

**BOARD OF EDUCATION  
OF THE  
BOROUGH OF RUTHERFORD  
SCHOOL DISTRICT  
RUTHERFORD, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**RUTHERFORD SCHOOL DISTRICT  
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# INTRODUCTORY SECTION

January 26, 2021

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 (School District) for the fiscal year ended June 30, 2020 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 School District. All disclosures necessary to enable the reader to gain an understanding of the School 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 School 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 School 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. All funds of the School District are included in this report. The Rutherford Board of Education and all its schools constitute the School District's reporting entity.

The School 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 School District completed the 2019-2020 fiscal year with an average daily enrollment of 2,607 students, which is 5 students more than the previous year's enrollment.

**1 REPORTING ENTITY AND ITS SERVICES (CONT'D):**

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

**Average Daily Enrollment**

Fiscal Year	Student Enrollment	Percent Change
2019-2020	2,607.0	0.2%
2018-2019	2,602.0	0.1%
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%)

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Borough of Rutherford is a mature community that has little space for future development in its core area. 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 21<sup>st</sup> Century, investment in technology to participate in advanced standardized testing programs to measure student achievement, upgraded curriculum throughout the School District, and the implementation of a summer head-start program for kindergartners. In 2016-2017, the School District reconfigured the School 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 School 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 School District administration continue to evaluate facilities needs within the School District and work to upgrade and improve the schools as needed, within budgetary constraints. In September 2019, the Rutherford community approved a \$45.3 million bond referendum which will fund renovation and new construction at five of the School District's schools, and will provide improved instructional spaces and relief from overcrowding.



#### **4. INTERNAL ACCOUNTING CONTROLS:**

The administration of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the School 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 School District management.

As part of the School 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 School District has complied with applicable laws and regulations.

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the School 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, 2020.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the School 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 School District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The School 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:**

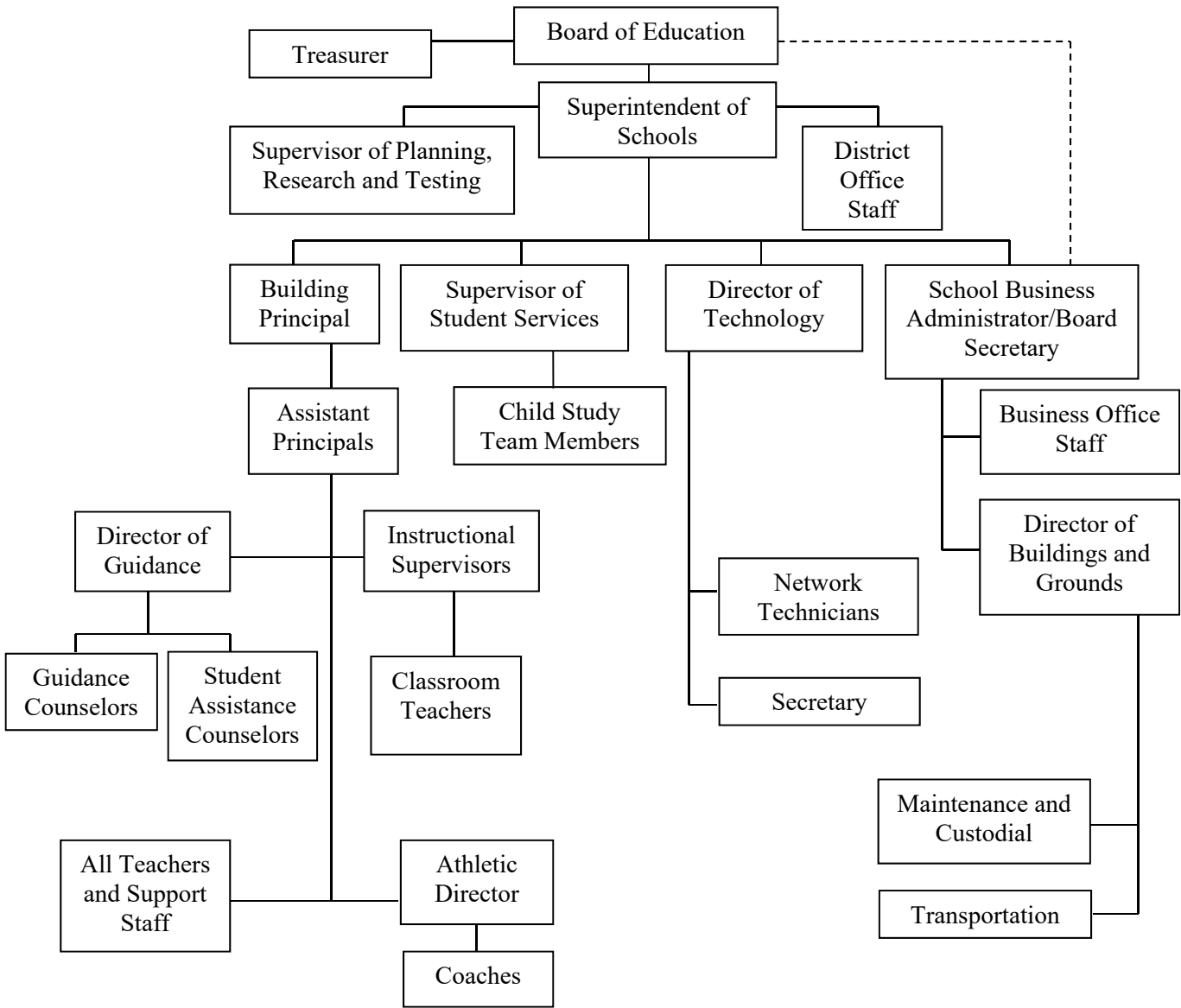
We would like to express our appreciation to the members of the Rutherford School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

  
\_\_\_\_\_  
John J. Hurley  
Superintendent of Schools

  
\_\_\_\_\_  
Joseph P. Kelly  
Business Administrator/Board Secretary

ORGANIZATIONAL CHART



RUTHERFORD SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2020

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires December 31</u></b>
Dr. Sergio Alati, President	2021
Dennis Mazone, Vice President	2022
Christopher Conti	2022
Sally Librera	2020
Shelly Ahmed	2021
Diane Jones	2020
Greg Recine	2021
Dennis Healey	2020
James Sprayberry	2022

**Other Officials**

John J. Hurley, Superintendent

Joseph P. Kelly, CPA, Business Administrator / Board Secretary

RUTHERFORD SCHOOL DISTRICT

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

2020

**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**

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, 2020, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's 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, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are also presented for purposes of additional analysis and are 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.

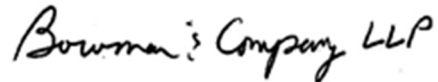
The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021 on our consideration of the Borough of Rutherford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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  
January 26, 2021

**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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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 January 26, 2021.

**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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance*, as Finding No. 2020-001 that we consider to be a significant deficiency.

### 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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Questioned Costs* and *Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* as Finding No. 2020-001.

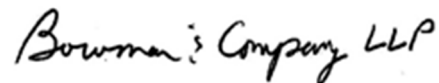
### The Borough of Rutherford School District's Response to Findings

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

### 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 Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the entity'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 01113

Voorhees, New Jersey  
January 26, 2021

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**Rutherford School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Financial Highlights**

- The total assets and deferred outflows of resources of the School District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,606,701 (net position).
- The School District's total net position increased by \$951,345 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 \$48,041,901, an increase of \$43,978,822 in comparison with the prior year, due to the issuance of bonds to fund the capital projects authorized by referendum.

**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 and notes 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, liabilities and deferred outflows and inflows of resources. 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.

## Government-Wide Financial Statements (Cont'd)

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, land improvements, buildings and improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this discussion and 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 2021. 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 2021.

## **Governmental Activities**

The assets and deferred outflows of the governmental activities exceeded liabilities and deferred inflows by \$17,642,332 with an unrestricted deficit of (\$8,597,727). The unrestricted net position deficit balance was decreased due to the effect of pension related items, the accounting treatment for capital leases, accrued interest payable, the accounting treatment of the June state aid payments received in the subsequent fiscal year and state statutes that prohibit school districts from maintaining more than 2% of its general fund expenditures, with adjustments, as unassigned fund balance.

## **Business-Type Activities**

The liabilities of the business-type activities exceeded the assets by \$35,631 with an unrestricted deficit of (\$37,284). The unrestricted net position of \$37,082, as of July 1, 2020 decreased by \$72,723, which included a contribution from the Governmental Activities of \$25,000. The unrestricted deficit of \$37,284 was a result of the financial activity derived from the Community Education Program.

### Government-Wide Financial Analysis (Cont'd)

Table 1 provides a comparative schedule of the School District's net position for fiscal years ended June 30, 2020 and 2019.

<b>TABLE 1</b>						
<b>NET POSITION</b>						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 48,387,953	\$ 4,586,787	\$ 75,924	\$ 52,763	\$48,463,876	\$ 4,639,550
Capital Assets	35,505,964	33,811,268	1,653	2,099	35,507,617	33,813,367
<b>Total Assets</b>	<b>83,893,917</b>	<b>38,398,055</b>	<b>77,577</b>	<b>54,862</b>	<b>83,971,493</b>	<b>38,452,917</b>
Deferred Outflow of Resources:						
Related to Pension	1,706,045	1,980,517			1,706,045	1,980,517
Deferred Loss on Refunding	97,075	108,552			97,075	108,552
<b>Total Deferred Outflows of Resources</b>	<b>1,803,120</b>	<b>2,089,069</b>	<b>-</b>	<b>-</b>	<b>1,803,120</b>	<b>2,089,069</b>
Long-term Liabilities Outstanding	63,789,211	19,449,136			63,789,211	19,449,136
Other Liabilities	1,079,649	1,098,794	113,207	17,770	1,192,856	1,116,564
<b>Total Liabilities</b>	<b>64,868,860</b>	<b>20,547,930</b>	<b>113,207</b>	<b>17,770</b>	<b>64,982,068</b>	<b>20,565,700</b>
Deferred Inflow of Resources - Related to Pensions	3,185,844	3,320,930	-	-	3,185,844	3,320,930
Net Position:						
Net Investment in Capital Assets	22,029,183	23,108,914	1,653	2,099	22,030,836	23,111,013
Restricted	4,210,876	2,645,023			4,210,876	2,645,023
Unrestricted (Deficit)	(8,597,727)	(9,135,673)	(37,284)	34,993	(8,635,011)	(9,100,680)
<b>Total Net Position</b>	<b>\$ 17,642,332</b>	<b>\$ 16,618,264</b>	<b>\$ (35,631)</b>	<b>\$ 37,092</b>	<b>\$17,606,701</b>	<b>\$ 16,655,356</b>

In the Statement of Net Position, the School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$22,030,836 (net of related debt and accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment and vehicles. The total increase in the District's capital assets for the current fiscal year was \$1,694,250, or a 5.01% increase. See Table 3, herein.



## Government-Wide Financial Analysis (Cont'd)

Table 2 reflects the comparative schedule of changes in net position for fiscal years ended June 30, 2020 and 2019.

<b>TABLE 2</b>						
CHANGES IN NET POSITION						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 416,286	\$ 452,835	\$ 96,422	\$ 138,316	\$ 512,708	\$ 591,151
Operating Grants and Contributions	11,129,418	12,908,575			11,129,418	12,908,575
Capital Grants and Contributions	16,760				16,760	
General Revenues:						
Property Taxes	43,821,107	42,704,062			43,821,107	42,704,062
Grants and Contributions Restricted and not Restricted to Programs	3,463,376	3,525,197			3,463,376	3,525,197
Other	446,144	107,108	317	43	446,461	107,151
<b>Total Revenues</b>	<b>59,293,091</b>	<b>59,697,777</b>	<b>96,739</b>	<b>138,359</b>	<b>59,389,830</b>	<b>59,836,136</b>
Expenses:						
Instruction	20,691,498	19,569,366			20,691,498	19,569,366
Support Services	36,883,631	38,643,913			36,883,631	38,643,913
Interest on Debt and Related Costs	668,894	405,359			668,894	405,359
Community Education			108,306	105,607	108,306	105,607
Summer Music			12,000	12,982	12,000	12,982
Food Services			74,156	106,232	74,156	106,232
<b>Total Expenses</b>	<b>58,244,023</b>	<b>58,618,638</b>	<b>194,462</b>	<b>224,821</b>	<b>58,438,485</b>	<b>58,843,459</b>
Increase in Net Position before Transfers	1,049,068	1,079,139	(97,723)	(86,462)	951,345	992,677
Transfers	(25,000)	(25,000)	25,000	25,000		
<b>Change in Net Position</b>	<b>1,024,068</b>	<b>1,054,139</b>	<b>(72,723)</b>	<b>(61,462)</b>	<b>951,345</b>	<b>992,677</b>
Net Position July 1	16,618,264	15,564,125	37,092	98,554	16,655,356	15,662,679
<b>Net Position, June 30</b>	<b>\$ 17,642,332</b>	<b>\$ 16,618,264</b>	<b>\$ (35,631)</b>	<b>\$ 37,092</b>	<b>\$ 17,606,701</b>	<b>\$ 16,655,356</b>

### Financial Analysis of the Governmental Funds

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

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

## Financial Analysis of the Governmental Funds (Cont'd)

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$48,041,901, an increase of \$43,978,822 from the prior year. This increase is a result of the issuance of bonds for the capital projects authorized by referendum.

The unassigned fund balance for the School District at the end of the fiscal year is \$1,259,162. The assigned fund balance for the School District at the end of the fiscal year consists of \$680,659 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 \$532,000 and \$584,458 respectively; 2) restricted for capital reserve account \$3,093,940; and 3) restricted for capital projects \$41,891,681.

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 2020, 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 \$128,322 and the use of additional surplus \$625,189 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 \$1,492,245 while total fund balance (budgetary basis) was \$6,383,303. 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 \$52,767,931. Unassigned fund balance (budgetary basis) represents 2.83% of expenditures while total fund balance (budgetary basis) represents 12.10% of that same amount.

### Capital Projects Fund

Following a successful public referendum in September 2019, to support building renovations and construction at five of its six school buildings, the Rutherford Board of Education bonded for the entire approved amount of \$45,330,000. These funds have been deposited into a dedicated bank account, and are used solely for the building renovations and construction, currently underway and expect to be completed by October 2022.

### Capital Asset and Debt Administration

Table 3 reflects the capital assets net of related depreciation without any debt recognition. 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.

<b>TABLE 3</b>		
Capital Assets		
	June 30, 2020	June 30, 2019
Capital Assets (Net of Depreciation):		
Land	\$ 7,502,700	\$ 7,502,700
Construction in Progress	3,438,797	612,467
Land Improvements	105,931	87,654
Building and Improvements	23,319,821	24,222,866
Motor Vehicles	192,852	197,993
Furniture, Fixtures and Equipment	947,515	1,189,687
<b>Net Capital Assets</b>	<b>\$ 35,507,617</b>	<b>\$ 33,813,367</b>

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

During the fiscal year ended June 30, 2020, the School District had \$53,750,000 in serial bonds payable, which included the issuance of \$45,330,000 for the aforementioned approved referendum. In addition, the School District had \$1,218,799 in compensated absences payable, as well as \$48,295 of pension deferral related to a previously approved deferral program of the Public Employee Retirement System and \$7,320,776 of net pension liability for the Public Employees Retirement System. This net pension liability occurred as a result of the implementation of GASB No. 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 \$20,050,864 and the legal debt margin was \$66,300,864.

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 2020-2021 fiscal year:

- In preparing the 2020-21 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% tax levy increase for the 2020-21 budget year. The increase was primarily due to increases in special education costs, including costs to send students to out-of-district facilities, when appropriate services are not available in-district. Other cost drivers contributing to the increase were contracted salary increases, estimated increases to health benefits costs and utilities. In addition, in recognition of the district's aging facilities, amounts were budgeted for building repairs and certain capital projects. These expenditures are to be paid for by the mandated 2.0% cap on tax levy increases as well as certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be available to the district for future needs.
- The Rutherford School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

## **Requests for Information**

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

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## RUTHERFORD SCHOOL DISTRICT

## Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,277,898.50	\$ 75,923.55	\$ 3,353,822.05
Receivables, net	2,204,706.66		2,204,706.66
Restricted Cash and Cash Equivalents	42,905,347.50		42,905,347.50
Capital Assets, net (Note 6)	35,505,963.86	1,653.18	35,507,617.04
<b>Total Assets</b>	<b>83,893,916.52</b>	<b>77,576.73</b>	<b>83,971,493.25</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	1,706,045.00		1,706,045.00
Deferred Loss on Refunding	97,075.22		97,075.22
<b>Total Deferred Outflows</b>	<b>1,803,120.22</b>	<b>-</b>	<b>1,803,120.22</b>
<b>LIABILITIES:</b>			
<b>Accounts Payable:</b>			
Related to Pensions	469,879.00		469,879.00
Other	278,726.20	19,475.50	298,201.70
Payable to State Government	27,291.00		27,291.00
Internal Balances	(92,401.88)	92,401.88	
Accrued Interest Payable	263,718.34		263,718.34
Unearned Revenue	132,436.42	1,330.00	133,766.42
<b>Noncurrent Liabilities (Note 7):</b>			
Due within One Year	1,209,168.53		1,209,168.53
Due beyond One Year	62,580,042.79		62,580,042.79
<b>Total Liabilities</b>	<b>64,868,860.40</b>	<b>113,207.38</b>	<b>64,982,067.78</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	3,185,844.00		3,185,844.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	22,029,183.19	1,653.18	22,030,836.37
<b>Restricted for:</b>			
Capital Projects	3,094,417.89		3,094,417.89
Other Purposes	1,116,458.39		1,116,458.39
Unrestricted (Deficit)	(8,597,727.13)	(37,283.83)	(8,635,010.96)
<b>Total Net Position</b>	<b>\$ 17,642,332.34</b>	<b>\$ (35,630.65)</b>	<b>\$ 17,606,701.69</b>

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, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 16,452,636.18	\$ 385,526.22	\$ 65,157.08		\$ (16,001,952.88)		\$ (16,001,952.88)
Special Education	2,160,580.95		850,999.81	\$ 16,760.00	(1,292,821.14)		(1,292,821.14)
School Sponsored Activities	798,704.59				(798,704.59)		(798,704.59)
Other Instruction	1,279,576.35				(1,279,576.35)		(1,279,576.35)
Support Services:							
Tuition	4,495,421.48				(4,495,421.48)		(4,495,421.48)
Student and Instruction Related Services	4,921,725.93		231,874.42		(4,689,851.51)		(4,689,851.51)
School Administrative Services	2,801,718.68				(2,801,718.68)		(2,801,718.68)
Business Administrative Services	845,871.14				(845,871.14)		(845,871.14)
Central Services	767,266.54				(767,266.54)		(767,266.54)
Administrative Information Technology	189,935.38				(189,935.38)		(189,935.38)
Plant Operations and Maintenance	3,645,682.80				(3,645,682.80)		(3,645,682.80)
Pupil Transportation	1,537,502.21	30,760.00			(1,506,742.21)		(1,506,742.21)
Unallocated Benefits	16,334,290.81		9,981,386.40		(6,352,904.41)		(6,352,904.41)
Transfer to Charter School	11,860.00				(11,860.00)		(11,860.00)
Interest on Long-Term Debt	388,203.33				(388,203.33)		(388,203.33)
Debt Issuance Costs	280,690.85				(280,690.85)		(280,690.85)
Unallocated Depreciation	1,332,355.67				(1,332,355.67)		(1,332,355.67)
<b>Total Governmental Activities</b>	<b>58,244,022.89</b>	<b>416,286.22</b>	<b>11,129,417.71</b>	<b>16,760.00</b>	<b>(46,681,558.96)</b>	<b>-</b>	<b>(46,681,558.96)</b>
<b>Business-Type Activities:</b>							
Food Service	74,155.80	56,683.50				\$ (17,472.30)	(17,472.30)
Community Education	108,306.22	24,157.98				(84,148.24)	(84,148.24)
Summer Music	12,000.00	15,581.00				3,581.00	3,581.00
<b>Total Business-Type Activities</b>	<b>194,462.02</b>	<b>96,422.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(98,039.54)</b>	<b>(98,039.54)</b>
<b>Total Government</b>	<b>\$ 58,438,484.91</b>	<b>\$ 512,708.70</b>	<b>\$ 11,129,417.71</b>	<b>\$ 16,760.00</b>	<b>(46,681,558.96)</b>	<b>(98,039.54)</b>	<b>(46,779,598.50)</b>
<b>General Revenues and Transfers:</b>							
Taxes:							
Property Taxes, Levied for General Purposes, net					42,491,007.00		42,491,007.00
Taxes Levied for Debt Service					1,330,100.00		1,330,100.00
Federal and State Aid not Restricted					3,463,376.36		3,463,376.36
Transfers					(25,000.00)	25,000.00	
Miscellaneous Income					446,143.51	316.85	446,460.36
<b>Total General Revenues and Transfers</b>					<b>47,705,626.87</b>	<b>25,316.85</b>	<b>47,730,943.72</b>
<b>Change in Net Position</b>					<b>1,024,067.91</b>	<b>(72,722.69)</b>	<b>951,345.22</b>
<b>Net Position - July 1</b>					<b>16,618,264.43</b>	<b>37,092.04</b>	<b>16,655,356.47</b>
<b>Net Position (Deficit) - June 30</b>					<b>\$ 17,642,332.34</b>	<b>\$ (35,630.65)</b>	<b>\$ 17,606,701.69</b>

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

FUND FINANCIAL STATEMENTS



**RUTHERFORD SCHOOL DISTRICT**  
Governmental Funds  
Balance Sheet  
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 3,277,898.50		\$ 42,905,347.50		\$ 46,183,246.00
Receivables from Other Governments	871,619.71	\$ 198,966.26	977,320.69		2,047,906.66
Other Receivables	156,800.00				156,800.00
Interfund Receivables	2,186,823.11				2,186,823.11
<b>Total Assets</b>	<b>\$ 6,493,141.32</b>	<b>\$ 198,966.26</b>	<b>\$ 43,882,668.19</b>	<b>\$ -</b>	<b>\$ 50,574,775.77</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 250,618.00	\$ 27,833.25			\$ 278,451.25
Interfunds Payable	49,028.61	54,680.59	\$ 1,990,986.98		2,094,696.18
Payable to State Government		27,291.00			27,291.00
Unearned Revenue	43,275.00	89,161.42			132,436.42
<b>Total Liabilities</b>	<b>342,921.61</b>	<b>198,966.26</b>	<b>1,990,986.98</b>	<b>-</b>	<b>2,532,874.85</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	3,093,939.89				3,093,939.89
Capital Projects			41,891,681.21		41,891,681.21
Excess Surplus - Current Year	532,000.00				532,000.00
Excess Surplus - Designated for Subsequent Year's Expenditures	584,458.39				584,458.39
<b>Assigned:</b>					
Other Purposes	680,659.20				680,659.20
Unassigned	1,259,162.23				1,259,162.23
<b>Total Fund Balances</b>	<b>6,150,219.71</b>	<b>-</b>	<b>41,891,681.21</b>	<b>-</b>	<b>48,041,900.92</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,493,141.32</b>	<b>\$ 198,966.26</b>	<b>\$ 43,882,668.19</b>	<b>\$ -</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$80,989,598.58 and the accumulated depreciation is \$45,483,634.72.	35,505,963.86
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(263,718.34)
Deferred loss on refundings are not financial resources and therefore are not reported in the funds.	97,075.22
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.	(56,468,435.32)
Net Pension Liability	(7,320,776.00)
Accounts Payable related to the April 1, 2021 Required PERS pension contribution that is not to be liquidated with current financial resources.	(469,879.00)
Deferred Outflows of Resources - Related to Pensions	1,706,045.00
Deferred Inflows of Resources - Related to Pensions	(3,185,844.00)
<b>Net Position of Governmental Activities</b>	<b>\$ 17,642,332.34</b>

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

**RUTHERFORD SCHOOL DISTRICT**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Tax Levy	\$ 42,491,007.00			\$ 1,330,100.00	\$ 43,821,107.00
Tuition Charges	385,526.22				385,526.22
Transportation	30,760.00				30,760.00
Miscellaneous	380,063.25	\$ 66,080.26			446,143.51
State Sources	10,564,756.40	257,596.60			10,822,353.00
Federal Sources	32,033.62	841,114.45			873,148.07
<b>Total Revenues</b>	<b>53,884,146.49</b>	<b>1,164,791.31</b>	<b>-</b>	<b>1,330,100.00</b>	<b>56,379,037.80</b>
<b>EXPENDITURES:</b>					
Regular Instruction	16,316,086.18	65,157.08			16,381,243.26
Special Education Instruction	1,282,932.25	850,999.81			2,133,932.06
School Sponsored Activities	788,853.27				788,853.27
Other Instruction	1,263,793.88				1,263,793.88
Support Services and Undistributed Costs:					
Tuition	4,480,210.50				4,480,210.50
Student and Instruction Related Services	4,673,198.07	231,874.42			4,905,072.49
General Administration	843,009.00				843,009.00
School Administrative Services	2,820,012.32				2,820,012.32
Central Services	764,670.37				764,670.37
Administrative Information Technology	334,166.50				334,166.50
Plant Operations and Maintenance	3,545,521.48				3,545,521.48
Pupil Transportation	1,515,468.69				1,515,468.69
Unallocated Benefits	6,504,129.62				6,504,129.62
Reimbursed TPAF Pension and Social Security	7,067,333.40				7,067,333.40
Transfer of Funds to Charter Schools	11,860.00				11,860.00
Debt Service:					
Principal				945,000.00	945,000.00
Interest				385,100.00	385,100.00
Bond Issuance Costs			\$ 280,690.85		280,690.85
Capital Outlay	531,685.67	16,760.00	2,826,329.51		3,374,775.18
<b>Total Expenditures</b>	<b>52,742,931.20</b>	<b>1,164,791.31</b>	<b>3,107,020.36</b>	<b>1,330,100.00</b>	<b>58,344,842.87</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,141,215.29	-	(3,107,020.36)	-	(1,965,805.07)
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	670,916.19				670,916.19
Operating Transfers Out	(25,000.00)		(670,916.19)		(695,916.19)
Proceeds from Issuance of Bonds			45,330,000.00		45,330,000.00
Premium from Issuance of Bonds			280,690.85		280,690.85
Assets Acquired under Capital Lease	358,936.34				358,936.34
<b>Total Other Financing Sources and Uses</b>	<b>1,004,852.53</b>	<b>-</b>	<b>44,939,774.66</b>	<b>-</b>	<b>45,944,627.19</b>
<b>Net Change in Fund Balances</b>	<b>2,146,067.82</b>	<b>-</b>	<b>41,832,754.30</b>	<b>-</b>	<b>43,978,822.12</b>
Fund Balance - July 1	4,004,151.89		58,926.91		4,063,078.80
<b>Fund Balance - June 30</b>	<b>\$ 6,150,219.71</b>	<b>\$ -</b>	<b>\$ 41,891,681.21</b>	<b>\$ -</b>	<b>\$ 48,041,900.92</b>

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, 2020

Total Net Change in Fund Balances - Governmental Funds		\$ 43,978,822.12
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$ (1,680,079.47)	
Capital Outlays	3,374,775.18	1,694,695.71
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.		945,000.00
Proceeds from the sale of bonds is a revenue in the governmental funds, but increases the long-term liabilities in the statement of Net Position and is not reported in the statement of activities.		(45,330,000.00)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect from the issuance of the long-term debt related items.		(280,690.85)
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.		
Pension Deferral	8,049.20	
Amortization of Loss on Refunding Bonds	(11,476.88)	
Amortization of Bond Premiums	92,141.84	88,714.16
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. (+)		(83,837.88)
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 (+).		(135,998.22)
Asset acquired under capital leases do not affect the Statement of Net Position, however, are reported as a financing source in the governmental funds.		(358,936.34)
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.		362,170.21
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.		144,129.00
Change in Net Position of Governmental Activities		\$ 1,024,067.91

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

**RUTHERFORD SCHOOL DISTRICT**  
 Proprietary Funds  
 Statement of Net Position  
 June 30, 2020

	Business Type Activities - Enterprise Funds			Total
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 6,411.66	\$ 65,543.23	\$ 3,968.66	\$ 75,923.55
Interfunds Accounts Receivable: Due General Fund	<u>25,000.00</u>	<u>                    </u>	<u>23,524.78</u>	<u>48,524.78</u>
Total Current Assets	<u>31,411.66</u>	<u>65,543.23</u>	<u>27,493.44</u>	<u>124,448.33</u>
Noncurrent Assets:				
Furniture, Fixtures and Equipment	<u>                    </u>	2,229.00	<u>                    </u>	2,229.00
Less: Accumulated Depreciation	<u>                    </u>	<u>(575.82)</u>	<u>                    </u>	<u>(575.82)</u>
Total Noncurrent Assets	<u>-</u>	<u>1,653.18</u>	<u>-</u>	<u>1,653.18</u>
Total Assets	<u>31,411.66</u>	<u>67,196.41</u>	<u>27,493.44</u>	<u>126,101.51</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	19,475.50	<u>                    </u>	<u>                    </u>	19,475.50
Interfunds Accounts Payable: Due General Fund	<u>                    </u>	140,926.66	<u>                    </u>	140,926.66
Unearned Revenue	<u>                    </u>	<u>1,330.00</u>	<u>                    </u>	<u>1,330.00</u>
Total Liabilities	<u>19,475.50</u>	<u>142,256.66</u>	<u>-</u>	<u>161,732.16</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	<u>                    </u>	1,653.18	<u>                    </u>	1,653.18
Unrestricted (Deficit)	<u>11,936.16</u>	<u>(76,713.43)</u>	<u>27,493.44</u>	<u>(37,283.83)</u>
Total Net Position (Deficit)	<u>\$ 11,936.16</u>	<u>\$ (75,060.25)</u>	<u>\$ 27,493.44</u>	<u>\$ (35,630.65)</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, 2020

	Business Type Activities - Enterprise Funds			<u>Total</u>
	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	
<b>OPERATING REVENUES:</b>				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs:				
School Lunch Program	\$ 56,683.50			\$ 56,683.50
Miscellaneous		\$ 360.00		360.00
Fees for Enrollment		23,797.98	\$ 15,581.00	39,378.98
<b>Total Operating Revenues</b>	<u>56,683.50</u>	<u>24,157.98</u>	<u>15,581.00</u>	<u>96,422.48</u>
<b>OPERATING EXPENSES:</b>				
Salaries		34,386.50	12,000.00	46,386.50
Other Purchased Services		63,210.27		63,210.27
Supplies and Materials		5,421.60		5,421.60
Depreciation		445.80		445.80
Miscellaneous	444.80	4,842.05		5,286.85
Cost of Sales - Non-Reimbursable Programs	73,711.00			73,711.00
<b>Total Operating Expenses</b>	<u>74,155.80</u>	<u>108,306.22</u>	<u>12,000.00</u>	<u>194,462.02</u>
<b>Operating Income (Loss)</b>	<u>(17,472.30)</u>	<u>(84,148.24)</u>	<u>3,581.00</u>	<u>(98,039.54)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Revenue	40.77	276.08		316.85
<b>Total Nonoperating Revenues (Expenses)</b>	<u>40.77</u>	<u>276.08</u>	<u>-</u>	<u>316.85</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<u>(17,431.53)</u>	<u>(83,872.16)</u>	<u>3,581.00</u>	<u>(97,722.69)</u>
Operating Transfers In - General Fund - Board Contribution	25,000.00			25,000.00
<b>Change in Net Position</b>	<u>7,568.47</u>	<u>(83,872.16)</u>	<u>3,581.00</u>	<u>(72,722.69)</u>
<b>Net Position - July 1</b>	<u>4,367.69</u>	<u>8,811.91</u>	<u>23,912.44</u>	<u>37,092.04</u>
<b>Net Position (Deficit) - June 30</b>	<u>\$ 11,936.16</u>	<u>\$ (75,060.25)</u>	<u>\$ 27,493.44</u>	<u>\$ (35,630.65)</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, 2020

	Business Type Activities - Enterprise Funds			
	Food Service	Community Education Program	Summer Music Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 56,683.50	\$ 25,910.98	\$ 1,787.00	\$ 84,381.48
Payments to Employees			(12,000.00)	(12,000.00)
Payments to Suppliers and Other Operating Payments	<u>(54,755.30)</u>	<u>(34,484.80)</u>	<u>(1,901.14)</u>	<u>(91,141.24)</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,928.20</u>	<u>(8,573.82)</u>	<u>(12,114.14)</u>	<u>(18,759.76)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating Subsidies and Transfers to (from) Other Funds		<u>(21,823.59)</u>		<u>(21,823.59)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>(21,823.59)</u>	<u>-</u>	<u>(21,823.59)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends	<u>40.77</u>	<u>276.08</u>		<u>316.85</u>
Net Cash Provided by (Used for) Investing Activities	<u>40.77</u>	<u>276.08</u>	<u>-</u>	<u>316.85</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,968.97	(30,121.33)	(12,114.14)	(40,266.50)
Cash and Cash Equivalents - July 1	<u>4,442.69</u>	<u>95,664.56</u>	<u>16,082.80</u>	<u>116,190.05</u>
Cash and Cash Equivalents - June 30	<u>\$ 6,411.66</u>	<u>\$ 65,543.23</u>	<u>\$ 3,968.66</u>	<u>\$ 75,923.55</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (17,472.30)	\$ (84,148.24)	\$ 3,581.00	\$ (98,039.54)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation and Net Amortization		445.80		445.80
(Increase) Decrease in Accounts Receivable, net		423.00		423.00
Increase (Decrease) in Accounts Payable	19,400.50	(2,000.00)	(921.14)	16,479.36
Increase (Decrease) in Interfund Accounts Payable		75,375.62	(810.00)	74,565.62
Increase (Decrease) in Unearned Revenue		<u>1,330.00</u>	<u>(13,964.00)</u>	<u>(12,634.00)</u>
Total Adjustments	<u>19,400.50</u>	<u>75,574.42</u>	<u>(15,695.14)</u>	<u>79,279.78</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,928.20</u>	<u>\$ (8,573.82)</u>	<u>\$ (12,114.14)</u>	<u>\$ (18,759.76)</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, 2020

	Private-Purpose Trust Funds			Agency Funds	
	Unemployment Compensation <u>Trust</u>	Flexible Benefit <u>Trust</u>	Scholarship <u>Fund</u>	Student <u>Activity</u>	<u>Payroll</u>
ASSETS:					
Cash and Cash Equivalents	\$ 201,688.50	\$ 33,580.44	\$ 98,097.35	\$ 258,163.93	\$ 7,646.30
Interfund Accounts Receivable:					
Due General Fund	<u>503.83</u>				
Total Assets	<u>202,192.33</u>	<u>33,580.44</u>	<u>98,097.35</u>	<u>\$ 258,163.93</u>	<u>\$ 7,646.30</u>
LIABILITIES:					
Accounts Payable	33,778.70				
Payable to Student Groups				\$ 258,163.93	
Interfund Accounts Payable:					
Due General Fund					\$ 228.88
Payroll Deductions and Withholdings					<u>7,417.42</u>
Total Liabilities	<u>33,778.70</u>	<u>-</u>	<u>-</u>	<u>\$ 258,163.93</u>	<u>\$ 7,646.30</u>
NET POSITION:					
Restricted:					
Held in Trust for:					
Unemployment Compensation	168,413.63				
Payment of Claims		33,580.44			
Scholarships			<u>98,097.35</u>		
Total Net Position	<u>\$ 168,413.63</u>	<u>\$ 33,580.44</u>	<u>\$ 98,097.35</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, 2020

	<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			\$ 4,450.00	\$ 4,450.00
Employee Withholdings	\$ 41,760.07	\$ 66,437.60		108,197.67
Interest on Investments	554.42	79.54	136.35	770.31
Total Additions	<u>42,314.49</u>	<u>66,517.14</u>	<u>4,586.35</u>	<u>113,417.98</u>
DEDUCTIONS:				
Scholarships Awarded			11,810.00	11,810.00
Miscellaneous		624.00		624.00
Claims and Premiums Paid		68,189.26		68,189.26
New Jersey Catastrophic Illness	819.00			819.00
Unemployment Claims	44,756.60			44,756.60
Total Deductions	<u>45,575.60</u>	<u>68,813.26</u>	<u>11,810.00</u>	<u>126,198.86</u>
Change in Net Position	(3,261.11)	(2,296.12)	(7,223.65)	(12,780.88)
Net Position - July 1	<u>171,674.74</u>	<u>35,876.56</u>	<u>105,321.00</u>	<u>312,872.30</u>
Net Position - June 30	<u>\$ 168,413.63</u>	<u>\$ 33,580.44</u>	<u>\$ 98,097.35</u>	<u>\$ 300,091.42</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, 2020

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

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

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades pre-K through 12 at its five schools. The School District has an approximate enrollment at June 30, 2020 of 2,726.

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 Statement No. 14, *The Financial Reporting Entity*, as amended. 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.

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

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

**Government-wide and Fund Financial Statements**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the 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, 2020. The School District had no prepaid expenses for the fiscal year ended June 30, 2020.

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 or accounts payable.

**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:

<b><u>Description</u></b>	<b><u>Estimated Lives</u></b>
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.

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

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

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, 2020 and 2019 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.

**Bond Discounts / Premiums**

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

**Net Position**

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

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

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

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

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

**Fund Balance**

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

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

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

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

The School District's classifications, and policies for determining such classifications, are as follows (Cont'd):

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

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

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

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

**Interfund Activity**

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

**Accounting Estimates**

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

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

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2020:

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, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

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, 2022. 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, 2020, the School District's bank balances of \$49,124,642.92 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 48,731,374.67
Uninsured and Uncollateralized	<u>393,268.25</u>
Total	<u>\$ 49,124,642.92</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. 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019		\$ 1,625,701.05
Increased by:		
Interest Earnings	\$ 3,842.55	
Deposits:		
Transfer from Capital Outlay	112,063.50	
Transfer from Capital Projects Fund	670,916.19	
Board Resolution (June 1, 2020)	<u>1,082,367.60</u>	
		<u>1,869,189.84</u>
		3,494,890.89
Decreased by:		
Withdrawals:		
Transfer to Capital Outlay		<u>400,951.00</u>
Ending Balance, June 30, 2020		<u><u>\$ 3,093,939.89</u></u>

The June 30, 2020 LRFP balance of local support costs of uncompleted projects at June 30, 2020 is \$23,264,892.00. 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, 2020, the School District transferred \$400,951.00 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, 2020 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 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		\$184,458.26		\$ 184,458.26	\$ 184,458.26
State Awards	\$ 871,619.71	14,508.00	\$977,320.69	1,863,448.40	1,863,448.40
Tuition Charges	156,800.00			156,800.00	156,800.00
	<u>\$ 1,028,419.71</u>	<u>\$ 198,966.26</u>	<u>\$ 977,320.69</u>	<u>\$ 2,204,706.66</u>	<u>\$ 2,204,706.66</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Balance June 30, 2020</u>
<b>Governmental Activities:</b>			
Capital Assets, not being Depreciated:			
Land	\$ 7,502,700.00		\$ 7,502,700.00
Construction in Progress	612,467.28	\$ 2,826,329.51	3,438,796.79
Total Capital Assets, not being Depreciated	<u>8,115,167.28</u>	<u>2,826,329.51</u>	<u>10,941,496.79</u>
Capital Assets, being Depreciated:			
Furniture, Fixtures and Equipment	4,225,831.40	89,367.00	4,315,198.40
Motor Vehicles	638,192.67	45,186.00	683,378.67
Buildings and Improvements	63,710,344.55	379,067.67	64,089,412.22
Land Improvements	925,287.50	34,825.00	960,112.50
Total Capital Assets, being Depreciated	<u>69,499,656.12</u>	<u>548,445.67</u>	<u>70,048,101.79</u>
Total Capital Assets, Cost	<u>77,614,823.40</u>	<u>3,374,775.18</u>	<u>80,989,598.58</u>
Less Accumulated Depreciation for:			
Furniture, Fixtures and Equipment	(3,038,243.71)	(331,092.72)	(3,369,336.43)
Motor Vehicles	(440,199.33)	(50,327.03)	(490,526.36)
Buildings and Improvements	(39,487,478.69)	(1,282,112.05)	(40,769,590.74)
Land Improvements	(837,633.52)	(16,547.67)	(854,181.19)
Total Accumulated Depreciation	<u>(43,803,555.25)</u>	<u>(1,680,079.47)</u>	<u>(45,483,634.72)</u>
Total Capital Assets, being Depreciated, Net	<u>25,696,100.87</u>	<u>(1,131,633.80)</u>	<u>24,564,467.07</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,811,268.15</u>	<u>\$ 1,694,695.71</u>	<u>\$ 35,505,963.86</u>

**Note 6: CAPITAL ASSETS (CONT'D)**

Capital asset activity for the fiscal year ended June 30, 2020 is as follows (cont'd):

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Business-Type Activities:</b>			
Capital Assets, being Depreciated:			
Furniture, Fixtures and Equipment	\$ 2,229.00		\$ 2,229.00
Less Accumulated Depreciation for:			
Furniture, Fixtures and Equipment	(130.02)	\$ (445.80)	(575.82)
Business-Type Activities Capital Assets, Net	<u>\$ 2,098.98</u>	<u>\$ (445.80)</u>	<u>\$ 1,653.18</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 185,196.68
Other Administrative Services	24,076.34
Plant Operations and Maintenance	88,123.75
Pupil Transportation	50,327.03
Unallocated	<u>1,332,355.67</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,680,079.47</u>
<b>Business-Type Activities:</b>	
Community Education	<u>\$ 445.80</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 9,365,000.00	\$ 45,330,000.00	\$ (945,000.00)	\$ 53,750,000.00	\$ 995,000.00
Plus Amounts:					
Issuance Premiums	813,986.13	280,690.85	(92,141.84)	1,002,535.14	
Total Bonds Payable	<u>10,178,986.13</u>	<u>45,610,690.85</u>	<u>(1,037,141.84)</u>	<u>54,752,535.14</u>	<u>995,000.00</u>
Other Liabilities:					
Obligations under Capital Lease	452,039.49	358,936.34	(362,170.21)	448,805.62	190,235.57
Compensated Absences	1,082,801.14	188,239.56	(52,241.34)	1,218,799.36	15,883.76
Pension (PERS) Payment Deferral	56,344.40		(8,049.20)	48,295.20	8,049.20
Net Pension Liability	7,678,965.00	4,808,171.00	(5,166,360.00)	7,320,776.00	
Total Other Liabilities	<u>9,270,150.03</u>	<u>5,355,346.90</u>	<u>(5,588,820.75)</u>	<u>9,036,676.18</u>	<u>214,168.53</u>
Governmental Activities Long-Term Liabilities	<u>\$ 19,449,136.16</u>	<u>\$ 50,966,037.75</u>	<u>\$ (6,625,962.59)</u>	<u>\$ 63,789,211.32</u>	<u>\$ 1,209,168.53</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.

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

**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 November 22, 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.

On December 19, 2019, the School District issued \$45,330,000.00 of school bonds at interest rates varying from 2.50% to 3.00% for various construction and renovation projects. The final maturity of these bonds is December 15, 2044. The bonds will be paid from property taxes and state aid.

Principal and interest due on bonds outstanding is as follows:

<b>Fiscal Year</b>			
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 995,000.00	\$ 2,173,794.44	\$ 3,168,794.44
2022	2,130,000.00	1,520,500.00	3,650,500.00
2023	2,175,000.00	1,451,800.00	3,626,800.00
2024	2,180,000.00	1,381,300.00	3,561,300.00
2025	2,215,000.00	1,309,975.00	3,524,975.00
2026-2030	11,055,000.00	5,448,275.00	16,503,275.00
2031-2035	11,000,000.00	3,905,000.00	14,905,000.00
2036-2040	11,000,000.00	2,450,250.00	13,450,250.00
2041-2045	11,000,000.00	825,000.00	11,825,000.00
Total	<u>\$ 53,750,000.00</u>	<u>\$ 20,465,894.44</u>	<u>\$ 74,215,894.44</u>

**Bonds Authorized but not Issued** - As of June 30, 2020, 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 \$2,010,726.82 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, 2020.

<b>Fiscal Year</b>			
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 190,235.57	\$ 11,627.78	\$ 201,863.35
2022	103,897.83	7,207.10	111,104.93
2023	86,320.50	4,152.43	90,472.93
2024	62,848.55	1,843.38	64,691.93
2025	5,503.17	70.83	5,574.00
Total	<u>\$ 448,805.62</u>	<u>\$ 24,901.52</u>	<u>\$ 473,707.14</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.

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

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

On April 13, 2009, the School District adopted a resolution electing to defer fifty percent (50%) of the April 2009 payment, equaling a total deferral of \$120,738.00. 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>
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	8,049.20	1,992.18	10,041.38
2025	8,049.20	1,328.12	9,377.32
2026	8,049.20	664.06	8,713.26
Total	<u>\$ 48,295.20</u>	<u>\$ 13,945.25</u>	<u>\$ 62,240.45</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, 2020, 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>
2021	\$ 24,438.57
2022	4,056.00
	<u>\$ 28,494.57</u>

Rental payments under operating leases for the fiscal year ended June 30, 2020 were \$25,566.84.



**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. The DCRP is administered by Prudential Financial for the Division.

Each of the aforementioned plans have 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 plans' fiduciary net position that can be obtained by writing to or at the following website:

State of New Jersey, Department of the Treasury  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<https://www.nj.gov/treasury/pensions/financial-reports.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 ("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 Board of Trustees is primarily responsible for the administration of the Plan.

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan that was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' 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 Board of Trustees is primarily responsible for the administration of the Plan.

**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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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 P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2019, 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, 2020 was 17.48% 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, 2020 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, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$3,678,449.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$1,584,869.66.

**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. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020 was 16.03% 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, 2019, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$395,203.00, and was paid by April 1, 2020. School District employee contributions to the Plan during the fiscal year ended June 30, 2020 were \$222,739.36.

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

**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 P.L. 2007, C. 92, and P.L. 2007, C. 103, 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 no 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, 2020, employee contributions totaled \$83,902.75, and the School District recognized pension expense, which equaled the required contributions, of \$61,783.82. 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**

**Pension Liability** - At June 30, 2020, the School District was not required to report a liability for its proportionate share of the net pension liability for TPAF because of the 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, however, 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		112,277,508.00
		<u>112,277,508.00</u>
		<u>\$ 112,277,508.00</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. For the June 30, 2019 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 the June 30, 2019 measurement date, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey; however, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.1829489665%, which was a decrease of 0.0043008499% from its proportion measured as of June 30, 2018.

**Pension Expense** - For the fiscal year ended June 30, 2020, the School District recognized \$6,622,428.00 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 plan's June 30, 2019 measurement date.

**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**

**Pension Liability** - At June 30, 2020, the School District reported a liability of \$7,320,776.00 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. 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, 2019 measurement date, the School District's proportion was 0.0406292579%, which was an increase of 0.0016289561% from its proportion measured as of June 30, 2018.

**Pension Expense** - For the fiscal year ended June 30, 2020, the School District recognized pension expense of \$251,075.00, in the government-wide financial statements. This pension expense was based on the pension plan's June 30, 2019 measurement date.

**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)**

**Deferred Outflows and Inflows of Resources** - At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 131,398.00	\$ 32,340.00
Changes of Assumptions	731,006.00	2,541,018.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	115,561.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	373,762.00	496,925.00
School District Contributions Subsequent to the Measurement Date	<u>469,879.00</u>	<u>-</u>
	<b><u>\$ 1,706,045.00</u></b>	<b><u>\$ 3,185,844.00</u></b>

Deferred outflows of resources in the amount of \$469,879.00 will be included as a reduction of the net pension liability in the subsequent fiscal year, June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Fiscal Year Ending June 30,</u></b>	
2021	\$ (295,541.00)
2022	(759,662.00)
2023	(615,579.00)
2024	(618,352.00)
2025	<u>339,456.00</u>
	<b><u>\$ (1,949,678.00)</u></b>

**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)**

**Deferred Outflows and Inflows of Resources (Cont'd)** - The other deferred outflows of resources and deferred inflows of resources related to pensions will be amortized over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
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	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
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
June 30, 2018	-	5.63
June 30, 2019	-	5.21
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
June 30, 2018	-	5.00
June 30, 2019	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
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

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

The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation as of July 1, 2018. The total pension liabilities were calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Thereafter	2.75% - 5.65%	3.00% - 7.00%
	Based on Yrs. of Service	Based on Yrs. of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2015 - June 30, 2018	July 1, 2014 - June 30, 2018

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at the June 30, 2019 measurement date) 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.



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

Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of the June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

**Discount Rate -**

**Teachers' Pension and Annuity Fund** - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Public Employees' Retirement System** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of the June 30, 2019 measurement date 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers would be based on 70% of the actuarially determined contributions for the State. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019, the Plan's measurement date, attributable to the School District is \$0.00. The following, however, presents the net pension liability of the State as of June 30, 2019 (Plan's measurement date), attributable to the School District, calculated using the discount rate of 5.60% as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>TPAF</b>		
	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	132,400,033.00	112,277,508.00	95,582,167.00
	<u>\$ 132,400,033.00</u>	<u>\$ 112,277,508.00</u>	<u>\$ 95,582,167.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (5.28%)</b>	<b>Current Discount Rate (6.28%)</b>	<b>1% Increase (7.28%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ 9,311,660.00	\$ 7,320,776.00	\$ 5,737,016.00

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.nj.gov/treasury/pensions/financial-reports.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, 2019, the OPEB Plan's measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<hr/>
	<u>364,943</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.

**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 State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2020 was \$64,030,733.00. 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.

The total non-employer OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. For the June 30, 2019 measurement date, the State's proportionate share of the non-employer OPEB liability associated with the School District was 0.1534439087%, which was an increase of 0.0006523271% from its proportion measured as of June 30, 2018.

**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, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

**Salary Increases -**

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Through 2026	1.55 - 3.05%	2.00 - 6.00%	3.25 - 15.25%
Thereafter	1.55 - 3.05%	3.00 - 7.00%	3.25 - 15.25%

Based on years of service

**Inflation Rate** - 2.50%.

**Mortality Rates** - Current and future retiree healthy mortality rates were based on the PUB-2010 Healthy classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Disabled mortality was based on the PUB-2010 headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

**Experience Studies** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS, and PFRS, respectively.

**Health Care Trend Assumptions** - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**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)**

**Discount Rate** - The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**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, 2019		\$ 70,453,471.00
Changes for the Year:		
Service Cost	\$ 2,677,766.00	
Interest Cost	2,793,623.00	
Difference Between Expected and Actual Experience	(10,941,541.00)	
Changes in Assumptions	954,703.00	
Gross Benefit Payments	(1,965,553.00)	
Member Contributions	58,264.00	
		<u>(6,422,738.00)</u>
Net Changes		<u>(6,422,738.00)</u>
Balance at June 30, 2020		<u>\$ 64,030,733.00</u>

There were no changes in benefit terms between the June 30, 2018 measurement date and the June 30, 2019 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims, and premiums experience.

Changes of assumptions reflect a decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale, and mortality assumptions.

**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, 2019, associated with the School District, using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 75,645,599.00</u>	<u>\$ 64,030,733.00</u>	<u>\$ 54,804,520.00</u>

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

**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, 2019, 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 52,758,470.00	\$ 64,030,733.00	\$ 78,952,895.00

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability**

**OPEB Expense** - For the fiscal year ended June 30, 2020, the School District recognized \$1,856,192.00 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, 2019 measurement date.

**Deferred Outflows and Inflows of Resources** - 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, 2020, 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	\$ 2,139,627.00	\$ -
Difference Between Expected and Actual Experience	-	16,088,541.00
Changes of Assumptions	-	13,014,390.00
	<u>\$ 2,139,627.00</u>	<u>\$ 29,102,931.00</u>

**Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability (Cont'd)**

**Deferred Outflows and Inflows of Resources (Cont'd)** - 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:

<b>Fiscal Year Ending June 30,</b>	
2021	\$ (3,626,203.00)
2022	(3,626,203.00)
2023	(3,626,203.00)
2024	(3,626,203.00)
2025	(3,626,203.00)
Thereafter	<u>(8,832,289.00)</u>
	<u>\$ (26,963,304.00)</u>

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2020, 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 \$3,987,350.00, \$71,469.00, \$1,505,748.00, and \$3,239.00, 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.

**Note 12: RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance (Cont'd)** - 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 Ended June 30,</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2020	\$ 41,760.07	\$ 554.42	\$ 45,575.60	\$ 168,413.63
2019	39,582.18	123.26	20,235.93	171,674.74
2018	66,860.93		53,444.30	152,205.23

**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, 2020, which can be obtained from:

School Alliance Insurance Fund  
51 Everett Drive, Suite B-40  
West Windsor, New Jersey 08550

**Note 13: DEFERRED COMPENSATION**

The School District offers its employees a choice of several 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  
Vanguard Group  
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.



**Note 14: COMPENSATED ABSENCES (CONT'D)**

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, 2020, the liability for compensated absences reported on the government-wide statement of net position was \$1,218,799.36.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Interfunds** - The composition of interfund balances as of June 30, 2020 is as follows:

<b><u>Fund</u></b>	<b><u>Interfunds Receivable</u></b>	<b><u>Interfunds Payable</u></b>
General	\$ 2,186,823.11	\$ 49,028.61
Special Revenue		54,680.59
Capital Projects		1,990,986.98
Enterprise	48,524.78	140,926.66
Fiduciary	503.83	228.88
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 2,235,851.72</u>	<u>\$ 2,235,851.72</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2021, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Transfers** - The transfers were a result of unexpended capital reserve funds returned to the general fund and a transfer to the Food Service Fund to assist in the funding of the school food service program.

	<b><u>Transfer In:</u></b>	
	<b><u>General Fund</u></b>	<b><u>Food Service Fund</u></b>
<b><u>Transfer Out:</u></b>		
General Fund		\$ 25,000.00
Capital Projects Fund	\$ 670,916.19	
	<u>                    </u>	<u>                    </u>
Total Transfers	<u>\$ 670,916.19</u>	<u>\$ 25,000.00</u>

**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: COMMITMENTS**

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2020 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

<u>Contract</u>	<u>Commitment Date</u>	<u>Amount Outstanding</u>
UMS Floor Remediation	03/18/20	\$ 411,747.97
RHS Science Lab Alterations	05/26/20	1,067,675.00
LES Classroom Addition	03/18/20	723,181.00
Kindergarten Center Renovations	05/26/20	1,939,412.00
Total		<u>\$ 4,142,015.97</u>

**Note 19: 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 School District does not have any non-spendable fund balances as of June 30, 2020.

**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 19: 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, 2020 is \$532,000.00. Additionally, \$584,458.39 of excess fund balance generated during 2018-2019 has been restricted and designated for utilization in the 2020-2021 budget.

**For Capital Reserve Account** - As of June 30, 2020, the balance in the capital reserve account is \$3,093,939.89. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Capital Projects Fund** - As of June 30, 2020, the balance in the capital projects fund is \$41,891,681.21, 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**

**Other Purposes** - As of June 30, 2020, the School District had \$680,659.20 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, 2020, \$1,259,162.23 of general fund balance was unassigned.

**Note 20: SUBSEQUENT EVENTS**

**COVID-19** - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

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, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 42,491,007.00		\$ 42,491,007.00	\$ 42,491,007.00	
Tuition	445,850.00		445,850.00	385,526.22	\$ (60,323.78)
Transportation	78,000.00		78,000.00	30,760.00	(47,240.00)
Interest Earned on Capital Reserve Funds	100.00		100.00		(100.00)
Unrestricted Miscellaneous Revenues	40,000.00		40,000.00	380,063.25	340,063.25
<b>Total - Local Sources</b>	<b>43,054,957.00</b>	<b>-</b>	<b>43,054,957.00</b>	<b>43,287,356.47</b>	<b>232,399.47</b>
State Sources:					
Categorical Special Education Aid	1,545,327.00		1,545,327.00	1,545,327.00	
Equalization Aid	815,410.00		815,410.00	815,410.00	
Categorical Security Aid	133,835.00		133,835.00	133,835.00	
Categorical Transportation Aid	209,359.00		209,359.00	209,359.00	
Extraordinary Aid	200,000.00		200,000.00	785,912.00	585,912.00
Homeless Tuition Reimbursement				10,776.00	10,776.00
On-Behalf TPAF Pension Contributions (non-budgeted):					
Post Retirement Medical				1,505,748.00	1,505,748.00
Teacher's Pension and Annuity Fund				3,987,350.00	3,987,350.00
TPAF Non-Contributory Insurance				71,469.00	71,469.00
Long-Term Disability Insurance				3,239.00	3,239.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,499,527.40	1,499,527.40
<b>Total - State Sources</b>	<b>2,903,931.00</b>	<b>-</b>	<b>2,903,931.00</b>	<b>10,567,952.40</b>	<b>7,664,021.40</b>
Federal Sources:					
Special Education Medicaid Initiative	24,628.00		24,628.00	32,033.62	7,405.62
<b>Total - Federal Sources</b>	<b>24,628.00</b>	<b>-</b>	<b>24,628.00</b>	<b>32,033.62</b>	<b>7,405.62</b>
<b>Total Revenues</b>	<b>45,983,516.00</b>	<b>-</b>	<b>45,983,516.00</b>	<b>53,887,342.49</b>	<b>7,903,826.49</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 110,172.00	\$ 12,032.61	\$ 122,204.61	\$ 122,204.61	
Kindergarten	578,443.00	98,070.68	676,513.68	673,983.68	\$ 2,530.00
Grades 1-5	4,743,182.00	42,047.62	4,785,229.62	4,774,169.62	11,060.00
Grades 6-8	3,866,280.00	126,537.67	3,992,817.67	3,989,936.74	2,880.93
Grades 9-12	4,937,715.00	182,099.05	5,119,814.05	5,116,899.05	2,915.00
Regular Programs - Home Instruction:					
Salaries of Teachers	70,000.00	(33,167.00)	36,833.00	35,153.00	1,680.00
Purchased Professional - Educational Services	26,000.00		26,000.00	12,169.75	13,830.25
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	268,830.00	(24,231.02)	244,598.98	244,348.98	250.00
Purchased Professional - Educational Services	340,649.00	(340,649.00)			
Other Purchased Services	483,574.50	(17,664.70)	465,909.80	406,565.87	59,343.93
General Supplies	693,033.58	120,448.34	813,481.92	712,243.09	101,238.83
Textbooks		46,861.93	46,861.93	40,130.79	6,731.14
Other Objects	38,485.00	(38,485.00)			
<b>Total Regular Programs</b>	<b>16,156,364.08</b>	<b>173,901.18</b>	<b>16,330,265.26</b>	<b>16,127,805.18</b>	<b>202,460.08</b>
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	280,987.00	20,104.24	301,091.24	301,023.98	67.26
Other Salaries for Instruction	204,430.00	(41,610.12)	162,819.88	162,819.88	
Purchased Professional - Educational Services	400,000.00	1,439.66	401,439.66	398,954.66	2,485.00
General Supplies	4,000.00	645.50	4,645.50	2,567.52	2,077.98
Textbooks	2,000.00		2,000.00		2,000.00
<b>Total Learning and / or Language Disabilities</b>	<b>891,417.00</b>	<b>(19,420.72)</b>	<b>871,996.28</b>	<b>865,366.04</b>	<b>6,630.24</b>
Multiple Disabilities:					
Salaries of Teachers	179,404.00	8,237.48	187,641.48	187,641.48	
Other Salaries for Instruction	124,646.00	(65,973.80)	58,672.20	58,672.20	
<b>Total Multiple Disabilities</b>	<b>304,050.00</b>	<b>(57,736.32)</b>	<b>246,313.68</b>	<b>246,313.68</b>	<b>-</b>

(Continued)



**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Resource Room / Resource Center:					
General Supplies	\$ 12,387.97		\$ 12,387.97	\$ 6,209.37	\$ 6,178.60
Textbooks	8,000.00		8,000.00	99.20	7,900.80
Total Resource Room / Resource Center	<u>20,387.97</u>	<u>-</u>	<u>20,387.97</u>	<u>6,308.57</u>	<u>14,079.40</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	50,862.00	\$ 9,013.81	59,875.81	59,875.81	
Other Salaries for Instruction	73,659.00	29,733.07	103,392.07	103,392.07	
General Supplies	1,800.00		1,800.00	1,676.08	123.92
Total Preschool Disabilities - Full-Time	<u>126,321.00</u>	<u>38,746.88</u>	<u>165,067.88</u>	<u>164,943.96</u>	<u>123.92</u>
Total Special Education - Instruction	<u>1,342,175.97</u>	<u>(38,410.16)</u>	<u>1,303,765.81</u>	<u>1,282,932.25</u>	<u>20,833.56</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	870,838.00	40,167.08	911,005.08	911,005.08	
Total Basic Skills - Instruction	<u>870,838.00</u>	<u>40,167.08</u>	<u>911,005.08</u>	<u>911,005.08</u>	<u>-</u>
Bilingual Education - Instruction:					
Salaries of Teachers	131,104.00	7,312.25	138,416.25	138,166.25	250.00
Total Bilingual Education - Instruction	<u>131,104.00</u>	<u>7,312.25</u>	<u>138,416.25</u>	<u>138,166.25</u>	<u>250.00</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	120,000.00	25,721.98	145,721.98	145,721.98	
Transfer to Cover Deficit (Agency Funds)	58,000.00		58,000.00	54,062.15	3,937.85
Total School Sponsored Cocurricular Activities - Instruction	<u>178,000.00</u>	<u>25,721.98</u>	<u>203,721.98</u>	<u>199,784.13</u>	<u>3,937.85</u>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
School Sponsored Athletics - Instruction:					
Salaries	\$ 572,069.00	\$ (171,536.95)	\$ 400,532.05	\$ 395,182.05	\$ 5,350.00
Purchased Services	56,000.00	52,994.00	108,994.00	108,526.00	468.00
Supplies and Materials	123,500.00	(35,000.00)	88,500.00	85,361.09	3,138.91
<b>Total School Sponsored Athletics - Instruction</b>	<b>751,569.00</b>	<b>(153,542.95)</b>	<b>598,026.05</b>	<b>589,069.14</b>	<b>8,956.91</b>
Summer School - Instruction					
Other Salaries of Instruction	75,000.00	(12,774.50)	62,225.50	62,225.50	
General Supplies	3,350.00		3,350.00	2,786.52	563.48
<b>Total Summer School - Instruction</b>	<b>78,350.00</b>	<b>(12,774.50)</b>	<b>65,575.50</b>	<b>65,012.02</b>	<b>563.48</b>
Other Instructional Alternative Education Program - Instruction:					
Salaries	73,443.00	3,127.59	76,570.59	76,570.59	
Other Salaries of Instruction	86,069.00	(15,600.94)	70,468.06	70,468.06	
General Supplies	3,500.00		3,500.00	1,486.88	2,013.12
<b>Total Other Instructional Alternative Education Program - Instruction</b>	<b>163,012.00</b>	<b>(12,473.35)</b>	<b>150,538.65</b>	<b>148,525.53</b>	<b>2,013.12</b>
Other Supplemental/At Risk Program - Instruction:					
Salaries		1,085.00	1,085.00	1,085.00	
<b>Total Other Instruction</b>	<b>2,172,873.00</b>	<b>(104,504.49)</b>	<b>2,068,368.51</b>	<b>2,052,647.15</b>	<b>15,721.36</b>
<b>Total Instruction</b>	<b>19,671,413.05</b>	<b>30,986.53</b>	<b>19,702,399.58</b>	<b>19,463,384.58</b>	<b>239,015.00</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within State - Special	889,268.00	12,322.00	901,590.00	888,572.00	13,018.00
Tuition to County Voc. School Dist. - Regular	493,326.00	16,614.00	509,940.00	448,527.70	61,412.30
Tuition to County Voc. School Dist. - Special	63,792.00	(42,445.00)	21,347.00	14,132.00	7,215.00
Tuition to CSSD and Regional Day Schools	286,720.00	(3,140.00)	283,580.00	283,580.00	
Tuition to Private Schools for the Disabled - Within State	2,806,218.00	145,928.04	2,952,146.04	2,840,500.52	111,645.52
Tuition - State Facilities	4,500.00		4,500.00	4,500.00	
Tuition - Other		88,657.48	88,657.48	398.28	88,259.20
<b>Total Undistributed Expenditures - Instruction</b>	<b>4,543,824.00</b>	<b>217,936.52</b>	<b>4,761,760.52</b>	<b>4,480,210.50</b>	<b>281,550.02</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 68,841.00	\$ 3,449.56	\$ 72,290.56	\$ 72,290.56	
Purchased Professional and Technical Services		500.00	500.00	105.00	\$ 395.00
Total Undistributed Expenditures - Attendance and Social Work	<u>68,841.00</u>	<u>3,949.56</u>	<u>72,790.56</u>	<u>72,395.56</u>	<u>395.00</u>
Undistributed Expenditures - Health Services:					
Salaries	510,044.00	17,097.88	527,141.88	527,141.88	
Supplies and Materials	9,425.00		9,425.00	6,345.23	3,079.77
Total Undistributed Expenditures - Health Services	<u>519,469.00</u>	<u>17,097.88</u>	<u>536,566.88</u>	<u>533,487.11</u>	<u>3,079.77</u>
Undistributed Expenditures - Speech, OT, PT & Related Services:					
Salaries	330,175.00	6,947.20	337,122.20	337,122.20	
Purchased Professional - Educational Services	2,000.00	3,784.74	5,784.74	5,575.39	209.35
Supplies and Materials	3,400.00		3,400.00	1,112.30	2,287.70
Total Undistributed Expenditures - Speech, OT, PT & Related Services	<u>335,575.00</u>	<u>10,731.94</u>	<u>346,306.94</u>	<u>343,809.89</u>	<u>2,497.05</u>
Undistributed Expenditures - Other Support Services -					
Students - Extraordinary Services:					
Salaries	547,901.00	146,078.41	693,979.41	693,979.41	
Purchased Professional - Educational Services	685,919.00	115.26	686,034.26	499,157.90	186,876.36
Total Undistributed Expenditures - Other Support Services -Students	<u>1,233,820.00</u>	<u>146,193.67</u>	<u>1,380,013.67</u>	<u>1,193,137.31</u>	<u>186,876.36</u>
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	781,462.00	17,926.80	799,388.80	799,388.80	
Salaries of Secretarial and Clerical Assistants	103,492.00	1,892.17	105,384.17	105,384.17	
Purchased Professional - Educational Services		2,700.00	2,700.00	2,700.00	
Supplies and Materials	2,286.20	(200.00)	2,086.20	1,489.39	596.81
Other Objects	28,730.00		28,730.00	27,739.50	990.50
Total Undistributed Expenditures - Guidance	<u>915,970.20</u>	<u>22,318.97</u>	<u>938,289.17</u>	<u>936,701.86</u>	<u>1,587.31</u>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Child Study Teams:					
Salaries of Other Professional Staff	\$ 868,674.00	\$ 12,931.73	\$ 881,605.73	\$ 881,605.73	
Salaries of Secretarial and Clerical Assistants	55,742.00	415.46	56,157.46	56,157.46	
Other Purchased Services (400-500 Series)	3,000.00		3,000.00	492.22	\$ 2,507.78
Supplies and Materials	18,700.00		18,700.00	10,829.30	7,870.70
<b>Total Undistributed Expenditures - Child Study Teams</b>	<b>946,116.00</b>	<b>13,347.19</b>	<b>959,463.19</b>	<b>949,084.71</b>	<b>10,378.48</b>
Undistributed Expenditures - Improvement of Instructional Services:					
Purchased Professional Services	4,000.00		4,000.00		4,000.00
Other Purchased Services	6,870.00	(450.00)	6,420.00	1,171.15	5,248.85
Supplies and Materials	4,000.00		4,000.00		4,000.00
<b>Total Undistributed Expenditures - Improvement of Instructional Services</b>	<b>14,870.00</b>	<b>(450.00)</b>	<b>14,420.00</b>	<b>1,171.15</b>	<b>13,248.85</b>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	475,063.00	(50,062.90)	425,000.10	419,465.10	5,535.00
Salaries of Technology Coordinators	158,960.00	2,283.04	161,243.04	161,243.04	
Supplies and Materials	48,087.32	(4,168.27)	43,919.05	33,210.73	10,708.32
Other Objects	21,000.00	4,200.00	25,200.00	23,391.61	1,808.39
<b>Total Undistributed Expenditures - Educational Media Services / School Library</b>	<b>703,110.32</b>	<b>(47,748.13)</b>	<b>655,362.19</b>	<b>637,310.48</b>	<b>18,051.71</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Other Salaries		6,100.00	6,100.00	6,100.00	
Purchased Professional - Educational Services	4,000.00	(4,000.00)			
Other Objects	4,000.00	(700.00)	3,300.00		3,300.00
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>8,000.00</b>	<b>1,400.00</b>	<b>9,400.00</b>	<b>6,100.00</b>	<b>3,300.00</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 247,507.00	\$ 12,773.61	\$ 260,280.61	\$ 254,193.89	\$ 6,086.72
Legal Services	40,000.00		40,000.00	26,184.75	13,815.25
Audit Fees	34,000.00		34,000.00	32,500.00	1,500.00
Architectural / Engineering Services	20,000.00	(4,000.00)	16,000.00	1,000.00	15,000.00
Other Purchased Professional Services	169,375.00	(2,176.96)	167,198.04	144,878.70	22,319.34
Communications / Telephone	113,400.00	1,250.00	114,650.00	109,398.83	5,251.17
Board of Education Other Purchased Services	2,000.00	(200.00)	1,800.00	50.00	1,750.00
Miscellaneous Purchased Services	8,000.00	300.00	8,300.00	3,670.07	4,629.93
General Supplies	20,000.00	5,315.55	25,315.55	20,317.98	4,997.57
Board of Education Member Dues/Fees	19,000.00	(265.55)	18,734.45	18,734.45	
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>673,282.00</b>	<b>12,996.65</b>	<b>686,278.65</b>	<b>610,928.67</b>	<b>75,349.98</b>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals / Prog Dir	1,175,303.00	77,519.76	1,252,822.76	1,252,822.76	
Salaries of Other Professional Staff	811,183.00	28,233.16	839,416.16	839,416.16	
Salaries of Secretarial and Clerical Assistants	544,580.00	23,180.69	567,760.69	567,760.69	
Purchased Professional and Technical Services	39,175.00	(39,175.00)			
Other Purchased Services (400-500 Series)	5,350.00	49,775.00	55,125.00	51,062.62	4,062.38
Supplies and Materials	60,100.00	8,526.36	68,626.36	49,392.05	19,234.31
Other Objects	97,200.00	(16,506.00)	80,694.00	59,558.04	21,135.96
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>2,732,891.00</b>	<b>131,553.97</b>	<b>2,864,444.97</b>	<b>2,820,012.32</b>	<b>44,432.65</b>
Undistributed Expenditures - Central Services:					
Salaries	668,698.00	13,274.98	681,972.98	663,710.98	18,262.00
Vacation Payout		8,529.00	8,529.00	3,757.18	4,771.82
Purchased Technical Services	75,176.00	20,700.00	95,876.00	82,103.54	13,772.46
Miscellaneous Purchased Services	3,500.00		3,500.00	1,710.19	1,789.81
Supplies and Materials	12,000.00		12,000.00	10,709.74	1,290.26
Miscellaneous Expenditures	6,500.00		6,500.00	2,678.74	3,821.26
<b>Total Undistributed Expenditures - Central Services</b>	<b>765,874.00</b>	<b>42,503.98</b>	<b>808,377.98</b>	<b>764,670.37</b>	<b>43,707.61</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Administrative Information Technology:					
Salaries	\$ 223,987.00	\$ 22,934.92	\$ 246,921.92	\$ 245,521.92	\$ 1,400.00
Purchased Technical Services	13,100.00		13,100.00	8,814.51	4,285.49
Other Purchased Services (400-500 Series)	2,050.00		2,050.00	611.40	1,438.60
Other Objects	84,878.99	500.00	85,378.99	82,237.67	3,141.32
<b>Total Undistributed Expenditures - Administrative Information Technology</b>	<b>324,015.99</b>	<b>23,434.92</b>	<b>347,450.91</b>	<b>337,185.50</b>	<b>10,265.41</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	451,996.00	(56,626.37)	395,369.63	391,736.63	3,633.00
Cleaning, Repair and Maintenance Services	434,945.41	137,120.39	572,065.80	455,483.57	116,582.23
General Supplies	165,800.00	(31,671.45)	134,128.55	106,689.13	27,439.42
Other Objects	7,500.00		7,500.00	3,914.00	3,586.00
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>1,060,241.41</b>	<b>48,822.57</b>	<b>1,109,063.98</b>	<b>957,823.33</b>	<b>151,240.65</b>
Undistributed Expenditures - Custodial Services:					
Salaries	730,881.00	6,174.48	737,055.48	732,240.84	4,814.64
Salaries of Non Instructional Aides	160,000.00	(12,128.58)	147,871.42	147,871.42	
Cleaning, Repair and Maintenance Services	824,762.00	(7,965.94)	816,796.06	765,836.20	50,959.86
Other Purchased Property Services	60,500.00	1,000.00	61,500.00	51,685.40	9,814.60
Insurance	141,000.00	10,300.00	151,300.00	151,300.00	
General Supplies	161,525.00		161,525.00	119,938.83	41,586.17
Energy (Natural Gas)	182,000.00	16,582.49	198,582.49	184,081.83	14,500.66
Energy (Electricity)	653,000.00	(12,000.00)	641,000.00	484,662.97	156,337.03
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>2,913,668.00</b>	<b>1,962.45</b>	<b>2,915,630.45</b>	<b>2,637,617.49</b>	<b>278,012.96</b>
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	62,500.00	1,760.00	64,260.00	58,724.86	5,535.14
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>62,500.00</b>	<b>1,760.00</b>	<b>64,260.00</b>	<b>58,724.86</b>	<b>5,535.14</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Security:					
General Supplies	\$ 10,000.00	\$ 3,440.00	\$ 13,440.00	\$ 3,440.00	\$ 10,000.00
Total Undistributed Expenditures - Security	<u>10,000.00</u>	<u>3,440.00</u>	<u>13,440.00</u>	<u>3,440.00</u>	<u>10,000.00</u>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Transportation Assistants		50,883.21	50,883.21	50,633.21	250.00
Salaries of Non-Instructional Aides	134,251.00	(19,817.81)	114,433.19	111,216.10	3,217.09
Salaries for Pupil Transportation (Between Home and School)-Special Ed	189,985.00	65,736.02	255,721.02	255,721.02	
Salaries for Pupil Transportation (Other than Bet. Home and School)	50,000.00	(38,302.33)	11,697.67	11,697.67	
Cleaning, Repair, & Maintenance Services	65,000.00	3,103.70	68,103.70	67,713.68	390.02
Lease Purchases - School Buses	51,851.00	(6,911.88)	44,939.12	33,704.34	11,234.78
Contracted Services (Special Education Students) - Vendors	940,000.00	13,171.18	953,171.18	953,171.18	
General Supplies	40,000.00		40,000.00	31,611.49	8,388.51
Total Undistributed Expenditures - Student Transportation Services	<u>1,471,087.00</u>	<u>67,862.09</u>	<u>1,538,949.09</u>	<u>1,515,468.69</u>	<u>23,480.40</u>
Unallocated Benefits:					
Social Security Contributions	500,000.00		500,000.00	470,845.23	29,154.77
Other Retirement Contributions - PERS	420,000.00		420,000.00	415,694.00	4,306.00
Other Retirement Contributions - Regular	52,000.00	10,199.38	62,199.38	62,199.38	
Workers' Compensation	158,000.00	2,631.00	160,631.00	160,631.00	
Health Benefits	6,075,481.00	(526,423.38)	5,549,057.62	5,166,661.25	382,396.37
Tuition Reimbursement	35,000.00	(2,631.00)	32,369.00	26,998.00	5,371.00
Other Employee Benefits	205,000.00	56,000.00	261,000.00	201,100.76	59,899.24
Total Unallocated Benefits	<u>7,445,481.00</u>	<u>(460,224.00)</u>	<u>6,985,257.00</u>	<u>6,504,129.62</u>	<u>481,127.38</u>
On-Behalf TPAF Pension Contributions (non-budgeted):					
Post Retirement Medical (non-budgeted)				1,505,748.00	(1,505,748.00)
Teacher's Pension and Annuity Fund (non-budgeted)				3,987,350.00	(3,987,350.00)
TPAF Non-Contributory Insurance (non-budgeted)				71,469.00	(71,469.00)
Long-Term Disability Insurance				3,239.00	(3,239.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,499,527.40	(1,499,527.40)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,067,333.40</u>	<u>(7,067,333.40)</u>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Total Undistributed Expenditures	\$ 26,748,635.92	\$ 258,890.23	\$ 27,007,526.15	\$ 32,430,742.82	\$ (5,423,216.67)
Total Current Expense	46,420,048.97	289,876.76	46,709,925.73	51,894,127.40	(5,184,201.67)
Capital Outlay:					
Equipment:					
Regular Program Grades 1-5	19,360.12		19,360.12	13,360.12	6,000.00
Regular Program Grades 9-12	12,255.00	44,300.00	56,555.00	55,447.84	1,107.16
Undistributed Expenditures:					
Operation and Maintenance of Plant		45,186.00	45,186.00	45,186.00	
Security		23,527.24	23,527.24		23,527.24
Student Transportation		205,224.00	205,224.00		205,224.00
Total Equipment	31,615.12	318,237.24	349,852.36	113,993.96	235,858.40
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	12,291.04		12,291.04		12,291.04
Construction Services	325,825.00	(7,825.00)	318,000.00	288,887.50	29,112.50
Assessment for Debt Service on SDA Funding	75,126.00		75,126.00	75,126.00	
Total Facilities Acquisition and Construction Services	413,242.04	(7,825.00)	405,417.04	364,013.50	41,403.54
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures - Equipment				358,936.34	(358,936.34)
Interest Deposit to Capital Reserve	100.00	(100.00)			
Total Capital Outlay	444,957.16	310,312.24	755,269.40	836,943.80	(81,674.40)
Transfer of Funds to Charter Schools	23,720.00		23,720.00	11,860.00	11,860.00
Total Expenditures	46,888,726.13	600,189.00	47,488,915.13	52,742,931.20	(5,254,016.07)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(905,210.13)	(600,189.00)	(1,505,399.13)	1,144,411.29	2,649,810.42

(Continued)



**RUTHERFORD SCHOOL DISTRICT**  
 General Fund  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
OTHER FINANCING SOURCES (USES):					
Transfer to Food Service Fund - Board Contribution		\$ (25,000.00)	\$ (25,000.00)	\$ (25,000.00)	
Operating Transfers In:					
Capital Reserve - Transfer from Capital Projects Fund				670,916.19	\$ (670,916.19)
Assets Acquired Under Capital Lease				358,936.34	(358,936.34)
Total Other Financing Sources (Uses)	-	(25,000.00)	(25,000.00)	1,004,852.53	(1,029,852.53)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (905,210.13)	(625,189.00)	(1,480,399.13)	2,149,263.82	3,679,662.95
Fund Balances, July 1	4,234,038.89		4,234,038.89	4,234,038.89	
Fund Balances, June 30	<u>\$ 3,328,828.76</u>	<u>\$ (625,189.00)</u>	<u>\$ 2,753,639.76</u>	<u>\$ 6,383,302.71</u>	<u>\$ 3,679,662.95</u>
Restricted:					
Capital Reserve				\$ 3,093,939.89	
Excess Surplus - Current Year				532,000.00	
Excess Surplus - Designated for Subsequent Year's Expenditures				584,458.39	
Assigned:					
Encumbrances				680,659.20	
Unassigned				1,492,245.23	
				6,383,302.71	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(233,083.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,150,219.71</u>	

**RUTHERFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
State Sources:					
Nonpublic aid	\$ 250,000.00	\$ (16,064.00)	\$ 233,936.00	\$ 206,644.30	\$ (27,291.70)
Federal Sources:					
Title I, Part A		208,942.00	208,942.00	142,876.60	(66,065.40)
Title I, Part SI A		51,452.00	51,452.00	45,849.80	(5,602.20)
Title II, Part A	200,000.00	(153,366.00)	46,634.00	36,895.84	(9,738.16)
Title III		7,156.00	7,156.00	794.59	(6,361.41)
Title IV		12,291.00	12,291.00	10,895.00	(1,396.00)
IDEA Part B	400,000.00	239,719.00	639,719.00	533,050.00	(106,669.00)
IDEA Part B, Preschool		22,959.00	22,959.00	21,547.00	(1,412.00)
Total Federal Sources	<u>600,000.00</u>	<u>389,153.00</u>	<u>989,153.00</u>	<u>791,908.83</u>	<u>(197,244.17)</u>
Local Sources		<u>103,884.75</u>	<u>103,884.75</u>	<u>83,663.08</u>	<u>(20,221.67)</u>
Total Revenues	<u>\$ 850,000.00</u>	<u>\$ 476,973.75</u>	<u>\$ 1,326,973.75</u>	<u>\$ 1,082,216.21</u>	<u>\$ (244,757.54)</u>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Required Supplementary Information  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers		\$ 93,281.00	\$ 93,281.00	\$ 58,710.50	\$ 34,570.50
Purchased Professional and Technical Services	\$ 139,667.00	(29,100.00)	110,567.00	85,611.74	24,955.26
Other Purchased Services	371,883.00	170,001.00	541,884.00	522,847.00	19,037.00
Supplies and Materials	41,524.00	180,355.75	221,879.75	167,377.37	54,502.38
Instructional Equipment		30,000.00	30,000.00	29,778.36	221.64
<b>Total Instruction</b>	<u>553,074.00</u>	<u>444,537.75</u>	<u>997,611.75</u>	<u>864,324.97</u>	<u>133,286.78</u>
Support Services:					
Salaries of Other Professional Staff	12,684.00	(10,344.00)	2,340.00	2,340.00	
Purchased Professional and Technical Services	96,926.00	125,305.00	222,231.00	129,894.40	92,336.60
Other Purchased Services	187,316.00	(101,131.00)	86,185.00	67,150.84	19,034.16
Supplies and Materials		100.00	100.00		100.00
<b>Total Support Services</b>	<u>296,926.00</u>	<u>13,930.00</u>	<u>310,856.00</u>	<u>199,385.24</u>	<u>111,470.76</u>
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		18,506.00	18,506.00	18,506.00	
<b>Total Facilities Acquisition and Construction Services</b>	<u>-</u>	<u>18,506.00</u>	<u>18,506.00</u>	<u>18,506.00</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 850,000.00</u>	<u>\$ 476,973.75</u>	<u>\$ 1,326,973.75</u>	<u>\$ 1,082,216.21</u>	<u>\$ 244,757.54</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to Required Supplementary Information - Part II  
 For the Fiscal Year Ended June 30, 2020

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	\$ 53,887,342.49	\$ 1,082,216.21
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		82,575.10
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	229,887.00	
State aid payment is recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(233,083.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 53,884,146.49</u>	<u>\$ 1,164,791.31</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 52,742,931.20	\$ 1,082,216.21
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>82,575.10</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 52,742,931.20</u>	<u>\$ 1,164,791.31</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 Seven Plan Years

	<b>Measurement Date Ending June 30,</b>						
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
School District's Proportion of the Net Pension Liability	0.0406292579%	0.0390003018%	0.0408840436%	0.0408109893%	0.0443618578%	0.0415390576%	0.0433912226%
School District's Proportionate Share of the Net Pension Liability	\$ 7,320,776.00	\$ 7,678,965.00	\$ 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)	\$ 3,010,068.00	\$ 2,841,376.00	\$ 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	243.21%	270.26%	329.30%	415.72%	306.78%	258.82%	262.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	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 Seven Fiscal Years

	<b>Fiscal Year Ended June 30,</b>						
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Contractually Required Contribution	\$469,879.00	\$ 395,205.00	\$ 387,927.00	\$ 378,747.00	\$ 362,559.00	\$ 381,393.00	\$ 342,442.00
Contributions in Relation to the Contractually Required Contribution	<u>(469,879.00)</u>	<u>(395,205.00)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$2,931,487.00	\$ 2,899,308.00	\$ 2,825,854.00	\$ 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	16.03%	13.63%	13.73%	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 Seven Plan Years

	<u>Measurement Date Ending June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School District's Proportion of the Net Pension Liability	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>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>112,277,508.00</u>	<u>119,124,311.00</u>	<u>121,683,972.00</u>	<u>142,648,960.00</u>
	<u>\$ 112,277,508.00</u>	<u>\$ 119,124,311.00</u>	<u>\$ 121,683,972.00</u>	<u>\$ 142,648,960.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$23,083,788.00	\$22,592,288.00	\$22,720,348.00	\$21,656,256.00
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%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	486.39%	527.28%	535.57%	658.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%

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

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



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

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This schedule is not applicable.

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

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

**RUTHERFORD SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2020

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

Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017, 4.86% 2018 and 5.60% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2012- June 30, 2015 experience study.

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

Changes in Benefit Terms

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 experience study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, 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 social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

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 Three Plan Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District</b>			
Changes for the Year:			
Service Cost	\$2,677,766.00	\$ 2,990,540.00	\$ 3,618,763.00
Interest Cost	2,793,623.00	2,938,194.00	2,533,581.00
Difference Between Expected and Actual Experience	(10,941,541.00)	(5,554,903.00)	
Changes in Assumptions	954,703.00	(8,084,888.00)	(10,549,402.00)
Gross Benefit Payments	(1,965,553.00)	(1,883,901.00)	(1,852,583.00)
Member Contributions	58,264.00	65,111.00	68,217.00
Net Change in Total Non-Employer OPEB Liability	(6,422,738.00)	(9,529,847.00)	(6,181,424.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	70,453,471.00	79,983,318.00	86,164,742.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 64,030,733.00</u>	<u>\$ 70,453,471.00</u>	<u>\$ 79,983,318.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 23,012,319.00</u>	<u>\$ 22,394,329.00</u>	<u>\$ 21,860,509.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	278.25%	314.60%	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, 2020

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Changes of Benefit Terms - None

Differences Between Expected and Actual Experience - The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes of Assumptions - The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality assumptions.

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, 2020

	E.S.E.A.						Total Brought Forward
	<u>Total</u>	<u>Title I - A</u>	<u>Title I SIA - Part A</u>	<u>Title II - A</u>	<u>Title III</u>	<u>Title IV - A</u>	
<b>REVENUES:</b>							
Local Sources	\$ 83,663.08						\$ 83,663.08
Federal Sources	791,908.83	\$ 142,876.60	\$ 45,849.80	\$ 36,895.84	\$ 794.59	\$ 10,895.00	554,597.00
State Sources	206,644.30						206,644.30
<b>Total Revenues</b>	<b>1,082,216.21</b>	<b>142,876.60</b>	<b>45,849.80</b>	<b>36,895.84</b>	<b>794.59</b>	<b>10,895.00</b>	<b>844,904.38</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	58,710.50	58,710.50					
Purchased Professional and Technical Services	85,611.74						85,611.74
Other Purchased Services	522,847.00		5,720.00				517,127.00
Supplies and Materials	167,377.37	62,466.10	40,129.80		794.59		63,986.88
Instructional Equipment	29,778.36						29,778.36
<b>Total Instruction</b>	<b>864,324.97</b>	<b>121,176.60</b>	<b>45,849.80</b>	<b>-</b>	<b>794.59</b>	<b>-</b>	<b>696,503.98</b>
Support Services:							
Salaries of Other Professional Staff	2,340.00			2,340.00			
Purchased Professional and Technical Services	129,894.40						129,894.40
Other Purchased Services	67,150.84	21,700.00		34,555.84		10,895.00	
<b>Total Support Services</b>	<b>199,385.24</b>	<b>21,700.00</b>	<b>-</b>	<b>36,895.84</b>	<b>-</b>	<b>10,895.00</b>	<b>129,894.40</b>
Facilities Acquisition and Construction Services:							
Noninstructional Equipment	18,506.00						18,506.00
<b>Total Facilities Acquisition and Construction Services</b>	<b>18,506.00</b>						<b>18,506.00</b>
<b>Total Expenditures</b>	<b>\$ 1,082,216.21</b>	<b>\$ 142,876.60</b>	<b>\$ 45,849.80</b>	<b>\$ 36,895.84</b>	<b>\$ 794.59</b>	<b>\$ 10,895.00</b>	<b>\$ 844,904.38</b>

(Continued)



**RUTHERFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	Total Carried Forward	I.D.E.A., Part B		N.J. Nonpublic			Total Brought Forward
		Basic	Preschool Incentive	Technology	Nursing	Security	
<b>REVENUES:</b>							
Local Sources	\$ 83,663.08						\$ 83,663.08
Federal Sources	554,597.00	\$ 533,050.00	\$ 21,547.00				
State Sources	206,644.30			\$ 11,701.16	\$ 32,495.00	\$ 50,247.00	112,201.14
<b>Total Revenues</b>	<b>844,904.38</b>	<b>533,050.00</b>	<b>21,547.00</b>	<b>11,701.16</b>	<b>32,495.00</b>	<b>50,247.00</b>	<b>195,864.22</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers							
Purchased Professional and Technical Services	85,611.74						85,611.74
Other Purchased Services	517,127.00	495,580.00	21,547.00				
Supplies and Materials	63,986.88			11,701.16			52,285.72
Instructional Equipment	29,778.36						29,778.36
<b>Total Instruction</b>	<b>696,503.98</b>	<b>495,580.00</b>	<b>21,547.00</b>	<b>11,701.16</b>	<b>-</b>	<b>-</b>	<b>167,675.82</b>
Support Services:							
Salaries of Other Professional Staff							
Purchased Professional and Technical Services	129,894.40	37,470.00			32,495.00	50,247.00	9,682.40
Other Purchased Services							
<b>Total Support Services</b>	<b>129,894.40</b>	<b>37,470.00</b>	<b>-</b>	<b>-</b>	<b>32,495.00</b>	<b>50,247.00</b>	<b>9,682.40</b>
Facilities Acquisition and Construction Services:							
Noninstructional Equipment	18,506.00						18,506.00
<b>Total Facilities Acquisition and Construction Services</b>	<b>18,506.00</b>						<b>18,506.00</b>
<b>Total Expenditures</b>	<b>\$ 844,904.38</b>	<b>\$ 533,050.00</b>	<b>\$ 21,547.00</b>	<b>\$ 11,701.16</b>	<b>\$ 32,495.00</b>	<b>\$ 50,247.00</b>	<b>\$ 195,864.22</b>

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	Total Carried Forward	N.J. Nonpublic				Total Brought Forward
		Textbook Aid CH. 194, L. 1979	Nonpublic ESL	Examination/ Classification	Corrective Speech	
REVENUES:						
Local Sources	\$ 83,663.08					\$ 83,663.08
Federal Sources						
State Sources	112,201.14	\$ 16,907.00	\$ 661.76	\$ 36,975.05	\$ 12,212.76	45,444.57
Total Revenues	195,864.22	16,907.00	661.76	36,975.05	12,212.76	129,107.65
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services	85,611.74		661.76	27,292.65	12,212.76	45,444.57
Other Purchased Services						
Supplies and Materials	52,285.72	16,907.00				35,378.72
Instructional Equipment	29,778.36					29,778.36
Total Instruction	167,675.82	16,907.00	661.76	27,292.65	12,212.76	110,601.65
Support Services:						
Salaries of Other Professional Staff						
Purchased Professional and Technical Services	9,682.40			9,682.40		
Other Purchased Services						
Total Support Services	9,682.40	-	-	9,682.40	-	-
Facilities Acquisition and Construction Services:						
Noninstructional Equipment	18,506.00					18,506.00
Total Facilities Acquisition and Construction Services	18,506.00	-	-	-	-	18,506.00
Total Expenditures	\$ 195,864.22	\$ 16,907.00	\$ 661.76	\$ 36,975.05	\$ 12,212.76	\$ 129,107.65

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2020

	Total Carried Forward	N.J. Nonpublic			Bergen County Utilities Authority	Rutherford Education Foundation
		Supplemental Instruction	Compensatory Education	Home Instruction		
REVENUES:						
Local Sources	\$ 83,663.08				\$ 1,000.00	\$ 82,663.08
Federal Sources						
State Sources	45,444.57	\$ 30,356.25	\$ 13,871.52	\$ 1,216.80		
Total Revenues	129,107.65	30,356.25	13,871.52	1,216.80	-	-
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services	45,444.57	30,356.25	13,871.52	1,216.80		
Other Purchased Services						
Supplies and Materials	35,378.72				1,000.00	34,378.72
Instructional Equipment	29,778.36					29,778.36
Total Instruction	110,601.65	30,356.25	13,871.52	1,216.80	1,000.00	64,157.08
Support Services:						
Salaries of Other Professional Staff						
Purchased Professional and Technical Services						
Other Purchased Services						
Total Support Services	-	-	-	-	-	-
Facilities Acquisition and Construction Services:						
Noninstructional Equipment	18,506.00					18,506.00
Total Facilities Acquisition and Construction Services	18,506.00	-	-	18,506.00	-	18,506.00
Total Expenditures	\$ 129,107.65	\$ 30,356.25	\$ 13,871.52	\$ 1,216.80	\$ 1,000.00	\$ 82,663.08

CAPITAL PROJECTS FUND

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2020

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures To Date</u>		<u>Unexpended Balance June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Rutherford High School Renovations	06/10/19	\$ 14,935,205.00	\$ 201,791.92	\$ 723,885.25	\$ 14,009,527.83
Lincoln School Addition	06/10/19	1,595,135.00	21,552.13	221,147.50	1,352,435.37
Pierrepoint Addition and Renovation	06/10/19	15,915,503.00	215,036.88	1,163,639.34	14,536,826.78
Kindergarten Center Renovation	06/10/19	2,199,935.00	29,723.67	198,410.66	1,971,800.67
Union School Addition and Renovation	06/10/19	<u>10,684,700.00</u>	<u>144,362.68</u>	<u>519,246.76</u>	<u>10,021,090.56</u>
Total		<u>\$ 45,330,478.00</u>	<u>\$ 612,467.28</u>	<u>\$ 2,826,329.51</u>	<u>\$ 41,891,681.21</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2020

**Revenues and Other Financing Sources:**

Bond Proceeds and Transfers	\$ 45,330,000.00	
Transfer from (to) Capital Reserve	<u>(670,916.19)</u>	
		\$ 44,659,083.81

**Expenditures and Other Financing Uses:**

Legal Services	110,527.30	
Purchased Professional and Technical Services	2,369,846.18	
Construction Services	<u>345,956.03</u>	
Total Expenditures		<u>2,826,329.51</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>41,832,754.30</u>
Net Change in Fund Balance		41,832,754.30
Fund Balance - July 1		<u>58,926.91</u>
Fund Balance - June 30		<u><u>\$ 41,891,681.21</u></u>

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Rutherford High School Renovations  
 For the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers		\$ 14,935,047.00	\$ 14,935,047.00	\$ 14,935,047.00
Transfer from Capital Reserve	\$ 221,206.80	(221,048.80)	158.00	158.00
<b>Total Revenues</b>	<u>221,206.80</u>	<u>14,713,998.20</u>	<u>14,935,205.00</u>	<u>14,935,205.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services		25,984.30	25,984.30	32,928.72
Purchased Professional and Technical Services	196,311.54	505,575.95	701,887.49	1,664,001.07
Construction Services	5,480.38	192,325.00	197,805.38	13,017,350.96
Equipment				100,000.00
Other Objects				120,924.25
<b>Total Expenditures</b>	<u>201,791.92</u>	<u>723,885.25</u>	<u>925,677.17</u>	<u>14,935,205.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 19,414.88</u>	<u>\$ 13,990,112.95</u>	<u>\$ 14,009,527.83</u>	<u>\$ -</u>
Designated for Subsequent Years' Expenditures Encumbered			\$ 11,684,333.80 <u>2,325,194.03</u>	
			<u>\$ 14,009,527.83</u>	
<b>Additional Project Information:</b>				
Project Number	4600-050-19-1000			
Grant Date	N/A			
Bond Authorization Date	09/24/19			
Bonds Authorized	\$ 14,935,047.00			
Bonds Issued	14,935,047.00			
Original Authorized Cost	14,935,205.00			
Additional Authorized Costs	-			
Revised Authorized Cost	14,935,205.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	6%			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Lincoln School Addition  
 For the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers		\$ 1,595,118.00	\$ 1,595,118.00	\$ 1,595,118.00
Transfer from Capital Reserve	\$ 23,625.70	(23,608.70)	17.00	17.00
Total Revenues	<u>23,625.70</u>	<u>1,571,509.30</u>	<u>1,595,135.00</u>	<u>1,595,135.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services		12,182.54	12,182.54	15,438.37
Purchased Professional and Technical Services	20,966.80	144,235.96	165,202.76	175,741.95
Construction Services	585.33	64,729.00	65,314.33	787,910.00
Equipment				16,800.00
Other Objects				599,244.68
Total Expenditures	<u>21,552.13</u>	<u>221,147.50</u>	<u>242,699.63</u>	<u>1,595,135.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,073.57</u>	<u>\$ 1,350,361.80</u>	<u>\$ 1,352,435.37</u>	<u>\$ -</u>
Designated for Subsequent Years' Expenditures Encumbered			\$ 580,999.69 <u>771,435.68</u>	
			<u>\$ 1,352,435.37</u>	
<b>Additional Project Information:</b>				
Project Number	4600-070-19-1000			
Grant Date	N/A			
Bond Authorization Date	09/24/19			
Bonds Authorized	\$ 1,595,118.00			
Bonds Issued	1,595,118.00			
Original Authorized Cost	1,595,135.00			
Additional Authorized Costs	-			
Revised Authorized Cost	1,595,135.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	15%			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			



**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Pierrepont Addition and Renovation  
 For the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers		\$ 15,915,335.00	\$ 15,915,335.00	\$ 15,915,335.00
Transfer from Capital Reserve	\$ 235,726.09	(235,558.09)	168.00	168.00
<b>Total Revenues</b>	<u>235,726.09</u>	<u>15,679,776.91</u>	<u>15,915,503.00</u>	<u>15,915,503.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services		27,728.30	27,728.30	35,138.80
Purchased Professional and Technical Services	209,196.78	1,135,911.04	1,345,107.82	1,814,721.70
Construction Services	5,840.10		5,840.10	13,225,642.50
Equipment				840,000.00
<b>Total Expenditures</b>	<u>215,036.88</u>	<u>1,163,639.34</u>	<u>1,378,676.22</u>	<u>15,915,503.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 20,689.21</u>	<u>\$ 14,516,137.57</u>	<u>\$ 14,536,826.78</u>	<u>\$ -</u>
Designated for Subsequent Years' Expenditures Encumbered			\$ 13,782,940.05 <u>753,886.73</u>	
			<u>\$ 14,536,826.78</u>	
<b>Additional Project Information:</b>				
Project Number	4600-080-19-1000			
Grant Date	N/A			
Bond Authorization Date	09/24/19			
Bonds Authorized	\$ 15,915,335.00			
Bonds Issued	15,915,335.00			
Original Authorized Cost	15,915,503.00			
Additional Authorized Costs	-			
Revised Authorized Cost	15,915,503.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	9%			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Kindergarten Center Renovation  
 For the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers		\$ 2,199,912.00	\$ 2,199,912.00	\$ 2,199,912.00
Transfer from Capital Reserve	\$ 32,583.45	(32,560.45)	23.00	23.00
<b>Total Revenues</b>	<u>32,583.45</u>	<u>2,167,351.55</u>	<u>2,199,935.00</u>	<u>2,199,935.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services		17,744.37	17,744.37	22,486.63
Purchased Professional and Technical Services	28,916.42	180,666.29	209,582.71	291,145.62
Construction Services	807.25		807.25	1,886,302.75
Other Objects				
<b>Total Expenditures</b>	<u>29,723.67</u>	<u>198,410.66</u>	<u>228,134.33</u>	<u>2,199,935.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,859.78</u>	<u>\$ 1,968,940.89</u>	<u>\$ 1,971,800.67</u>	<u>\$ -</u>
Designated for Subsequent Years' Expenditures Encumbered			\$ (57,688.47) <u>2,029,489.14</u>	
			<u>\$ 1,971,800.67</u>	
<b>Additional Project Information:</b>				
Project Number	4600-090-19-1000			
Grant Date	N/A			
Bond Authorization Date	09/24/19			
Bonds Authorized	\$ 2,199,912.00			
Bonds Issued	2,199,912.00			
Original Authorized Cost	2,199,935.00			
Additional Authorized Costs	-			
Revised Authorized Cost	2,199,935.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	10%			
Original Target Completion Date	N/A			
Revised Target Completion Date	N/A			

**RUTHERFORD SCHOOL DISTRICT**  
 Capital Projects Fund  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Union School Addition and Renovation  
 For the Fiscal Year Ended June 30, 2020

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Bond Proceeds and Transfers		\$ 10,684,588.00	\$ 10,684,588.00	\$ 10,684,588.00
Transfer from Capital Reserve	\$ 158,252.15	(158,140.15)	112.00	112.00
<b>Total Revenues</b>	<u>158,252.15</u>	<u>10,526,447.85</u>	<u>10,684,700.00</u>	<u>10,684,700.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Legal Services		26,887.79	26,887.79	34,073.66
Purchased Professional and Technical Services	140,441.99	403,456.94	543,898.93	1,254,096.66
Construction Services	3,920.69	88,902.03	92,822.72	8,762,679.35
Equipment				276,412.50
Other Objects				357,437.83
<b>Total Expenditures</b>	<u>144,362.68</u>	<u>519,246.76</u>	<u>663,609.44</u>	<u>10,684,700.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 13,889.47</u>	<u>\$ 10,007,201.09</u>	<u>\$ 10,021,090.56</u>	<u>\$ -</u>
Designated for Subsequent Years' Expenditures Encumbered			\$ 8,731,150.73 <u>1,289,939.83</u>	
			<u>\$ 10,021,090.56</u>	
<b>Additional Project Information:</b>				
Project Number	4600-100-19-1000			
Grant Date	N/A			
Bond Authorization Date	09/24/19			
Bonds Authorized	\$ 10,684,588.00			
Bonds Issued	10,684,588.00			
Original Authorized Cost	10,684,700.00			
Additional Authorized Costs	-			
Revised Authorized Cost	10,684,700.00			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	6%			
Original Target Completion Date	N/A			
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, 2020

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 6,411.66	\$ 65,543.23	\$ 3,968.66	\$ 75,923.55
Interfund Accounts Receivable:				
Due General Fund	<u>25,000.00</u>	<u>                    </u>	<u>23,524.78</u>	<u>48,524.78</u>
Total Current Assets	<u>31,411.66</u>	<u>65,543.23</u>	<u>27,493.44</u>	<u>124,448.33</u>
Noncurrent Assets:				
Furniture, Fixtures and Equipment		2,229.00		2,229.00
Less: Accumulated Depreciation		<u>(575.82)</u>		<u>(575.82)</u>
Total Noncurrent Assets	<u>-</u>	<u>1,653.18</u>	<u>-</u>	<u>1,653.18</u>
Total Assets	<u>31,411.66</u>	<u>67,196.41</u>	<u>27,493.44</u>	<u>126,101.51</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	19,475.50			19,475.50
Interfund Accounts Payable:				
Due General Fund		140,926.66		140,926.66
Unearned Revenue		<u>1,330.00</u>		<u>1,330.00</u>
Total Liabilities	<u>19,475.50</u>	<u>142,256.66</u>	<u>-</u>	<u>161,732.16</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets		1,653.18		1,653.18
Unrestricted (Deficit)	<u>11,936.16</u>	<u>(76,713.43)</u>	<u>27,493.44</u>	<u>(37,283.83)</u>
Total Net Position (Deficit)	<u>\$ 11,936.16</u>	<u>\$ (75,060.25)</u>	<u>\$ 27,493.44</u>	<u>\$ (35,630.65)</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, 2020

	<u>Food Service</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Charges for Services:				
Daily Sales - Non-Reimbursable Programs				
School Lunch Program	\$ 56,683.50			\$ 56,683.50
Miscellaneous		\$ 360.00		360.00
Fees for Enrollment		23,797.98	\$ 15,581.00	39,378.98
	<u>56,683.50</u>	<u>24,157.98</u>	<u>15,581.00</u>	<u>96,422.48</u>
Total Operating Revenues				
	<u>56,683.50</u>	<u>24,157.98</u>	<u>15,581.00</u>	<u>96,422.48</u>
<b>OPERATING EXPENSES:</b>				
Salaries		34,386.50	12,000.00	46,386.50
Other Purchased Services		63,210.27		63,210.27
Supplies and Materials		5,421.60		5,421.60
Depreciation		445.80		445.80
Miscellaneous	444.80	4,842.05		5,286.85
Cost of Sales - Non-Reimbursable Programs	73,711.00			73,711.00
	<u>74,155.80</u>	<u>108,306.22</u>	<u>12,000.00</u>	<u>194,462.02</u>
Total Operating Expenses				
	<u>74,155.80</u>	<u>108,306.22</u>	<u>12,000.00</u>	<u>194,462.02</u>
Operating Income (Loss)	<u>(17,472.30)</u>	<u>(84,148.24)</u>	<u>3,581.00</u>	<u>(98,039.54)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Revenue	40.77	276.08		316.85
	<u>40.77</u>	<u>276.08</u>		<u>316.85</u>
Total Nonoperating Revenues (Expenses)				
	<u>40.77</u>	<u>276.08</u>	-	<u>316.85</u>
Net Income (Loss) Before Contributions and Transfers	(17,431.53)	(83,872.16)	3,581.00	(97,722.69)
Operating Transfers In -				
General Fund - Board Contribution	25,000.00			25,000.00
	<u>25,000.00</u>			<u>25,000.00</u>
Change in Net Position	7,568.47	(83,872.16)	3,581.00	(72,722.69)
Net Position - July 1	4,367.69	8,811.91	23,912.44	37,092.04
	<u>4,367.69</u>	<u>8,811.91</u>	<u>23,912.44</u>	<u>37,092.04</u>
Net Position (Deficit) - June 30	<u>\$ 11,936.16</u>	<u>\$ (75,060.25)</u>	<u>\$ 27,493.44</u>	<u>\$ (35,630.65)</u>

**RUTHERFORD SCHOOL DISTRICT**  
Proprietary Funds  
Business-Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2020

	Food Service	Community Education Program	Summer Music Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 56,683.50	\$ 25,910.98	\$ 1,787.00	\$ 84,381.48
Payments to Employees			(12,000.00)	(12,000.00)
Payments to Suppliers and Other Operating Payments	<u>(54,755.30)</u>	<u>(34,484.80)</u>	<u>(1,901.14)</u>	<u>(91,141.24)</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,928.20</u>	<u>(8,573.82)</u>	<u>(12,114.14)</u>	<u>(18,759.76)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating Subsidies and Transfers to (from) Other Funds		<u>(21,823.59)</u>		<u>(21,823.59)</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>(21,823.59)</u>	<u>-</u>	<u>(21,823.59)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends	<u>40.77</u>	<u>276.08</u>		<u>316.85</u>
Net Cash Provided by (Used for) Investing Activities	<u>40.77</u>	<u>276.08</u>	<u>-</u>	<u>316.85</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,968.97	(30,121.33)	(12,114.14)	(40,266.50)
Cash and Cash Equivalents - July 1	<u>4,442.69</u>	<u>95,664.56</u>	<u>16,082.80</u>	<u>116,190.05</u>
Cash and Cash Equivalents - June 30	<u>\$ 6,411.66</u>	<u>\$ 65,543.23</u>	<u>\$ 3,968.66</u>	<u>\$ 75,923.55</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (17,472.30)	\$ (84,148.24)	\$ 3,581.00	\$ (98,039.54)
Adjustments to Reconcile Operating (Income) Loss to Net Cash				
Provided by (Used) for Operating Activities:				
Depreciation and Net Amortization		445.80		445.80
(Increase) Decrease in Accounts Receivable, net		423.00		423.00
Increase (Decrease) in Accounts Payable	19,400.50	(2,000.00)	(921.14)	16,479.36
Increase (Decrease) in Interfund Accounts Payable		75,375.62	(810.00)	74,565.62
Increase (Decrease) in Unearned Revenue		<u>1,330.00</u>	<u>(13,964.00)</u>	<u>(12,634.00)</u>
Total Adjustments	<u>19,400.50</u>	<u>75,574.42</u>	<u>(15,695.14)</u>	<u>79,279.78</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,928.20</u>	<u>\$ (8,573.82)</u>	<u>\$ (12,114.14)</u>	<u>\$ (18,759.76)</u>

FIDUCIARY FUNDS



**RUTHERFORD SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2020

	Private-Purpose Trust Funds				Agency Funds			
	Unemployment Compensation Trust	Flexible Benefit Trust	Scholarship Fund	Total Private-Purpose Trust	Student Activity	Payroll	Total Agency	Total
<b>ASSETS:</b>								
Cash and Cash Equivalents	\$ 201,688.50	\$ 33,580.44	\$ 98,097.35	\$ 333,366.29	\$ 258,163.93	\$ 7,646.30	\$ 265,810.23	\$ 599,176.52
Interfund Accounts Receivable: Due General Fund	<u>503.83</u>			<u>503.83</u>				<u>503.83</u>
<b>Total Assets</b>	<u>202,192.33</u>	<u>33,580.44</u>	<u>98,097.35</u>	<u>333,870.12</u>	<u>\$ 258,163.93</u>	<u>\$ 7,646.30</u>	<u>\$ 265,810.23</u>	<u>599,680.35</u>
<b>LIABILITIES:</b>								
Accounts Payable	33,778.70			33,778.70				33,778.70
Payable to Student Groups					\$ 258,163.93		\$ 258,163.93	258,163.93
Interfund Accounts Payable: Due General Fund						\$ 228.88	228.88	228.88
Payroll Deductions and Withholdings						<u>7,417.42</u>	<u>7,417.42</u>	<u>7,417.42</u>
<b>Total Liabilities</b>	<u>33,778.70</u>	<u>-</u>	<u>-</u>	<u>33,778.70</u>	<u>\$ 258,163.93</u>	<u>\$ 7,646.30</u>	<u>\$ 265,810.23</u>	<u>299,588.93</u>
<b>NET POSITION:</b>								
Restricted:								
Held in Trust for:								
Unemployment Compensation	168,413.63			168,413.63				168,413.63
Payment of Claims		33,580.44		33,580.44				33,580.44
Scholarships			98,097.35	98,097.35				98,097.35
<b>Total Net Position</b>	<u>\$ 168,413.63</u>	<u>\$ 33,580.44</u>	<u>\$ 98,097.35</u>	<u>\$ 300,091.42</u>				<u>\$ 300,091.42</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2020

	<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			\$ 4,450.00	\$ 4,450.00
Employee Withholdings	\$ 41,760.07	\$ 66,437.60		108,197.67
Interest on Investments	554.42	79.54	136.35	770.31
Total Additions	<u>42,314.49</u>	<u>66,517.14</u>	<u>4,586.35</u>	<u>113,417.98</u>
DEDUCTIONS:				
Scholarships Awarded			11,810.00	11,810.00
Miscellaneous		624.00		624.00
Claims and Premiums Paid		68,189.26		68,189.26
New Jersey Catastrophic Illness	819.00			819.00
Unemployment Claims	44,756.60			44,756.60
Total Deductions	<u>45,575.60</u>	<u>68,813.26</u>	<u>11,810.00</u>	<u>126,198.86</u>
Change in Net Position	(3,261.11)	(2,296.12)	(7,223.65)	(12,780.88)
Net Position - July 1	<u>171,674.74</u>	<u>35,876.56</u>	<u>105,321.00</u>	<u>312,872.30</u>
Net Position - June 30	<u>\$ 168,413.63</u>	<u>\$ 33,580.44</u>	<u>\$ 98,097.35</u>	<u>\$ 300,091.42</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Statement of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

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	Balance <u>June 30, 2019</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2020</u>
Washington School	\$ 4,606.41	\$ 4,535.15	\$ 2,537.00	\$ 6,604.56
Lincoln School	7,720.17	4,720.80	3,449.65	8,991.32
Pierrepoint School	60,300.25	13,544.38	15,416.44	58,428.19
Union Middle School	12,860.54	7,538.41	5,817.44	14,581.51
Rutherford High School	92,646.65	195,999.71	154,103.73	134,542.63
District Administration	1,268.40	917.65		2,186.05
General Activities - Athletic	15,802.31	16,904.25	10,592.28	22,114.28
Athletics	304.80	55,635.09	45,224.50	10,715.39
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 195,509.53</u>	<u>\$ 299,795.44</u>	<u>\$ 237,141.04</u>	<u>\$ 258,163.93</u>

**RUTHERFORD SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Statement of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2020

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 209,238.79	\$ 27,442,974.52	\$ 27,644,567.01	\$ 7,646.30
<b>Total Assets</b>	<u>\$ 209,238.79</u>	<u>\$ 27,442,974.52</u>	<u>\$ 27,644,567.01</u>	<u>\$ 7,646.30</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 209,238.79	\$ 11,117,800.09	\$ 11,319,621.46	\$ 7,417.42
Net Payroll		16,324,945.55	16,324,945.55	
Interfund Accounts Payable: Due General Fund		<u>228.88</u>		<u>228.88</u>
<b>Total Liabilities</b>	<u>\$ 209,238.79</u>	<u>\$ 27,442,974.52</u>	<u>\$ 27,644,567.01</u>	<u>\$ 7,646.30</u>

LONG-TERM DEBT

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2020

<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, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
School District Refunding Bonds -- Series 2016	11-22-16	\$ 11,115,000.00	01-15-21	\$ 995,000.00	4.00%	\$ 9,365,000.00			\$ 8,420,000.00
			01-15-22	1,030,000.00	4.00%				
			01-15-23	1,075,000.00	4.00%				
			01-15-24	1,080,000.00	4.00%				
			01-15-25	1,065,000.00	4.00%				
			01-15-26	1,065,000.00	4.00%				
			01-15-27	1,060,000.00	4.00%				
			01-15-28	1,050,000.00	5.00%				
School District Bonds -- Series 2019	12-19-19	\$ 45,330,000.00	12-15-21	\$ 1,100,000.00	2.50%				
			12-15-22	1,100,000.00	2.50%				
			12-15-23	1,100,000.00	2.50%				
			12-15-24	1,150,000.00	2.50%				
			12-15-25	1,150,000.00	2.50%				
			12-15-26	1,165,000.00	2.50%				
			12-15-27	1,165,000.00	2.50%				
			12-15-28	2,200,000.00	2.50%				
			12-15-29	2,200,000.00	2.50%				
			12-15-30	2,200,000.00	2.50%				
			12-15-31	2,200,000.00	2.50%				
			12-15-32	2,200,000.00	2.50%				
			12-15-33	2,200,000.00	2.50%				
			12-15-34	2,200,000.00	2.50%				
			12-15-35	2,200,000.00	2.75%				
			12-15-36	2,200,000.00	2.75%				
			12-15-37	2,200,000.00	2.75%				
			12-15-38	2,200,000.00	3.00%				
			12-15-39	2,200,000.00	3.00%				
			12-15-40	2,200,000.00	3.00%				
12-15-41	2,200,000.00	3.00%							
12-15-42	2,200,000.00	3.00%							
12-15-43	2,200,000.00	3.00%							
12-15-44	2,200,000.00	3.00%							
						\$ 45,330,000.00		45,330,000.00	
						\$ 9,365,000.00	\$ 45,330,000.00	\$ 945,000.00	\$ 53,750,000.00

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2020

Series	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
			Principal	Interest					
Vehicles	01-22-15	5 years	\$ 252,000.00	\$ 13,675.00	2.015%	\$ 33,306.25		\$ 33,306.25	
Network Infrastructure	07-14-15	5 years	385,000.00	16,024.35	1.944%	78,675.39		78,675.39	
Technology Equipment	06-23-16	4 years	261,662.80		n/a	65,415.70		65,415.70	
Computers	06-05-17	4 years	163,082.00		n/a	81,541.00		40,770.50	\$ 40,770.50
Computers	07-21-17	4 years	191,541.30	8,410.38	2.59%	96,221.69		47,495.78	48,725.91
Copiers	08-24-17	5 years	141,002.63	13,737.37	3.70%	96,879.46		27,815.14	69,064.32
Computers	08-13-19	4 years	61,860.00		n/a		\$ 61,860.00	15,465.00	46,395.00
Computers	08-13-19	5 years	139,045.00	8,074.65	2.73%		139,045.00	28,950.31	110,094.69
Copier	10-09-19	5 years	23,605.21	2,734.79	4.40%		23,605.21	2,134.18	21,471.03
Copier	10-09-19	5 years	26,347.51	3,052.49	4.40%		26,347.51	2,382.09	23,965.42
Copier	10-09-19	5 years	28,767.21	3,332.79	4.40%		28,767.21	5,259.47	23,507.74
Copier	10-09-19	5 years	21,777.03	2,522.97	4.40%		21,777.03	3,981.46	17,795.57
Copier	10-09-19	5 years	28,767.19	3,332.81	4.40%		28,767.19	5,259.47	23,507.72
Copier	10-09-19	5 years	28,767.19	3,332.81	4.40%		28,767.19	5,259.47	23,507.72
						<u>\$ 452,039.49</u>	<u>\$ 358,936.34</u>	<u>\$ 362,170.21</u>	<u>\$ 448,805.62</u>

**RUTHERFORD SCHOOL DISTRICT**  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,330,100.00		\$ 1,330,100.00	\$ 1,330,100.00	
Total Revenues	<u>1,330,100.00</u>	<u>-</u>	<u>1,330,100.00</u>	<u>1,330,100.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	385,100.00		385,100.00	385,100.00	
Redemption of Principal	945,000.00		945,000.00	945,000.00	
Total Regular Debt Service	<u>1,330,100.00</u>	<u>-</u>	<u>1,330,100.00</u>	<u>1,330,100.00</u>	<u>-</u>
Total Expenditures	<u>1,330,100.00</u>	<u>-</u>	<u>1,330,100.00</u>	<u>1,330,100.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance - July 1					
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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 22,029,183.19	\$ 23,108,914.17	\$ 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
Restricted	4,210,876.28	2,645,023.10	2,051,588.13	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
Unrestricted (Deficit)	<u>(8,597,727.13)</u>	<u>(9,135,672.84)</u>	<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>
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 17,642,332.34</u></b>	<b><u>\$ 16,618,264.43</u></b>	<b><u>\$ 15,564,125.28</u></b>	<b><u>\$ 15,545,630.65</u></b>	<b><u>\$ 14,824,353.21</u></b>	<b><u>\$ 14,603,129.66</u></b>	<b><u>\$ 23,153,815.85</u></b>	<b><u>\$ 22,553,282.42</u></b>	<b><u>\$ 20,767,072.00</u></b>	<b><u>\$ 19,277,008.00</u></b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 1,653.18	\$ 2,098.98								
Unrestricted	<u>(37,283.83)</u>	<u>34,993.06</u>	<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>
<b>Total Business-type Activities Net Position</b>	<b><u>\$ (35,630.65)</u></b>	<b><u>\$ 37,092.04</u></b>	<b><u>\$ 98,554.06</u></b>	<b><u>\$ 120,934.37</u></b>	<b><u>\$ 107,688.66</u></b>	<b><u>\$ 75,201.90</u></b>	<b><u>\$ 66,567.74</u></b>	<b><u>\$ 68,259.07</u></b>	<b><u>\$ 46,019.00</u></b>	<b><u>\$ 25,374.00</u></b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 22,030,836.37	\$ 23,111,013.15	\$ 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
Restricted	4,210,876.28	2,645,023.10	2,051,588.13	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
Unrestricted (Deficit)	<u>(8,635,010.96)</u>	<u>(9,100,679.78)</u>	<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>
<b>Total District-wide Net Position</b>	<b><u>\$ 17,606,701.69</u></b>	<b><u>\$ 16,655,356.47</u></b>	<b><u>\$ 15,662,679.34</u></b>	<b><u>\$ 15,666,565.02</u></b>	<b><u>\$ 14,932,041.87</u></b>	<b><u>\$ 14,678,331.56</u></b>	<b><u>\$ 23,220,383.59</u></b>	<b><u>\$ 22,621,541.49</u></b>	<b><u>\$ 20,813,091.00</u></b>	<b><u>\$ 19,302,382.00</u></b>

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

Source: Exhibit A-1

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 16,452,636.18	\$ 15,494,990.89	\$ 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
Special Education	2,160,580.95	2,118,030.45	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
Other Instruction	1,279,576.35	1,956,344.75	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
School Sponsored Activities	798,704.59									
Support Services:										
Tuition	4,495,421.48	4,407,493.41	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
Student and Instruction Related Services	4,921,725.93	4,788,643.99	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
School Administrative Services	2,801,718.68	2,670,735.85	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
Business Administrative Services	845,871.14	869,365.48	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
Central Services	767,266.54	794,895.99	722,329.35	641,365.25	637,805.56	624,097.25	627,599.31	589,481.85		
Administrative Information Technology	189,935.38									
Plant Operations and Maintenance	3,645,682.80	3,911,553.31	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
Pupil Transportation	1,537,502.21	1,573,147.03	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
Unallocated Benefits	16,334,290.81	18,279,486.84	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
Transfer to Charter School	11,860.00	35,106.00	10,915.00	19,647.00						
Interest on Long-term Debt	388,203.33	405,359.34	443,613.45	325,248.49	622,555.17	661,655.17	700,064.54	837,951.54	698,226.00	734,225.00
Unallocated Depreciation	1,332,355.67	1,313,484.61	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
Debt Issuance Costs	280,690.85			240,200.00						
Loss on Retirement of Capital Assets					37,655.31	13,673.58	123,988.86			
<b>Total Governmental Activities Expenses</b>	<b>58,244,022.89</b>	<b>58,618,637.94</b>	<b>60,746,408.13</b>	<b>58,239,235.53</b>	<b>54,347,785.74</b>	<b>50,720,416.31</b>	<b>44,561,525.69</b>	<b>43,861,132.31</b>	<b>41,922,081.00</b>	<b>41,194,763.00</b>
Business-type Activities:										
Food Service	74,155.80	106,231.85	104,634.88	93,557.73	95,958.52	86,108.77	67,226.11	55,831.30	75,932.00	83,046.00
Community Education	108,306.22	12,982.34	21,164.30	93,244.45	91,329.22	94,802.53	98,316.29	98,168.12	110,849.00	129,894.00
Summer Music Program	12,000.00	105,606.59	92,546.73	10,785.70	7,500.00	7,500.00	5,000.00	5,000.00		
<b>Total Business-type Activities Expense</b>	<b>194,462.02</b>	<b>224,820.78</b>	<b>218,345.91</b>	<b>197,587.88</b>	<b>194,787.74</b>	<b>188,411.30</b>	<b>170,542.40</b>	<b>158,999.42</b>	<b>186,781.00</b>	<b>212,940.00</b>
<b>Total District Expenses</b>	<b>\$ 58,438,484.91</b>	<b>\$ 58,843,458.72</b>	<b>\$ 60,964,754.04</b>	<b>\$ 58,436,823.41</b>	<b>\$ 54,542,573.48</b>	<b>\$ 50,908,827.61</b>	<b>\$ 44,732,068.09</b>	<b>\$ 44,020,131.73</b>	<b>\$ 42,108,862.00</b>	<b>\$ 41,407,703.00</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 11,129,417.71	\$ 12,908,575.28	\$ 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
Charges for Services	416,286.22	452,835.00	196,287.89	180,779.00	12,969.00	11,853.00			72,468.00	
Capital Grants and Contributions	16,760.00			3,290.00			308,281.00			
<b>Total Governmental Activities Program Revenues</b>	<b>11,562,463.93</b>	<b>13,361,410.28</b>	<b>15,944,344.72</b>	<b>14,989,544.17</b>	<b>11,318,728.51</b>	<b>9,117,591.60</b>	<b>4,565,962.39</b>	<b>4,701,478.29</b>	<b>3,986,081.00</b>	<b>3,434,722.00</b>
Business-type activities:										
Charges for Services:										
Food Service	56,683.50	74,569.35	73,917.60	66,950.07	63,999.25	53,767.78	42,749.95	53,607.12	66,224.00	76,131.00
Summer Music Program	15,581.00	47,891.50	91,905.00	16,822.00	5,194.78	7,500.00	6,200.00	1,610.00	14,440.00	6,655.00
Community Education	24,157.98	15,855.00	15,143.00	102,061.52	97,925.79	104,641.96	106,641.12	113,646.58	126,762.00	91,559.00
<b>Total Business-type Activities Program Revenues</b>	<b>96,422.48</b>	<b>138,315.85</b>	<b>180,965.60</b>	<b>185,833.59</b>	<b>167,119.82</b>	<b>165,909.74</b>	<b>155,591.07</b>	<b>168,863.70</b>	<b>207,426.00</b>	<b>174,345.00</b>
<b>Total District Program Revenues</b>	<b>\$ 11,658,886.41</b>	<b>\$ 13,499,726.13</b>	<b>\$ 16,125,310.32</b>	<b>\$ 15,175,377.76</b>	<b>\$ 11,485,848.33</b>	<b>\$ 9,283,501.34</b>	<b>\$ 4,721,553.46</b>	<b>\$ 4,870,341.99</b>	<b>\$ 4,193,507.00</b>	<b>\$ 3,609,067.00</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (46,681,558.96)	\$ (45,257,227.66)	\$ (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)
Business-type Activities	(98,039.54)	(86,504.93)	(37,380.31)	(11,754.29)	(27,667.92)	(22,501.56)	(14,951.33)	9,864.28	20,645.00	(38,595.00)
<b>Total District-wide Net Expense</b>	<b>\$ (46,779,598.50)</b>	<b>\$ (45,343,732.59)</b>	<b>\$ (44,839,443.72)</b>	<b>\$ (43,261,445.65)</b>	<b>\$ (43,056,725.15)</b>	<b>\$ (41,625,326.27)</b>	<b>\$ (40,010,514.63)</b>	<b>\$ (39,149,789.74)</b>	<b>\$ (37,915,355.00)</b>	<b>\$ (37,798,636.00)</b>

(Continued)

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position:</b>										
Total Governmental Activities	\$ 47,705,626.87	\$ 46,311,366.81	\$ 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
Total Business-type Activities	<u>25,316.85</u>	<u>25,042.91</u>	<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>		
Total District-wide	<u>\$ 47,730,943.72</u>	<u>\$ 46,336,409.72</u>	<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>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 1,024,067.91	\$ 1,054,139.15	\$ 18,494.63	\$ 721,277.44	\$ 221,223.55	\$ (257,761.19)	\$ 304,254.51	\$ 71,631.82	\$ 527,555.00	\$ 703,514.00
Business-type Activities	<u>(72,722.69)</u>	<u>(61,462.02)</u>	<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>
Total District	<u>\$ 951,345.22</u>	<u>\$ 992,677.13</u>	<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>

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>2020</u>	<u>2019</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>
General Fund:										
Restricted	\$ 4,210,398.28	\$ 2,586,096.19	\$ 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	
Assigned	680,659.20	128,322.13	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
Unassigned	1,259,162.23	1,289,733.57	1,131,016.66	915,183.55	1,345,261.38	1,410,130.31	1,190,367.58	1,188,137.41	1,125,331.00	1,164,028.00
<b>Total General Fund</b>	<u>\$ 6,150,219.71</u>	<u>\$ 4,004,151.89</u>	<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>
All Other Governmental Funds:										
Restricted	\$ 41,891,681.21	\$ 58,926.91	\$ 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
Unassigned (Deficit), Reported in:										
Capital Projects Fund						(100,660.70)				
Debt Service Fund										9,012.00
<b>Total All Other Governmental Funds</b>	<u>\$ 41,891,681.21</u>	<u>\$ 58,926.91</u>	<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>

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,									
	<u>2020</u>	<u>2019</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>
<b>REVENUES:</b>										
Tax Levy	\$43,821,107.00	\$ 42,704,062.00	\$ 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
Tuition Charges	385,526.22	403,265.00	196,287.89	180,779.00	12,969.00	11,853.00			72,468.00	30,986.00
Transportation	30,760.00	49,570.00								
Miscellaneous	446,143.51	190,977.00	138,521.29	164,882.65	75,012.64	105,208.72	79,304.81	49,870.63	6,040.00	41,604.00
State Sources	10,822,353.00	10,405,701.55	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
Federal Sources	873,148.07	888,815.54	718,295.28	786,398.08	762,530.89	642,693.09	617,653.86	632,075.70	738,282.00	697,764.00
<b>Total Revenue</b>	<b>56,379,037.80</b>	<b>54,642,391.09</b>	<b>51,944,069.76</b>	<b>50,297,437.97</b>	<b>48,901,388.97</b>	<b>46,255,269.84</b>	<b>44,879,040.20</b>	<b>44,336,875.92</b>	<b>43,277,523.00</b>	<b>41,898,277.00</b>
<b>EXPENDITURES:</b>										
Regular Instruction	16,381,243.26	15,534,814.76	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
Special Education Instruction	2,133,932.06	2,117,517.43	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
School Sponsored Activities	788,853.27									
Other Instruction	1,263,793.88	1,955,870.89	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
Support Services:										
Tuition	4,480,210.50	4,406,425.84	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
Student and Instruction Related Services	4,905,072.49	4,787,484.10	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
General Administration	843,009.00	952,077.70	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
School Administrative Services	2,820,012.32	2,670,088.95	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
Central Services	764,670.37									
Administrative Information Technology	334,166.50									
Plant Operations and Maintenance	3,545,521.48	3,808,656.19	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
Pupil Transportation	1,515,468.69	1,567,360.58	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
Unallocated Benefits	6,504,129.62									
Reimbursed TPAF Pension and Social Secur	7,067,333.40									
Other Support Services		14,161,595.90	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
Transfer to Charter School	11,860.00	35,106.00	10,915.00	19,647.00						
Capital Outlay	3,374,775.18	648,349.01	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
Bond Issuance Costs	280,690.85									
Debt Service:										
Principal	945,000.00	910,000.00	840,000.00	940,000.00	920,000.00	920,000.00	890,000.00	885,000.00	840,000.00	810,000.00
Interest and Other Charges	385,100.00	496,626.00	570,679.00	601,376.00	565,350.00	604,450.00	642,275.00	679,887.50	716,563.00	751,888.00
<b>Total Expenditures</b>	<b>58,344,842.87</b>	<b>54,051,973.35</b>	<b>52,355,334.02</b>	<b>49,596,963.47</b>	<b>49,411,527.06</b>	<b>47,386,863.08</b>	<b>45,048,142.26</b>	<b>44,216,536.37</b>	<b>42,482,751.00</b>	<b>41,143,702.00</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,965,805.07)	590,417.74	(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
<b>OTHER FINANCING SOURCES (USES):</b>										
Proceeds from Borrowing	45,330,000.00			11,115,000.00						
Payment to Refunded Debt Escrow Agent				(12,147,722.50)						
Premium on Sale of Bonds	280,690.85			1,032,722.50						
Capital Lease	358,936.34		495,625.93		646,662.80	576,825.00	208,363.94			
Transfers In	670,916.19	132,942.37	633,062.44	63,312.00	702,993.84	721,036.78	617,417.00			
Transfers Out	(695,916.19)	(157,942.37)	(648,062.44)	(88,312.00)	(763,148.52)	(752,172.50)	(630,677.00)	(12,375.00)		
<b>Total Other Financing Sources (Uses)</b>	<b>45,944,627.19</b>	<b>(25,000.00)</b>	<b>480,625.93</b>	<b>(25,000.00)</b>	<b>586,508.12</b>	<b>545,689.28</b>	<b>195,103.94</b>	<b>(12,375.00)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 43,978,822.12</b>	<b>\$ 565,417.74</b>	<b>\$ 69,361.67</b>	<b>\$ 675,474.50</b>	<b>\$ 76,370.03</b>	<b>\$ (585,903.96)</b>	<b>\$ 26,001.88</b>	<b>\$ 107,964.55</b>	<b>\$ 794,772.00</b>	<b>\$ 754,575.00</b>
Debt Service as a Percentage of Noncapital Expenditures	2.42%	2.63%	2.74%	3.18%	3.12%	3.34%	3.52%	3.59%	3.75%	3.87%

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Interest on Investments	\$ 310,856.18	\$ 3,319.34							\$ 117.00	\$ 731.00
Tuition								\$ 8,878.80	72,468.00	30,986.00
Prior Year Tuition Settlement	2,475.00	3,733.99								
Prior Year Refunds	4,632.25	52,396.60	\$ 139.32	\$ 46,964.64	\$ 5,056.30	\$ 38,558.75	\$ 41,810.66			31,234.00
FEMA Reimbursement							1,665.00			
E-Rate Reimbursement	21,217.40	12,666.80								
YMCA Childcare Program	25,000.00	25,000.00								
Rentals				560.00				14,375.00	3,705.00	7,699.00
Void Checks	2,558.63	901.49	1,619.51	16,911.13				6.00	2,102.00	
Sale of Assets/Supplies				832.50	2,750.00		100.00			
Vending Commission	3,204.05	3,005.26	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	6,958.84		60,019.08							
Miscellaneous	3,160.90	6,084.17	4,586.48	526.10	2.00	5.00	164.50	189.83	116.00	1,940.00
<b>Total Miscellaneous Revenues</b>	<b>\$ 380,063.25</b>	<b>\$ 107,107.65</b>	<b>\$ 106,141.29</b>	<b>\$ 67,681.08</b>	<b>\$ 7,883.27</b>	<b>\$ 38,680.32</b>	<b>\$ 45,152.81</b>	<b>\$ 23,449.63</b>	<b>\$ 78,508.00</b>	<b>\$ 72,590.00</b>

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*

<u>Year Ended Dec. 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities (1)</u>	<u>Net Valuation Taxable</u>	<u>Tax-Exempt Property</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate (2)</u>
2020	\$ 24,617,800.00	\$ 2,164,236,400.00	\$ 322,242,900.00	\$ 87,535,000.00	\$ 110,257,800.00	\$ 2,708,889,900.00	\$ 10,316,027.00	\$ 2,719,205,927.00	\$ 168,117,400.00	\$ 3,090,357,912.00	\$ 1.672
2019	21,542,900.00	2,161,542,700.00	325,576,500.00	86,409,000.00	110,457,800.00	2,705,528,900.00	10,663,071.00	2,716,191,971.00	195,000,200.00	2,967,218,670.00	1.592
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

(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>	
2020	\$ 1.623	\$ 0.049	\$ 1.672	\$ 0.859	\$ 0.038	\$ 0.282	\$ 2.851
2019	1.543	0.049	1.592	0.844	0.036	0.267	2.739
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

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	<u>2020</u>			<u>2011</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	3.08%	\$ 83,500,000.00	1	2.99%
Citigroup Technology Inc.	39,200,000.00	2	1.45%	39,200,000.00	2	1.40%
Hastings Village Inc.	30,376,200.00	3	1.12%	30,376,200.00	3	1.09%
Friederich & Weill Trustees	27,000,000.00	4	1.00%	27,000,000.00	4	0.97%
AVR Realty Co LLC	18,464,600.00	5	0.68%			
Volvo North America Corp.	11,775,400.00	6	0.43%	13,000,000.00	7	0.46%
359 Veterans Blvd., LLC	11,600,000.00	7	0.43%	11,600,000.00	9	0.41%
Verizon (Duff Phelps)	10,316,027.00	8	0.38%			
Linque-HC Partners LLC	8,998,800.00	9	0.33%	8,998,800.00	10	0.32%
Unionford LLC	8,450,000.00	10	0.31%			
Bell Atlantic Verizon				18,270,124.00	5	0.65%
Moody National Meadowlands				18,239,600.00	6	0.65%
BRE/ESA Properties				12,382,500.00	8	0.44%
<b>Total</b>	<b>\$ 249,681,027.00</b>		<b>9.22%</b>	<b>\$ 262,567,224.00</b>		<b>9.39%</b>

Source: Municipal Chief Financial Officer

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

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<u>Fiscal Year Ended June 30,</u>	<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>
2020	\$ 43,821,107.00	\$ 43,821,107.00	100.00%
2019	42,704,062.00	42,704,062.00	100.00%
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%

(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			
2020	\$ 53,750,000.00	\$ 448,805.62	\$ 54,198,805.62	Unavailable	Unavailable
2019	9,365,000.00	452,039.49	9,817,039.49	Unavailable	\$ 536.36
2018	10,275,000.00	833,196.30	11,108,196.30	0.70%	604.17
2017	11,115,000.00	751,335.44	11,866,335.44	0.79%	642.53
2016	12,950,000.00	1,069,837.01	14,019,837.01	0.96%	761.24
2015	13,870,000.00	555,080.80	14,425,080.80	1.01%	781.80
2014	14,790,000.00	208,363.95	14,998,363.95	1.10%	819.05
2013	15,680,000.00		15,680,000.00	1.20%	857.58
2012	16,565,000.00		16,565,000.00	1.26%	908.97
2011	17,405,000.00		17,405,000.00	1.39%	957.32

## Sources:

(1) District Records

(2) Personal income has been estimated based upon the municipal population and per capita personal income

(3) Per Capita personal income data provided by the NJ Dept. of Labor and Workforce

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

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Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Net General Bonded Debt Outstanding (1)		
2020	\$ 53,750,000.00	\$ 53,750,000.00	1.98%	Unavailable
2019	9,365,000.00	9,365,000.00	0.35%	\$ 511.66
2018	10,275,000.00	10,275,000.00	0.38%	558.85
2017	11,115,000.00	11,115,000.00	0.41%	601.85
2016	12,950,000.00	12,950,000.00	0.48%	703.15
2015	13,870,000.00	13,870,000.00	0.51%	751.72
2014	14,790,000.00	14,790,000.00	0.54%	807.67
2013	15,680,000.00	15,680,000.00	0.57%	857.58
2012	16,565,000.00	16,565,000.00	0.59%	908.97
2011	17,405,000.00	17,405,000.00	0.62%	957.32

## 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**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2020:**

Equalized Valuation Basis (1):

2019	\$	3,074,814,070
2018		2,952,363,448
2017		2,976,637,285
	\$	<u>9,003,814,803</u>

<u>\$ 3,001,271,601.00</u>	Average equalized valuation of taxable property
\$ 120,050,864	Debt limit (4% of average equalization value) (2)
<u>53,750,000</u>	Net bonded school debt (3)
<u>\$ 66,300,864</u>	Legal Debt Margin

	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</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>
Debt Limit	\$ 120,050,864	\$ 117,330,173	\$ 114,813,576	\$ 109,711,184	\$ 105,859,851	\$ 103,482,261	\$ 104,896,232	\$ 108,507,416	\$ 114,917,454	\$ 119,588,739
Total Net Debt Applicable to Limit (3)	<u>53,750,000</u>	<u>9,365,000</u>	<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>
Legal Debt Margin	<u>\$ 66,300,864</u>	<u>\$ 107,965,173</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	44.77%	7.98%	8.95%	10.13%	12.23%	13.40%	14.10%	14.45%	14.41%	14.55%

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 NJSJA 18A:24-19 for a K through 12 district.
- (3) District Records

## Demographic and Economic Information

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

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

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2019	18,303	Unavailable	Unavailable	2.7%
2018	18,386	\$ 1,580,295,086.00	\$ 85,951.00	3.1%
2017	18,468	1,504,828,044.00	81,483.00	3.7%
2016	18,417	1,457,613,465.00	79,145.00	3.7%
2015	18,451	1,433,015,366.00	77,666.00	4.1%
2014	18,312	1,363,365,024.00	74,452.00	4.9%
2013	18,284	1,310,578,836.00	71,679.00	7.8%
2012	18,224	1,314,898,048.00	72,152.00	8.8%
2011	18,181	1,255,452,593.00	69,053.00	8.6%
2010	18,081	1,194,503,184.00	66,064.00	8.8%

## 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.



## 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>2020</u>	<u>2019</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>
Instruction:										
Regular	173	173	169	169	173	171	172	170	168	168
Special Education	58	58	55	55	53	53	52	51	57	52
Support Services:										
Student & Instruction Related Services	55	53	43	43	42	42	42	42	41	42
School Administrative Services	22	22	22	22	21	21	22	21	19	20
General & Business Administrative Services	2	2	2	2	2	2	2	2	2	2
Plant Operations and Maintenance	18	18	18	18	19	19	19	19	19	49
Pupil Transportation	9	8	8	7	6	6	5	7	9	9
Business and Other Support Services	10	10	10	10	9	9	9	9	10	11
<b>Total</b>	<u>347</u>	<u>344</u>	<u>327</u>	<u>326</u>	<u>325</u>	<u>323</u>	<u>323</u>	<u>321</u>	<u>325</u>	<u>353</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>				
2020	2,726	\$ 53,639,967.69	\$ 19,677.17	-1.87%	258	1:17	1:17	1:17	2,607	2,479	0.19%	95.09%
2019	2,729	51,996,998.34	20,052.83	4.16%	253	1:17	1:17	1:17	2,602	2,472	0.12%	95.00%
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%

Sources: District Records



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

	Fiscal Year Ended June 30,									
	<u>2020</u>	<u>2019</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>
<b>District Building:</b>										
<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	314	326	334	305	265	279	337	333	345	335
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	524	491	487	487	451	474	381	384	371	355
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	580	595	626	638	516	516	510	506	506	486
<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	530
Enrollment	432	424	398	396	477	484	500	492	498	493
<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	743	757	735	734	749	748	770	778	756	741

Number of Schools at June 30, 2020:

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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
High School	\$ 220,834.16	\$ 293,040.74	\$ 327,020.67	\$ 334,565.52	\$ 326,644.64	\$ 346,091.03	\$ 325,368.24	\$ 432,869.63	\$ 441,963.00	\$ 462,754.00
Union	112,956.12	121,557.23	157,759.80	150,100.34	196,946.74	167,932.32	349,961.47	181,337.48	210,346.00	218,683.00
Pierrepont	104,426.14	119,263.44	198,657.06	158,769.09	159,365.65	165,367.39	130,419.40	191,932.67	194,688.00	203,857.00
Washington	59,661.94	82,466.06	104,910.57	125,405.56	105,227.74	115,935.38	82,533.25	176,789.95	91,999.00	93,449.00
Lincoln	93,853.99	93,444.23	133,204.91	103,934.68	102,653.46	128,158.43	89,523.60	187,804.94	94,591.00	95,919.00
Kindergarten Center	82,470.65	26,865.53	35,335.38	47,367.26	31,725.86	34,059.43	70,564.26	38,033.61	46,216.00	48,747.00
Administration	283,620.33	289,866.69			1,819.47	6,705.47	16,652.43	12,841.76		
<b>Total School Facilities</b>	<b>\$ 957,823.33</b>	<b>\$ 1,026,503.92</b>	<b>956,888.39</b>	<b>\$ 920,142.45</b>	<b>\$ 924,383.56</b>	<b>\$ 964,249.45</b>	<b>\$ 1,065,022.65</b>	<b>\$ 1,221,610.04</b>	<b>\$ 1,079,803.00</b>	<b>\$ 1,123,409.00</b>

\* 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, 2020

Unaudited

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	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1):		
Building and Contents (All Locations)		
Limits of Liability per Occurance	\$ 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	
Environmental Impairment Liability	1,000,000.00	10,000.00
Crime Coverage	50,000.00	1,000.00
Medical Expenses (3)	10,000.00	
Blanket Dishonasty Bond	500,000.00	1,000.00
Excess Liability	5,000,000.00	
School Board Legal Liability	5,000,000.00	10,000.00
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)	6,000,000.00	

(1) School Alliance Insurance Fund

(2) Selective Insurance Company of America

(3) Excluding Students Taking Part in Athletics

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
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 Federal and 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 *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2020. The School District's major federal and 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and 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 federal and state programs for the fiscal year ended June 30, 2020.

### Report on Internal Control over Compliance

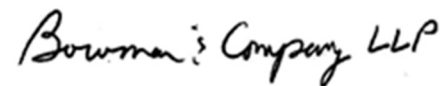
Management of the Borough of Rutherford School District, in the County of Bergen, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, 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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 Borough of Rutherford 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 federal and 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 federal and 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 federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and 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  
January 26, 2021

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards - Schedule A  
 For the Fiscal Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance June 30, 2019
					From	To	
General Fund:							
U.S. Department of Health and Human Services:							
Passed-through the State Department of Education:							
Special Education Medicaid Initiative Cluster	93.778	2005NJ5MAP	Unavailable	\$ 32,033.62	07-01-19	06-30-20	
Total General Fund							-
Special Revenue Fund:							
U.S. Department of Education:							
Passed-through State Department of Education:							
E.S.S.A.:							
Title I Grants to Local Educational Agencies	84.010	S010A190030	ESEA460020	182,506.00	07-01-19	09-30-20	
Title I Grants to Local Educational Agencies	84.010	S010A180030	ESEA460019	193,407.00	07-01-18	06-30-19	\$ (221,130.68)
Total Title I Grants to Local Educational Agencies							(221,130.68)
Title I, SIA Part A Grants to Local Educational Agencies	84.010	S010A190030	ESEA460020	22,000.00	07-01-19	09-30-20	
Title I, SIA Part A Grants to Local Educational Agencies	84.010	S010A180030	ESEA460019	29,452.00	07-01-18	06-30-19	
Total Title I, Part SI A							-
Supporting Effective Instruction State Grants	84.367	S367A190029	ESEA460020	40,425.00	07-01-19	09-30-20	
Supporting Effective Instruction State Grants	84.367	S367A180029	ESEA460019	46,574.00	07-01-18	06-30-19	(40,128.45)
Total Supporting Effective Instruction State Grants							(40,128.45)
Title III	84.365	S365A190030	ESEA460020	7,156.00	07-01-19	09-30-20	
Title III	84.365	S365A180030	ESEA460019	3,911.00	07-01-18	06-30-19	(3,715.91)
Total Title III							(3,715.91)
English Language Acquisition Grants	84.365	S365A190030	ESEA460020	N/A	07-01-19	09-30-20	
English Language Acquisition Grants	84.365	S365A180030	ESEA460019	7,656.00	07-01-18	06-30-19	(263.50)
Total Title III, Immigrant							(263.50)
Student Support and Academic Enrichment Grant (Title IV)	84.424	S424A190031	ESEA460020	11,334.00	07-01-19	09-30-20	
Student Support and Academic Enrichment Grant (Title IV)	84.424	S424A180031	ESEA460019	11,677.00	07-01-18	06-30-19	(14,144.50)
Total Title IV, Part A							(14,144.50)
Education Stabilization Fund (CARES Act)	84.425	S425D200027	N/A	146,705.00	03-13-20	09-30-22	
Individuals with Disabilities Act (IDEA):							
Special Education Cluster:							
Special Education Grants to States	84.027	H027A190030	FT460020	554,514.00	07-01-19	09-30-20	
Special Education Grants to States	84.027	H027A170030	FT460018	536,539.00	07-01-17	06-30-18	(41,273.00)
Special Education Grants to States	84.027	H027A180030	FT460019	547,264.00	07-01-18	06-30-19	(305,634.50)
Special Education Preschool Grants	84.173	H173A170030	PS460020	21,547.00	07-01-19	09-30-20	
Special Education Preschool Grants	84.173	H173A180030	PS460019	21,179.00	07-01-18	06-30-19	(19,767.00)
Total Special Education Cluster (IDEA)							(366,674.50)
Total Special Revenue Fund							(646,057.54)
Total Federal Financial Assistance							\$ (646,057.54)

(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.

Carryover / (Walkover) Amount	Cash Received	Adjustments (A)	Budgetary Expenditures			Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2020		
			Pass-Through Funds	Direct Funds	Total Budgetary Expenditures			(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 32,033.62		\$ 32,033.62		\$ 32,033.62					
-	32,033.62	-	32,033.62	-	32,033.62	-	-	-	-	-
\$ 26,436.00 (26,436.00)	73,556.32 247,566.68	\$ 1,033.28	142,876.60		142,876.60			\$ (108,949.00)	\$ 67,098.00	
-	321,123.00	1,033.28	142,876.60	-	142,876.60	-	-	(108,949.00)	67,098.00	-
29,452.00 (29,452.00)	26,520.00	(29,452.00) 29,452.00	45,849.80		45,849.80			(24,932.00)	5,602.20	
-	26,520.00	-	45,849.80	-	45,849.80	-	-	(24,932.00)	5,602.20	-
6,209.00 (6,209.00)	25,583.55 46,337.45	(0.55)	36,895.84		36,895.84			(14,842.00)	9,738.16	
-	71,921.00	(0.55)	36,895.84	-	36,895.84	-	-	(14,842.00)	9,738.16	-
	2,229.55 3,715.91	(1,969.58)	794.59		794.59			(534.62)		
-	5,945.46	(1,969.58)	794.59	-	794.59	-	-	(534.62)	-	-
7,656.00 (7,656.00)	274.00	(7,656.00) 7,645.50						(7,656.00)	7,656.00	
-	274.00	(10.50)	-	-	-	-	-	(7,656.00)	7,656.00	-
957.00 (957.00)	400.00 14,145.00	(839.00) 956.50	10,895.00		10,895.00			(11,891.00)	1,514.00	
-	14,545.00	117.50	10,895.00	-	10,895.00	-	-	(11,891.00)	1,514.00	-
								(146,705.00)	146,705.00	
85,205.00 (85,205.00)	363,352.50 41,273.00 390,839.50	(1,800.50)	533,050.00		533,050.00			(192,962.00)	106,669.00	
1,412.00 (1,412.00)	578.00 19,767.00	(1,412.00) 1,412.00	21,547.00		21,547.00			(22,381.00)	1,412.00	
-	815,810.00	(1,800.50)	554,597.00	-	554,597.00	-	-	(215,343.00)	108,081.00	-
-	1,256,138.46	(2,630.35)	791,908.83	-	791,908.83	-	-	(530,852.62)	346,394.36	-
\$ -	\$ 1,288,172.08	\$ (2,630.35)	\$ 823,942.45	\$ -	\$ 823,942.45	\$ -	\$ -	\$ (530,852.62)	\$ 346,394.36	\$ -



**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance - Schedule B  
 For the Fiscal Year Ended June 30, 2020

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019	
			From	To	Unearned Revenue/ (Accounts Receivable)	Due to Grantor
<b>General Fund:</b>						
New Jersey State Department of Education:						
Current Expense:						
State Aid - Public Cluster:						
Equalization Aid	20-495-034-5120-078	\$ 815,410.00	07-01-19	06-30-20		
Equalization Aid	19-495-034-5120-078	815,410.00	07-01-18	06-30-19	\$ (70,258.72)	
Categorical Aid Special Education Aid	20-495-034-5120-089	1,545,327.00	07-01-19	06-30-20		
Categorical Aid Special Education Aid	19-495-034-5120-089	1,509,423.00	07-01-18	06-30-19	(130,057.43)	
Categorical Aid Security Aid	20-495-034-5120-084	133,835.00	07-01-19	06-30-20		
Categorical Aid Security Aid	19-495-034-5120-084	133,835.00	07-01-18	06-30-19	(11,531.71)	
Total State Aid - Public Cluster					(211,847.86)	-
Transportation Aid:						
Categorical Transportation Aid	20-495-034-5120-014	209,359.00	07-01-19	06-30-20		
Categorical Transportation Aid	19-495-034-5120-014	209,359.00	07-01-18	06-30-19	(18,039.14)	
Total Transportation Aid					(18,039.14)	-
Extraordinary Aid						
Extraordinary Aid	20-495-034-5120-044	785,912.00	07-01-19	06-30-20		
Extraordinary Aid	19-495-034-5120-044	825,189.00	07-01-18	06-30-19	(825,189.00)	
Total Extraordinary Aid					(825,189.00)	-
Reimbursed TPAF Social Security Contributions						
	20-495-034-5094-003	1,499,527.40	07-01-19	06-30-20		
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement						
Medical (non-budgeted)	20-495-034-5094-001	1,505,748.00	07-01-19	06-30-20		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	20-495-034-5094-002	3,987,350.00	07-01-19	06-30-20		
On-Behalf T.P.A.F. Non-contributory Insurance	20-495-034-5094-004	71,469.00	07-01-19	06-30-20		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	20-495-034-5094-004	3,239.00	07-01-19	06-30-20		
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-
Homeless Tuition Reimbursement Aid						
Homeless Tuition Reimbursement Aid	20-495-034-5120-005	10,776.00	07-01-19	06-30-20		
Homeless Tuition Reimbursement Aid	19-495-034-5120-005	22,005.00	07-01-18	06-30-19	(22,005.00)	
Total Homeless Tuition Reimbursement Aid					(22,005.00)	-
Total General Fund					(1,077,081.00)	-
<b>Special Revenue Fund:</b>						
New Jersey Department of Education:						
Nonpublic Aid:						
Nursing Services						
	20-100-034-5120-070	32,495.00	07-01-19	06-30-20		
Total Nursing Services					-	-
Textbook Aid (Ch. 194, L. 1977)						
Textbook Aid (Ch. 194, L. 1977)	20-100-034-5120-064	17,500.00	07-01-19	06-30-20		
Textbook Aid (Ch. 194, L. 1977)	19-100-034-5120-064	17,408.00	07-01-18	06-30-19	\$ 2,709.17	
Total Textbook Aid (Ch. 194, L. 1977)					-	2,709.17
Technology Initiative Aid						
Technology Initiative Aid	20-100-034-5120-373	11,952.00	07-01-19	06-30-20		
Technology Initiative Aid	19-100-034-5120-373	11,736.00	07-01-18	06-30-19		167.98
Total Technology Initiative Aid					-	167.98
Security						
Security	20-100-034-5120-509	50,250.00	07-01-19	06-30-20		
Security	19-100-034-5120-509	49,050.00	07-01-18	06-30-19		30.16
Total Security					-	30.16
Auxiliary Services (Ch. 192, L. 1977)						
Compensatory Education	20-100-034-5120-067	26,769.00	07-01-19	06-30-20		
Compensatory Education	19-100-034-5120-067	42,998.00	07-01-18	06-30-19		8,291.80
English as a Second Language	20-100-034-5120-067	2,647.00	07-01-19	06-30-20		
Home Instruction	20-100-034-5120-067	1,217.00	07-01-19	06-30-20		
Home Instruction	19-100-034-5120-067	590.41	07-01-18	06-30-19	(590.00)	
Total Auxiliary Services (Ch. 192, L. 1977)					(590.00)	8,291.80
Handicapped Services (Ch. 193, L. 1977)						
Corrective Speech	20-100-034-5120-066	14,583.00	07-01-19	06-30-20		
Corrective Speech	19-100-034-5120-066	15,891.00	07-01-18	06-30-19		5,355.96
Examination and Classification	20-100-034-5120-066	42,364.00	07-01-19	06-30-20		
Examination and Classification	19-100-034-5120-066	37,306.00	07-01-18	06-30-19		13,824.24
Supplementary Instruction	20-100-034-5120-066	34,159.00	07-01-19	06-30-20		
Supplementary Instruction	19-100-034-5120-066	26,484.00	07-01-18	06-30-19		8,641.50
Total Handicapped Services (Ch. 193, L. 1977)					-	27,821.70
Total Special Revenue Fund					(590.00)	39,020.81

Carryover/ Walkover Amount	Cash Received	Adjustments (A)	Budgetary Expenditures	Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2020			Memo Only	
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2020	Cumulative Total Expenditures
	\$ 745,120.41		\$ 815,410.00			\$ (70,289.59)			\$ (70,289.59)	\$ 815,410.00
	70,258.72									
	1,412,117.44		1,545,327.00			(133,209.56)			(133,209.56)	1,545,327.00
	130,057.43									
	122,298.22		133,835.00			(11,536.78)			(11,536.78)	133,835.00
	11,531.71									
-	2,491,383.93	-	2,494,572.00	-	-	(215,035.93)	-	-	(215,035.93)	2,494,572.00
	191,311.93		209,359.00			(18,047.07)			(18,047.07)	209,359.00
	18,039.14									
-	209,351.07	-	209,359.00	-	-	(18,047.07)	-	-	(18,047.07)	209,359.00
	825,189.00		785,912.00			(785,912.00)				785,912.00
-	825,189.00	-	785,912.00	-	-	(785,912.00)	-	-	-	785,912.00
	1,424,595.69		1,499,527.40			(74,931.71)				1,499,527.40
	1,505,748.00		1,505,748.00							1,505,748.00
	3,987,350.00		3,987,350.00							3,987,350.00
	71,469.00		71,469.00							71,469.00
	3,239.00		3,239.00							3,239.00
-	5,567,806.00	-	5,567,806.00	-	-	-	-	-	-	5,567,806.00
	22,005.00		10,776.00			(10,776.00)				10,776.00
-	22,005.00	-	10,776.00	-	-	(10,776.00)	-	-	-	10,776.00
-	10,540,330.69	-	10,567,952.40	-	-	(1,104,702.71)	-	-	(233,083.00)	10,567,952.40
	32,495.00		32,495.00							32,495.00
-	32,495.00	-	32,495.00	-	-	-	-	-	-	32,495.00
	17,500.00		16,907.00		\$ 2,709.00		\$ 593.00			16,907.00
-	17,500.00	(0.17)	16,907.00	-	2,709.00			593.00		16,907.00
	11,952.00	0.16	11,701.16		168.00			251.00		11,701.16
		0.02								
-	11,952.00	0.18	11,701.16	-	168.00			251.00		11,701.16
	50,250.00		50,247.00		30.00			3.00		50,247.00
		(0.16)								
-	50,250.00	(0.16)	50,247.00	-	30.00			3.00		50,247.00
	23,816.95	(0.48)	13,871.52		8,292.00	(2,952.05)		12,897.00		13,871.52
		0.20								
	2,355.09	(0.24)	661.76			(291.91)		1,985.00		661.76
		(0.20)	1,216.80			(1,217.00)				1,216.80
	590.00									
-	26,762.04	(0.72)	15,750.08	-	8,292.00	(4,460.96)		14,882.00		15,750.08
	12,974.81	(0.24)	12,212.76		5,356.00	(1,608.19)		2,370.00		12,212.76
		0.04								
	37,692.16	0.05	36,975.05		13,824.00	(4,671.84)		5,389.00		36,975.05
		(0.24)								
	30,391.99	0.25	30,356.25		8,641.00	(3,767.01)		3,803.00		30,356.25
		(0.50)								
-	81,058.96	(0.64)	79,544.06	-	27,821.00	(10,047.04)		11,562.00		79,544.06
-	220,018.00	(1.51)	206,644.30	-	39,020.00	(14,508.00)		27,291.00		206,644.30

(Continued)

**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance - Schedule B  
 For the Fiscal Year Ended June 30, 2020

State Grantor/ Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019	
			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	12-30-15	\$ (180,590.00)	
School Development Authority	4600-050-14-1002	127,691.00	01-06-14	12-30-15	(112,680.34)	
School Development Authority	4600-050-14-1004	322,559.00	01-06-14	06-30-17	(300,448.00)	
School Development Authority	4600-050-14-1003	116,594.00	01-06-14	06-30-17	(65,537.35)	
School Development Authority	4600-050-14-1009	119,924.00	01-06-14	06-30-16	(119,924.00)	
School Development Authority	4600-050-14-1010	266,884.00	01-06-14	06-30-16	(198,141.00)	
Total Capital Projects Fund					(977,320.69)	-
Total State Financial Assistance					(2,054,991.69)	\$ 39,020.81
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:						
General Fund (Non-Cash Assistance):						
New Jersey Department of Education:						
On-Behalf Contributions:						
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement						
Medical (non-budgeted)	495-034-5094-001	1,505,748.00	07-01-18	06-30-19		
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	495-034-5094-002	3,987,350.00	07-01-18	06-30-19		
On-Behalf T.P.A.F. Non-contributory Insurance	495-034-5094-004	71,469.00	07-01-18	06-30-19		
On-Behalf T.P.A.F. Pension Contributions - Long-Term Disability Insurance (non-budgeted)	495-034-5094-004	3,239.00	07-01-18	06-30-19		
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-
Total State Financial Assistance					\$ (2,054,991.69)	\$ 39,020.81

(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.

Carryover/ Walkover Amount	Cash Received	Adjustments (A)	Budgetary Expenditures	Passed Through to Subrecipients	Repayment of Prior Years' Balances	Balance at June 30, 2020			Memo Only	
						(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2020	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
-	\$ 10,760,348.69	\$ (1.51)	\$ 10,774,596.70	-	\$ 39,020.00	(2,096,531.40)	-	\$ 27,291.00	\$ (233,083.00)	11,751,917.39
	1,505,748.00		1,505,748.00							1,505,748.00
	3,987,350.00		3,987,350.00							3,987,350.00
	71,469.00		71,469.00							71,469.00
	3,239.00		3,239.00							3,239.00
-	5,567,806.00	-	5,567,806.00	-	-	-	-	-	-	5,567,806.00
\$ -	\$ 5,192,542.69	\$ (1.51)	\$ 5,206,790.70	\$ -	\$ 39,020.00	\$ (2,096,531.40)	\$ -	\$ 27,291.00	\$ (233,083.00)	\$ 6,184,111.39

**RUTHERFORD SCHOOL DISTRICT**

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2020

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**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 and programs recorded in the enterprise fund are presented using the 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: INDIRECT COST RATE**

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

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund, special revenue fund, proprietary fund (enterprise fund - food service) 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.

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,196.00 for the general fund and \$100,157.92 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 revenues reported in the School District's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 32,033.62	\$ 10,564,756.40	\$ 10,596,790.02
Special Revenue	<u>841,114.45</u>	<u>257,596.60</u>	<u>1,098,711.05</u>
GAAP Basis Revenues	<u>873,148.07</u>	<u>10,822,353.00</u>	<u>11,695,501.07</u>
GAAP Adjustments:			
State Aid Payments		3,196.00	3,196.00
Encumbrances	<u>(49,205.62)</u>	<u>(50,952.30)</u>	<u>(100,157.92)</u>
	<u>(49,205.62)</u>	<u>(47,756.30)</u>	<u>(96,961.92)</u>
Total Awards and Financial Assistance Expended	<u>\$ 823,942.45</u>	<u>\$ 10,774,596.70</u>	<u>\$ 11,598,539.15</u>

**Note 5: 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 6: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" represent canceled prior year balances and minor rounding adjustments.

**Note 7: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2020, 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. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 8: 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, 2020

**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?   x   yes      none reported

Noncompliance material to financial statements noted?      yes   x   no

**Federal Awards**

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 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   x   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Special Education Cluster:
84.027	H027A190100	Special Education Grants To States (IDEA, Part B)
84.173	H173A190100	Special Education Preschool Grants (IDEA, Preschool)

Dollar threshold used to distinguish between type A and type B programs: \$750,000.00

Auditee qualified as low-risk auditee?      yes   x   no





**RUTHERFORD SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended June 30, 2020

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

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, requires.

**Finding No. 2020-001**

**Criteria or Specific Requirement**

As a function of effective internal controls, an accurate general ledger should be maintained and cash accounts should be reconciled in accordance with N.J.S.A. 18A:17-9. The community education enterprise fund falls under the auspices of the board of education.

**Condition**

The financial and accounting records of the community education enterprise fund were not maintained in a satisfactory condition and the fiscal year ended in a deficit net position.

**Context**

Our audit of the financial records of the community education enterprise fund revealed the following:

1. A formal accounting of the activity of the community education fund was not maintained in a timely fashion.
2. Bank reconciliations for the fund were not prepared in a timely manner. Reconciliations were prepared from the fund's bank statements, and a general ledger was not maintained to which the account would be reconciled.
3. The fund ended the fiscal year with a total deficit net position of \$75,060.25.
4. One subsequent disbursement tested should have been set up as an accounts payable at year-end.
5. Controls over processing cash disbursements were not adequate and expenditures were not compliant with applicable laws and regulations.
  - a. Purchase orders were not issued for goods or services ordered and paid through the fund's account, therefore, claimant certifications and approval signatures are not obtained prior to payment. In addition, disbursements from the fund are not approved before or ratified after payment in the monthly bill lists by the board of education.
  - b. Supporting documentation for disbursements was not adequately maintained, and although provided upon requests was not readily available during the audit.
  - c. Sales tax was paid on one of five disbursements tested. As a political subdivision of the State of New Jersey, the School District is exempt from New Jersey Sales and Use Taxes.

**Effect**

That control over the financial accounts and records is not effective to reduce the likelihood that errors could occur and not be detected in addition to monitoring the financial condition of the fund.

**Cause**

There was a lack of oversight by the responsible personnel and a lack of internal controls over the enterprise fund.

**Recommendation**

That the School District review and implement internal controls of the community education enterprise fund to ensure the accuracy of financial reporting, compliance with applicable laws and regulations, formal monthly cash reconciliations for the community education enterprise fund are prepared timely and adequately assessing the financial condition of the fund.

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

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

**RUTHERFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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***Section 3 - Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse 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).

None.

**RUTHERFORD SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

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

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

None.

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

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

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2019-001**

**Condition**

The financial and accounting records of the community education enterprise fund were not maintained in a satisfactory condition for the fiscal year.

**Current Status**

This condition has not been resolved. See Finding No. 2020-001.

**Planned Corrective Action**

That the School District review and implement internal controls of the community education enterprise fund to ensure the accuracy of financial reporting and compliance with applicable laws and regulations, and that formal monthly cash reconciliations for the community education enterprise fund are prepared timely.

**FEDERAL AWARDS**

No Prior Year Findings.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

No Prior Year Findings.