.54	246,322.54	
Other Purchased Services	487,090.71	(51,610.53)	435,480.18	420,380.50	15,099.68
General Supplies	646,970.72	(55,539.50)	591,431.22	546,889.58	44,541.64
Textbooks	15,435.87	(7,430.80)	8,005.07	7,970.07	35.00
Total Regular Programs	15,394,554.75	(256,011.57)	15,138,543.18	15,063,466.86	75,076.32
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	264,215.00	5,001.00	269,216.00	269,216.00	
Other Salaries for Instruction	131,725.00	29,919.18	161,644.18	161,644.18	
Purchased Professional - Educational Services	428,245.27	37,320.78	465,566.05	465,565.55	0.50
General Supplies	4,000.00	(1,166.48)	2,833.52	2,682.44	151.08
Textbooks	2,000.00	(886.37)	1,113.63	857.52	256.11
Total Learning and / or Language Disabilities	830,185.27	70,188.11	900,373.38	899,965.69	407.69
Multiple Disabilities:					
Salaries of Teachers	69,508.00	52,482.00	121,990.00	121,990.00	
Other Salaries for Instruction	95,937.00	4,629.07	100,566.07	100,566.07	
General Supplies	5,000.00	(1,801.51)	3,198.49	3,198.49	
Textbooks	5,000.00	(3,736.72)	1,263.28	1,263.28	
Total Multiple Disabilities	175,445.00	51,572.84	227,017.84	227,017.84	

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Resource Room / Resource Center:					
General Supplies	\$ 6,500.00	\$ (3,609.06)	\$ 2,890.94	\$ 2,890.94	
Textbooks	3,000.00	(3,000.00)			
Total Resource Room / Resource Center	9,500.00	(6,609.06)	2,890.94	2,890.94	
Autism:					
Salaries of Teachers	49,749.00	(49,749.00)			
Other Salaries for Instruction	48,000.00	(48,000.00)			
General Supplies	8,200.00	(8,200.00)			
Total Autism	105,949.00	(105,949.00)			
Preschool Disabilities - Full-Time:					
Salaries of Teachers	50,336.00		50,336.00	50,336.00	
Other Salaries for Instruction	72,044.00	114.57	72,158.57	72,158.57	
General Supplies	1,228.85	(401.99)	826.86	687.88	\$ 138.98
Total Preschool Disabilities - Full-Time	123,608.85	(287.42)	123,321.43	123,182.45	138.98
Total Special Education - Instruction	1,244,688.12	8,915.47	1,253,603.59	1,253,056.92	546.67
Basic Skills/Remedial - Instruction					
Salaries of Teachers	828,191.00	15,044.24	843,235.24	843,235.24	
Total Basic Skills - Instruction	828,191.00	15,044.24	843,235.24	843,235.24	
Bilingual Education - Instruction:					
Salaries of Teachers	126,720.00	900.00	127,620.00	127,620.00	
Total Bilingual Education - Instruction	126,720.00	900.00	127,620.00	127,620.00	
School Sponsored Cocurricular Activities - Instruction:					
Salaries	115,000.00	11,400.50	126,400.50	126,400.50	
Transfer to Cover Deficit (Agency Funds)	57,250.00	(8,777.49)	48,472.51	47,133.55	1,338.96
Total School Sponsored Cocurricular Activities - Instruction	172,250.00	2,623.01	174,873.01	173,534.05	1,338.96

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
School Sponsored Athletics - Instruction:					
Salaries	\$ 559,902.00		\$ 559,902.00	\$ 385,328.00	\$ 174,574.00
Purchased Services	56,000.00	\$ 37,709.00	93,709.00	93,709.00	
Supplies and Materials	118,203.75	(25,299.99)	92,903.76	92,903.76	
Total School Sponsored Athletics - Instruction	<u>734,105.75</u>	<u>12,409.01</u>	<u>746,514.76</u>	<u>571,940.76</u>	<u>174,574.00</u>
Summer School - Instruction					
Other Salaries of Instruction	50,000.00	4,326.50	54,326.50	54,326.50	
General Supplies	1,000.00	(400.00)	600.00	600.00	
Total Summer School - Instruction	<u>51,000.00</u>	<u>3,926.50</u>	<u>54,926.50</u>	<u>54,926.50</u>	<u>-</u>
Other Instructional Alternative Education Program - Instruction:					
Salaries	66,880.00	1,220.00	68,100.00	68,100.00	
Other Salaries of Instruction	48,000.00	(17,492.76)	30,507.24	30,507.24	
General Supplies		1,619.87	1,619.87	1,477.66	142.21
Total Other Instructional Alternative Education Program - Instruction	<u>114,880.00</u>	<u>(14,652.89)</u>	<u>100,227.11</u>	<u>100,084.90</u>	<u>142.21</u>
Total Other Instruction	<u>2,027,146.75</u>	<u>20,249.87</u>	<u>2,047,396.62</u>	<u>1,871,341.45</u>	<u>176,055.17</u>
Total Instruction	<u>18,666,389.62</u>	<u>(226,846.23)</u>	<u>18,439,543.39</u>	<u>18,187,865.23</u>	<u>251,678.16</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Regular		35,164.93	35,164.93	35,164.93	
Tuition to Other LEA's Within State - Special	1,487,924.00	(638,805.19)	849,118.81	849,118.81	
Tuition to County Voc. School Dist. - Regular	537,804.00	(40,237.80)	497,566.20	497,566.20	
Tuition to County Voc. School Dist. - Special	187,110.00	(58,705.24)	128,404.76	128,404.76	
Tuition to CSSD and Regional Day Schools	289,885.00	59,069.00	348,954.00	348,954.00	
Tuition to Private Schools for the Disabled - Within State	1,807,695.00	531,382.01	2,339,077.01	2,324,620.36	14,456.65
Tuition to Private Schools for the Disabled and Other LEA's	77,720.00	(2,896.03)	74,823.97	74,823.97	
Tuition - Other	30,000.00	150,564.89	180,564.89	126,515.32	54,049.57
Total Undistributed Expenditures - Instruction	<u>4,418,138.00</u>	<u>35,536.57</u>	<u>4,453,674.57</u>	<u>4,385,168.35</u>	<u>68,506.22</u>

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 66,598.00	\$ 607.92	\$ 67,205.92	\$ 67,205.92	
Purchased Professional and Technical Services		1,050.00	1,050.00	1,050.00	
Total Undistributed Expenditures - Attendance and Social Work	<u>66,598.00</u>	<u>1,657.92</u>	<u>68,255.92</u>	<u>68,255.92</u>	
Undistributed Expenditures - Health Services:					
Salaries	492,158.00	9,160.00	501,318.00	501,318.00	
Supplies and Materials	10,071.00	1,638.60	11,709.60	11,444.75	\$ 264.85
Total Undistributed Expenditures - Health Services	<u>502,229.00</u>	<u>10,798.60</u>	<u>513,027.60</u>	<u>512,762.75</u>	<u>264.85</u>
Undistributed Expenditures - Speech, OT, PT & Related Services:					
Salaries	306,103.00	11,844.25	317,947.25	317,947.25	
Purchased Professional - Educational Services	4,347.00	1,800.00	6,147.00	3,800.00	2,347.00
Supplies and Materials	2,400.00	(6.77)	2,393.23	2,227.52	165.71
Total Undistributed Expenditures - Speech, OT, PT & Related Services	<u>312,850.00</u>	<u>13,637.48</u>	<u>326,487.48</u>	<u>323,974.77</u>	<u>2,512.71</u>
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	503,567.00	(56,344.42)	447,222.58	447,222.58	
Purchased Professional - Educational Services	587,073.75	52,394.93	639,468.68	598,442.95	41,025.73
Total Undistributed Expenditures - Other Support Services -Students	<u>1,090,640.75</u>	<u>(3,949.49)</u>	<u>1,086,691.26</u>	<u>1,045,665.53</u>	<u>41,025.73</u>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	755,385.00	3,091.67	758,476.67	758,476.67	
Salaries of Secretarial and Clerical Assistants	96,584.00	3,069.92	99,653.92	99,653.92	
Purchased Professional - Educational Services		9,250.00	9,250.00	9,250.00	
Supplies and Materials	4,827.86	(510.43)	4,317.43	3,410.60	906.83
Other Objects	25,428.37	(1,975.25)	23,453.12	23,136.96	316.16
Total Undistributed Expenditures - Guidance	<u>882,225.23</u>	<u>12,925.91</u>	<u>895,151.14</u>	<u>893,928.15</u>	<u>1,222.99</u>

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	\$ 850,854.00	\$ (8,564.36)	\$ 842,289.64	\$ 842,289.64	
Salaries of Secretarial and Clerical Assistants	53,814.00	1,850.00	55,664.00	55,664.00	
Miscellaneous Purch Services	1,000.00	164.07	1,164.07	843.32	\$ 320.75
Supplies and Materials	18,700.00	(1,347.64)	17,352.36	16,092.74	1,259.62
Total Undistributed Expenditures - Child Study Teams	<u>924,368.00</u>	<u>(7,897.93)</u>	<u>916,470.07</u>	<u>914,889.70</u>	<u>1,580.37</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Purchased Professional Services	5,000.00		5,000.00		5,000.00
Other Purchased Services	6,675.00	(973.41)	5,701.59	3,823.99	1,877.60
Supplies and Materials	5,000.00		5,000.00		5,000.00
Total Undistributed Expenditures - Improvement of Instructional Services	<u>16,675.00</u>	<u>(973.41)</u>	<u>15,701.59</u>	<u>3,823.99</u>	<u>11,877.60</u>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	464,738.00	(24,774.46)	439,963.54	439,963.54	
Salaries of Technology Coordinators	156,146.00	(0.08)	156,145.92	156,145.92	
Supplies and Materials	41,978.96	(2,273.86)	39,705.10	33,880.86	5,824.24
Other Objects	21,000.00	(624.11)	20,375.89	20,375.89	
Total Undistributed Expenditures - Educational Media Services / School Library	<u>683,862.96</u>	<u>(27,672.51)</u>	<u>656,190.45</u>	<u>650,366.21</u>	<u>5,824.24</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Salaries		4,000.00	4,000.00		4,000.00
Purchased Professional - Educational Services	4,000.00	(4,000.00)			
Other Objects	5,379.17	(1,379.77)	3,999.40	1,200.35	2,799.05
Total Undistributed Expenditures - Instructional Staff Training Services	<u>9,379.17</u>	<u>(1,379.77)</u>	<u>7,999.40</u>	<u>1,200.35</u>	<u>6,799.05</u>

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 256,660.00	\$ 28,840.53	\$ 285,500.53	\$ 285,500.53	
Unused Vacation Payment to Terminated/Retired Staff		6,270.18	6,270.18	6,270.18	
Legal Services	42,000.00	(350.00)	41,650.00	26,636.89	\$ 15,013.11
Audit Fees	32,000.00	(2,100.00)	29,900.00	29,900.00	
Architectural / Engineering Services	43,394.12	2,350.00	45,744.12	24,336.93	21,407.19
Other Purchased Professional Services	86,425.00	3,556.98	89,981.98	89,981.98	
Communications / Telephone	97,700.00	(24,297.58)	73,402.42	73,402.42	
Board of Education Other Purchased Services	2,000.00	(2,000.00)			
Miscellaneous Purchased Services	8,000.00	(3,673.02)	4,326.98	3,426.98	900.00
General Supplies	24,279.14	(3,795.13)	20,484.01	20,484.01	
Board of Education Member Dues/Fees	18,500.00	(610.55)	17,889.45	17,889.45	
Total Undistributed Expenditures - Support Services - General Administration	610,958.26	4,191.41	615,149.67	577,829.37	37,320.30
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals / Prog Dir	1,139,730.00	490.68	1,140,220.68	1,140,220.68	
Salaries of Other Professional Staff	765,201.00	(5,366.07)	759,834.93	759,834.93	
Salaries of Secretarial and Clerical Assistants	550,795.00	(8,943.99)	541,851.01	541,851.01	
Purchased Professional and Technical Services	43,790.00	(43,790.00)			
Travel	2,900.00	2,363.43	5,263.43	5,263.43	
Other Purchased Services		52,599.10	52,599.10	52,599.10	
Supplies and Materials	58,942.59	(680.04)	58,262.55	48,839.46	9,423.09
Other Objects	89,491.96	(8,268.80)	81,223.16	67,787.14	13,436.02
Total Undistributed Expenditures - Support Services - School Administration	2,650,850.55	(11,595.69)	2,639,254.86	2,616,395.75	22,859.11
Undistributed Expenditures - Central Services:					
Salaries	661,649.00	(9,885.70)	651,763.30	651,763.30	
Purchased Technical Services	49,300.00	18,948.84	68,248.84	43,808.36	24,440.48
Miscellaneous Purchased Services	3,000.00	(1,721.30)	1,278.70	1,278.70	
Supplies and Materials	14,000.00	7,930.84	21,930.84	21,930.84	
Miscellaneous Expenditures	6,500.00	(17.50)	6,482.50	3,548.15	2,934.35
Total Undistributed Expenditures - Central Services	734,449.00	15,255.18	749,704.18	722,329.35	27,374.83

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Administrative Information Technology:					
Salaries	\$ 231,724.00	\$ (5,980.00)	\$ 225,744.00	\$ 225,744.00	
Purchased Technical Services	24,900.00	(5,896.55)	19,003.45	18,003.45	\$ 1,000.00
Other Purchased Services	18,657.96	(17,330.00)	1,327.96	1,074.80	253.16
Other Objects	63,649.00	(5,141.94)	58,507.06	58,507.06	
	<u>338,930.96</u>	<u>(34,348.49)</u>	<u>304,582.47</u>	<u>303,329.31</u>	<u>1,253.16</u>
Total Undistributed Expenditures - Administrative Information Technology					
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	451,011.00	(8,652.55)	442,358.45	442,358.45	
Unused Vacation Payment to Terminated/Retired Staff		5,169.40	5,169.40	5,169.40	
Cleaning, Repair and Maintenance Services	418,477.09	10,477.86	428,954.95	373,370.36	55,584.59
General Supplies	157,620.51	(17,125.47)	140,495.04	134,229.58	6,265.46
Other Objects	6,830.00	(3,072.25)	3,757.75	1,760.60	1,997.15
	<u>1,033,938.60</u>	<u>(13,203.01)</u>	<u>1,020,735.59</u>	<u>956,888.39</u>	<u>63,847.20</u>
Total Undistributed Expenditures - Required Maintenance for School Facilities					
Undistributed Expenditures - Custodial Services:					
Salaries	759,792.00	(23,412.96)	736,379.04	726,089.04	10,290.00
Salaries of Non Instructional Aides	145,000.00	29,748.73	174,748.73	174,748.73	
Salaries of Non Instructional Aides - Vacation		1,385.55	1,385.55	1,385.55	
Cleaning, Repair and Maintenance Services	700,000.00	36,438.00	736,438.00	736,435.92	2.08
Other Purchased Property Services	65,200.00	(14,949.53)	50,250.47	50,250.47	
Insurance	145,000.00	(20,737.00)	124,263.00	124,263.00	
General Supplies	146,391.52	(12,022.43)	134,369.09	128,869.05	5,500.04
Energy (Natural Gas)	157,000.00	17,840.76	174,840.76	173,157.22	1,683.54
Energy (Electricity)	687,820.17	(126,473.23)	561,346.94	561,346.94	
	<u>2,806,203.69</u>	<u>(112,182.11)</u>	<u>2,694,021.58</u>	<u>2,676,545.92</u>	<u>17,475.66</u>
Total Undistributed Expenditures - Custodial Services					
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	40,000.00	2,300.00	42,300.00	41,100.00	1,200.00
	<u>40,000.00</u>	<u>2,300.00</u>	<u>42,300.00</u>	<u>41,100.00</u>	<u>1,200.00</u>
Total Undistributed Expenditures - Care and Upkeep of Grounds					

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Student Transportation Services:					
Salaries of Transportation Assistants		\$ 45,565.92	\$ 45,565.92	\$ 45,565.92	
Salaries of Non-Instructional Aides		110,517.11	110,517.11	110,517.11	
Salaries for Pupil Transportation (Between Home and School)-Special Ed	\$ 406,274.00	(186,395.10)	219,878.90	219,878.90	
Salaries for Pupil Transportation (Other than Bet. Home and School)	55,000.00	(6,969.09)	48,030.91	48,030.91	
Cleaning, Repair, & Maintenance Services	75,863.68	4,044.20	79,907.88	75,047.34	\$ 4,860.54
Lease Purchases - School Buses	44,939.00	0.12	44,939.12	44,939.12	
Contracted Services - Aid in Lieu of - Non Public	50,000.00	(49,116.00)	884.00	884.00	
Contracted Services (Special Education Students) - Vendors	732,360.23	175,692.24	908,052.47	906,335.09	1,717.38
General Supplies	42,126.02	(12,387.06)	29,738.96	28,132.62	1,606.34
Total Undistributed Expenditures - Student Transportation Services	1,406,562.93	80,952.34	1,487,515.27	1,479,331.01	8,184.26
Unallocated Benefits:					
Social Security Contributions	494,000.00	(11,676.39)	482,323.61	454,316.91	28,006.70
Other Retirement Contributions - PERS	410,000.00	(9,230.85)	400,769.15	400,769.15	
Other Retirement Contributions - Regular	40,000.00	9,029.46	49,029.46	49,029.46	
Workers' Compensation	155,000.00	(2,018.00)	152,982.00	152,808.49	173.51
Health Benefits	5,180,928.00	(56,601.81)	5,124,326.19	5,051,963.37	72,362.82
Tuition Reimbursement	35,000.00	(4,571.80)	30,428.20	30,428.20	
Other Employee Benefits	247,000.00	(39,846.93)	207,153.07	200,918.42	6,234.65
Total Unallocated Benefits	6,561,928.00	(114,916.32)	6,447,011.68	6,340,234.00	106,777.68
On-Behalf TPAF Pension Contributions (non-budgeted)					
Post Retirement Medical (non-budgeted)				1,824,251.00	(1,824,251.00)
Teacher's Pension and Annuity Fund (non-budgeted)				2,757,529.00	(2,757,529.00)
TPAF Non-Contributory Insurance (non-budgeted)				66,918.00	(66,918.00)
Long-Term Disability Insurance				4,353.00	(4,353.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,395,865.82	(1,395,865.82)
Total On-Behalf Contributions				6,048,916.82	(6,048,916.82)
Total Undistributed Expenditures	25,090,788.10	(150,863.32)	24,939,924.78	30,562,935.64	(5,623,010.86)
Total Current Expense	43,757,177.72	(377,709.55)	43,379,468.17	48,750,800.87	(5,371,332.70)

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Capital Outlay:					
Equipment:					
Regular Program Grades 1-5	\$ 28,475.70	\$ 24,814.61	\$ 53,290.31	\$ 37,154.56	\$ 16,135.75
Regular Program Grades 9-12		59,787.44	59,787.44	59,787.44	
Undistributed Expenditures:					
Security		49,195.00	49,195.00		49,195.00
Total Equipment	<u>28,475.70</u>	<u>133,797.05</u>	<u>162,272.75</u>	<u>96,942.00</u>	<u>65,330.75</u>
Facilities Acquisition and Construction Services:					
Legal Services	3,000.00	(3,000.00)			
Architectural/Engineering Services	15,000.00	(1,500.00)	13,500.00	12,152.53	1,347.47
Other Purchased Professional and Technical Services	2,000.00	(2,000.00)			
Construction Services	712,850.00	8,011.68	720,861.68	714,911.68	5,950.00
Assessment for Debt Service on SDA Funding	75,126.00		75,126.00	75,126.00	
Total Facilities Acquisition and Construction Services	<u>807,976.00</u>	<u>1,511.68</u>	<u>809,487.68</u>	<u>802,190.21</u>	<u>7,297.47</u>
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures - Equipment				495,625.93	(495,625.93)
Interest Deposit to Capital Reserve	100.00	(100.00)			
Total Capital Outlay	<u>836,551.70</u>	<u>135,208.73</u>	<u>971,760.43</u>	<u>1,394,758.14</u>	<u>(422,997.71)</u>
Transfer of Funds to Charter Schools	21,830.00	(10,915.00)	10,915.00	10,915.00	
Total Expenditures	<u>44,615,559.42</u>	<u>(253,415.82)</u>	<u>44,362,143.60</u>	<u>50,156,474.01</u>	<u>(5,794,330.41)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,381,618.42)</u>	<u>253,415.82</u>	<u>(1,128,202.60)</u>	<u>(434,367.21)</u>	<u>693,835.39</u>

(Continued)

RUTHERFORD SCHOOL DISTRICT
 General Fund
 Required Supplementary Information
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Other Financing Sources (Uses):					
Transfer to Food Service Fund - Board Contribution		\$ (15,000.00)	\$ (15,000.00)	\$ (15,000.00)	
Capital Reserve - Transfer to Capital Projects		(538,451.82)	(538,451.82)	(538,451.82)	
Operating Transfers In:					
Capital Reserve - Transfer from Capital Projects				94,610.62	\$ 94,610.62
Assets Acquired Under Capital Lease				495,625.93	495,625.93
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,381,618.42)	(300,036.00)	(1,681,654.42)	(397,582.48)	1,284,071.94
Fund Balances, July 1	1,381,618.42	300,036.00	1,681,654.42	3,902,722.88	2,221,068.46
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,505,140.40</u>	<u>\$ 3,505,140.40</u>
Restricted:					
Capital Reserve				\$ 1,066,093.42	
Excess Surplus - Current Year				375,936.75	
Excess Surplus -- Designated for Subsequent Year's Expenditures				404,925.30	
Assigned:					
For Subsequent Year's Expenditures				100,000.00	
Encumbrances				215,056.27	
Unassigned				1,343,128.66	
				3,505,140.40	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(212,112.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,293,028.40</u>	

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
State Sources:					
Nonpublic aid	\$ 250,000.00	\$ (28,258.61)	\$ 221,741.39	\$ 175,363.72	\$ (46,377.67)
Total - State Sources	<u>250,000.00</u>	<u>(28,258.61)</u>	<u>221,741.39</u>	<u>175,363.72</u>	<u>(46,377.67)</u>
Federal Sources:					
Title I		211,855.00	211,855.00	110,124.27	(101,730.73)
Title IIA	172,700.00	(113,493.00)	59,207.00	45,713.90	(13,493.10)
Title III		10,602.88	10,602.88	6,691.46	(3,911.42)
Title III Immigrant		6,630.00	6,630.00	616.25	(6,013.75)
Title IV		10,000.00	10,000.00	6,575.00	(3,425.00)
IDEA, Part B	408,000.00	239,120.00	647,120.00	518,538.32	(128,581.68)
IDEA, Part B, Preschool Incentive		21,551.00	21,551.00	20,964.00	(587.00)
Total - Federal Sources	<u>580,700.00</u>	<u>386,265.88</u>	<u>966,965.88</u>	<u>709,223.20</u>	<u>(257,742.68)</u>
Local Sources		<u>62,450.01</u>	<u>62,450.01</u>	<u>32,380.00</u>	<u>(30,070.01)</u>
Total Revenues	<u>\$ 830,700.00</u>	<u>\$ 420,457.28</u>	<u>\$ 1,251,157.28</u>	<u>\$ 916,966.92</u>	<u>\$ (334,190.36)</u>

(Continued)

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 61,440.00	\$ 61,440.00	\$ 43,080.00	\$ 18,360.00
Purchased Professional and Technical Services	\$ 137,972.00	(13,118.60)	124,853.40	86,302.90	38,550.50
Purchased Professional Educational Services	408,000.00	121,107.00	529,107.00	489,602.32	39,504.68
Supplies and Materials	10,000.00	211,212.00	221,212.00	89,009.48	132,202.52
Textbooks	25,000.00	(6,759.00)	18,241.00	15,091.50	3,149.50
Other Objects		3,630.00	3,630.00	616.25	3,013.75
Total Instruction	580,972.00	377,511.40	958,483.40	723,702.45	234,780.95
Support Services:					
Salaries of Other Professional Staff		2,080.00	2,080.00	2,080.00	
Personal Services-Employee Benefits		506.88	506.88	506.88	
Purchased Professional and Technical Services	77,028.00	154,432.00	231,460.00	121,349.74	110,110.26
Other Purchased Services	172,700.00	(115,573.00)	57,127.00	43,633.90	13,493.10
Supplies and Materials		1,500.00	1,500.00		1,500.00
Total Support Services	249,728.00	42,945.88	292,673.88	167,570.52	125,103.36
Facilities Acquisition and Construction Services:					
Instructional Equipment				20,043.95	(20,043.95)
Noninstructional Equipment				5,650.00	(5,650.00)
Total Facilities Acquisition and Construction Services	-	-	-	25,693.95	(25,693.95)
Total Expenditures	\$ 830,700.00	\$ 420,457.28	\$ 1,251,157.28	\$ 916,966.92	\$ 334,190.36

RUTHERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2018

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 49,722,106.80	\$ 916,966.92
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(27,965.96)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	210,061.00	
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(212,112.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 49,720,055.80</u>	<u>\$ 889,000.96</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 50,156,474.01	\$ 916,966.92
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(27,965.96)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 50,156,474.01</u>	<u>\$ 889,000.96</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0408840436%	0.0408109893%	0.0443618578%	0.0415390576%	0.0433912226%
School District's Proportionate Share of the Net Pension Liability	\$ 9,517,152.00	\$ 12,087,044.00	\$ 9,958,348.00	\$ 7,777,248.00	\$ 8,292,925.00
School District's Covered Payroll (Plan Measurement Period)	\$ 2,890,152.00	\$ 2,907,516.00	\$ 3,246,116.00	\$ 3,004,876.00	\$ 3,161,352.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	329.30%	415.72%	306.78%	258.82%	262.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	Fiscal Year Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 387,927.00	\$ 378,747.00	\$ 362,559.00	\$ 381,393.00	\$ 342,442.00
Contributions in Relation to the Contractually Required Contribution	<u>(387,927.00)</u>	<u>(378,747.00)</u>	<u>(362,559.00)</u>	<u>(381,393.00)</u>	<u>(342,442.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 2,686,744.00	\$ 2,686,744.00	\$ 2,727,403.00	\$ 2,712,947.00	\$ 2,922,617.00
Contributions as a Percentage of School District's Covered Payroll	14.44%	14.10%	13.29%	14.06%	11.72%

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

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

	Measurement Date Ending June 30,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>121,683,972.00</u>	<u>142,648,960.00</u>	<u>117,584,718.00</u>	<u>97,461,006.00</u>	<u>90,336,392.00</u>
	<u><u>\$ 121,683,972.00</u></u>	<u><u>\$ 142,648,960.00</u></u>	<u><u>\$ 117,584,718.00</u></u>	<u><u>\$ 97,461,006.00</u></u>	<u><u>\$ 90,336,392.00</u></u>
School District's Covered Payroll (Plan Measurement Period)	\$ 22,720,348.00	\$ 21,656,256.00	\$ 21,525,380.00	\$ 21,731,800.00	\$ 20,880,568.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	535.57%	658.70%	546.26%	448.47%	432.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This schedule is not applicable.

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

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

RUTHERFORD SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 4.25% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65% from 7.90%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

RUTHERFORD SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Plan Year

	Measurement Date Ending June 30,
	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District	
Changes for the Year:	
Service Cost	\$ 3,618,763.00
Interest Cost	2,533,581.00
Changes in Assumptions	(10,549,402.00)
Gross Benefit Payments	(1,852,583.00)
Member Contributions	68,217.00
	(6,181,424.00)
Net Change in Total Non-Employer OPEB Liability	(6,181,424.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	86,164,742.00
Total Non-Employer OPEB Liability - End of Fiscal Year	\$ 79,983,318.00
School District's Covered Payroll (Plan Measurement Period)	\$ 21,860,509.00
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	365.88%

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

RUTHERFORD SCHOOL DISTRICT
Notes to Required Supplementary Information - Part IV
For the Fiscal Year Ended June 30, 2018

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	<u>E.S.E.A.</u>						<u>Total Brought Forward</u>
	<u>Total</u>	<u>Title I - A</u>	<u>Title II - A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV - A</u>	
REVENUES:							
Local Sources	\$ 32,380.00						\$ 32,380.00
Federal Sources	709,223.20	\$ 110,124.27	\$ 45,713.90	\$ 6,691.46	\$ 616.25	\$ 6,575.00	539,502.32
State Sources	175,363.72						175,363.72
Total Revenues	916,966.92	110,124.27	45,713.90	6,691.46	616.25	6,575.00	747,246.04
EXPENDITURES:							
Instruction:							
Salaries of Teachers	43,080.00	43,080.00					
Purchased Professional and Technical Services	86,302.90						86,302.90
Purchased Professional Educational Services	489,602.32						489,602.32
Supplies and Materials	89,009.48	38,600.32		5,914.58			44,494.58
Textbooks	15,091.50						15,091.50
Other Objects	616.25				616.25		
Total Instruction	723,702.45	81,680.32	-	5,914.58	616.25	-	635,491.30
Support Services:							
Salaries of Other Professional Staff	2,080.00		2,080.00				
Personal Services-Employee Benefits	506.88			506.88			
Purchased Professional and Technical Services	121,349.74	8,400.00		270.00		6,575.00	106,104.74
Other Purchased Services	43,633.90		43,633.90				
Total Support Services	167,570.52	8,400.00	45,713.90	776.88	-	6,575.00	106,104.74
Facilities Acquisition and Construction Services:							
Instructional Equipment	20,043.95	20,043.95					
Noninstructional Equipment	5,650.00						5,650.00
Total Facilities Acquisition and Construction Services	25,693.95	20,043.95	-	-	-	-	5,650.00
Total Expenditures	\$ 916,966.92	\$ 110,124.27	\$ 45,713.90	\$ 6,691.46	\$ 616.25	\$ 6,575.00	\$ 747,246.04

(Continued)

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Carried Forward	I.D.E.A., Part B			N.J. Nonpublic		Total Brought Forward
		Basic	Preschool Incentive	Technology	Nursing	Security	
REVENUES:							
Local Sources	\$ 32,380.00						\$ 32,380.00
Federal Sources	539,502.32	\$ 518,538.32	\$ 20,964.00				
State Sources	175,363.72			\$ 12,114.58	\$ 32,301.00	\$ 20,798.54	110,149.60
Total Revenues	747,246.04	518,538.32	20,964.00	12,114.58	32,301.00	20,798.54	142,529.60
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Professional and Technical Services	86,302.90						86,302.90
Purchased Professional Educational Services	489,602.32	468,638.32	20,964.00				
Supplies and Materials	44,494.58			12,114.58			32,380.00
Textbooks	15,091.50						15,091.50
Other Objects							
Total Instruction	635,491.30	468,638.32	20,964.00	12,114.58	-	-	133,774.40
Support Services:							
Salaries of Other Professional Staff							
Personal Services-Employee Benefits							
Purchased Professional and Technical Services	106,104.74	49,900.00			32,301.00	15,148.54	8,755.20
Other Purchased Services							
Total Support Services	106,104.74	49,900.00	-	-	32,301.00	15,148.54	8,755.20
Facilities Acquisition and Construction Services:							
Instructional Equipment							
Noninstructional Equipment	5,650.00					5,650.00	
Total Facilities Acquisition and Construction Services	5,650.00	-	-	-	-	5,650.00	-
Total Expenditures	\$ 747,246.04	\$ 518,538.32	\$ 20,964.00	\$ 12,114.58	\$ 32,301.00	\$ 20,798.54	\$ 142,529.60

(Continued)

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Carried Forward	N.J. Nonpublic			Total Brought Forward
		Textbook Aid CH. 194, L. 1979	Examination/ Classification	Corrective Speech	
REVENUES:					
Local Sources	\$ 32,380.00				\$ 32,380.00
Federal Sources					
State Sources	110,149.60	\$ 15,091.50	\$ 39,310.08	\$ 8,570.88	47,177.14
Total Revenues	142,529.60	15,091.50	39,310.08	8,570.88	79,557.14
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services	86,302.90		30,554.88	8,570.88	47,177.14
Purchased Professional Educational Services					
Supplies and Materials	32,380.00				32,380.00
Textbooks	15,091.50	15,091.50			
Other Objects					
Total Instruction	133,774.40	15,091.50	30,554.88	8,570.88	79,557.14
Support Services:					
Salaries of Other Professional Staff					
Personal Services-Employee Benefits					
Purchased Professional and Technical Services	8,755.20		8,755.20		
Other Purchased Services					
Total Support Services	8,755.20	-	8,755.20	-	-
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Total Expenditures	\$ 142,529.60	\$ 15,091.50	\$ 39,310.08	\$ 8,570.88	\$ 79,557.14

(Continued)

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Carried Forward	N.J. Nonpublic			Rutherford Education Foundation
		Supplemental Instruction	Compensatory Education	Home Instruction	
REVENUES:					
Local Sources	\$ 32,380.00				\$ 32,380.00
Federal Sources					
State Sources	47,177.14	\$ 16,810.76	\$ 28,716.99	\$ 1,649.39	
Total Revenues	79,557.14	16,810.76	28,716.99	1,649.39	
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services	47,177.14	16,810.76	28,716.99	1,649.39	
Purchased Professional Educational Services					
Supplies and Materials	32,380.00				32,380.00
Textbooks					
Other Objects					
Total Instruction	79,557.14	16,810.76	28,716.99	1,649.39	32,380.00
Support Services:					
Salaries of Other Professional Staff					
Personal Services-Employee Benefits					
Purchased Professional and Technical Services					
Other Purchased Services					
Total Support Services	-	-	-	-	-
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Noninstructional Equipment					
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Total Expenditures	\$ 79,557.14	\$ 16,810.76	\$ 28,716.99	\$ 1,649.39	\$ 32,380.00

CAPITAL PROJECTS FUND

RUTHERFORD SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2018

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures To Date</u>		<u>Cancellations</u>	<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>		
High School Gymnasium Improvements - Lintel Repair	01/06/14	\$ 784,286.00	\$ 766,261.36		\$ (18,024.64)	
High School Gymnasium Improvements - Wall Rehabilitation	01/06/14	243,852.00	163,843.37		(80,008.63)	
Various Projects - Pre-Referendum	05/22/18	538,451.82		333,819.16		204,632.66
Total		<u>\$ 1,566,589.82</u>	<u>\$ 930,104.73</u>	<u>\$ 333,819.16</u>	<u>\$ (98,033.27)</u>	<u>\$ 204,632.66</u>
Reconciliation to Governmental Funds Statements (GAAP):						
Unexpended Balance as of June 30, 2018						\$ 204,632.66
SDA Grant Revenue Not Recognized on GAAP Basis						-
Fund Balance per Governmental Funds (GAAP)						<u>\$ 204,632.66</u>

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

REVENUES:

Transfer from Capital Reserve	\$ 538,451.82
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EXPENDITURES:

Construction Services	333,819.16
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OTHER FINANCING SOURCES (USES):

Cancellation of SDA Grant	\$ (3,422.65)
Transfer to General Fund - Capital Reserve	<u>(94,610.62)</u>

Total Other Financing Sources (Uses)	<u>(98,033.27)</u>
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Net Change in Fund Balance	106,599.39
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Fund Balance -- July 1	<u>98,033.27</u>
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Fund Balance -- June 30	<u><u>\$ 204,632.66</u></u>
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RUTHERFORD SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 High School Gym Lintel Repair Project
 For the Fiscal Year Ended June 30, 2018

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES:				
State Sources - SDA Grant	\$ 300,448.00		\$ 300,448.00	\$ 300,448.00
Transfer from Capital Reserve	250,000.00		250,000.00	250,000.00
Transfer from Capital Outlay	233,838.00		233,838.00	233,838.00
	<hr/>		<hr/>	<hr/>
Total Revenues	784,286.00	-	784,286.00	784,286.00
	<hr/>		<hr/>	<hr/>
EXPENDITURES:				
Construction Services	766,261.36		766,261.36	766,261.36
	<hr/>		<hr/>	<hr/>
Total Expenditures	766,261.36	-	766,261.36	766,261.36
	<hr/>		<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):				
Transfer to General Fund -- Capital Reserve		\$ (18,024.64)	(18,024.64)	(18,024.64)
	<hr/>		<hr/>	<hr/>
Total Other Financing Uses	-	(18,024.64)	(18,024.64)	(18,024.64)
	<hr/>		<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(18,024.64)	(18,024.64)	(18,024.64)
	<hr/>		<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 18,024.64	\$ (18,024.64)	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Additional Project Information:				
Project Number	4600-050-14-1004			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 806,397.00			
Additional Authorized Cost	\$ (40,135.64)			
Revised Authorized Cost	\$ 766,261.36			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	FY 2017			
Revised Target Completion Date	6/30/2017			

RUTHERFORD SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 High School Gym Wall Rehabilitation
 For the Fiscal Year Ended June 30, 2018

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES:				
State Sources - SDA Grant	\$ 68,960.00		\$ 68,960.00	\$ 68,960.00
Transfer from Capital Outlay	<u>174,892.00</u>		<u>174,892.00</u>	<u>174,892.00</u>
Total Revenues	<u>243,852.00</u>	<u>-</u>	<u>243,852.00</u>	<u>243,852.00</u>
EXPENDITURES:				
Construction Services	<u>163,843.37</u>		<u>163,843.37</u>	<u>163,843.37</u>
Total Expenditures	<u>163,843.37</u>	<u>-</u>	<u>163,843.37</u>	<u>163,843.37</u>
OTHER FINANCING SOURCES (USES):				
Cancellation of SDA Grant		\$ (3,422.65)	(3,422.65)	(3,422.65)
Transfer to General Fund -- Capital Reserve		<u>(76,585.98)</u>	<u>(76,585.98)</u>	<u>(76,585.98)</u>
Total Other Financing Uses	<u>-</u>	<u>(76,585.98)</u>	<u>(76,585.98)</u>	<u>(76,585.98)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(80,008.63)</u>	<u>(80,008.63)</u>	<u>(80,008.63)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 80,008.63</u>	<u>\$ (80,008.63)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	4600-050-14-1003			
Grant Date	1/6/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 291,486.00			
Additional Authorized Cost	\$ (47,634.00)			
Revised Authorized Cost	\$ 243,852.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original Target Completion Date	FY 2017			
Revised Target Completion Date	6/30/2017			

RUTHERFORD SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Various Projects - Pre-Referendum
 For the Fiscal Year Ended June 30, 2018

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES:			
Transfer from Capital Reserve	\$ 538,451.82	\$ 538,451.82	\$ 538,451.82
EXPENDITURES:			
Construction Services	333,819.16	333,819.16	538,451.82
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 204,632.66	\$ 204,632.66	\$ -
Additional Project Information:			
Project Number	4600-050-18-1000		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 53,014,953.17		
Additional Authorized Cost	\$ (52,476,501.35)		
Revised Authorized Cost	\$ 538,451.82		
Percentage Increase over Original Authorized Cost	N/A		
Percentage Completion	62%		
Original Target Completion Date	8/31/2021		
Revised Target Completion Date	N/A		

PROPRIETARY FUNDS

RUTHERFORD SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Net Position
 June 30, 2018

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 11,105.19	\$ 66,804.09	\$ 42,408.78	\$ 120,318.06
Total Assets	<u>11,105.19</u>	<u>66,804.09</u>	<u>42,408.78</u>	<u>120,318.06</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	75.00	320.00		395.00
Interfunds Accounts Payable:				
Due to General Fund			4,250.00	4,250.00
Due to Fiduciary Funds			2,500.00	2,500.00
Unearned Revenue			14,619.00	14,619.00
Total Liabilities	<u>75.00</u>	<u>320.00</u>	<u>21,369.00</u>	<u>21,764.00</u>
NET POSITION:				
Unrestricted	<u>11,030.19</u>	<u>66,484.09</u>	<u>21,039.78</u>	<u>98,554.06</u>
Total Net Position	<u>\$ 11,030.19</u>	<u>\$ 66,484.09</u>	<u>\$ 21,039.78</u>	<u>\$ 98,554.06</u>

RUTHERFORD SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs				
School Lunch Program	\$ 73,917.60			\$ 73,917.60
Miscellaneous			\$ 930.00	930.00
Fees for Enrollment		\$ 91,905.00	14,213.00	106,118.00
	<u>73,917.60</u>	<u>91,905.00</u>	<u>15,143.00</u>	<u>180,965.60</u>
Total Operating Revenues	<u>73,917.60</u>	<u>91,905.00</u>	<u>15,143.00</u>	<u>180,965.60</u>
OPERATING EXPENSES:				
Salaries		19,560.00	11,000.00	30,560.00
Employee Benefits		1,669.86		1,669.86
Other Professional Services		33,162.50		33,162.50
Repairs and Maintenance			8,571.62	8,571.62
Supplies and Materials		5,921.47	1,592.68	7,514.15
Postage		13,303.17		13,303.17
Printing Services		14,090.00		14,090.00
Miscellaneous	1,460.38	4,839.73		6,300.11
Cost of Sales - Non-Reimbursable Programs	103,174.50			103,174.50
	<u>104,634.88</u>	<u>92,546.73</u>	<u>21,164.30</u>	<u>218,345.91</u>
Total Operating Expenses	<u>104,634.88</u>	<u>92,546.73</u>	<u>21,164.30</u>	<u>218,345.91</u>
Operating Income / (Loss)	<u>(30,717.28)</u>	<u>(641.73)</u>	<u>(6,021.30)</u>	<u>(37,380.31)</u>
Net Income (Loss) Before Contributions and Transfers	(30,717.28)	(641.73)	(6,021.30)	(37,380.31)
Operating Transfers In - General Fund	15,000.00			15,000.00
Change in Net Position	(15,717.28)	(641.73)	(6,021.30)	(22,380.31)
Net Position -- July 1	26,747.47	67,125.82	27,061.08	120,934.37
Net Position -- June 30	<u>\$ 11,030.19</u>	<u>\$ 66,484.09</u>	<u>\$ 21,039.78</u>	<u>\$ 98,554.06</u>

RUTHERFORD SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 73,917.60	\$ 91,905.00	\$ 16,414.00	\$ 182,236.60
Payments to Employees		(19,560.00)	(11,000.00)	(30,560.00)
Payments for Employee Benefits		(1,669.86)		(1,669.86)
Payments to Suppliers and Other Operating Payments	<u>(111,241.33)</u>	<u>(70,996.87)</u>	<u>(10,164.30)</u>	<u>(192,402.50)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(37,323.73)</u>	<u>(321.73)</u>	<u>(4,750.30)</u>	<u>(42,395.76)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating Transfers - General Fund	<u>15,000.00</u>			<u>15,000.00</u>
Net Cash Provided by Non-Capital Financing Activities	<u>15,000.00</u>	<u>-</u>	<u>-</u>	<u>15,000.00</u>
Net Increase in Cash and Cash Equivalents	(22,323.73)	(321.73)	(4,750.30)	(27,395.76)
Cash and Cash Equivalents -- July 1	<u>33,428.92</u>	<u>67,125.82</u>	<u>47,159.08</u>	<u>147,713.82</u>
Cash and Cash Equivalents -- June 30	<u>\$ 11,105.19</u>	<u>\$ 66,804.09</u>	<u>\$ 42,408.78</u>	<u>\$ 120,318.06</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (30,717.28)	\$ (641.73)	\$ (6,021.30)	\$ (37,380.31)
Adjustments to Reconcile Operating (Income) Loss to Net Cash Provided by (Used) for Operating Activities:				
Increase (Decrease) in Accounts Payable	(6,606.45)	320.00	(480.00)	(6,766.45)
Increase (Decrease) in Unearned Revenue			1,751.00	1,751.00
Total Adjustments	<u>(6,606.45)</u>	<u>320.00</u>	<u>1,271.00</u>	<u>(5,015.45)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (37,323.73)</u>	<u>\$ (321.73)</u>	<u>\$ (4,750.30)</u>	<u>\$ (42,395.76)</u>

FIDUCIARY FUNDS

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2018

	Private-Purpose Trust Funds				Agency Funds			Total
	Unemployment Compensation Trust	Flexible Benefit Trust	Scholarship Fund	Total Private-Purpose Trust	Student Activity	Payroll	Total Agency	
ASSETS:								
Cash and Cash Equivalents	\$ 160,926.10	\$ 26,621.38	\$ 108,622.92	\$ 296,170.40	\$ 167,610.89	\$ 273.37	\$ 167,884.26	\$ 464,054.66
Interfund Accounts Receivable					2,500.00		2,500.00	2,500.00
Total Assets	160,926.10	26,621.38	108,622.92	296,170.40	\$ 170,110.89	\$ 273.37	\$ 170,384.26	\$ 466,554.66
LIABILITIES:								
Accounts Payable	8,720.87			8,720.87	\$ 687.96		\$ 687.96	\$ 9,408.83
Payable to Student Groups					169,422.93		169,422.93	169,422.93
Payroll Deductions and Withholdings						\$ 273.37	273.37	273.37
Total Liabilities	8,720.87	-	-	8,720.87	\$ 170,110.89	\$ 273.37	\$ 170,384.26	179,105.13
NET POSITION:								
Restricted:								
Held in Trust for:								
Unemployment Compensation	152,205.23			152,205.23				152,205.23
Payment of Claims		26,621.38		26,621.38				26,621.38
Scholarships			108,622.92	108,622.92				108,622.92
Total Net Position	\$ 152,205.23	\$ 26,621.38	\$ 108,622.92	\$ 287,449.53				\$ 287,449.53

RUTHERFORD SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2018

	<u>Private-Purpose Trust Funds</u>			<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefit Trust</u>	<u>Scholarship Fund</u>	
ADDITIONS:				
Contributions			\$ 4,750.00	\$ 4,750.00
Employee Withholdings	\$ 66,860.93	\$ 52,720.68		119,581.61
Interest on Investments			870.02	870.02
Total Additions	<u>66,860.93</u>	<u>52,720.68</u>	<u>5,620.02</u>	<u>125,201.63</u>
DEDUCTIONS:				
Scholarships Awarded			9,800.00	9,800.00
Scholarship Expense			42.95	
Claims and Premiums Paid		38,182.87		38,182.87
New Jersey Catastrophic Illness	825.00			825.00
Due Agency - Employee Withholdings	28,009.34			28,009.34
Quarterly Unemployment Contributions	24,609.96			24,609.96
Total Deductions	<u>53,444.30</u>	<u>38,182.87</u>	<u>9,842.95</u>	<u>101,427.17</u>
Change in Net Position	13,416.63	14,537.81	(4,222.93)	23,774.46
Net Position -- July 1	<u>138,788.60</u>	<u>12,083.57</u>	<u>112,845.85</u>	<u>263,718.02</u>
Net Position -- June 30	<u>\$ 152,205.23</u>	<u>\$ 26,621.38</u>	<u>\$ 108,622.92</u>	<u>\$ 287,492.48</u>

RUTHERFORD SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Statement of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance <u>June 30, 2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2018</u>
Elementary Schools	\$ 72,738.07	\$ 71,952.32	\$ 69,657.42	\$ 75,032.97
General Activities	80,435.38	222,421.49	222,142.56	80,714.31
General Activities Athletic	10,525.85	26,066.26	27,017.57	9,574.54
Athletics	<u>3,226.59</u>	<u>55,532.00</u>	<u>56,469.52</u>	<u>2,289.07</u>
Total All Schools	<u>\$ 166,925.89</u>	<u>\$ 375,972.07</u>	<u>\$ 375,287.07</u>	<u>\$ 167,610.89</u>

RUTHERFORD SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Statement of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 142.01	\$ 25,685,167.24	\$ 25,685,035.88	\$ 273.37
Total Assets	<u>\$ 142.01</u>	<u>\$ 25,685,167.24</u>	<u>\$ 25,685,035.88</u>	<u>\$ 273.37</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 142.01	\$ 10,283,319.33	\$ 10,283,187.97	\$ 273.37
Net Payroll		<u>15,401,847.91</u>	<u>15,401,847.91</u>	
Total Liabilities	<u>\$ 142.01</u>	<u>\$ 25,685,167.24</u>	<u>\$ 25,685,035.88</u>	<u>\$ 273.37</u>

LONG-TERM DEBT

RUTHERFORD SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds	11/22/16	\$ 11,115,000.00	1/15/19	\$ 910,000.00	4.00%			
			1/15/20	945,000.00	4.00%			
			1/15/21	995,000.00	4.00%			
			1/15/22	1,030,000.00	4.00%			
			1/15/23	1,075,000.00	4.00%			
			1/15/24	1,080,000.00	4.00%			
			1/15/25	1,065,000.00	4.00%			
			1/15/26	1,065,000.00	4.00%			
			1/15/27	1,060,000.00	4.00%			
			1/15/28	1,050,000.00	5.00%			
						\$ 11,115,000.00	\$ 840,000.00	\$ 10,275,000.00
						<u>\$ 11,115,000.00</u>	<u>\$ 840,000.00</u>	<u>\$ 10,275,000.00</u>

RUTHERFORD SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2018

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Principal</u>	<u>Interest</u>					
Computers	07/10/14	4 years	\$ 167,444.00		n/a	\$ 41,861.00		\$ 41,861.00	
Vehicles	01/22/15	5 years	252,000.00	\$ 13,675.00	2.015%	119,260.85		42,463.04	\$ 76,797.81
Computers	04/29/15	4 years	324,825.00		n/a	162,412.50		81,206.25	81,206.25
Network Infrastructure	07/14/15	5 years	385,000.00	16,024.35	1.944%	231,553.99		75,703.46	155,850.53
Technology Equipment	06/23/16	4 years	261,662.80		n/a	196,247.10		65,415.70	130,831.40
Computers	06/05/17	4 years	163,082.00		n/a		\$ 163,082.00	40,770.50	122,311.50
Computers	07/21/17	4 years	191,541.30		n/a		191,541.30	49,022.92	142,518.38
Copiers	08/24/17	5 years	141,002.63	13,737.37	3.70%		141,002.63	17,322.20	123,680.43
						<u>\$ 751,335.44</u>	<u>\$ 495,625.93</u>	<u>\$ 413,765.07</u>	<u>\$ 833,196.30</u>

RUTHERFORD SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,335,013.00		\$ 1,335,013.00	\$ 1,335,013.00	
Total Revenues	<u>1,335,013.00</u>	<u>-</u>	<u>1,335,013.00</u>	<u>1,335,013.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	495,553.00		495,553.00	495,553.00	
Redemption of Principal	840,000.00		840,000.00	840,000.00	
Total Expenditures	<u>1,335,553.00</u>	<u>-</u>	<u>1,335,553.00</u>	<u>1,335,553.00</u>	<u>-</u>
Total Expenditures	<u>1,335,553.00</u>	<u>-</u>	<u>1,335,553.00</u>	<u>1,335,553.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(540.00)	-	(540.00)	(540.00)	-
Fund Balance -- July 1	<u>540.00</u>		<u>540.00</u>	<u>540.00</u>	
Fund Balance -- June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

Financial Trends Information

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

RUTHERFORD SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 22,740,283.11	\$ 22,166,781.41	\$ 21,403,452.04	\$ 20,897,836.68	\$ 20,625,161.35	\$ 19,717,622.77	\$ 18,120,224.00	\$ 17,366,325.00	\$ 17,555,546.00	\$ 17,449,702.00
Restricted	127,821,145.16	2,646,796.53	1,731,693.00	1,395,848.53	2,141,004.53	1,150,345.16	2,369,654.00	1,529,105.00	1,163,418.00	409,614.00
Unrestricted (Deficit)	<u>(9,227,745.96)</u>	<u>(9,267,947.29)</u>	<u>(8,310,791.83)</u>	<u>(7,690,555.55)</u>	<u>387,649.97</u>	<u>1,685,314.49</u>	<u>277,194.00</u>	<u>381,578.00</u>	<u>(145,470.00)</u>	<u>(153,471.00)</u>
Total Governmental Activities Net Position	<u>\$ 141,333,682.31</u>	<u>\$ 15,545,630.65</u>	<u>\$ 14,824,353.21</u>	<u>\$ 14,603,129.66</u>	<u>\$ 23,153,815.85</u>	<u>\$ 22,553,282.42</u>	<u>\$ 20,767,072.00</u>	<u>\$ 19,277,008.00</u>	<u>\$ 18,573,494.00</u>	<u>\$ 17,705,845.00</u>
Business-type Activities:										
Unrestricted	\$ 98,554.06	\$ 120,934.37	\$ 107,688.66	\$ 75,201.90	\$ 66,567.74	\$ 68,259.07	\$ 46,019.00	\$ 25,374.00	\$ 63,969.00	\$ 56,917.00
Total Business-type Activities Net Position	<u>\$ 98,554.06</u>	<u>\$ 120,934.37</u>	<u>\$ 107,688.66</u>	<u>\$ 75,201.90</u>	<u>\$ 66,567.74</u>	<u>\$ 68,259.07</u>	<u>\$ 46,019.00</u>	<u>\$ 25,374.00</u>	<u>\$ 63,969.00</u>	<u>\$ 56,917.00</u>
District-wide:										
Net Investment in Capital Assets	\$ 22,740,283.11	\$ 22,166,781.41	\$ 21,403,452.04	\$ 20,897,836.68	\$ 20,625,161.35	\$ 19,717,622.77	\$ 18,120,224.00	\$ 17,366,325.00	\$ 17,555,546.00	\$ 17,449,702.00
Restricted	127,821,145.16	2,646,796.53	1,731,693.00	1,395,848.53	2,141,004.53	1,150,345.16	2,369,654.00	1,529,105.00	1,163,418.00	409,614.00
Unrestricted (Deficit)	<u>(9,129,191.90)</u>	<u>(9,147,012.92)</u>	<u>(8,203,103.17)</u>	<u>(7,615,353.65)</u>	<u>454,217.71</u>	<u>1,753,573.56</u>	<u>323,213.00</u>	<u>406,952.00</u>	<u>(81,501.00)</u>	<u>(96,554.00)</u>
Total District-wide Net Position	<u>\$ 141,432,236.37</u>	<u>\$ 15,666,565.02</u>	<u>\$ 14,932,041.87</u>	<u>\$ 14,678,331.56</u>	<u>\$ 23,220,383.59</u>	<u>\$ 22,621,541.49</u>	<u>\$ 20,813,091.00</u>	<u>\$ 19,302,382.00</u>	<u>\$ 18,637,463.00</u>	<u>\$ 17,762,762.00</u>

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

Source: Exhibit A-1

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 15,288,081.29	\$ 15,822,562.09	\$ 15,876,660.92	\$ 14,214,861.94	\$ 13,953,793.27	\$ 13,395,762.51	\$ 13,165,384.00	\$ 13,348,579.00	\$ 13,914,947.00	\$ 13,474,144.00
Special Education	1,958,703.64	2,489,648.85	2,137,432.68	3,777,952.43	3,715,093.08	3,662,520.50	3,450,190.00	2,488,947.00	2,532,603.00	2,315,846.00
Other Instruction	1,871,341.45	1,168,503.57	1,221,912.46	1,296,619.10	1,272,722.38	1,389,254.86	1,147,282.00	1,161,616.00	1,145,441.00	1,153,495.00
Tuition	4,385,168.35	4,228,235.89	4,881,580.58	4,044,262.39	3,547,315.97	3,208,561.02	3,406,844.00	3,140,892.00	2,696,729.00	2,868,518.00
Support Services:										
Student and Instruction Related Services	4,578,137.89	4,205,925.60	4,098,505.08	3,817,689.65	3,661,410.34	3,550,790.16	3,279,883.00	3,190,355.00	3,257,939.00	2,951,122.00
School Administrative Services	2,616,395.75	1,772,973.28	1,798,633.52	1,755,395.44	1,723,655.19	1,722,138.65	1,670,955.00	1,636,919.00	1,829,062.00	1,826,436.00
General and Business Administrative Services	887,700.42	879,177.13	866,513.28	891,976.98	904,601.46	768,711.58	1,419,502.00	1,505,194.00	1,654,114.00	1,548,748.00
Plant Operations and Maintenance	3,775,470.57	3,641,088.19	3,549,956.20	3,721,935.76	3,722,393.48	3,707,280.11	3,408,267.00	4,106,156.00	3,718,740.00	4,680,114.00
Pupil Transportation	1,485,769.70	1,424,136.13	1,212,499.98	974,599.65	1,150,018.74	892,579.73	887,408.00	897,608.00	914,347.00	949,629.00
Business and Other Support Services	722,329.35	641,365.25	637,805.56	624,097.25	627,599.31	589,481.85				
Unallocated Benefits	21,437,669.62	20,138,105.13	16,159,168.47	13,737,655.00	8,308,704.97	9,057,894.21	8,346,768.00	8,024,863.00	8,450,212.00	7,311,980.00
Transfer to Charter School	10,915.00	19,647.00								
Interest on Long-term Debt	443,613.45	325,248.49	622,555.17	661,655.17	700,064.54	837,951.54	698,226.00	734,225.00	768,676.00	801,362.00
Unallocated Depreciation	1,285,111.65	1,242,418.93	1,246,906.53	1,188,041.97	1,150,164.10	1,078,205.59	1,041,372.00	959,409.00	954,232.00	968,120.00
Debt Issuance Costs		240,200.00								
Loss on Retirement of Capital Assets			37,655.31	13,673.58	123,988.86					
Total Governmental Activities Expenses	<u>60,746,408.13</u>	<u>58,239,235.53</u>	<u>54,347,785.74</u>	<u>50,720,416.31</u>	<u>44,561,525.69</u>	<u>43,861,132.31</u>	<u>41,922,081.00</u>	<u>41,194,763.00</u>	<u>41,837,042.00</u>	<u>40,849,514.00</u>
Business-type Activities:										
Food Service	104,634.88	93,557.73	95,958.52	86,108.77	67,226.11	55,831.30	75,932.00	83,046.00	87,228.00	91,206.00
Summer Music Program	92,546.73	10,785.70	7,500.00	7,500.00	5,000.00	5,000.00			3,500.00	3,500.00
Community Education	21,164.30	93,244.45	91,329.22	94,802.53	98,316.29	98,168.12	110,849.00	129,894.00	99,391.00	99,993.00
Total Business-type Activities Expense	<u>218,345.91</u>	<u>197,587.88</u>	<u>194,787.74</u>	<u>188,411.30</u>	<u>170,542.40</u>	<u>158,999.42</u>	<u>186,781.00</u>	<u>212,940.00</u>	<u>190,119.00</u>	<u>194,699.00</u>
Total District Expenses	<u>\$ 60,964,754.04</u>	<u>\$ 58,436,823.41</u>	<u>\$ 54,542,573.48</u>	<u>\$ 50,908,827.61</u>	<u>\$ 44,732,068.09</u>	<u>\$ 44,020,131.73</u>	<u>\$ 42,108,862.00</u>	<u>\$ 41,407,703.00</u>	<u>\$ 42,027,161.00</u>	<u>\$ 41,044,213.00</u>
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 15,744,766.83	\$ 14,808,765.17	\$ 11,305,759.51	\$ 9,105,738.60	\$ 4,257,681.39	\$ 4,701,478.29	\$ 3,913,613.00	\$ 3,434,722.00	\$ 3,949,820.00	\$ 3,322,330.00
Charges for Services	196,287.89	180,779.00	12,969.00	11,853.00			72,468.00			12,606.00
Capital Grants and Contributions	3,290.00				308,281.00					
Total Governmental Activities Program Revenues	<u>15,944,344.72</u>	<u>14,989,544.17</u>	<u>11,318,728.51</u>	<u>9,117,591.60</u>	<u>4,565,962.39</u>	<u>4,701,478.29</u>	<u>3,986,081.00</u>	<u>3,434,722.00</u>	<u>3,949,820.00</u>	<u>3,334,936.00</u>
Business-type activities:										
Charges for Services:										
Food Service	73,917.60	66,950.07	63,999.25	53,767.78	42,749.95	53,607.12	66,224.00	76,131.00	80,890.00	89,210.00
Summer Music Program	91,905.00	16,822.00	5,194.78	7,500.00	6,200.00	1,610.00	14,440.00	6,655.00	6,630.00	4,345.00
Community Education	15,143.00	102,061.52	97,925.79	104,641.96	106,641.12	113,646.58	126,762.00	91,559.00	109,651.00	105,876.00
Total Business-type Activities Program Revenues	<u>180,965.60</u>	<u>185,833.59</u>	<u>167,119.82</u>	<u>165,909.74</u>	<u>155,591.07</u>	<u>168,863.70</u>	<u>207,426.00</u>	<u>174,345.00</u>	<u>197,171.00</u>	<u>199,431.00</u>
Total District Program Revenues	<u>\$ 16,125,310.32</u>	<u>\$ 15,175,377.76</u>	<u>\$ 11,485,848.33</u>	<u>\$ 9,283,501.34</u>	<u>\$ 4,721,553.46</u>	<u>\$ 4,870,341.99</u>	<u>\$ 4,193,507.00</u>	<u>\$ 3,609,067.00</u>	<u>\$ 4,146,991.00</u>	<u>\$ 3,534,367.00</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (44,802,063.41)	\$ (43,249,691.36)	\$ (43,029,057.23)	\$ (41,602,824.71)	\$ (39,995,563.30)	\$ (39,159,654.02)	\$ (37,936,000.00)	\$ (37,760,041.00)	\$ (37,887,222.00)	\$ (37,514,578.00)
Business-type Activities	<u>(37,380.31)</u>	<u>(11,754.29)</u>	<u>(27,667.92)</u>	<u>(22,501.56)</u>	<u>(14,951.33)</u>	<u>9,864.28</u>	<u>20,645.00</u>	<u>(38,595.00)</u>	<u>7,052.00</u>	<u>4,732.00</u>
Total District-wide Net Expense	<u>\$ (44,839,443.72)</u>	<u>\$ (43,261,445.65)</u>	<u>\$ (43,056,725.15)</u>	<u>\$ (41,625,326.27)</u>	<u>\$ (40,010,514.63)</u>	<u>\$ (39,149,789.74)</u>	<u>\$ (37,915,355.00)</u>	<u>\$ (37,798,636.00)</u>	<u>\$ (37,880,170.00)</u>	<u>\$ (37,509,846.00)</u>
General Revenues and Other Changes in Net Position:										
Total Governmental Activities:	\$ 44,820,558.04	\$ 43,970,968.80	\$ 43,250,280.78	\$ 41,345,063.52	\$ 40,299,817.81	\$ 39,231,285.84	\$ 38,463,555.00	\$ 38,463,555.00	\$ 38,754,871.00	\$ 37,418,870.00
Total Business-type Activities:	<u>15,000.00</u>	<u>25,000.00</u>	<u>60,154.68</u>	<u>31,135.72</u>	<u>13,260.00</u>	<u>12,375.00</u>				<u>53.00</u>
Total District-wide	<u>\$ 44,835,558.04</u>	<u>\$ 43,995,968.80</u>	<u>\$ 43,310,435.46</u>	<u>\$ 41,376,199.24</u>	<u>\$ 40,313,077.81</u>	<u>\$ 39,243,660.84</u>	<u>\$ 38,463,555.00</u>	<u>\$ 38,463,555.00</u>	<u>\$ 38,754,871.00</u>	<u>\$ 37,418,923.00</u>

(Continued)

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Change in Net Position:										
Governmental Activities	\$ 18,494.63	\$ 721,277.44	\$ 221,223.55	\$ (257,761.19)	\$ 304,254.51	\$ 71,631.82	\$ 527,555.00	\$ 703,514.00	\$ 867,649.00	\$ (95,708.00)
Business-type Activities	<u>(22,380.31)</u>	<u>13,245.71</u>	<u>32,486.76</u>	<u>8,634.16</u>	<u>(1,691.33)</u>	<u>22,239.28</u>	<u>20,645.00</u>	<u>(38,595.00)</u>	<u>7,052.00</u>	<u>4,785.00</u>
Total District	<u>\$ (3,885.68)</u>	<u>\$ 734,523.15</u>	<u>\$ 253,710.31</u>	<u>\$ (249,127.03)</u>	<u>\$ 302,563.18</u>	<u>\$ 93,871.10</u>	<u>\$ 548,200.00</u>	<u>\$ 664,919.00</u>	<u>\$ 874,701.00</u>	<u>\$ (90,923.00)</u>

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

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

Source: Exhibit A-2

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

	Fiscal Year Ended June 30,									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
General Fund:										
Restricted	\$ 1,846,955.47	\$ 2,551,645.91	\$ 1,202,428.42	\$ 703,601.26	\$ 1,305,665.64	\$ 1,141,331.16	\$ 476,960.00			\$ 99,295.00
Assigned	315,056.27	225,832.42	35,383.62	330,749.83	290,499.82	1,257,387.48	1,876,601.00	\$ 1,517,753.00	\$ 1,105,354.00	295,226.00
Unassigned	<u>1,131,016.66</u>	<u>915,183.55</u>	<u>1,345,261.38</u>	<u>1,410,130.31</u>	<u>1,190,367.58</u>	<u>1,188,137.41</u>	<u>1,125,331.00</u>	<u>1,164,028.00</u>	<u>775,140.00</u>	<u>768,269.00</u>
Total General Fund	<u>\$ 3,293,028.40</u>	<u>\$ 3,692,661.88</u>	<u>\$ 2,583,073.42</u>	<u>\$ 2,444,481.40</u>	<u>\$ 2,786,533.04</u>	<u>\$ 3,586,856.05</u>	<u>\$ 3,478,892.00</u>	<u>\$ 2,681,781.00</u>	<u>\$ 1,880,494.00</u>	<u>\$ 1,162,790.00</u>
All Other Governmental Funds:										
Restricted	\$ 204,632.66	\$ 95,150.62	\$ 529,264.58	\$ 692,147.27	\$ 835,338.89	\$ 9,014.00	\$ 9,013.00			
Assigned								\$ 2,340.00	\$ 49,052.00	\$ 6,081.00
Unassigned (Deficit), Reported in:										
Capital Projects Fund				(100,660.70)						
Debt Service Fund								<u>9,012.00</u>	<u>9,012.00</u>	<u>9,012.00</u>
Total All Other Governmental Funds	<u>\$ 204,632.66</u>	<u>\$ 95,150.62</u>	<u>\$ 529,264.58</u>	<u>\$ 591,486.57</u>	<u>\$ 835,338.89</u>	<u>\$ 9,014.00</u>	<u>\$ 9,013.00</u>	<u>\$ 11,352.00</u>	<u>\$ 58,064.00</u>	<u>\$ 15,093.00</u>

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

Source: Exhibit B-1

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES:										
Tax Levy	\$ 41,531,633.00	\$ 40,533,916.00	\$ 39,690,240.00	\$ 38,156,764.00	\$ 37,262,106.00	\$ 36,602,970.00	\$ 36,594,646.00	\$ 36,280,558.00	\$ 35,257,893.00	\$ 34,043,063.00
Tuition Charges	196,287.89	180,779.00	12,969.00	11,853.00			72,468.00	30,986.00		12,606.00
Interest Earnings										
Miscellaneous	138,521.29	164,882.65	75,012.64	105,208.72	79,304.81	49,870.63	6,040.00	41,604.00	9,990.00	23,583.00
State Sources	9,359,332.30	8,631,462.24	8,360,636.44	7,338,751.03	6,919,975.53	7,051,959.59	5,866,087.00	4,847,365.00	5,967,897.00	6,037,213.00
Federal Sources	718,295.28	786,398.08	762,530.89	642,693.09	617,653.86	632,075.70	738,282.00	697,764.00	1,468,911.00	637,880.00
Total Revenue	51,944,069.76	50,297,437.97	48,901,388.97	46,255,269.84	44,879,040.20	44,336,875.92	43,277,523.00	41,898,277.00	42,704,691.00	40,754,345.00
EXPENDITURES:										
Instruction										
Regular Instruction	15,425,204.04	15,888,881.85	15,576,999.79	13,798,522.40	13,197,156.38	13,573,427.19	13,027,910.00	13,456,268.00	13,887,976.00	13,475,453.00
Special Education Instruction	1,953,093.41	2,486,837.57	2,130,599.27	3,788,633.89	3,715,093.08	3,662,520.50	3,443,110.00	2,488,947.00	2,532,603.00	2,315,846.00
Other Special Instruction	1,871,341.45	1,168,503.57	1,221,912.46	1,296,619.10	1,272,722.38	1,389,254.86	1,147,282.00	1,161,616.00	1,145,441.00	1,153,495.00
Tuition	4,385,168.35	4,228,235.89	4,881,580.58	4,044,262.39	3,547,315.97	3,208,561.02	3,406,844.00	3,140,892.00	2,696,729.00	2,868,518.00
Support Services:										
Student and Instruction Related Services	4,578,137.89	4,205,925.60	4,098,505.08	3,817,689.65	3,661,410.34	3,550,790.16	3,279,883.00	3,190,355.00	3,257,939.00	2,951,122.00
School Administrative Services	2,616,395.75	1,772,973.28	1,798,633.52	1,755,395.44	1,723,655.19	1,722,138.65	1,628,257.00	1,636,919.00	1,829,062.00	1,728,701.00
General and Business Admin. Services	881,158.68	861,478.11	843,465.23	1,499,806.26	1,487,629.90	1,556,130.06	1,419,502.00	1,477,712.00	1,588,290.00	1,548,748.00
Plant Operations and Maintenance	3,686,686.84	3,551,067.50	3,523,414.29	3,679,707.78	3,916,400.00	3,546,743.78	3,391,787.00	3,313,313.00	3,698,602.00	4,015,733.00
Pupil Transportation	1,479,331.01	1,418,199.82	1,253,485.73	978,282.08	1,133,943.99	869,056.73	829,266.00	877,608.00	894,347.00	929,629.00
Other Support Services	13,111,480.17	11,394,600.58	10,765,330.23	9,504,917.20	8,316,754.17	8,953,254.61	8,346,768.00	8,024,863.00	9,450,212.00	7,311,980.00
Transfer to Charter School	10,915.00	19,647.00								
Capital Outlay	945,742.43	1,059,236.70	1,832,250.88	1,698,576.89	1,543,785.86	619,771.31	1,005,579.00	813,321.00	407,352.00	1,076,641.00
Debt Service:										
Principal	840,000.00	940,000.00	920,000.00	920,000.00	890,000.00	885,000.00	840,000.00	810,000.00	770,000.00	750,000.00
Interest and Other Charges	570,679.00	601,376.00	565,350.00	604,450.00	642,275.00	679,887.50	716,563.00	751,888.00	785,463.00	817,262.00
Total Expenditures	52,355,334.02	49,596,963.47	49,411,527.06	47,386,863.08	45,048,142.26	44,216,536.37	42,482,751.00	41,143,702.00	42,944,016.00	40,943,128.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	(411,264.26)	700,474.50	(510,138.09)	(1,131,593.24)	(169,102.06)	120,339.55	794,772.00	754,575.00	(239,325.00)	(188,783.00)
OTHER FINANCING SOURCES (USES):										
Proceeds from Borrowing		11,115,000.00								
Payment to Refunded Debt Escrow Agent		(12,147,722.50)								
Premium on Sale of Bonds		1,032,722.50								
Capital Lease	495,625.93		646,662.80	576,825.00	208,363.94					
Transfers In	633,062.44	63,312.00	702,993.84	721,036.78	617,417.00					
Transfers Out	(648,062.44)	(88,312.00)	(763,148.52)	(752,172.50)	(630,677.00)	(12,375.00)				
Total Other Financing Sources (Uses)	480,625.93	(25,000.00)	586,508.12	545,689.28	195,103.94	(12,375.00)	-	-	-	-
Net Change in Fund Balances	\$ 69,361.67	\$ 675,474.50	\$ 76,370.03	\$ (585,903.96)	\$ 26,001.88	\$ 107,964.55	\$ 794,772.00	\$ 754,575.00	\$ (239,325.00)	\$ (188,783.00)
Debt Service as a Percentage of Noncapital Expenditures	2.74%	3.18%	3.12%	3.34%	3.52%	3.59%	3.75%	3.87%	3.66%	3.93%

Source: Exhibit B-2

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

	Fiscal Year Ended June 30,									
	<u>2018</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>
Interest on Investments							\$ 117.00	\$ 731.00	\$ 381.00	\$ 13,150.00
Tuition						\$ 8,878.80	72,468.00	30,986.00		12,606.00
Prior Year Refunds	\$ 139.32	\$ 46,964.64	\$ 5,056.30	\$ 38,558.75	\$ 41,810.66			31,234.00		
FEMA Reimbursement					1,665.00					
Rentals		560.00				14,375.00	3,705.00	7,699.00	6,875.00	8,467.00
Void Checks	1,619.51	16,911.13				6.00	2,102.00			
Sale of Assets/Supplies		832.50	2,750.00		100.00					
Vending Commission	2,476.90	1,886.71	74.97	116.57	337.65					
Anti-Bully Program					1,075.00					
Courtesy Bussing	37,300.00									
SDA Reimbursement - Prior Year	60,019.08									
Miscellaneous	4,586.48	526.10	2.00	5.00	164.50	189.83	116.00	1,940.00	2,734.00	1,966.00
Total Miscellaneous Revenues	<u>\$ 106,141.29</u>	<u>\$ 67,681.08</u>	<u>\$ 7,883.27</u>	<u>\$ 38,680.32</u>	<u>\$ 45,152.81</u>	<u>\$ 23,449.63</u>	<u>\$ 78,508.00</u>	<u>\$ 72,590.00</u>	<u>\$ 9,990.00</u>	<u>\$ 36,189.00</u>

Source: District Records

Revenue Capacity Information

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

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

Year Ended Dec. 31	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2018	\$ 21,521,100.00	\$ 2,157,806,300.00	\$ 326,310,000.00	\$ 86,409,000.00	\$ 110,547,100.00	\$ 2,702,593,500.00	\$ 10,445,726.00	\$ 2,713,039,226.00	\$ 215,251,800.00	\$ 2,989,245,512.00	\$ 1.551
2017	20,459,000.00	2,156,867,600.00	327,313,300.00	86,409,000.00	110,547,100.00	2,701,596,000.00	10,827,790.00	2,712,423,790.00	215,218,700.00	2,874,852,984.00	1.516
2016	21,133,300.00	2,160,845,000.00	329,136,500.00	86,559,000.00	110,890,400.00	2,708,564,200.00	11,448,192.00	2,720,012,392.00	214,581,000.00	2,768,178,701.00	1.475
2015	22,367,100.00	2,169,598,500.00	325,036,800.00	87,212,400.00	111,316,900.00	2,715,531,700.00	10,838,761.00	2,726,370,461.00	214,129,200.00	2,586,267,186.00	1.428
2014	22,816,700.00	2,183,090,700.00	330,511,200.00	87,212,400.00	111,438,200.00	2,735,069,200.00	10,743,509.00	2,745,812,709.00	213,937,500.00	2,557,125,783.00	1.373
2013	23,542,400.00	2,213,768,300.00	336,421,900.00	87,262,500.00	112,236,900.00	2,773,232,000.00	11,418,057.00	2,784,650,057.00	213,470,200.00	2,582,081,757.00	1.327
2012	23,714,300.00	2,227,309,400.00	337,368,800.00	88,100,300.00	112,528,200.00	2,789,021,000.00	14,807,649.00	2,803,828,649.00	214,316,100.00	2,707,172,742.00	1.304
2011	22,338,300.00	2,234,824,900.00	337,769,700.00	91,330,600.00	110,672,400.00	2,796,935,900.00	14,520,120.00	2,811,456,020.00	214,396,000.00	2,838,462,128.00	1.270
2010	46,865,400.00	2,245,176,100.00	338,377,300.00	91,445,600.00	112,343,800.00	2,834,208,200.00	14,247,620.00	2,848,455,820.00	189,405,800.00	3,080,070,898.00	1.256
2009	46,329,600.00	2,250,266,300.00	342,051,100.00	91,852,900.00	112,343,800.00	2,842,843,700.00	13,946,682.00	2,856,790,382.00	187,113,600.00	3,067,504,882.00	1.213

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

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

Source: Municipal Tax Assessor

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

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct Tax Rate</u>	<u>Borough of Rutherford</u>	<u>Library</u>	<u>Bergen County</u>	
2018	\$ 1.502	\$ 0.049	\$ 1.551	\$ 0.845	\$ 0.037	\$ 0.268	\$ 2.701
2017	1.461	0.055	1.516	0.847	0.035	0.265	2.663
2016	1.419	0.056	1.475	0.845	0.034	0.250	2.604
2015	1.373	0.055	1.428	0.846	0.031	0.228	2.533
2014	1.317	0.056	1.373	0.832	0.031	0.218	2.454
2013	1.271	0.056	1.327	0.811	0.031	0.213	2.382
2012	1.249	0.055	1.304	0.788	0.032	0.213	2.337
2011	1.215	0.055	1.270	0.753	0.034	0.210	2.267
2010	1.202	0.054	1.256	0.744		0.212	2.212
2009	1.153	0.060	1.213	0.688		0.206	2.107

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Meadows Landmark, LLC	\$ 83,500,000.00	1	3.09%	\$ 83,500,000.00	1	2.94%
Citigroup Technology Inc.	39,200,000.00	2	1.45%	39,200,000.00	2	1.38%
Hastings Village Inc.	30,376,200.00	3	1.12%	30,376,200.00	3	1.07%
Frederich & Weill Trustees	27,000,000.00	4	1.00%	27,000,000.00	4	0.95%
RB-C Meadowlands Concord	18,464,600.00	5	0.68%			
Volvo North America Corp.	11,775,400.00	6	0.44%	13,000,000.00	8	0.46%
359 Veterans Blvd., LLC	11,600,000.00	7	0.43%	11,060,000.00	10	0.39%
Verizon (Duff Phelps)	10,445,726.00	8	0.39%	13,946,682.00	7	0.49%
Linque-HC Partners LLC	8,998,800.00	9	0.33%			
Unionford LLC	8,450,000.00	10	0.31%			
Moody National Meadowlands				18,239,600.00	6	0.64%
BRE/ESA Properties				12,382,500.00	9	0.44%
Encap Cherokee				19,905,300.00	5	0.70%
Total	\$ 249,810,726.00		9.24%	\$ 268,610,282.00		9.45%

Source: Municipal Chief Financial Officer

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

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Calendar Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2018	\$ 41,531,633.00	\$ 41,531,633.00	100.00%
2017	40,533,916.00	40,533,916.00	100.00%
2016	39,690,240.00	39,690,240.00	100.00%
2015	38,156,764.00	38,156,764.00	100.00%
2014	37,262,106.00	37,262,106.00	100.00%
2013	36,602,970.00	36,602,970.00	100.00%
2012	36,594,646.00	36,594,646.00	100.00%
2011	36,280,558.00	36,280,558.00	100.00%
2010	35,257,893.00	35,257,893.00	100.00%
2009	34,043,063.00	34,043,063.00	100.00%

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

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

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	Governmental Activities (1)		Total District Debt	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds	Capital Leases			
2018	\$ 10,275,000.00	\$ 833,196.30	\$ 11,108,196.30	Unavailable	Unavailable
2017	11,115,000.00	751,335.44	11,866,335.44	Unavailable	\$ 631.79
2016	12,950,000.00	1,069,837.01	14,019,837.01	0.97%	749.80
2015	13,870,000.00	555,080.80	14,425,080.80	1.01%	772.06
2014	14,790,000.00	208,363.95	14,998,363.95	1.11%	810.37
2013	15,680,000.00		15,680,000.00	1.19%	850.93
2012	16,565,000.00		16,565,000.00	1.26%	904.30
2011	17,405,000.00		17,405,000.00	1.38%	955.01
2010	18,215,000.00		18,215,000.00	1.52%	1,006.80
2009	18,985,000.00		18,985,000.00	1.67%	1,088.28

Sources:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Net General Bonded Debt Outstanding (1)		
2018	\$ 10,275,000.00	\$ 10,275,000.00	0.38%	Unavailable
2017	11,115,000.00	11,115,000.00	0.41%	\$ 591.79
2016	12,950,000.00	12,950,000.00	0.48%	692.59
2015	13,870,000.00	13,870,000.00	0.51%	742.35
2014	14,790,000.00	14,790,000.00	0.54%	799.11
2013	15,680,000.00	15,680,000.00	0.57%	850.93
2012	16,565,000.00	16,565,000.00	0.59%	904.30
2011	17,405,000.00	17,405,000.00	0.62%	955.01
2010	18,215,000.00	18,215,000.00	0.64%	1,006.80
2009	18,985,000.00	18,985,000.00	0.67%	1,088.28

Sources:

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

RUTHERFORD SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2017
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Rutherford Borough</u>
Municipal Debt: (1)				
Rutherford School District	\$ 11,115,000.00	\$ 11,115,000.00		
Rutherford Borough	<u>14,836,675.91</u>		\$ 14,836,675.91	\$ 14,836,675.91
	<u>25,951,675.91</u>	<u>11,115,000.00</u>	<u>14,836,675.91</u>	<u>14,836,675.91</u>
Overlapping Debt Apportioned to the Municipality:				
County of Bergen: (1)				
General:				
Bonds	495,020,806.00	5,493,500.00	489,527,306.00	8,238,744.56 (3)
Notes	184,650,000.00		184,650,000.00	3,107,659.50 (3)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>782,497,000.00</u>	<u>782,497,000.00</u> (2)		
	<u>1,462,167,806.00</u>	<u>787,990,500.00</u>	<u>674,177,306.00</u>	<u>11,346,404.06</u>
	<u>\$ 1,488,119,481.91</u>	<u>\$ 799,105,500.00</u>	<u>\$ 689,013,981.91</u>	<u>\$ 26,183,079.97</u>

Sources:

- (1) 2017 Annual Debt Statement
- (2) Deductible in accordance with N.J.S. 40:37A-80.
- (3) Such debt is allocated as a proportion of the Borough's share of the total 2017 Equalized Value, which is 1.683%.
 The source for this computation was the 2017 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2018:

Equalized Valuation Basis (1):

2017	\$	2,976,637,285
2016		2,870,762,268
2015		2,763,618,665
	\$	<u>8,611,018,218</u>

<u>\$ 2,870,339,406.00</u>	Average equalized valuation of taxable property
\$ 114,813,576	Debt limit (4% of average equalization value) (2)
<u>10,275,000</u>	Net bonded school debt (3)
<u>\$ 104,538,576</u>	Legal Debt Margin

	Fiscal Year Ended June 30,									
	<u>2018</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>
Debt Limit	\$ 114,813,576	\$ 109,711,184	\$ 105,859,851	\$ 103,482,261	\$ 104,896,232	\$ 108,507,416	\$ 114,917,454	\$ 119,588,739	\$ 121,371,274	\$ 117,902,558
Total Net Debt Applicable to Limit (3)	<u>10,275,000</u>	<u>11,115,000</u>	<u>12,950,000</u>	<u>13,870,000</u>	<u>14,790,000</u>	<u>15,680,000</u>	<u>16,565,000</u>	<u>17,405,000</u>	<u>18,215,000</u>	<u>18,985,000</u>
Legal Debt Margin	<u>\$ 104,538,576</u>	<u>\$ 98,596,184</u>	<u>\$ 92,909,851</u>	<u>\$ 89,612,261</u>	<u>\$ 90,106,232</u>	<u>\$ 92,827,416</u>	<u>\$ 98,352,454</u>	<u>\$ 102,183,739</u>	<u>\$ 103,156,274</u>	<u>\$ 98,917,558</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.95%	10.13%	12.23%	13.40%	14.10%	14.45%	14.41%	14.55%	15.01%	16.10%

Sources:

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

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2017	18,782	Unavailable	Unavailable	3.7%
2016	18,698	\$ 1,443,242,526.00	\$ 77,187.00	3.7%
2015	18,684	1,427,233,392.00	76,388.00	4.1%
2014	18,508	1,356,506,844.00	73,293.00	4.9%
2013	18,427	1,316,590,723.00	71,449.00	7.8%
2012	18,318	1,318,035,054.00	71,953.00	8.8%
2011	18,225	1,258,326,900.00	69,044.00	8.6%
2010	18,092	1,195,519,360.00	66,080.00	8.8%
2009	17,445	1,135,617,165.00	65,097.00	8.6%
2008	17,410	1,186,038,840.00	68,124.00	4.8%

Sources:

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

RUTHERFORD SCHOOL DISTRICT
Principal Non-Governmental Employers
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

_____	_____	_____	_____
=====	=====	=====	=====

Operating Information

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

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

<u>Function/Program</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2018</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	169	169	173	171	172	170	168	168	169	170
Special Education	55	55	53	53	52	51	57	52	52	52
Support Services:										
Student & Instruction Related Services	43	43	42	42	42	42	41	42	42	42
School Administrative Services	22	22	21	21	22	21	19	20	21	21
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	18	18	19	19	19	19	19	49	51	51
Pupil Transportation	8	7	6	6	5	7	9	9	9	9
Business and Other Support Services	10	10	9	9	9	9	10	11	12	12
Total	<u>327</u>	<u>326</u>	<u>325</u>	<u>323</u>	<u>323</u>	<u>321</u>	<u>325</u>	<u>353</u>	<u>358</u>	<u>359</u>

Source: District Personnel Records

RUTHERFORD SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>			<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>				
2018	2,597	\$ 49,998,912.59	\$ 19,252.57	6.55%	267	1:16	1:16	1:16	2,599	2,469	3.42%	95.00%
2017	2,551	46,093,926.18	18,068.96	6.13%	267	1:12	1:10	1:10	2,513	2,395	1.91%	95.30%
2016	2,594	44,163,836.19	17,025.38	1.45%	225	1:12	1:11	1:09	2,466	2,366	-5.15%	95.94%
2015	2,501	41,972,081.40	16,782.12	-0.54%	225	1:12	1:11	1:09	2,600	2,470	0.54%	95.00%
2014	2,491	42,031,877.56	16,873.50	5.25%	225	1:12	1:11	1:09	2,586	2,456	3.86%	94.97%
2013	2,490	39,920,609.00	16,032.37	2.77%	223	1:12	1:11	1:09	2,490	2,400	0.20%	96.39%
2012	2,485	38,768,493.00	15,601.00	-5.02%	243	1:15	1:13	1:11	2,485	2,384	2.10%	95.95%
2011	2,434	39,981,201.00	16,426.13	4.39%	240	1:15	1:13	1:11	2,434	2,328	0.00%	95.67%
2010	2,434	38,299,225.00	15,735.10	-0.66%	241	1:15	1:13	1:11	2,434	2,330	-1.21%	95.74%
2009	2,464	39,029,877.00	15,840.05	2.50%	242	1:15	1:13	1:11	2,464	2,356	0.07%	95.60%

Sources: District Records

RUTHERFORD SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District Building:										
<u>Elementary:</u>										
Washington Elementary (1912)										
Square Feet	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100
Capacity (students)	304	304	304	304	304	304	304	304	304	304
Enrollment	334	305	265	279	337	333	345	335	324	341
Lincoln (1912)										
Square Feet	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	487	487	451	474	381	384	371	355	352	357
Pierrepont Elementary School (1906)										
Square Feet	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500
Capacity (students)	533	533	533	533	533	533	533	533	533	533
Enrollment	626	638	516	516	510	506	506	486	490	501
<u>Middle School:</u>										
Union Middle School (1926)										
Square Feet	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700
Capacity (students)	530	530	530	530	530	530	530	530	530,481	530
Enrollment	398	396	477	484	500	492	498	493	129	489
<u>High School:</u>										
Rutherford High School (1922)										
Square Feet	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600
Capacity (students)	775	775	775	775	775	775	775	775	775	775
Enrollment	735	734	749	748	770	778	756	741	778	782

Number of Schools at June 30, 2018:

Elementary = 3
Middle School = 1
High School = 1

Source: District Records

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

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

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

School Facilities*:	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
High School	\$ 327,020.67	\$ 334,565.52	\$ 326,644.64	\$ 346,091.03	\$ 325,368.24	\$ 432,869.63	\$ 441,963.00	\$ 462,754.00	\$ 537,117.00	\$ 622,263.00
Union	157,759.80	150,100.34	196,946.74	167,932.32	349,961.47	181,337.48	210,346.00	218,683.00	253,825.00	294,207.00
Pierrepont	198,657.06	158,769.09	159,365.65	165,367.39	130,419.40	191,932.67	194,688.00	203,857.00	236,617.00	274,261.00
Washington	104,910.57	125,405.56	105,227.74	115,935.38	82,533.25	176,789.95	91,999.00	93,449.00	108,466.00	125,722.00
Lincoln	133,204.91	103,934.68	102,653.46	128,158.43	89,523.60	187,804.94	94,591.00	95,919.00	111,334.00	129,046.00
Kindergarten Center Administration	35,335.38	47,367.26	31,725.86	34,059.43	70,564.26	38,033.61	46,216.00	48,747.00	56,578.00	65,581.00
			1,819.47	6,705.47	16,652.43	12,841.76				
Total School Facilities	<u>\$ 956,888.39</u>	<u>920,142.45</u>	<u>\$ 924,383.56</u>	<u>\$ 964,249.45</u>	<u>\$ 1,065,022.65</u>	<u>\$ 1,221,610.04</u>	<u>\$ 1,079,803.00</u>	<u>\$ 1,123,409.00</u>	<u>\$ 1,303,937.00</u>	<u>\$ 1,511,080.00</u>

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

Source: District Records

RUTHERFORD SCHOOL DISTRICT

Insurance Schedule

June 30, 2018

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)		
Limits of Liability per Occurrence	\$ 500,000,000.00	\$ 3,500.00
Boiler and Machinery	100,000,000.00	2,500.00
General Liability including Automobile and Employee Benefits	5,000,000.00	
Fire Damage	2,500,000.00	
Medical Expenses	10,000.00	
Security Guard Liability	1,000,000.00	5,000.00
Environmental Impairment Liability	1,000,000.00	10,000.00
Crime Coverage	50,000.00	1,000.00
Blanket Dishonasty Bond	500,000.00	1,000.00
Excess Liability	5,000,000.00	
School Board Legal Liability	5,000,000.00	5,000.00
Cyber Liability	2,000,000.00	10,000.00
Surety Bonds (2):		
Treasurer	350,000.00	
Board Secretary	350,000.00	
Student Accident Policy (2)	5,000,000.00	

(1) School Alliance Insurance Fund

(2) Selective Insurance Company of America

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Rutherford School District
Rutherford, New Jersey 07070

Report on Compliance for Each Major State Program

We have audited the Borough of Rutherford School District's, in the County of Bergen, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2018. The School District's major state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

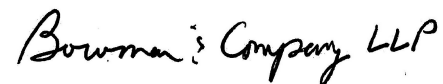
Management of the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance,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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Robert S. Marrone
Certified Public Accountant
Public School Accountant No. CS 01113

Voorhees, New Jersey
February 4, 2019

RUTHERFORD SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards - Schedule A
 For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period From To		Balance June 30, 2017
General Fund:							
U.S. Department of Health and Human Services:							
Passed-through the State Department of Education:							
Special Education Medicaid Initiative Cluster	93.778	1705NJ5MAP	Unavailable	\$ 26,408.40	07-01-17	06-30-18	_____
Total General Fund							_____
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
E.S.E.A.:							
Title I, Part A	84.010	S010A170030	NCLB460018	191,670.00	07-01-17	06-30-18	_____
Title I, Part A	84.010	S010A160030	NCLB460017	191,881.00	07-01-16	06-30-17	\$ (9,506.93)
Total Title I, Part A							(9,506.93)
Title II, Part A, Improving Teacher Quality	84.367	S367A180029	NCLB460018	50,321.00	07-01-17	06-30-18	_____
Title II, Part A, Improving Teacher Quality	84.367	S367A160029	NCLB460017	51,120.00	07-01-16	06-30-17	(9,304.00)
Total Title II, Part A, Improving Teacher Quality							(9,304.00)
Title III	84.365	S365A180030	NCLB460018	10,096.00	07-01-17	06-30-18	_____
Title III	84.365	S365A160030	NCLB460017	2,653.00	07-01-16	06-30-17	(2,146.12)
Title III Immigrant	84.365	S365A170030	NCLB460018	6,630.00	07-01-17	06-30-18	_____
Total Title III, English Language Acquisition							(2,146.12)
Title IV	84.424	S424A180031	NCLB460018	10,000.00	07-01-17	06-30-18	_____
Total Title IV, Part A							_____
I.D.E.A. Part B:							
Special Education Cluster:							
Basic	84.027	H027A170100	FT460018	536,539.00	07-01-17	06-30-18	_____
Basic	84.027	H027A160100	FT460017	647,159.00	07-01-16	06-30-17	(96,860.76)
Preschool	84.173	H173A170114	PS460018	20,532.00	07-01-17	06-30-18	_____
Preschool	84.173	H173A160114	PS460017	21,495.00	07-01-16	06-30-17	(1,019.00)
Total I.D.E.A. Part B Special Education Cluster							(97,879.76)
Total Special Revenue Fund							(118,836.81)
Total Federal Financial Assistance							\$ (118,836.81)

(A) See Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

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

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

Carryover / (Walkover) Amount	Cash Received	Adjustments (A)	Budgetary Expenditures			Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2018		
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 26,408.40		\$ 26,408.40		\$ 26,408.40					
-	26,408.40	-	26,408.40	-	26,408.40	-	-	-	-	-
\$ 20,185.00 (20,185.00)	15,961.00 29,692.00	\$ (0.07)	110,124.27		110,124.27			\$ (175,709.00)	\$ 101,730.73	
-	45,653.00	(0.07)	110,124.27	-	110,124.27	-	-	(175,709.00)	101,730.73	-
8,886.00 (8,886.00)	26,027.00 18,190.00		45,713.90		45,713.90			(24,294.00)	13,493.10	
-	44,217.00	-	45,713.90	-	45,713.90	-	-	(24,294.00)	13,493.10	-
506.88 (506.88)	2,653.00		6,691.46		6,691.46			(10,096.00)	3,911.42	
-	2,653.00	-	616.25	-	616.25	-	-	(6,630.00)	6,013.75	-
-	2,653.00	-	7,307.71	-	7,307.71	-	-	(16,726.00)	9,925.17	-
			6,575.00		6,575.00			(10,000.00)	3,425.00	
-	-	-	6,575.00	-	6,575.00	-	-	(10,000.00)	3,425.00	-
110,581.00 (110,581.00)	337,110.00 207,442.00	(0.24)	518,538.32		518,538.32			(199,429.00)	128,581.68	
1,019.00 (1,019.00)	18,926.00 2,038.00		20,964.00		20,964.00			(1,606.00)	587.00	
-	565,516.00	(0.24)	539,502.32	-	539,502.32	-	-	(201,035.00)	129,168.68	-
-	658,039.00	(0.31)	709,223.20	-	709,223.20	-	-	(427,764.00)	257,742.68	-
\$ -	\$ 684,447.40	\$ (0.31)	\$ 735,631.60	\$ -	\$ 735,631.60	\$ -	\$ -	\$ (427,764.00)	\$ 257,742.68	\$ -

RUTHERFORD SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Carryover/ Walkover Amount
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
General Fund:							
New Jersey State Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	18-495-034-5120-078	\$ 815,410.00	07-01-17	06-30-18			
Equalization Aid	17-495-034-5120-078	815,410.00	07-01-16	06-30-17	\$ (69,032.19)		
Categorical Aid Special Education Aid	18-495-034-5120-089	1,509,423.00	07-01-17	06-30-18			
Categorical Aid Special Education Aid	17-495-034-5120-089	1,505,767.00	07-01-16	06-30-17	(127,477.45)		
Categorical Aid Security Aid	18-495-034-5120-084	43,921.00	07-01-17	06-30-18			
Categorical Aid Security Aid	17-495-034-5120-084	43,921.00	07-01-16	06-30-17	(3,718.33)		
PARCC Readiness Aid	18-495-034-5120-098	25,055.00	07-01-17	06-30-18			
PARCC Readiness Aid	17-495-034-5120-098	25,055.00	07-01-16	06-30-17	(2,121.14)		
Per Pupil Growth Aid	18-495-034-5120-097	25,055.00	07-01-17	06-30-18			
Per Pupil Growth Aid	17-495-034-5120-097	25,055.00	07-01-16	06-30-17	(2,121.14)		
Professional Learning Community Aid	18-495-034-5120-101	25,500.00	07-01-17	06-30-18			
Professional Learning Community Aid	17-495-034-5120-101	25,500.00	07-01-16	06-30-17	(2,158.82)		
Total State Aid - Public Cluster					(206,629.07)	-	-
Transportation Aid:							
Categorical Transportation Aid	18-495-034-5120-014	40,538.00	07-01-17	06-30-18			
Categorical Transportation Aid	17-495-034-5120-014	40,538.00	07-01-16	06-30-17	(3,431.93)		
Total Transportation Aid					(3,431.93)	-	-
Extraordinary Aid							
Extraordinary Aid	18-495-034-5120-044	660,121.00	07-01-17	06-30-18			
Extraordinary Aid	17-495-034-5120-044	600,036.00	07-01-16	06-30-17	(600,036.00)		
Total Extraordinary Aid					(600,036.00)	-	-
Reimbursed TPAF Social Security Contributions							
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	1,395,865.82	07-01-17	06-30-18			
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,375,493.97	07-01-16	06-30-17	(67,054.40)		
Total Reimbursed TPAF Social Security Contributions					(67,054.40)	-	-
Lead Testing Aid							
Lead Testing Aid	18-495-034-5120-104	2,709.40	07-01-17	06-30-18			
Total General Fund					(877,151.40)	-	-
Special Revenue Fund:							
New Jersey Department of Education:							
Nonpublic Aid:							
Nursing Services	18-100-034-5120-070	32,301.00	07-01-17	06-30-18			
Nursing Services	17-100-034-5120-070	32,850.00	07-01-16	06-30-17	\$ 1,205.00		
Total Nursing Services					-	1,205.00	-
Textbook Aid (Ch. 194, L. 1977)							
Textbook Aid (Ch. 194, L. 1977)	18-100-034-5120-064	18,241.00	07-01-17	06-30-18			
Textbook Aid (Ch. 194, L. 1977)	17-100-034-5120-064	20,923.00	07-01-16	06-30-17	150.58		
Total Textbook Aid (Ch. 194, L. 1977)					-	150.58	-
Technology Initiative Aid							
Technology Initiative Aid	18-100-034-5120-373	12,321.00	07-01-17	06-30-18			
Technology Initiative Aid	17-100-034-5120-373	9,438.00	07-01-16	06-30-17	170.50		
Total Technology Initiative Aid					-	170.50	-
Security							
Security	18-100-034-5120-509	24,975.00	07-01-17	06-30-18			
Security	17-100-034-5120-509	18,250.00	07-01-16	06-30-17	2.25		
Total Security					-	2.25	-
Auxiliary Services (Ch. 192, L. 1977)							
Compensatory Education	18-100-034-5120-067	38,977.00	07-01-17	06-30-18			
Compensatory Education	17-100-034-5120-067	42,998.00	07-01-16	06-30-17	14,511.56		
English as a Second Language	18-100-034-5120-067	2,439.00	07-01-17	06-30-18			
Home Instruction	18-100-034-5120-067	1,649.39	07-01-17	06-30-18			
Home Instruction	17-100-034-5120-067	6,936.30	07-01-16	06-30-17	(6,936.30)		
Total Auxiliary Services (Ch. 192, L. 1977)					(6,936.30)	14,511.56	-
Handicapped Services (Ch. 193, L. 1977)							
Corrective Speech	18-100-034-5120-066	14,017.00	07-01-17	06-30-18			
Corrective Speech	17-100-034-5120-066	10,425.00	07-01-16	06-30-17	1,501.65		
Examination and Classification	18-100-034-5120-066	49,860.00	07-01-17	06-30-18			
Examination and Classification	17-100-034-5120-066	36,926.00	07-01-16	06-30-17	15,125.54		
Supplementary Instruction	18-100-034-5120-066	26,961.00	07-01-17	06-30-18			
Supplementary Instruction	17-100-034-5120-066	29,034.00	07-01-16	06-30-17	7,297.81		
Total Handicapped Services (Ch. 193, L. 1977)					-	23,925.00	-
Total Special Revenue Fund					(6,936.30)	39,964.89	-

Cash Received	Adjustments (A)	Budgetary Expenditures	Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2018			Memo Only	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
\$ 745,806.35		\$ 815,410.00			\$ (69,603.65)			\$ (69,603.65)	\$ 815,410.00
69,032.19									
1,380,578.19		1,509,423.00			(128,844.81)			(128,844.81)	1,509,423.00
127,477.45									
40,171.89		43,921.00			(3,749.11)			(3,749.11)	43,921.00
3,718.33									
22,916.30		25,055.00			(2,138.70)			(2,138.70)	25,055.00
2,121.14									
22,916.30		25,055.00			(2,138.70)			(2,138.70)	25,055.00
2,121.14									
23,323.31		25,500.00			(2,176.69)			(2,176.69)	25,500.00
2,158.82									
2,442,341.41	-	2,444,364.00	-	-	(208,651.66)	-	-	(208,651.66)	2,444,364.00
37,077.66		40,538.00			(3,460.34)			(3,460.34)	40,538.00
3,431.93									
40,509.59	-	40,538.00	-	-	(3,460.34)	-	-	(3,460.34)	40,538.00
600,036.00		660,121.00			(660,121.00)				660,121.00
600,036.00	-	660,121.00	-	-	(660,121.00)	-	-	-	660,121.00
1,395,865.82		1,395,865.82							1,395,865.82
67,054.40									
1,462,920.22	-	1,395,865.82	-	-	-	-	-	-	1,395,865.82
2,709.40		2,709.40							2,709.40
4,548,516.62	-	4,543,598.22	-	-	(872,233.00)	-	-	(212,112.00)	4,543,598.22
32,301.00		32,301.00		\$ 1,205.00					32,301.00
32,301.00	-	32,301.00	-	1,205.00	-	-	-	-	32,301.00
18,241.00	\$ (0.58)	15,091.50		150.00			\$ 3,149.50		15,091.50
18,241.00	(0.58)	15,091.50	-	150.00	-	-	3,149.50	-	15,091.50
12,321.00	(0.50)	12,114.58		170.00			206.42		12,114.58
12,321.00	(0.50)	12,114.58	-	170.00	-	-	206.42	-	12,114.58
24,975.00	(0.25)	20,798.54		2.00			4,176.46		20,798.54
24,975.00	(0.25)	20,798.54	-	2.00	-	-	4,176.46	-	20,798.54
38,977.00	(0.56)	28,716.99		14,511.00			10,260.01		28,716.99
2,439.00							2,439.00		
6,936.00	0.30	1,649.39			(1,649.39)				1,649.39
48,352.00	(0.26)	30,366.38	-	14,511.00	(1,649.39)	-	12,699.01	-	30,366.38
14,017.00		8,570.88					5,446.12		8,570.88
49,860.00		39,310.08		1,501.65			10,549.92		39,310.08
26,961.00		16,810.76					10,150.24		16,810.76
90,838.00	-	64,691.72	-	23,925.00	-	-	26,146.28	-	64,691.72
227,028.00	(1.59)	175,363.72	-	39,963.00	(1,649.39)	-	46,377.67	-	175,363.72

(Continued)

RUTHERFORD SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance - Schedule B
 For the Fiscal Year Ended June 30, 2018

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Carryover/ Walkover Amount
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor	
Capital Projects Fund:							
New Jersey Economic Development Authority:							
School Development Authority	4600-090-14-1006	180,590.00	01-06-14	Completion	\$	(180,590.00)	
School Development Authority	4600-050-14-1002	127,691.00	01-06-14	Completion		(112,680.34)	
School Development Authority	4600-050-14-1004	322,559.00	01-06-14	Completion		(300,448.00)	
School Development Authority	4600-050-14-1003	116,594.00	01-06-14	Completion		(65,537.35)	
School Development Authority	4600-050-14-1009	119,924.00	01-06-14	Completion		(119,924.00)	
School Development Authority	4600-050-14-1010	266,884.00	01-06-14	Completion		(198,141.00)	
Total Capital Projects Fund						(977,320.69)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(1,861,408.39)	\$ 39,964.89
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-Behalf Contributions:							
TPAF Post-Retirement Medical	495-034-5094-001	1,824,251.00	07-01-17	06-30-18			
Teacher's Pension and Annuity Fund	495-034-5094-002	2,757,529.00	07-01-17	06-30-18			
TPAF Non-Contributory Insurance	495-034-5094-004	66,918.00	07-01-17	06-30-18			
TPAF Long-Term Disability Insurance	495-034-5094-004	4,353.00	07-01-17	06-30-18			
Total General Fund (Non-Cash Assistance)						-	-
Total State Financial Assistance						\$ (1,861,408.39)	\$ 39,964.89

(A) See Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

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

Cash Received	Adjustments (A)	Budgetary Expenditures	Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2018			Memo Only	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2018	Cumulative Total Expenditures
					\$ (180,590.00)			\$ 180,590.00	
					(112,680.34)			112,680.34	
					(300,448.00)			300,448.00	
					(65,537.35)			65,537.35	
					(119,924.00)			119,924.00	
					(198,141.00)			198,141.00	
					(977,320.69)	-	-	-	977,320.69
\$ 4,775,544.62	\$ (1.59)	\$ 4,718,961.94	-	\$ 39,963.00	(1,851,203.08)	-	\$ 46,377.67	\$ (212,112.00)	5,696,282.63
1,824,251.00		1,824,251.00						1,824,251.00	
2,757,529.00		2,757,529.00						2,757,529.00	
66,918.00		66,918.00						66,918.00	
4,353.00		4,353.00						4,353.00	
4,653,051.00	-	4,653,051.00	-	-	-	-	-	-	4,653,051.00
\$ 9,428,595.62	\$ (1.59)	\$ 9,372,012.94	\$ -	\$ 39,963.00	\$ (1,851,203.08)	\$ -	\$ 46,377.67	\$ (212,112.00)	\$ 10,349,333.63

RUTHERFORD SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$27,965.96 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 26,408.40	\$ 9,194,598.22	\$ 9,221,006.62
Special Revenue	691,886.88	164,734.08	856,620.96
Total Awards and Financial Assistance	<u>\$ 718,295.28</u>	<u>\$ 9,359,332.30</u>	<u>\$ 10,077,627.58</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent minor rounding difference.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2018, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

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

RUTHERFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

NOT APPLICABLE

Internal control over major programs:

Material weakness(es) identified? ___ yes ___ no

Significant deficiency(ies) identified? ___ yes ___ none reported

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

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

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? ___ yes ___ no

RUTHERFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

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

Identification of major programs:

GMIS Number(s)

Name of State Program

Table with 2 columns: GMIS Number(s) and Name of State Program. Rows include: State Aid Public Cluster, Equalization Aid, Special Education Categorical Aid, Security Aid, Per Pupil Growth Aid, PARCC Readiness Aid, Professional Learning Community Aid, Extraordinary Aid, Reimbursed TPAF Social Security Contributions.

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

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

RUTHERFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 2 - Schedule of Financial Statement Findings

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

No Current Year Findings.

RUTHERFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 3 - Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A Federal Single Audit was not required.

RUTHERFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

No Current Year Findings.

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

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

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

This section is not applicable.

STATE FINANCIAL ASSISTANCE PROGRAMS

No Prior Year Findings.