

EAST RUTHERFORD BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EAST RUTHERFORD, NEW JERSEY

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

East Rutherford Board of Education

East Rutherford, New Jersey

For The Fiscal Year Ended June 30, 2021

Prepared by

Business Office

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EAST RUTHERFORD PUBLIC SCHOOLS

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March 9, 2022

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the East Rutherford Board of Education for the fiscal year ended June 30, 2021.

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

The East Rutherford Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the East Rutherford Board of Education for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the East Rutherford Board of Education's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten through Grade 8. These include both regular and special education programs. The District completed the 2020-2021 school year with an enrollment of 769 students. The following details the changes in the student enrollment of the District over the last several years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	769	-1.00%
2019-2020	773	-3.86%
2018-2019	804	-1.71%
2017-2018	818	0.37%
2016-2017	815	0.74%
2015-2016	809	5.34%
2014-2015	768	3.22%
2013-2014	744	-3.13%
2012-2013	768	-1.41%
2011-2012	779	1.70%
2010-2011	766	8.65%

2. ECONOMIC CONDITION AND OUTLOOK: The economy of East Rutherford employs approximately 5,000 people. The most common jobs held by residents of East Rutherford are Office and Administrative Support Occupation (733), Management Occupations (443), and Sales and Related Occupation (398). The most common employment sectors for those who live in East Rutherford are Health Care & Social Assistance (815), Educational Services (560) and Retail Trade (476). The highest paid jobs held by residents by median earnings, are Health Technologists & Technicians (\$133,299), Community & Social Occupations (\$105,556) and Computer & Mathematical Occupations (\$105,182).

Median household income in East Rutherford, NJ is \$78,429. In 2018 the population of East Rutherford grew from 9,433 to 9,466, a 0.35% increase and its median household income grew from \$77,400 to \$78,429, a 1.33% The income inequality of East Rutherford (measured using the Gini index) is 0.433 which is lower than the national average.

The median property value in East Rutherford was \$389,300 in 2018, which is 1.69 times larger than the national average of \$229,700. Between 2017 and 2018 the median property value increased from \$380,600 to \$389,300, a 2.29% increase. The homeownership rate of East Rutherford is 36.3% which is lower than the national average of 64%. People in East Rutherford have an average commute time of 28 minutes, and they commute by Drove Alone. Car ownership in East Rutherford is approximately the same as the national average, with an average of 2 cars per household.

3. MAJOR INITIATIVES:

NJSLS

Mathematics

During the 2020-2021 school year, at the middle school level, the teachers will continue implementation of the Envision Math series for grades 5-8 and Algebra. At the elementary level, the majority of teachers will continue to use the Go Math series for an additional year while some will pilot the use of the Envision series. The teachers will continue working with the district's Math coaches to increase basic math fact recall amongst students at all grade levels. This initiative, "The Math Fact Challenge," which serves as an internal competition amongst grade levels have been a motivating factor in getting parents, teachers and students buy in, in order to tackle the lack of foundational skills in this subject area.

Teachers will continue to assess their assessments using Webb's Depth of Knowledge and Bloom's Taxonomy in order to ensure that they are aligned with the standards and are reflecting appropriate grade level rigor. Departmental/grade level team meetings will allow for the development of rigorous benchmark assessments aligned to the NJSLS and cross content area lessons. Articulation and coaching sessions will be scheduled to promote further dialogue centered around the use of the mathematics coherence maps, student centered learning and co-teaching. Additionally, teachers will receive professional development in the use of: Intervention Lessons, MathXL and using Reports and Data to inform instruction. Training in the use of the district's newly developed Mathematics curriculum will also become a central focus district wide.

Student achievement data will be analyzed and instruction will be reviewed to meet the needs of all students, but more specifically, our white, black, economically disadvantaged and students with disabilities who did not meet the academic target in the area of Math. As is practiced, students will be screened in order to determine the levels of support they need based on their tier. Those students who meet the criteria will be admitted into our Basic Skills and Intensive programs. Students will receive extra small group instruction in Math during Center time. More students with disabilities will be integrated into the general education setting. The district will continue with its after school academic intervention program district wide. Finally, the district will continue to host parent academies to garner parent involvement as well as to provide useful and meaningful strategies to parents to assist their children at home

NJSLS

Science

The East Rutherford School District will continue to explore ways to enhance the implementation of the NGSS for the 2020-2021 school year. Teachers will continue to receive professional development regarding Grade-band analysis of the Science and Engineering Practices (SEPs). Teachers will learn how to collectively examine the grade 6-8 SEP bands and assign newly introduced middle school SEP "components" to a particular course (s) i.e. assign the component to Science 6, Science 7, and/or Science 8. Analysis of assessments (tests, quizzes, labs, activities, etc.) to ensure NGSS alignment will be a major focus as well.

Teachers K-5 will continue to implement "Mystery Science." Teachers will also utilize "Freckle" to track the progress of their students in this subject area. Professional development will be provided through PRISM. A PRISM coach will be assigned to the elementary school as well as the middle school. The district has allotted substantial dollar amounts to purchase science kits needed for labs. Departmental/grade level team meetings will allow for the development of rigorous benchmark assessments and infusing the ELA and Mathematics standards

NJSLS

ELA

During the 2020-2021 school year, the district will continue to provide instructional coaches in English Language Arts, both at the elementary and middle school level. The instructional coaches will continue working with teachers to revise the curriculum, implement balanced literacy, conduct reading assessments, host lunch and learn sessions as well as conduct demo lessons as requested by teachers. The district hopes to increase additional small group reading instruction for our tier 2 and three students.

Teachers will continue to assess their assessments using Webb's Depth of Knowledge and Bloom's Taxonomy in order to ensure that they are aligned with the standards and are reflecting appropriate grade level rigor. Departmental/grade level team meetings will allow for the development of rigorous benchmark assessments aligned to the NJSLs and cross content area lessons. Articulation and coaching sessions will be scheduled to promote further dialogue centered around: vocabulary development, reading intervention strategies, implementation of the district's newly revised curriculum, student centered learning and co-teaching. Additionally, teachers will receive professional development in the use of: Intervention Lessons, Guided Reading and using Reports and Data to inform instruction.

In addition to the above, the East Rutherford School district will analyze student performance data to determine areas of weakness in order to meet the needs of all students, but more specifically the white, black, economically disadvantaged and students with disabilities subgroups who did not meet the academic target in the area of English Language Arts. At the beginning of September 2020, all students K-4 will be screened and will receive levels of support based on their tier. Those students who meet the criteria will be admitted into our Basic Skills program at the elementary level. Our cusp students will also receive additional reading intervention. At the middle school level, Students with Disabilities will receive an extra period of ELA to target and remediate deficit areas after disaggregating the NJSLA data. The district will continue with its after school academic intervention program district wide. In addition to the after school academic program and the basic skills program, the district is hoping to integrate more special education students into general education classes. The ELA department at the middle school level is seeking to integrate on a wider scale, more culturally diverse reading literature into its curriculum in order to expose students to diversity and hopefully more materials with which Black/African American students can identify. Finally, the district will continue to host parent academies to garner parent involvement as well as to provide useful and meaningful strategies to parents to assist their children with reading and writing at home.

NJSLs Social Studies

Departmental/grade level team meetings will continue to allow for the development of rigorous benchmark assessments aligned to the NJSLs while infusing the ELA standards. Scoring these assessments and analyzing the results will be used to monitor and revise instruction. The library/media center continues to facilitate implementation of the NJSLs. Revisions made to the district's curriculum will be implemented. Project based learning addressing the Holocaust, Genocides, and the Amistad will be incorporated into the curriculum. Document Based Questions will be a central focus in this subject area.

The district will continue to ensure that the Amistad and Holocaust mandates are met across all grade levels. All grade levels participate in Black History Month activities to specifically study the contributions of African Americans throughout our nation. As students move into middle school, there are specific units on slavery and abolition that are addressed in the 6th and 7th grade social studies curricula. With regards to the Holocaust mandate, elementary students gain exposure to the ideas of good citizenship, which includes preventing prejudice and discrimination. This ties in with our social-emotional learning program and our district wide stigma free activities. At the middle school level, students in grade 6 read the *Diary of Anne Frank* and discuss the Holocaust. Students in the 7th grade discuss several sensitive topics, including the Native American removal and genocide. In the 8th grade, honors ELA, students read *Night* by Elie Wiesel. All 8th graders also study the Holocaust in social studies class. The District was able to participate in the Bergen County initiative to develop curriculum centered around diversity and equity. The district will continue to work closely with the South Bergen Jointure Commission and our curriculum consultants to revise our curriculum by adding a disciplinary approach to the new requirement to provide instruction and adapt instructional materials to accurately portray political, economic, and social contributions of person with disabilities, lesbians, gay, bisexual and transgender people.

NJSLs 21st Century Life & Careers

The Career Education program will continue to be offered grades 6 through 8. These students will continue to receive personal finance as a cycle course. The district will also be participating in the TREP\$ program for the 2020-2021 school year. This program focuses primarily on finance and entrepreneurship. Benchmark assessments are administered throughout the duration of the course to ensure that students are meeting standard 9.1. At the elementary level, within the Math curriculum, students are afforded opportunities to work on projects targeting financial literacy. Financial literacy is also embedded in science projects wherein students need to "purchase" materials to conduct experiments. It is also embedded in behavior management systems where students earn "class dollars/money" in order to purchase

rewards at class stores. These activities will continue to be infused into the curriculum moving into the 2020-2021 school year. Professional Development opportunities will be provided through the South Bergen Jointure Commission. The 21st Century Life Standards and Career Ready Practices will continue to be infused into all content areas across all grade levels.

NJSLS

Visual & Performing Arts

The district's curriculum will continue to be revised and updated. Technology will continue to be infused into the visual and performing arts programs. Writing will be encouraged and infused into the visual and performing arts curriculum. With the implementation of "Innovation Time" at the middle school level, students are encouraged to engage in problem-based learning that promotes generalization and real world application of skills learned in visual arts classes. For the 2020-2021 school year, in grades K-4 Dance and Theatre will continue to be infused and taught by homeroom teachers. At the middle school level 5-8, Dance and Theatre will continue to be offered as a cycle.

NJSLS

Health and Physical Education

The integration of the Sanford Harmony Social and Emotional program into the curriculum along with the addition of Dance, and Yoga provides for diversity. Physical education teachers will meet with content area teachers to discuss how content area skills such as English Language Arts and Mathematics can be infused in Health and Physical Education lessons. Revision of lesson plans will be a central focus with the integration of Language Objectives for ESL students. The 150 minutes of CHPE is met and provided on a weekly basis for all grade levels K-8. Brain Power Wellness will continue to work with students by teaching them strategies to assist with focusing and dealing with stress.

NJSLS

World Languages

The World Language K-6 curriculum will continue to be monitored and revised. Additional online materials will be purchased for these classes as needed. The 7th & 8th grade program will lead to the completion of Spanish I and will enable students the opportunity to test into Spanish II in 9th grade. The district will apply for the Teachers of Critical Language Program in order to expand our World Language offering at the middle school for the 2020-2021 school year. The district met success with this program in the 2019-2020 school year and was able to bring a Mandarin teacher on staff to expose our 5th-8th grade students to this subject which is also offered at the high school level.

NJSLS

Technology

During the 2020-2021 school year the District will continue to implement upgrades to Technology as well as ensure that Technology standards continue to be consistently infused into all content areas. Technology continues to be a central focus in East Rutherford. The three (3) year Technology Plan reflects the following:

- Technology will be used to provide opportunities for collaboration with other classes, schools and the global community.
- Provide integrated learning opportunities for students to demonstrate proficiency with productivity tools that include, but are not limited to, email, word processing, spreadsheets, presentations, the creation of digital portfolios and professional documents.
- Incorporate learning opportunities on the ethical uses of technology, cyber-safety, cyber-bullying, and digital citizenship.
- Incorporate project & problem based learning and research skills using digital tools.
- Provide various formats of sustained professional development based on staff and/or curriculum needs for any district initiative, software and devices to support a technology integrated curriculum. Time, follow up, and support are necessary components for success.
- Raise and assess the level of technology integration to improve student academic achievement through rigorous subject-specific, sustained professional development that assists with the correlation of standards (NJSLS, NGSS, ISTE-NETS*/NETS*T).
- Increase the number of devices available to students in grades K-8.
- Deploy a device to each student in grades 7-8.

- Transition all staff to Google Suite for Education for mail and professional documents.
- Add switching, wireless access point, and battery backup capacity where needed.
- Investigate the need for rewiring at McKenzie school.
- Establish a formal process for identification of software and websites that should be whitelisted.
- Replace projectors currently on carts with mounted interactive projectors.
- Purchase software to allow teachers to monitor student's screen.
- Investigate modern firewall/web filtering solutions and replace if deemed necessary.

Maintain Our School System

The 2020-2021 budget fulfills the district's obligation to align itself with the NJ Student Learning Standards and Services mandated by the state of New Jersey. The following will be the priority and major focus district wide for the upcoming school year: conducting curriculum revisions, providing professional development aligned to individual teacher needs through various mediums inclusive of but not limited to the coaching model as well as refining the district's I&R System. The district will continue to offer ongoing professional development via its coaching model. During the 2020-2021 school year the district will continue to refine its I&RS process. The district will continue to hold I&RS meetings with our interdisciplinary teams. Team members along with key stakeholders will continue to develop action plans to meet the behavioral, emotional and academic needs. Teachers will continue to receive training in using universal screening, progress monitoring and other classroom data to inform decisions when developing action plans for students. Money is allocated for professional development and as such, team members will continue to attend I&RS and Tiered systems of support workshops. To further meet the needs of our tier two and tier three students, two reading interventionists per building will be assigned to conduct small groups as well as individualized reading instruction. The district is also seeking to partner with community partners to strengthen our reading program.

Included in the 2020-2021 budget is an allotment of funds to address curriculum needs as well as acquiring more technology to be infused in instruction across all content areas. Currently, the district continues to foster communication with the South Bergen Jointure and the Bergen County Curriculum Consortium to facilitate our immediate needs in our STEM and Robotics Programs. The District's library program includes a media specialist salary of \$74,826, which is in budget line 11-000-222-100-040-00-000 and 11-000-222-100-080-00-000.

Raising Standards and Expanding Opportunities

In order to address the academic advancement of different subgroups within district, (Gender, Economically Disadvantaged, Students w/Disabilities, Hispanic/Latino, Asian, Black/African-American and White), in the areas of Mathematics and ELA across grade levels during the 2020-2021 school year, the district will take the following action steps: Expand upon its co teaching model, continue to improve upon lesson planning by delving further into Webb's Depth of Knowledge in conjunction with Blooms' Taxonomy and increase the rigor of educators' SGOs by showing one-year growth in eight months. Teachers will continue to assess their assessments to ensure that they are aligned with the standards and are reflecting the appropriate rigor. Through a scheduling committee, the district will examine the feedback regarding schedule changes that were implemented in 2019-2020 and what adjustments if any, needs to be done for the 2020-2021 school year. The District will promote student-centered learning by continuing to provide Instructional Coaches in English Language Arts, Mathematics and Science at both the elementary and middle school level. For the 2020-2021 school year, two English Language Arts instructional coaches will be working with the elementary school teachers with a focus on balanced literacy and one at the middle school. An additional special education teacher will be assigned to the elementary school to further expand co-teaching and small group instruction for all students. Implementation of Walk-Throughs will be expanded and a closer look at walk through data to gain further insight on instructional needs of the district. District Administration will continue to implement a program or incentive to address the Chronic Absenteeism at Faust and McKenzie Schools in the following demographic areas; Two or More Races, Economically Disadvantaged Students, & Students w/Disabilities. Finally, as indicated, the budget will provide new formative assessment tools, teaching materials and supplies to support the implementation of the New Jersey Student Learning Standards and NGSS, to promote problem -based learning as well as acquiring more technology to be infused in instruction across all content areas. Current and prior year assessments will be reviewed by grade level to determine strengths and weaknesses. Teachers will be required to develop and integrate cross- content area lessons. The district will assess the implementation of its three-year technology plan. The plan will continue to be a working document with possible revisions throughout the next year.

To increase participation by all subgroups of students in state mandated assessments the district has taken the following action steps:

1. Worked on aggressively increasing staff awareness regarding the importance of the data derived from such assessments. Staff have been exposed to data trends and their implications in instruction and learning. This increase in exposure has led to more teacher buy in regarding the importance of state assessments.
2. Special education staff received training regarding the Essential Elements and the Dynamic Learning Maps. This exposure has afforded these staff members increased opportunities to scaffold instruction within their classrooms.
3. Child study team members have been encouraged to approach conversations with parents in Individualized Education Meetings regarding state testing participation from the perspective of growth mindset. By using this approach, parents will develop a greater understanding of how data derived from these assessments can actually show growth and gains that their child is making relative to their peers.
4. The district has also worked on bringing together like-minded administrators, teachers and board of education members to review our district/school(s) participation rate data and other anecdotal data. This was done through our DEAC, SCIP, PLC and department meetings.
5. Finally, the district has conducted public presentations regarding state assessments, the importance of the data and the district's participation rate.
6. Future action steps by the district will be inclusive of but not limited to, conducting more informational sessions with parents and community members regarding the assessments.
7. The child study team, school counselors and other key stakeholders will continue to target specific subgroups with information regarding accommodations for English Learners and students with disabilities or alternate assessments (Dynamic Learning Maps and ACCESS for ELLs);
8. Conduct a meeting with the Special Education Parent Advisory Group on the NJSLA and DLM and the accommodations and accessibility features available to students during testing.

Building Professionalism

In regards to professional development, the district will be giving high priority to subject areas such as: Science, Visual and Performing Arts, World Languages, and 21st Century Life and Careers in order to be prepared for full implementation September 2021. Additionally, preliminary preparatory work will begin in areas such as Comprehensive Health and Physical Education, Social Studies and Technology in order to meet the implementation deadline of September 2022. Learning coaches will be utilized to facilitate in house professional development. PRISM institute will be utilized to provide in house coaching professional development for our teachers in the area of Science, William Paterson University will be utilized for instructional coaches in Mathematics and English Language Arts. District Administration will continue to provide in house training on our social emotional curriculum for the 2020-2021 school year. The district will continue to expand its offerings for the parent and teacher academies. The mandated teacher evaluation system provides for professional development review and recommendation and finally the SCIP and DEAC Committees continue to meet and discuss professional development opportunities for all staff

Protecting Our Investment

Our five (5) year Security Plan will continue to improve district security which are; maintaining our cameras, possible camera upgrades, door contacts, etc. The East Rutherford Board of Education have been working collaboratively with the East Rutherford Police Department in reviewing our current security plan and started the opening dialogue to address the Active Shooter protocol in continuing to keep our students, staff, and all who visit our schools, safe.

Planning for the Future

During the 2020-2021 school year the District will be moving forward with the plans for renovations and the expansion of District Schools since the passing of our school bond referendum. Logistical plans and educational specs are being developed with the hopes to be completed by 2024.

During the 2020-2021 school year, the District will continue to maintain a safe school environment as it pertains to the McKenzie School Floor Plan due to evidence of mercury. The school district has plans to maintain the gym floor with permanent removal summer 2021.

The District this year has successfully launched its Stigma Free initiative. The district has been progressive in implementing a Gay-Straight Alliance to support lesbian, gay, bisexual, and transgender students. Meetings are currently being held on a monthly basis and will continue to be facilitated by the school counselor where students are provided a safe space to express themselves. The District was able to participate in the county initiative to develop curriculum centered around diversity and equity. The district will continue to work closely with the South Bergen Jointure Commission and our curriculum consultants to revise our curriculum by adding a disciplinary approach to the new requirement to provide instruction and adapt instructional materials to accurately portray political, economic, and social contributions of person with disabilities, lesbians, gay, bisexual and transgender people.

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

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

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

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

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

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

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

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

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

Respectfully submitted,

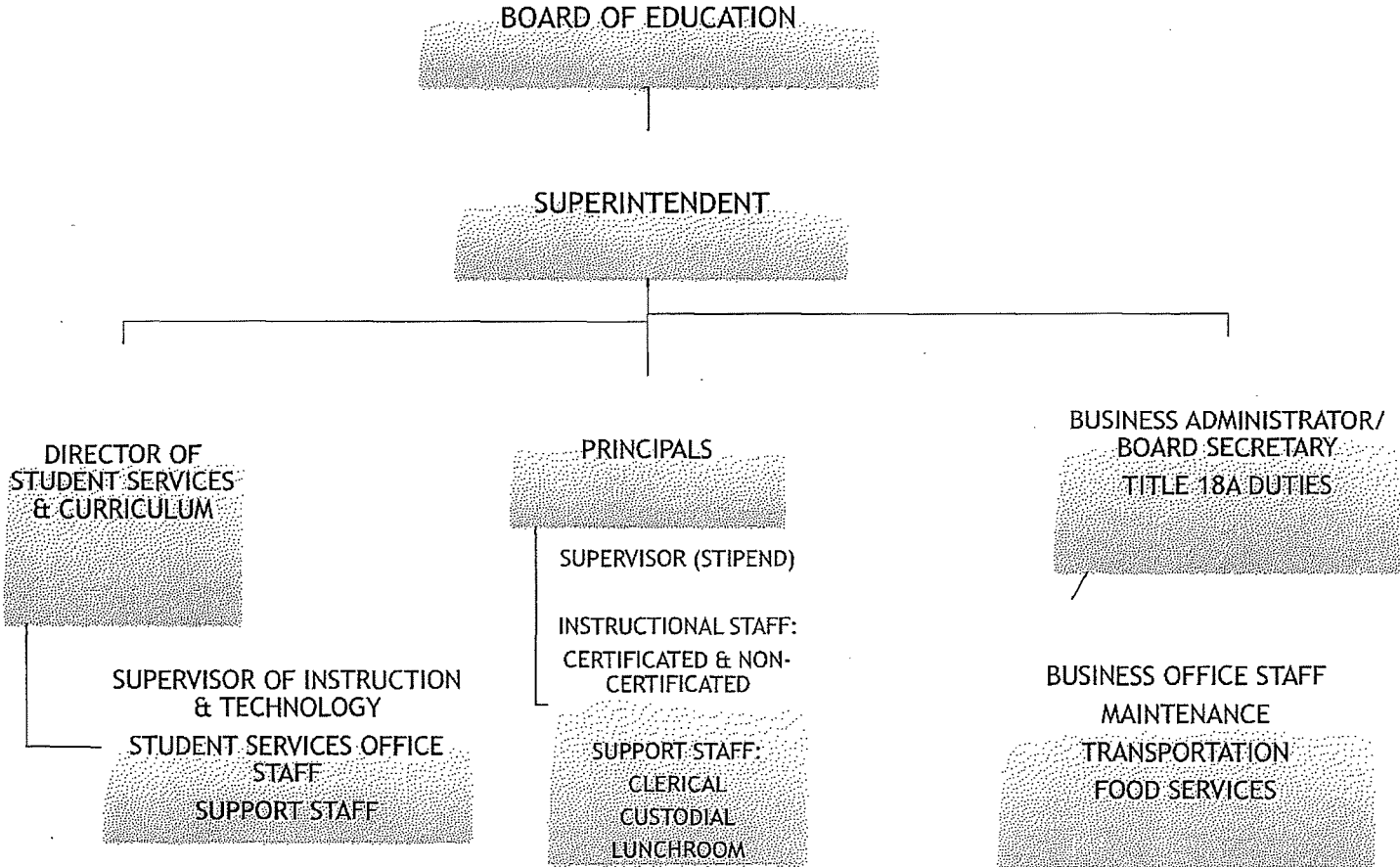


Giovanni A. Giancaspro
Superintendent of Schools



Cameron E. Cox
Business Administrator/Board Secretary

EAST RUTHERFORD BOARD OF EDUCATION
ORGANIZATIONAL CHART
100 UHLAND STREET EAST RUTHERFORD NJ 07073



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

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Debbie Zoller, President	2021
Erin Shemeley, Vice-President	2021
Maria Caruso	2023
Gina Lorusso	2021
Richard Vartan	2023
Antonio Segalini	2021
Orville Drummond	2021

OTHER OFFICIALS

Giovanni A. Giancaspro, Superintendent of Schools

Lameka Augustin, Business Administrator/Board Secretary

Diane Chorazy, Treasurer of School Monies

Thomas Kobin, Esq., Solicitor

EAST RUTHERFORD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

Capital One Bank
Essex Street
Lodi, NJ 07644

ARCHITECT OF RECORD

Di Cara Rubino Architects
30 Galesi Drive
Wayne, NJ 07470

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the East Rutherford Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the East Rutherford Board of Education as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the East Rutherford Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

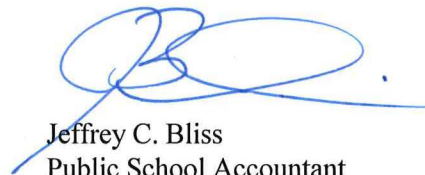
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2022 on our consideration of the East Rutherford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 East Rutherford Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the East Rutherford Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
March 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

***EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021***

The discussion and analysis of the East Rutherford Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$8,438,304 (net position).
- Total School District's net position increased \$3,750,211.
- District-Wide general revenues accounted for \$17,190,300, or 66 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$8,897,547, or 34 percent of total revenues of \$26,087,847.
- Total net position of governmental activities amounted to \$8,034,424 as of June 30, 2021 an increase of \$3,428,166 from the previous year.
- The District had \$22,024,235 in expenses related to governmental activities; only \$8,262,101 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,190,300 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$20,726,871 in revenues and \$19,036,806 in expenditures. The General Fund's fund balance increased \$1,690,065 from the previous year to \$5,357,878 at June 30, 2021.
- The General Fund unassigned budgetary fund balance increased \$337,824 from the previous year to \$657,452 at June 30, 2021.
- The District's total outstanding long-term liabilities decreased by \$850,801 during the current fiscal year.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Using the Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2021?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows/inflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

The District as a Whole

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

EAST RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

The following provides a summary of the District's net position as of June 30, 2021 and 2020.

	Net Position					
	As of June 30, 2021 and 2020					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
ASSETS						
Current Assets	\$ 7,128,338	\$ 3,217,578	\$ 370,815	\$ 59,887	\$ 7,499,153	\$ 3,277,465
Capital Assets	<u>17,891,158</u>	<u>9,033,438</u>	<u>41,746</u>	<u>30,915</u>	<u>17,932,904</u>	<u>9,064,353</u>
Total Assets	<u>25,019,496</u>	<u>12,251,016</u>	<u>412,561</u>	<u>90,802</u>	<u>25,432,057</u>	<u>12,341,818</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amount on Refunding of Debt	6,812	15,786			6,812	15,786
Deferred Amount on Net Pension Liability	<u>564,083</u>	<u>551,676</u>	<u>-</u>	<u>-</u>	<u>564,083</u>	<u>551,676</u>
Total Deferred Outflows of Resources	<u>570,895</u>	<u>567,462</u>	<u>-</u>	<u>-</u>	<u>570,895</u>	<u>567,462</u>
Total Assets and Deferred Outflows of Resources	<u>25,590,391</u>	<u>12,818,478</u>	<u>412,561</u>	<u>90,802</u>	<u>26,002,952</u>	<u>12,909,280</u>
LIABILITIES						
Other Liabilities	10,807,697	632,705	8,639	8,038	10,816,336	640,743
Long-Term Liabilities	<u>5,243,877</u>	<u>6,094,678</u>	<u>-</u>	<u>-</u>	<u>5,243,877</u>	<u>6,094,678</u>
Total Liabilities	<u>16,051,574</u>	<u>6,727,383</u>	<u>8,639</u>	<u>8,038</u>	<u>16,060,213</u>	<u>6,735,421</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Amount on Net Pension Liability	1,504,393	1,484,837			1,504,393	1,484,837
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>42</u>	<u>929</u>	<u>42</u>	<u>929</u>
Total Deferred Inflows of Resources	<u>1,504,393</u>	<u>1,484,837</u>	<u>42</u>	<u>929</u>	<u>1,504,435</u>	<u>1,485,766</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,555,967</u>	<u>8,212,220</u>	<u>8,681</u>	<u>8,967</u>	<u>17,564,648</u>	<u>8,221,187</u>
NET POSITION						
Net Investment in Capital Assets	8,014,367	6,524,828	41,746	30,915	8,056,113	6,555,743
Restricted	2,959,536	2,775,065			2,959,536	2,775,065
Unrestricted	<u>(2,939,479)</u>	<u>(4,693,635)</u>	<u>362,134</u>	<u>50,920</u>	<u>(2,577,345)</u>	<u>(4,642,715)</u>
Total Net Position	<u>\$ 8,034,424</u>	<u>\$ 4,606,258</u>	<u>\$ 403,880</u>	<u>\$ 81,835</u>	<u>\$ 8,438,304</u>	<u>\$ 4,688,093</u>

The District's combined net position was \$8,438,304 and \$4,688,093 at June 30, 2021 and 2020, respectively. This was an increase of \$3,750,211 or 80 percent from the prior year. The increase is mainly attributable to an increase in the District's operating and capital grants and contributions earned for the current fiscal year.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The following schedule shows changes in net position for fiscal years ended June 30, 2021 and 2020.

Change in Net Position
for the Fiscal Years Ended June 30, 2021 and 2020

Revenues	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program Revenues						
Charges for Services	\$ 77,308	\$ 222,987	\$ 10,877	\$ 84,767	\$ 88,185	\$ 307,754
Operating Grants and Contributions	7,049,745	5,117,421	624,569	130,845	7,674,314	5,248,266
Capital Grants and Contributions	1,135,048				1,135,048	-
General Revenues						
Property Taxes	17,144,615	16,833,546			17,144,615	16,833,546
Other	45,685	75,088	-	-	45,685	75,088
Total Revenues	<u>25,452,401</u>	<u>22,249,042</u>	<u>635,446</u>	<u>215,612</u>	<u>26,087,847</u>	<u>22,464,654</u>
Expenses						
Instruction						
Regular	9,846,176	9,725,101			9,846,176	9,725,101
Special Education	3,666,402	3,664,533			3,666,402	3,664,533
Other Instruction	947,571	764,007			947,571	764,007
School Sponsored Activities and Athletics	35,645	59,031			35,645	59,031
Support Services						
Student and Instruction Related Services	2,892,696	2,571,643			2,892,696	2,571,643
General Administration Services	808,905	695,506			808,905	695,506
School Administration Services	899,588	784,386			899,588	784,386
Central and Other Support Services	676,564	628,768			676,564	628,768
Plant Operations and Maintenance	1,854,800	1,342,968			1,854,800	1,342,968
Pupil Transportation	274,410	360,496			274,410	360,496
Interest on Long Term Debt	121,478	79,385			121,478	79,385
Food Service	-	-	313,401	215,926	313,401	215,926
Total Expenses	<u>22,024,235</u>	<u>20,675,824</u>	<u>313,401</u>	<u>215,926</u>	<u>22,337,636</u>	<u>20,891,750</u>
Increase (Decrease) in Net Position	3,428,166	1,573,218	322,045	(314)	3,750,211	1,572,904
Beginning of Year, Net Position	4,606,258	1,699,562	81,835	109,478	4,688,093	1,809,040
Prior Period Adjustments	-	1,333,478	-	(27,329)	-	1,306,149
Ending of Year, Net Position	<u>\$ 8,034,424</u>	<u>\$ 4,606,258</u>	<u>\$ 403,880</u>	<u>\$ 81,835</u>	<u>\$ 8,438,304</u>	<u>\$ 4,688,093</u>

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Governmental Activities

The District's total revenues were \$25,452,401 and \$22,249,042 for the fiscal years ended June 30, 2021 and 2020, respectively. Property taxes made up 67 percent and 76 percent of revenues for governmental activities for the East Rutherford Board of Education for fiscal years ended June 30, 2021 and 2020, respectively. Federal, state and local grants and contributions of \$8,184,793 and \$5,117,421 accounted for another 32 percent and 23 percent of revenues for the fiscal years ended June 30, 2021 and 2020, respectively. The increase in federal, state and local grants and contributions for the current year is largely due to the increase in on-behalf contributions for TPAF pension and post-retirement medical benefits and the donation of property by the Borough to the school district during the current fiscal year.

The total cost of all programs and services was \$22,024,235 and \$20,675,824 for the fiscal years ended June 30, 2021 and 2020, respectively. The increase in expenses for the current year is also due to the increase in on-behalf TPAF pension contribution expenses and on-behalf OPEB post-retirement expenses reported for the District. Instruction comprises 66 percent and 69 percent of governmental program expenses for the fiscal years ended June 30, 2021 and 2020, respectively. Support services expenses make up 34 percent and 31 percent of governmental expenses for the fiscal years ended June 30, 2020 and 2021, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants and contributions offsetting those services. The schedule below shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

Total and Net Cost of Services
for the Fiscal Years Ended June 30, 2021 and 2020

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction				
Regular	\$ 9,846,176	\$ 9,725,101	\$ 6,658,424	\$ 7,193,720
Special Education	3,666,402	3,664,533	1,993,049	2,240,294
Other Instruction	947,571	764,007	596,728	566,542
School Sponsored Activities and Athletics	35,645	59,031	18,794	44,425
Support Services				
Student and Instruction Related Services	2,892,696	2,571,643	2,027,263	2,012,977
General Administration Services	808,905	695,506	648,620	582,207
School Administration Services	899,588	784,386	671,315	646,656
Central and Other Support Services	676,564	628,768	559,676	569,188
Plant Operations and Maintenance	1,854,800	1,342,968	348,544	1,174,229
Pupil Transportation	274,410	360,496	118,243	225,793
Interest on Long Term Debt	121,478	79,385	121,478	79,385
Total	<u>\$ 22,024,235</u>	<u>\$ 20,675,824</u>	<u>\$ 13,762,134</u>	<u>\$ 15,335,416</u>

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

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$635,446 and \$215,612 compared to expenses of \$313,401 and \$215,926 in the fiscal years ended June 30, 2021 and 2020, respectively. Of the revenues, \$10,877 and \$84,767 were charges for services paid by patrons for daily food served, \$624,569 and \$130,845 were from State and Federal reimbursements for the fiscal years ended June 30, 2021 and 2020, respectively.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$22,362,810 and \$21,179,443 and expenditures were \$28,583,940 and \$20,846,845 for the fiscal years ended June 30, 2021 and 2020, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2021 and 2020.

<u>Revenue</u>	<u>Fiscal Year</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2021</u>	<u>2020</u>		
Local Sources	\$ 17,275,902	\$ 17,131,710	\$ 144,192	1%
State Sources	4,137,009	3,606,202	530,807	15%
Federal Sources	<u>949,899</u>	<u>441,531</u>	<u>508,368</u>	115%
Total	<u>\$ 22,362,810</u>	<u>\$ 21,179,443</u>	<u>\$ 1,183,367</u>	6%

For fiscal year 2021 total governmental revenues increased \$1,183,367 or 6% from the previous year. The increase in local sources of \$144,192 or 1% was attributable to an increase in property taxes to support increases in budgeted operating costs. As indicated state sources increased \$530,807, or 15%, mainly due to an increase in on-behalf pension contributions made by the State for the District's professional teaching staff. The increase in federal sources of \$508,368, or 115%, was a result of increased grant funds earned from the CARES Act and ESSER II grant programs.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2021 and 2020.

<u>Expenditure</u>	<u>Fiscal Year</u> <u>Year Ended</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2021</u>	<u>2020</u>		
Current				
Instruction	\$ 12,981,140	\$ 12,735,777	\$ 245,363	2%
Support Services	6,427,974	6,173,726	254,248	4%
Debt Service	777,063	788,437	(11,374)	-1%
Capital Outlay	<u>8,397,763</u>	<u>1,148,905</u>	<u>7,248,858</u>	631%
Total	<u>\$ 28,583,940</u>	<u>\$ 20,846,845</u>	<u>\$ 7,737,095</u>	37%

For fiscal year 2021, total governmental funds expenditures increased \$7,737,095, or 37%. Increases in instruction costs were mainly attributable to regular education programs and increases in support services costs were attributable to student and instruction related services, as well as plant operation and maintenance costs. Capital outlay increased significantly as a result of additional activity related to the 2020 School Bond Referendum while debt service remained relatively unchanged from the prior year.

Of the governmental funds, the General Fund had \$20,726,871 in revenues (predominately property taxes) and \$19,036,806 in expenditures. As a result, the General Fund's fund balance increased \$1,690,065 from \$3,667,813 at June 30, 2020 to \$5,357,878 at June 30, 2021.

General Fund Budgetary Highlights

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

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

For the fiscal year 2021 General Fund budgetary revenues and other financing sources were more than budgetary expenditures increasing budgetary fund balance \$1,749,632. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$337,824 from an unassigned fund balance of \$319,678 at June 30, 2020 to \$657,452 at June 30, 2021. Conversely, restricted fund balance for capital reserve increased \$141,637 from \$2,023,189 at June 30, 2020 to \$2,164,826 at June 30, 2021 while maintenance reserve remained the same balance of \$740,082 at June 30, 2020 to June 30, 2021. In addition, the District ended the year with restricted excess surplus of \$975,000 at June 30, 2021 and increase of \$600,000 from the previous year.

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Capital Assets

At the end of fiscal years 2021 and 2020, the District had \$17,891,158 and \$9,033,438 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. For 2020-2021 depreciation expenses for governmental activities was \$365,043 and for business-type activities was \$3,769. The following schedule is a comparison of capital assets net of depreciation at June 30, 2021 and 2020.

Capital Assets, Net of Depreciation
As of June 30, 2021 and 2020

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,809,211	\$ 984,211		
Construction in Progress	9,676,260	1,377,515		
Site Improvements	37,171	40,966		
Building and Building Improvements	5,977,384	6,280,465		
Machinery and Equipment	<u>391,132</u>	<u>350,281</u>	\$ 41,746	\$ 30,915
 Total	 <u>\$ 17,891,158</u>	 <u>\$ 9,033,438</u>	 <u>\$ 41,746</u>	 <u>\$ 30,915</u>

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

Long-Term Liabilities

At June 30, 2021 and 2020, the District had \$5,243,877 and \$6,094,678 of long-term liabilities, respectively. Of this amount, \$1,881,781 and \$2,524,396 is for bonds payable for school construction, \$163,758 and \$228,804 is for lease-purchase agreements, \$57,173 and \$62,214 is for compensated absences and \$3,141,165 and \$3,279,264 is for the District's net pension liability at June 30, 2021 and 2020, respectively. For fiscal year 2021 total outstanding long-term liabilities decreased by \$850,801 from the prior year.

Long-Term Liabilities
As of June 30, 2021 and 2020

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Serial Bonds Payable (including premium)	\$ 1,881,781	\$ 2,524,396
Lease-Purchase Agreements	163,758	228,804
Compensated Absences	57,173	62,214
Net Pension Liability	<u>3,141,165</u>	<u>3,279,264</u>
 Total	 <u>\$ 5,243,877</u>	 <u>\$ 6,094,678</u>

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

EAST RUTHERFORD BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

For the Future

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

East Rutherford Board of Education's budget for 2021-2022 was approved by the Board in April of 2021. Budgeted expenditures in the General Fund decreased 1% to \$18,700,647 for fiscal year 2021-2022. The decrease was the direct result of the reduction of \$1,000,000 in budgeted capital outlay appropriations in the 2021-2022 budget which was funded from capital reserve in the prior year.

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,649,657	\$ 304,203	\$ 6,953,860
Receivables	478,681	62,761	541,442
Inventory		3,851	3,851
Capital Assets Not Being Depreciated	11,485,471		11,485,471
Capital Assets Being Depreciated, Net	<u>6,405,687</u>	<u>41,746</u>	<u>6,447,433</u>
Total Assets	<u>25,019,496</u>	<u>412,561</u>	<u>25,432,057</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	6,812		6,812
Deferred Amount on Net Pension Liability	<u>564,083</u>		<u>564,083</u>
Total Deferred Outflows of Resources	<u>570,895</u>		<u>570,895</u>
Total Assets and Deferred Outflows of Resources	<u>25,590,391</u>	<u>412,561</u>	<u>26,002,952</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,674,303	1,473	2,675,776
Bond Anticipation Note Payable	8,001,822		8,001,822
Accrued Interest Payable	120,201		120,201
Unearned Revenue	11,371	7,166	18,537
Noncurrent Liabilities			
Due Within One Year	724,225		724,225
Due Beyond One Year	<u>4,519,652</u>		<u>4,519,652</u>
Total Liabilities	<u>16,051,574</u>	<u>8,639</u>	<u>16,060,213</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		42	42
Deferred Amount on Net Pension Liability	<u>1,504,393</u>		<u>1,504,393</u>
Total Deferred Inflows of Resources	<u>1,504,393</u>	<u>42</u>	<u>1,504,435</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,555,967</u>	<u>8,681</u>	<u>17,564,648</u>
NET POSITION			
Net Investment in Capital Assets	8,014,367	41,746	8,056,113
Restricted for:			
Capital Projects	2,164,826		2,164,826
Plant Maintenance	740,082		740,082
Other Purposes	54,628		54,628
Unrestricted	<u>(2,939,479)</u>	<u>362,134</u>	<u>(2,577,345)</u>
Total Net Position	<u>\$ 8,034,424</u>	<u>\$ 403,880</u>	<u>\$ 8,438,304</u>

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

**EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 9,846,176	\$ 63,440	\$ 3,124,312		\$ (6,658,424)		\$ (6,658,424)
Special Education	3,666,402		1,673,353		(1,993,049)		(1,993,049)
Other Instruction	947,571		350,843		(596,728)		(596,728)
School Sponsored Activities and Athletics	35,645	118	16,733		(18,794)		(18,794)
Support Services							
Student and Instruction Related Svcs.	2,892,696		865,433		(2,027,263)		(2,027,263)
General Administrative Services	808,905		160,285		(648,620)		(648,620)
School Administrative Services	899,588		228,273		(671,315)		(671,315)
Central and Other Support Services	676,564		116,888		(559,676)		(559,676)
Plant Operations and Maintenance	1,854,800	13,750	357,458	\$ 1,135,048	(348,544)		(348,544)
Pupil Transportation	274,410		156,167		(118,243)		(118,243)
Interest on Long-Term Debt	121,478				(121,478)		(121,478)
Total Governmental Activities	<u>22,024,235</u>	<u>77,308</u>	<u>7,049,745</u>	<u>1,135,048</u>	<u>(13,762,134)</u>	<u>-</u>	<u>(13,762,134)</u>
Business-Type Activities							
Food Service	<u>313,401</u>	<u>10,877</u>	<u>624,569</u>	<u>-</u>	<u>-</u>	<u>\$ 322,045</u>	<u>322,045</u>
Total Business-Type Activities	<u>313,401</u>	<u>10,877</u>	<u>624,569</u>	<u>-</u>	<u>-</u>	<u>322,045</u>	<u>322,045</u>
Total Primary Government	<u>\$ 22,337,636</u>	<u>\$ 88,185</u>	<u>\$ 7,674,314</u>	<u>\$ 1,135,048</u>	<u>(13,762,134)</u>	<u>322,045</u>	<u>(13,440,089)</u>
General Revenues:							
Property Taxes, Levied for General Purposes, Net					16,444,637		16,444,637
Property Taxes Levied for Debt Service, Net					699,978		699,978
Miscellaneous Income					45,685		45,685
Total General Revenues					<u>17,190,300</u>	<u>-</u>	<u>17,190,300</u>
Change in Net Position					3,428,166	322,045	3,750,211
Net Position, Beginning of Year, (Restated)					<u>4,606,258</u>	<u>81,835</u>	<u>4,688,093</u>
Net Position, End of Year					<u>\$ 8,034,424</u>	<u>\$ 403,880</u>	<u>\$ 8,438,304</u>

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

FUND FINANCIAL STATEMENTS

**EAST RUTHERFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,196,229	\$ 10,899	\$ 1,398,800	\$ 43,729	\$ 6,649,657
Receivables:					
Receivables from Other Governments	28,887	434,117			463,004
Other	13,750	1,927			15,677
Due from Other Funds	400,902				400,902
Total Assets	<u>\$ 5,639,768</u>	<u>\$ 446,943</u>	<u>\$ 1,398,800</u>	<u>\$ 43,729</u>	<u>\$ 7,529,240</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 258,902	\$ 28,001	\$ 1,657,582		\$ 1,944,485
Accrued Salaries and Wages	2,099				2,099
Payroll Deductions and Withholdings Payable	16,659				16,659
Bond Anticipation Note Payable			8,000,000		8,000,000
Due to Other Funds		400,902			400,902
Deposits Payable			711,060		711,060
Unearned Revenue	4,230	7,141			11,371
Total Liabilities	<u>281,890</u>	<u>436,044</u>	<u>10,368,642</u>	<u>-</u>	<u>11,086,576</u>
Fund Balances					
Restricted					
Capital Reserve	2,164,826				2,164,826
Maintenance Reserve	418,282				418,282
Maintenance Reserve - Designated for Subsequent Year's Expenditures	321,800				321,800
Excess Surplus	600,000				600,000
Excess Surplus - Designated for Subsequent Year's Expenditures	375,000				375,000
Student Activities		10,899			10,899
Debt Service				\$ 43,729	43,729
Committed					
Year End Encumbrances	1,005,174				1,005,174
Assigned					
Year End Encumbrances	55,135				55,135
Unassigned	417,661		(8,969,842)		(8,552,181)
Total Fund Balances (Deficits)	<u>5,357,878</u>	<u>10,899</u>	<u>(8,969,842)</u>	<u>43,729</u>	<u>(3,557,336)</u>
Total Liabilities and Fund Balances	<u>\$ 5,639,768</u>	<u>\$ 446,943</u>	<u>\$ 1,398,800</u>	<u>\$ 43,729</u>	<u>\$ 7,529,240</u>

**EAST RUTHERFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

Total Fund Balances (Exhibit B-1)		\$ (3,557,336)
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$24,640,234 and the accumulated depreciation is \$6,749,076.</p>		17,891,158
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		6,812
<p>Amounts resulting from the issuance of capital note premiums on the statement of net position and amortized over the life of the debt.</p>		(1,822)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 564,083	
Deferred Inflows of Resources	<u>(1,504,393)</u>	(940,310)
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(120,201)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These items are as follows:</p>		
Bonds Payable, Net	(1,881,781)	
Lease-Purchase Agreements	(163,758)	
Compensated Absences Payable	(57,173)	
Net Pension Liability	<u>(3,141,165)</u>	<u>(5,243,877)</u>
Net position of governmental activities (Exhibit A-1)		<u><u>\$ 8,034,424</u></u>

EAST RUTHERFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,444,637			\$ 699,978	\$ 17,144,615
Tuition	63,440				63,440
Interest Earned	15,142				15,142
Rents	13,750				13,750
Miscellaneous	30,543	\$ 8,412			38,955
Total - Local Sources	16,567,512	8,412	-	699,978	17,275,902
State Sources	4,137,009				4,137,009
Federal Sources	22,350	927,549			949,899
Total Revenues	20,726,871	935,961	-	699,978	22,362,810
EXPENDITURES					
Current					
Instruction					
Regular Instruction	8,726,224	67,287			8,793,511
Special Education Instruction	3,084,325	222,159			3,306,484
Other Instruction	781,159	70,082			851,241
School Sponsored Activities and Athletics	28,894	1,010			29,904
Support Services					
Student and Instruction Related Services	2,445,272	143,482			2,588,754
General Administrative Services	749,513				749,513
School Administrative Services	799,015				799,015
Central and Other Support Services	615,394				615,394
Plant Operations and Maintenance	1,326,328	122,785			1,449,113
Pupil Transportation	226,185				226,185
Debt Service					
Principal	65,046			635,000	700,046
Interest	12,039			64,978	77,017
Capital Outlay	177,412	310,048	\$ 7,910,303		8,397,763
Total Expenditures	19,036,806	936,853	7,910,303	699,978	28,583,940
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,690,065	(892)	(7,910,303)	-	(6,221,130)
Other Financing Sources (Uses)					
Premium on Note Proceeds			43,726		43,726
Transfers In				43,726	43,726
Transfers Out			(43,726)		(43,726)
Total Other Financing Sources (Uses)	-	-	-	43,726	43,726
Net Change in Fund Balance	1,690,065	(892)	(7,910,303)	43,726	(6,177,404)
Fund Balance, Beginning of Year, (Restated)	3,667,813	11,791	(1,059,539)	3	2,620,068
Fund Balance (Deficit), End of Year	\$ 5,357,878	\$ 10,899	\$ (8,969,842)	\$ 43,729	\$ (3,557,336)

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

**EAST RUTHERFORD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (6,177,404)

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

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

Capital Outlay	\$ 8,397,763	
Depreciation Expense	<u>(365,043)</u>	
		8,032,720

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

Donation of Capital Assets		825,000
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In the statement of activities, certain transactions related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, these items are reported upon issuance of the debt. This amount represents the current year amortization of the deferred items related to the issuance of long term debt in previous years.

Premium on Note Proceeds	(43,726)	
Original Issue Premium - Bonds	7,615	
Original Issue Premium - Notes	41,904	
Deferred Amount on Refunding of Debt	<u>(8,974)</u>	
		(3,181)

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

Decrease in Compensated Absences	5,041	
Decrease in Pension Expense	<u>130,950</u>	
		135,991

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

Principal Repayments		
Bonds Paid	635,000	
Lease-Purchases Paid	<u>65,046</u>	
		700,046

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

Increase in accrued interest		<u>(85,006)</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 3,428,166**

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	Business-Type Activities Enterprise Funds <hr/> Food Service <hr/>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 304,203
Intergovernmental Receivable	61,463
Other Accounts Receivable	1,298
Inventories	3,851
	<hr/>
Total Current Assets	370,815
	<hr/>
Capital Assets	
Machinery and Equipment	105,530
Less: Accumulated Depreciation	(63,784)
	<hr/>
Total Capital Assets, Net of Accumulated Depreciation	41,746
	<hr/>
Total Assets	412,561
	<hr/>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,473
Unearned Revenue	7,166
	<hr/>
Total Current Liabilities	8,639
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	42
	<hr/>
Total Deferred Inflows of Resources	42
	<hr/>
Total Liabilities and Deferred Inflows of Resources	8,681
	<hr/>
NET POSITION	
Investment in Capital Assets	41,746
Unrestricted	362,134
	<hr/>
Total Net Position	\$ 403,880
	<hr/> <hr/>

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Fund Food Service
Operating Revenues	
Daily Sales - Reimbursable Programs	\$ 10,870
Daily Sales - Non-Reimbursable Programs	<u>7</u>
Total Operating Revenues	<u>10,877</u>
Operating Expenses	
Cost of Sales - Reimbursable Programs	191,949
Salaries and Benefits	83,693
Other Purchased Services	11,720
Management Fee	15,600
Miscellaneous Expenditures	6,670
Depreciation	<u>3,769</u>
Total Operating Expenses	<u>313,401</u>
Operating Loss	<u>(302,524)</u>
Nonoperating Revenues	
State Sources	
School Lunch Program	18,433
Federal Sources	
National School Breakfast Program	216,180
National School Lunch Program	342,445
Emergency Operational Cost Program	17,466
Administrative Cost Program for Pandemic EBT	614
Food Distribution Program	<u>29,431</u>
Total Nonoperating Revenues	<u>624,569</u>
Change in Net Position	322,045
Net Position, Beginning of Year, (Restated)	<u>81,835</u>
Net Position, End of Year	<u><u>\$ 403,880</u></u>

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

**EAST RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 10,843
Cash Payments for Employees Salaries and Benefits	(83,693)
Cash Payments to Suppliers	(194,815)
Net Cash Used for Operating Activities	(267,665)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Received from State and Federal Reimbursements	538,066
Net Cash Provided By Non-Capital Financing Activities	538,066
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(14,600)
Net Cash Used for Capital and Related Financing Activities	(14,600)
Net Increase in Cash and Cash Equivalents	255,801
Cash and Cash Equivalents—Beginning of Year	48,402
Cash and Cash Equivalents—End of Year	\$ 304,203
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (302,524)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities	
Depreciation	3,769
Non-Cash Federal Assistance - Food Distribution Program	29,431
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase) Decrease in Other Accounts Receivable	838
(Increase) Decrease in Inventories	1,107
Increase (Decrease) in Accounts Payable	1,473
Increase (Decrease) in Unearned Revenue	(872)
Increase (Decrease) in Deferred Commodities Revenue	(887)
Total Adjustments	34,859
Net Cash Used For Operating Activities	\$ (267,665)
Non-Cash Financing Activities	
Value Received - Food Distribution Program	\$ 28,544

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

NOTES TO THE FINANCIAL STATEMENTS

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The East Rutherford Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade eight (8) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

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

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB 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 established 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.

EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

Fund Financial Statements (Continued)

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

5. Deferred Outflows/Inflows of Resources

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

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

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that was appropriated in the 2021/2022 original budget certified for taxes.

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

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

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2019/2020 and 2020/2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$856,251. The increase was funded by additional grant awards, student activity revenues and the reappropriation of prior year general fund encumbrances. The District also appropriated unassigned fund balance to replace the reduction in budgeted state aid.

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

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned 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 which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay			
Equipment			
Grade 6-8	\$23,856	\$42,687	\$18,831

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$8,969,842 in the Capital Projects Fund as of June 30, 2021. This deficit is the result of the Board incurring expenditures for the 2020 bond referendum prior to the sale of school bonds which were approved by the voters for an amount of \$35,553,000 but were unissued at year end. As the Board permanently finances these appropriations, the District will realize as other financing sources the proceeds of the bond financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

D. Capital Reserve

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$ 2,023,189
Increased by:		
Return of Unexpended		
Budget Appropriations Funded from Reserve	\$ 15,157	
Deposits Approved by Board Resolution	<u>1,126,480</u>	
Total Increases		<u>1,141,637</u>
		3,164,826
Decreased by:		
Approved in District Budget	<u>1,000,000</u>	
Total Decreases		<u>1,000,000</u>
Balance, June 30, 2021		<u>\$ 2,164,826</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

E. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$ 740,082
Increased by:		
Deposits Approved by Board Resolution	<u>75,000</u>	
		815,082
Decreased by:		
Approved by Board Resolution	<u>75,000</u>	
Balance, June 30, 2021		<u>\$ 740,082</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$740,082. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$321,800 of the maintenance reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is 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 fund balance in excess of 4% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2021 is \$975,000. Of this amount \$375,000 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining \$600,000 will be appropriated in the 2022/2023 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$6,953,860 and bank and brokerage firm balances of the Board’s deposits amounted to \$7,075,647. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>7,075,647</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board’s bank balances were exposed to custodial credit risk.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2021 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 434,117	\$ 57,448	\$ 491,565
State	\$ 28,887		4,015	32,902
Accounts	13,750	1,927	1,298	16,975
Gross Receivables	42,637	436,044	62,761	541,442
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 42,637</u>	<u>\$ 436,044</u>	<u>\$ 62,761</u>	<u>\$ 541,442</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Prepaid Tuition Revenue	\$	4,230
Special Revenue Fund		
Unencumbered Grant Draw Downs		<u>7,141</u>
 Total Unearned Revenue for Governmental Funds	\$	<u><u>11,371</u></u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance, June 30, 2020 (Restated)	Increases	Decreases	Balance, June 30, 2021
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 984,211	\$ 825,000		\$ 1,809,211
Construction in Progress	<u>1,377,515</u>	<u>8,298,745</u>	<u>-</u>	<u>9,676,260</u>
Total Capital Assets, Not Being Depreciated	<u>2,361,726</u>	<u>9,123,745</u>	<u>-</u>	<u>11,485,471</u>
Capital Assets, Being Depreciated:				
Site Improvements	262,083			262,083
Buildings and Building Improvements	11,725,660			11,725,660
Machinery and equipment	<u>1,068,002</u>	<u>99,018</u>	<u>-</u>	<u>1,167,020</u>
Total Capital Assets Being Depreciated	<u>13,055,745</u>	<u>99,018</u>	<u>-</u>	<u>13,154,763</u>
Less Accumulated Depreciation for:				
Site Improvements	(221,117)	(3,795)		(224,912)
Buildings and Building Improvements	(5,445,195)	(303,081)		(5,748,276)
Machinery and Equipment	<u>(717,721)</u>	<u>(58,167)</u>	<u>-</u>	<u>(775,888)</u>
Total Accumulated Depreciation	<u>(6,384,033)</u>	<u>(365,043)</u>	<u>-</u>	<u>(6,749,076)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,671,712</u>	<u>(266,025)</u>	<u>-</u>	<u>6,405,687</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,033,438</u>	<u>\$ 8,857,720</u>	<u>\$ -</u>	<u>\$ 17,891,158</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, June 30, 2020 (Restated)	Increases	Decreases	Balance, June 30, 2021
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 90,930	\$ 14,600	-	\$ 105,530
Total Capital Assets Being Depreciated	<u>90,930</u>	<u>14,600</u>	<u>-</u>	<u>105,530</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(60,015)	(3,769)	-	(63,784)
Total Accumulated Depreciation	<u>(60,015)</u>	<u>(3,769)</u>	<u>-</u>	<u>(63,784)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,915</u>	<u>10,831</u>	<u>-</u>	<u>41,746</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,915</u>	<u>\$ 10,831</u>	<u>\$ -</u>	<u>\$ 41,746</u>

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

Governmental Activities:

Instruction	
Regular	\$ 3,795
Total Instruction	<u>3,795</u>
Support Services	
Student and Instruction Related Services	23,014
General Administration	3,825
School Administration	2,997
Plant Operations And Maintenance	305,834
Pupil Transportation	<u>25,578</u>
Total Support Services	<u>361,248</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 365,043</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 3,769</u>

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2021:

<u>Project</u>	<u>Remaining Commitments</u>
Various Renovations and Upgrades to Faust and McKenzie Schools	\$ 22,655,488
Gymnasium Floor Replacement at McKenzie School	877,000
54-Passenger School Bus	<u>108,774</u>
	<u>\$ 23,641,262</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 400,902</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>
	Debt Service
	<u>Fund</u>
<u>Transfer Out:</u>	
Capital Projects Fund	\$ <u>43,726</u>
	<u>\$ 43,726</u>

The above transfers are the result of other financing sources received in one fund to finance expenditures in another fund.

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$14,580. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2022	\$ 14,580
2023	14,580
2024	<u>10,935</u>
Total	<u>\$ 40,095</u>

Lease Purchase Agreement

The District is leasing computer equipment (supplies) totaling \$305,889 under a lease purchase agreement. The lease is for a term of 4 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2022	\$ 77,085
2023	77,085
2024	<u>24,594</u>
Total minimum lease payments	178,764
Less: amount representing interest	<u>(15,006)</u>
Present value of minimum lease payments	<u>\$ 163,758</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2021 are comprised of the following issues:

\$4,575,000, 2010 Refunding Bonds, with a final installment of \$455,000 due July 15, 2021 with interest at 4.08%	\$ 455,000
\$2,491,000, 2012 School Bonds, due in annual installments of \$190,000 to \$210,000 through July 15, 2027 interest at 2.00% to 2.75%	<u>1,421,000</u>
	<u>\$ 1,876,000</u>

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

Governmental Activities:

Fiscal Year Ending	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
June 30,			
2022	\$ 645,000	\$ 41,990	\$ 686,990
2023	200,000	28,565	228,565
2024	200,000	24,065	224,065
2025	205,000	19,253	224,253
2026	210,000	14,065	224,065
2027-2028	<u>416,000</u>	<u>11,385</u>	<u>427,385</u>
	<u>\$ 1,876,000</u>	<u>\$ 139,323</u>	<u>\$ 2,015,323</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 73,101,319
Less: Net Debt Issued and Authorized Not Issued	<u>37,429,000</u>
Remaining Borrowing Power	<u>\$ 35,672,319</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 2,511,000		\$ 635,000	\$ 1,876,000	\$ 645,000
Add: Premium on Bonds	13,396	-	7,615	5,781	5,781
Bonds Payable, Net	2,524,396	-	642,615	1,881,781	650,781
Lease-Purchase Agreements	228,804		65,046	163,758	68,444
Compensated Absences	62,214	\$ 619	5,660	57,173	5,000
Net Pension Liability	3,279,264	-	138,099	3,141,165	-
Governmental Activity Long-Term Liabilities	<u>\$ 6,094,678</u>	<u>\$ 619</u>	<u>\$ 851,420</u>	<u>\$ 5,243,877</u>	<u>\$ 724,225</u>

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

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2021 was as follows:

Bond Anticipation Notes/Grant Anticipation Notes/Loans Payable

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance the 2020 Referendum Capital Projects. The Board's short-term debt activity for the fiscal year ended June 30, 2021 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2021</u>
2020 Referendum Projects	1.25%	7/15/2021		\$ 8,000,000		\$ 8,000,000
Add: Premium on Note			-	43,726	41,904	1,822
			<u>\$ -</u>	<u>\$ 8,043,726</u>	<u>\$ 41,904</u>	<u>\$ 8,001,822</u>

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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 represent 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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2021.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 210,719	\$ 2,044,030	\$ 22,607
2020	177,027	1,542,948	20,823
2019	184,546	1,411,395	13,252

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0, \$342 and \$316, respectively for PERS and the State contributed \$1,048, \$1,091 and \$1,451, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$580,619 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$3,141,165 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District's proportionate share was .01926 percent, which was an increase of .00106 percent from its proportionate share measured as of June 30, 2019 of .01820 percent.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$79,769 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 57,195	\$ 11,109
Changes of Assumptions	101,903	1,315,235
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	107,368	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>297,617</u>	<u>178,049</u>
Total	<u>\$ 564,083</u>	<u>\$ 1,504,393</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (406,619)
2023	(328,950)
2024	(146,609)
2025	(46,373)
2026	<u>(11,759)</u>
	<u>\$ (940,310)</u>

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,954,203</u>	\$ <u>3,141,165</u>	\$ <u>2,451,280</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District’s net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,829,761 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$45,506,062. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .06910 percent, which was a decrease of .00119 percent from its proportionate share measured as of June 30, 2019 of .07029 percent.

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2020 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%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**EAST RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 53,452,199</u>	<u>\$ 45,506,062</u>	<u>\$ 38,908,129</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	_____ -
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$640,567, \$572,405 and \$640,206, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,119,427. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$39,212,675. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .05783 percent, which was an increase of .00281 percent from its proportionate share measured as of June 30, 2019 of .05502 percent.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

The discount rate 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.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ 22,958,138
Changes Recognized for the Fiscal Year:	
Service Cost	996,664
Interest on the Total OPEB Liability	826,933
Differences Between Expected and Actual Experience	7,930,101
Changes of Assumptions	7,162,808
Gross Benefit Payments	(682,660)
Contributions from the Member	20,691
Net Changes	<u>\$ 16,254,537</u>
Balance, June 30, 2020 Measurement Date	<u>\$ 39,212,675</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 47,272,904</u>	<u>\$ 39,212,675</u>	<u>\$ 32,910,352</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% <u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	<u>\$ 31,653,794</u>	<u>\$ 39,212,675</u>	<u>\$ 48,213,623</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

F. Subsequent Events

Serial Bonds

On July 15, 2021 the District issued \$35,553,000 in School District Bonds. These Bonds were issued in order to permanently finance expenditures related to the 2020 referendum for various capital improvement projects. The District awarded the said sale of bonds to Robert W. Baird & Co. at an interest rate of 2.00% to 2.25%. These Bonds dated July 15, 2021 will mature over 20 years with the first maturity due July 15, 2023.

G. Tax Abatements

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

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

NOTE 5 RESTATEMENT

On July 1, 2020, the East Rutherford Board of Education implemented GASB Statement No. 84 "Fiduciary Activities". In addition to the aforementioned implementation of GASB Statement No. 84, the District also made a prior period adjustment to restate the District capital assets as a result of a new inventory performed by an independent consultant. The East Rutherford Board of Education has determined that the effect of implementing this accounting change and capital assets report update on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to student activities and payroll activities previously reported as fiduciary funds to governmental funds which increased net position by \$11,791. The financial statements of the governmental activities as of June 30, 2020 have also been restated to reflect the revisions of its capital assets resulting from the updated capital asset inventory report which increased net position of governmental activities by \$1,321,687. The effect of these restatements is to increase net position of governmental activities by \$1,333,478 from \$3,272,780 as previously reported to \$4,606,258 as of June 30, 2020.

Business-Type Activities and Proprietary Funds

The financial statements of the business-type activities as of June 30, 2020 have been restated to reflect the revisions of its capital assets resulting from the updated capital asset inventory report. The effect of this restatement is to decrease net position of business-type activities and the food service enterprise fund by \$27,329 from \$109,164 as previously reported to \$81,835 as of June 30, 2020.

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 RESTATEMENT (Continued)

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to student activities and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$11,791 from \$2,608,277 as previously reported to \$2,620,068 as of June 30, 2020. Special Revenue Fund fund balance increased \$11,791 from \$0 as previously reported to \$11,791 as of June 30, 2020.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District’s revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,444,637		\$ 16,444,637	\$ 16,444,637	
Tuition - Individuals	134,000		134,000	63,440	\$ (70,560)
Tuition - Other LEA's	48,000		48,000		(48,000)
Interest on Investments		\$ 15,700	15,700	15,142	(558)
Interest Earned on Capital Reserve Funds	300	-	300		(300)
Building Rentals	26,000		26,000	13,750	(12,250)
Unrestricted Miscellaneous Revenues	63,689	(15,700)	47,989	30,543	(17,446)
Total Local Sources	<u>16,716,626</u>	<u>-</u>	<u>16,716,626</u>	<u>16,567,512</u>	<u>(149,114)</u>
State Sources					
Categorical Special Education Aid	546,382	(46,178)	500,204	500,204	
Categorical Security Aid	129,901		129,901	129,901	
Transportation Aid	133,577		133,577	133,577	
Extraordinary Aid	140,000		140,000	166,630	26,630
TPAF Pension Contribution (Non-Budget) Normal Cost/ Accrued Liability				2,005,866	2,005,866
TPAF Pension Contribution (Non-Budget) NCGI Premium				38,164	38,164
TPAF Contribution (Non-Budget) LTDI Premium				1,048	1,048
TPAF Contribution (Non-Budget) Post - Retirement Medical Benefits				640,567	640,567
Reimbursed TPAF Social Security Contributions (Non-Budget)	-	-	-	580,619	580,619
Total State Sources	<u>949,860</u>	<u>(46,178)</u>	<u>903,682</u>	<u>4,196,576</u>	<u>3,292,894</u>
Federal Sources					
Medicaid Reimbursement	31,432	-	31,432	22,350	(9,082)
Total Federal Sources	<u>31,432</u>	<u>-</u>	<u>31,432</u>	<u>22,350</u>	<u>(9,082)</u>
Total Revenues	<u>17,697,918</u>	<u>(46,178)</u>	<u>17,651,740</u>	<u>20,786,438</u>	<u>3,134,698</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	127,348	(2,000)	125,348	59,176	66,172
Kindergarten	359,230	40,982	400,212	399,172	1,040
Grades 1-5	2,607,956	166,387	2,774,343	2,671,480	102,863
Grades 6-8	2,193,351	(214,776)	1,978,575	1,858,751	119,824
Regular Programs - Home Instruction Salaries of Teachers	5,700	-	5,700		5,700
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	240,354	22,004	262,358	246,454	15,904
Purchased Professional -Educational Services	213,100	(23,504)	189,596	104,625	84,971
Purchased Technical Services	47,424	(2,000)	45,424	32,868	12,556
Other Purchased Services	96,135	7,130	103,265	87,555	15,710
General Supplies	222,270	71,790	294,060	237,422	56,638
Textbooks	80,520	(1)	80,519	54,619	25,900
Other Objects	22,780	(8,000)	14,780	14,568	212
Total Regular Programs	<u>6,216,168</u>	<u>58,012</u>	<u>6,274,180</u>	<u>5,766,690</u>	<u>507,490</u>
Learning and/or Language Disabilities					
Salaries of Teachers	266,996	(51,096)	215,900	189,445	26,455
Other Salaries for Instruction	52,402	23,061	75,463	46,390	29,073
General Supplies	8,050	848	8,898	8,556	342
Total Learning and/or Language Disabilities	<u>327,448</u>	<u>(27,187)</u>	<u>300,261</u>	<u>244,391</u>	<u>55,870</u>

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education Instruction-Multiple Disabilities					
Salaries of Teachers	\$ 379,469	\$ 430	\$ 379,899	\$ 379,161	\$ 738
Other Salaries for Instruction	294,495	(129,274)	165,221	123,001	42,220
General Supplies	4,800	2,643	7,443	5,621	1,822
Total Special Education - Multiple Disabilities	<u>678,764</u>	<u>(126,201)</u>	<u>552,563</u>	<u>507,783</u>	<u>44,780</u>
Special Education Instruction-Resource Room/Center					
Salaries of Teachers	538,031	(3,573)	534,458	475,211	59,247
Other Salaries for Instruction	155,391	25,861	181,252	161,713	19,539
General Supplies	3,500	-	3,500	2,644	856
Total Resource Room/Resource Center	<u>696,922</u>	<u>22,288</u>	<u>719,210</u>	<u>639,568</u>	<u>79,642</u>
Preschool Disabilities - Part Time					
Other Salaries for Instruction		23,934	23,934	23,934	-
General Supplies	2,000	-	2,000	651	1,349
Total Preschool Disabilities - Part Time	<u>2,000</u>	<u>23,934</u>	<u>25,934</u>	<u>24,585</u>	<u>1,349</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	133,652	(1,191)	132,461	131,214	1,247
Other Salaries for Instruction	162,048	104,272	266,320	266,320	-
General Supplies	8,000	2,288	10,288	10,088	200
Total Preschool Disabilities - Full Time	<u>303,700</u>	<u>105,369</u>	<u>409,069</u>	<u>407,622</u>	<u>1,447</u>
Total Special Education	<u>2,008,834</u>	<u>(1,797)</u>	<u>2,007,037</u>	<u>1,823,949</u>	<u>183,088</u>
Basic Skills/Remedial					
Salaries of Teachers	169,202	15,657	184,859	184,859	
General Supplies	3,140	-	3,140	1,559	1,581
Total Basic Skills/Remedial	<u>172,342</u>	<u>15,657</u>	<u>187,999</u>	<u>186,418</u>	<u>1,581</u>
Bilingual Education					
Salaries of Teachers	297,592	2,060	299,652	295,932	3,720
General Supplies	4,500	-	4,500	291	4,209
Total Bilingual Education	<u>302,092</u>	<u>2,060</u>	<u>304,152</u>	<u>296,223</u>	<u>7,929</u>
School Sponsored Co-Curricular Activities					
Salaries	23,215	-	23,215	6,360	16,855
Purchased Services	6,425	150	6,575	5,594	981
Supplies and Materials	2,000	200	2,200	99	2,101
Total School Sponsored Co-Curricular Activities	<u>31,640</u>	<u>350</u>	<u>31,990</u>	<u>12,053</u>	<u>19,937</u>
School Sponsored Athletics - Instruction					
Salaries	9,995	-	9,995		9,995
Purchased Services	1,700	-	1,700		1,700
Supplies and Materials	1,500	(235)	1,265	378	887
Total School Sponsored Athletics - Instruction	<u>13,195</u>	<u>(235)</u>	<u>12,960</u>	<u>378</u>	<u>12,582</u>
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	-	23,014	23,014	22,295	719
Total Before/After School Programs - Instruction	<u>-</u>	<u>23,014</u>	<u>23,014</u>	<u>22,295</u>	<u>719</u>
Total Instruction	<u>8,744,271</u>	<u>97,061</u>	<u>8,841,332</u>	<u>8,108,006</u>	<u>733,326</u>

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	\$ 272,740	\$ (17,400)	\$ 255,340	\$ 64,600	\$ 190,740
Tuition to CSSD and Regional Day Schools	180,840	(13,431)	167,409		167,409
Tuition to Priv Sch for Disabled Within State	399,732	(58,905)	340,827	241,520	99,307
Total Undistributed Expenditures - Instruction	<u>853,312</u>	<u>(89,736)</u>	<u>763,576</u>	<u>306,120</u>	<u>457,456</u>
Attendance & Social Work					
Salaries					
	45,794	(1,291)	44,503	34,129	10,374
Total Attendance & Social Work	<u>45,794</u>	<u>(1,291)</u>	<u>44,503</u>	<u>34,129</u>	<u>10,374</u>
Health Services					
Salaries					
	183,125	1,641	184,766	181,791	2,975
Purchased Professional and Technical Services	9,650	-	9,650	5,490	4,160
Other Purchased Services	2,542	812	3,354	167	3,187
Supplies and Materials	8,153	349	8,502	6,491	2,011
Total Health Services	<u>203,470</u>	<u>2,802</u>	<u>206,272</u>	<u>193,939</u>	<u>12,333</u>
Speech, OT, PT, and Related Services					
Salaries					
	205,503	50,442	255,945	251,446	4,499
Purchased Prof. Ed. Services	102,498	(35,293)	67,205	23,802	43,403
Supplies and Materials		2,181	2,181	2,125	56
Other Objects	326	-	326	-	326
Total Speech, OT, PT, and Related Services	<u>308,327</u>	<u>17,330</u>	<u>325,657</u>	<u>277,373</u>	<u>48,284</u>
Other Support Services - Students - Extraordinary					
Salaries					
	111,148	3,828	114,976	110,607	4,369
Purchased Prof. Ed. Services	153,290	15,652	168,942	127,716	41,226
Supplies and Materials	-	2,520	2,520	520	2,000
Total Other Supp.Serv. Student - Extraordinary	<u>264,438</u>	<u>22,000</u>	<u>286,438</u>	<u>238,843</u>	<u>47,595</u>
Guidance					
Salaries of Other Professional Staff					
	115,523	(3,189)	112,334	109,536	2,798
Supplies and Materials	12,043	305	12,348	9,124	3,224
Total Guidance	<u>127,566</u>	<u>(2,884)</u>	<u>124,682</u>	<u>118,660</u>	<u>6,022</u>
Child Study Teams					
Salaries of Other Professional Staff					
	371,166	2,315	373,481	365,739	7,742
Salaries of Secretarial & Clerical Assistants	54,659	-	54,659	54,659	-
Purchased Prof. Ed. Services	42,080	38,650	80,730	28,520	52,210
Other Purchased Professional and Technical Services	4,745	129	4,874	4,873	1
Miscellaneous Purchased Services	910	109	1,019	429	590
Supplies and Materials	14,300	1,947	16,247	16,060	187
Total Child Study Teams	<u>487,860</u>	<u>43,150</u>	<u>531,010</u>	<u>470,280</u>	<u>60,730</u>

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 190,500	\$ 4,200	\$ 194,700	\$ 194,700	-
Salaries of Other Professional Staff	60,000	13,583	73,583	24,715	\$ 48,868
Purchased Prof. Ed. Services	35,025	(8,250)	26,775	11,022	15,753
Supplies and Materials	-	614	614	586	28
Total Improvement of Instructional Services	<u>285,525</u>	<u>10,147</u>	<u>295,672</u>	<u>231,023</u>	<u>64,649</u>
Educational Media/School Library					
Salaries	74,826	-	74,826	74,826	-
Purchased Professional and Technical Services	31,780	3,000	34,780	32,195	2,585
Total Educational Media/School Library	<u>106,606</u>	<u>3,000</u>	<u>109,606</u>	<u>107,021</u>	<u>2,585</u>
Instructional Staff Training Services					
Purchased Prof. Ed. Services		272	272	272	-
Other Purchased Services	2,000	228	2,228	875	1,353
Total Instructional Staff Training Services	<u>2,000</u>	<u>500</u>	<u>2,500</u>	<u>1,147</u>	<u>1,353</u>
Support Services General Administration					
Salaries	282,840	(10,000)	272,840	272,840	-
General Admin Salaries-Governance Staff	4,233	267	4,500	4,500	-
Unused Vacation Payment to Terminated/Retired Staff		10,655	10,655	10,655	-
Legal Services	45,320	5,297	50,617	40,276	10,341
Audit Fees	28,300	18,500	46,800	28,547	18,253
Architectural/Engineering Services	10,000	3,774	13,774	3,774	10,000
Other Purchased Professional Services	12,255	43,070	55,325	47,002	8,323
Purchased Technical Services	20,857	9,940	30,797	30,797	-
Communications/Telephone	95,344	6,639	101,983	101,586	397
Miscellaneous Purchased Services	15,680	4,343	20,023	5,466	14,557
BOE Other Purchased Services	7,901	(7,000)	901	900	1
General Supplies	3,500	500	4,000	2,270	1,730
Miscellaneous Expenditures	3,720	-	3,720	3,070	650
BOE Membership Dues and Fees	7,800	-	7,800	6,978	822
Total Support Services General Administration	<u>537,750</u>	<u>85,985</u>	<u>623,735</u>	<u>558,661</u>	<u>65,074</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	326,000	8,650	334,650	334,650	-
Salaries of Other Professional Staff	1,012	-	1,012	1,012	-
Salaries of Secretarial and Clerical Assistants	161,918	(10,568)	151,350	151,350	-
Unused Vacation Payment to Terminated/Retired Staff		18,098	18,098	18,098	-
Purchased Professional and Technical Services	12,226	930	13,156	13,156	-
Other Purchased Services	6,600	(3,774)	2,826	2,771	55
Supplies and Materials	16,925	1,521	18,446	11,482	6,964
Other Objects	5,300	1,127	6,427	5,650	777
Total Support Services School Administration	<u>529,981</u>	<u>15,984</u>	<u>545,965</u>	<u>538,169</u>	<u>7,796</u>
Central Services					
Salaries	327,897	(10,384)	317,513	295,339	22,174
Unused Vacation Payment to Terminated/Retired Staff		10,385	10,385	10,385	-
Purchased Technical Services	28,853	1,200	30,053	19,571	10,482
Miscellaneous Purchased Services	5,795	-	5,795	375	5,420
Supplies and Materials	4,458	301	4,759	2,945	1,814
Miscellaneous Expenditures	1,600	-	1,600	1,480	120
Total Central Services	<u>368,603</u>	<u>1,502</u>	<u>370,105</u>	<u>330,095</u>	<u>40,010</u>
Administration Information Technology					
Salaries	11,894	6,235	18,129	9,967	8,162
Purchased Technical Services	123,060	1,747	124,807	120,661	4,146
Supplies and Materials	955	-	955	-	955
Total Administration Information Technology	<u>135,909</u>	<u>7,982</u>	<u>143,891</u>	<u>130,628</u>	<u>13,263</u>

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 80,438	\$ (1,315)	\$ 79,123	\$ 78,533	\$ 590
Unused Vacation Payment to Terminated/Retired Staff		2,815	2,815	2,815	-
Cleaning, Repair and Maintenance Services	305,959	(25,332)	280,627	168,805	111,822
General Supplies	29,310	-	29,310	4,719	24,591
Total Required Maintenance for School Facilities	415,707	(23,832)	391,875	254,872	137,003
Custodial Services					
Salaries	420,918	(16,517)	404,401	400,362	4,039
Salaries of Non-Instructional Aides	6,000	12,039	18,039	18,039	-
Unused Sick Payment to Terminated/Retired Staff		9,486	9,486	9,486	-
Purchased Professional and Technical Services	2,400	-	2,400	2,400	2,400
Cleaning, Repair and Maintenance Services	25,500	(4,171)	21,329	10,583	10,746
Other Purchased Property Services	15,000	1,280	16,280	16,176	104
Insurance	120,802	9,227	130,029	130,029	-
General Supplies	58,800	(187)	58,613	47,931	10,682
Energy (Natural Gas)	130,000	-	130,000	90,197	39,803
Energy (Electricity)	205,000	(9,791)	195,209	118,592	76,617
Other Objects	1,000	-	1,000	598	402
Total Custodial Services	985,420	1,366	986,786	841,993	144,793
Care and Upkeep of Grounds					
Salaries	2,500		2,500	1,446	1,054
Cleaning, Repair and Maintenance Services	1,500	-	1,500		1,500
General Supplies	400	-	400	-	400
Total Care and Upkeep of Grounds	4,400	-	4,400	1,446	2,954
Security					
Purchased Professional and Technical Services	3,300	611	3,911	3,091	820
General Supplies	1,540	-	1,540	1,000	540
Total Security	4,840	611	5,451	4,091	1,360
Student Transportation Services					
Salaries of Non-Instructional Aides	60,023	-	60,023	37,463	22,560
Salaries for Pupil Trans(Bet Home & Sch)-Reg	77,900	(13,000)	64,900	39,701	25,199
Salaries for Pupil Trans(Bet Home & Sch)-Sp Ed	40,100	-	40,100	35,867	4,233
Salaries for Pupil Trans(Other than Bet Home & Sch)	4,310	-	4,310		4,310
Other Employee Benefits	1,735	-	1,735	661	1,074
Other Purchased Professional and Technical Services	9,245	500	9,745	5,622	4,123
Cleaning, Repair & Maintenance Service	21,500	-	21,500	17,377	4,123
Contr Serv - Aid in Lieu Pymts - Non Public School	2,000	-	2,000		2,000
Contr Serv - Aid in Lieu Pymts - Charter School	2,000	-	2,000		2,000
Contr Serv (Bet Home & School)-Vendors	8,850	-	8,850		8,850
Contr Serv (Special Ed Students)-Joint Agreements	248,500	1,681	250,181	29,281	220,900
Travel - All Other	2,500	-	2,500		2,500
General Supplies	450	-	450		450
Transportation Supplies	17,400	-	17,400	8,485	8,915
Other Objects	1,300	-	1,300	942	358
Total Student Transportation Services	497,813	(10,819)	486,994	175,399	311,595

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
Unallocated Benefits- Employee Benefits					
Group Insurance	\$ 5,500	\$ 2,412	\$ 7,912	\$ 7,912	-
Social Security Contributions	210,000	6,790	216,790	212,510	\$ 4,280
TPAF/PERS - Special Assessments	1,000	-	1,000	864	136
Other Retirement Contributions - PERS	203,000	8,000	211,000	210,719	281
Other Retirement Contributions - DCRP	21,163	1,444	22,607	22,607	-
Unemployment Compensation	45,000	-	45,000	32,541	12,459
Worker's Compensation	63,200	787	63,987	63,987	-
Health Benefits	2,253,709	(40,190)	2,213,519	2,038,115	175,404
Tuition Reimbursement	34,000	(9,940)	24,060	2,376	21,684
Other Employee Benefits	15,000	-	15,000	12,860	2,140
Unused Sick Payment to Terminated/Retired Staff	15,000	(9,340)	5,660	5,660	-
Total Unallocated Benefits	<u>2,866,572</u>	<u>(40,037)</u>	<u>2,826,535</u>	<u>2,610,151</u>	<u>216,384</u>
On - Behalf Payments					
TPAF Pension Contribution (Non-Budget)					
Normal Cost/Accrued Liability				2,005,866	(2,005,866)
TPAF Pension Contribution (Non-Budget)					
NCGI Premium				38,164	(38,164)
TPAF Contribution (Non-Budget)					
LTDI Premium				1,048	(1,048)
TPAF Contribution (Non-Budget)					
Post - Retirement Medical Benefits				640,567	(640,567)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
	-	-	-	580,619	(580,619)
Total On-Behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,266,264</u>	<u>(3,266,264)</u>
Total Undistributed Expenditures	<u>\$ 9,031,893</u>	<u>\$ 43,760</u>	<u>\$ 9,075,653</u>	<u>\$ 10,690,304</u>	<u>\$ (1,614,651)</u>
Total Current Expenditures	<u>17,776,164</u>	<u>140,821</u>	<u>17,916,985</u>	<u>18,798,310</u>	<u>(881,325)</u>
CAPITAL OUTLAY					
Equipment					
Grade 1-5	32,977	(1,600)	31,377	30,806	571
Grade 6-8	7,091	16,765	23,856	42,687	(18,831)
Undistributed Expenditures - Admin. Info. Tech. Svs		15,476	15,476	15,476	-
School Buses - Special	111,608	-	111,608	-	111,608
Total Equipment	<u>151,676</u>	<u>30,641</u>	<u>182,317</u>	<u>88,969</u>	<u>93,348</u>
Facilities Acq. And Construction Services					
Legal Services		7,000	7,000	320	6,680
Architectural/Engineering Services		33,000	33,000	28,123	4,877
Other Purchased Professional and Technical Services		74,522	74,522	60,000	14,522
Construction Services	1,000,000	(114,522)	885,478	-	885,478
Assessment for Debt Service on SDA Funding	32,079	-	32,079	32,079	-
Total Facilities Acq. And Construction Services.	<u>1,032,079</u>	<u>-</u>	<u>1,032,079</u>	<u>120,522</u>	<u>911,557</u>
Interest Deposit to Capital Reserve	300	-	300	-	300
Total Capital Outlay	<u>1,184,055</u>	<u>30,641</u>	<u>1,214,696</u>	<u>209,491</u>	<u>1,005,205</u>

**EAST RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
Transfer of Funds to Charter Schools	\$ 17,074	\$ 11,931	\$ 29,005	\$ 29,005	-
Total General Fund	18,977,293	183,393	19,160,686	19,036,806	\$ 123,880
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,279,375)	(229,571)	(1,508,946)	1,749,632	3,258,578
Other Financing Sources(Uses)					
Transfer Out - Food Service Fund	(3,000)	-	(3,000)	-	3,000
Total Other Financing Sources(Uses)	(3,000)	-	(3,000)	-	3,000
Net Change in Fund Balance	(1,282,375)	(229,571)	(1,511,946)	1,749,632	3,261,578
Fund Balance, Beginning of Year	3,848,037	-	3,848,037	3,848,037	-
Fund Balance, End of Year	\$ 2,565,662	\$ (229,571)	\$ 2,336,091	\$ 5,597,669	\$ 3,261,578
Restricted Fund Balances					
Capital Reserve				\$ 2,164,826	
Maintenance Reserve				418,282	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				321,800	
Excess Surplus				600,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				375,000	
Committed					
Year End Encumbrances				1,005,174	
Assigned Fund Balance					
Year End Encumbrances				55,135	
Unassigned Fund Balance				657,452	
				5,597,669	
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Revenue Not Recognized on a GAAP Basis				(239,791)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,357,878	

**EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources		\$ 13,000	\$ 13,000	\$ 8,412	\$ (4,588)
Federal Sources	\$ 289,881	659,858	949,739	918,553	(31,186)
Total Revenues	<u>289,881</u>	<u>672,858</u>	<u>962,739</u>	<u>926,965</u>	<u>(35,774)</u>
EXPENDITURES					
Instruction					
Salaries	54,557	3,343	57,900	57,755	145
Tuition		215,004	215,004	215,004	-
Other Purchased Services	129,932	(129,932)			-
General Supplies	75,051	27,940	102,991	86,769	16,222
Co-Curricular/Extra-Curricular Activities	-	-	-	1,010	(1,010)
Total Instruction	<u>259,540</u>	<u>116,355</u>	<u>375,895</u>	<u>360,538</u>	<u>15,357</u>
Support Services					
Salaries		9,070	9,070	9,070	-
Personal Services - Employee Benefits		35,349	35,349	16,254	19,095
Purchased Prof. Tech. Services	21,298	107,372	128,670	128,199	471
Other Purchased Services	9,043	(926)	8,117	6,252	1,865
General Supplies	-	95,590	95,590	97,496	(1,906)
Total Support Services	<u>30,341</u>	<u>246,455</u>	<u>276,796</u>	<u>257,271</u>	<u>19,525</u>
Facilities Acquisition and Construction					
Instructional Equipment		10,048	10,048	10,048	-
Non-Instructional Equipment	-	300,000	300,000	300,000	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>310,048</u>	<u>310,048</u>	<u>310,048</u>	<u>-</u>
Total Expenditures	<u>289,881</u>	<u>672,858</u>	<u>962,739</u>	<u>927,857</u>	<u>34,882</u>
Net Change in Fund Balances	-	-	-	(892)	892
Fund Balances, Beginning of Year, (Restated)	-	-	-	11,791	(11,791)
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,899</u>	<u>\$ (10,899)</u>
Recapitulation of Fund Balance					
Restricted Fund Balance					
Student Activities				<u>\$ 10,899</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**EAST RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 20,786,438	\$ 926,965
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
June 30, 2021 Encumbrances		
June 30, 2020 Encumbrances, Net		8,996
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements. (2019-2020)	180,224	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2020-2021)	(239,791)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 20,726,871</u>	<u>\$ 935,961</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 19,036,806	\$ 927,857
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		
June 30, 2021 Encumbrances		
June 30, 2020 Encumbrances	-	<u>8,996</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 19,036,806</u>	<u>\$ 936,853</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01926%	0.01820%	0.01855%	0.01761%	0.01979%	0.01955%	0.01914%	0.01881%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,141,165	\$ 3,279,264	\$ 3,653,064	\$ 4,098,175	\$ 5,861,246	\$ 4,389,482	\$ 3,583,999	\$ 3,595,890
District's Covered Payroll	\$ 1,305,687	\$ 1,352,680	\$ 1,320,174	\$ 1,256,236	\$ 1,205,427	\$ 1,361,984	\$ 1,344,847	\$ 1,285,655
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	240.58%	242.43%	276.71%	326.23%	486.24%	322.29%	266.50%	279.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

Public Employees Retirement System

Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 210,719	\$ 177,027	\$ 184,546	\$ 163,092	\$ 175,812	\$ 168,185	\$ 159,102	\$ 141,766
Contributions in Relation to the Contractually Required Contribution	<u>210,719</u>	<u>177,027</u>	<u>184,546</u>	<u>163,092</u>	<u>175,812</u>	<u>168,185</u>	<u>159,102</u>	<u>141,766</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,315,343	\$ 1,305,687	\$ 1,352,680	\$ 1,320,174	\$ 1,256,236	\$ 1,205,427	\$ 1,361,984	\$ 1,344,847
Contributions as a Percentage of Covered Payroll	16.02%	13.56%	13.64%	12.35%	14.00%	13.95%	11.68%	10.54%

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

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

Teachers Pension and Annuity Fund

Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>45,506,062</u>	<u>43,138,324</u>	<u>44,518,479</u>	<u>45,023,783</u>	<u>52,120,602</u>	<u>42,664,437</u>	<u>35,785,741</u>	<u>34,032,535</u>
Total	<u>\$ 45,506,062</u>	<u>\$ 43,138,324</u>	<u>\$ 44,518,479</u>	<u>\$ 45,023,783</u>	<u>\$ 52,120,602</u>	<u>\$ 42,664,437</u>	<u>\$ 35,785,741</u>	<u>\$ 34,032,535</u>
District's Covered Payroll	8,093,452	7,376,698	7,347,005	7,480,593	6,811,104	6,766,187	6,599,168	6,666,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**EAST RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Change of Benefit Terms: None.

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

**EAST RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Four Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 996,664	\$ 991,269	\$ 1,057,898	\$ 1,275,197
Interest on the Total OPEB Liability	826,933	1,019,828	1,068,144	922,504
Differences Between Expected and Actual Experience	7,930,101	(4,410,957)	(1,921,243)	
Changes of Assumptions	7,162,808	342,308	(2,949,151)	(3,845,501)
Gross Benefit Payments	(682,660)	(704,746)	(687,197)	(661,908)
Contribution from the Member	<u>20,691</u>	<u>20,891</u>	<u>23,751</u>	<u>24,373</u>
Net Change in Total OPEB Liability	16,254,537	(2,741,407)	(3,407,798)	(2,285,335)
Total OPEB Liability - Beginning	<u>22,958,138</u>	<u>25,699,545</u>	<u>29,107,343</u>	<u>31,392,678</u>
Total OPEB Liability - Ending	<u>\$ 39,212,675</u>	<u>\$ 22,958,138</u>	<u>\$ 25,699,545</u>	<u>\$ 29,107,343</u>
District's Proportionate Share	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share	<u>39,212,675</u>	<u>22,958,138</u>	<u>25,699,545</u>	<u>29,107,343</u>
Total OPEB Liability - Ending	<u>\$ 39,212,675</u>	<u>\$ 22,958,138</u>	<u>\$ 25,699,545</u>	<u>\$ 29,107,343</u>
Covered Payroll	\$ 9,399,139	\$ 8,729,378	\$ 8,667,179	\$ 8,736,829
Total OPEB Liability as a Percentage of Covered Payroll:	417.19%	263.00%	296.52%	333.16%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**EAST RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ESEA Title I	ESEA Title II.A	ESEA Title III	ESEA Title III Immigrant	ESEA Title IV	I.D.E.A. Part B	I.D.E.A. Part B Preschool	Local Grants	Student Activities	Total to Exhibit E-1A
REVENUES										
Intergovernmental										
Federal	\$ 159,301	\$ 23,364	\$ 254	\$ 1,444	\$ 16,916	\$ 215,004	\$ 7,155			\$ 423,438
Local	-	-	-	-	-	-	-	\$ 8,294	\$ 118	8,412
Total Revenues	<u>\$ 159,301</u>	<u>\$ 23,364</u>	<u>\$ 254</u>	<u>\$ 1,444</u>	<u>\$ 16,916</u>	<u>\$ 215,004</u>	<u>\$ 7,155</u>	<u>\$ 8,294</u>	<u>\$ 118</u>	<u>\$ 431,850</u>
EXPENDITURES										
Instruction										
Salaries	\$ 57,755									\$ 57,755
Tuition						\$ 215,004				215,004
General Supplies	1,008		\$ 230				\$ 7,155	\$ 8,294		16,687
Co-Curricular/Extra-Curricular Activities	-	-	-	-	-	-	-	-	\$ 1,010	1,010
Total Instruction	<u>58,763</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>-</u>	<u>215,004</u>	<u>7,155</u>	<u>8,294</u>	<u>1,010</u>	<u>290,456</u>
Support Services										
Personal Services-Employee Benefits	15,560									15,560
Purchased Prof. Tech. Services	84,978	\$ 14,834			\$ 16,916					116,728
Other Purchased Services		228	24							252
General Supplies	-	8,302	-	\$ 1,444	-	-	-	-	-	9,746
Total Support Services	<u>100,538</u>	<u>23,364</u>	<u>24</u>	<u>1,444</u>	<u>16,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,286</u>
Total Expenditures	<u>\$ 159,301</u>	<u>\$ 23,364</u>	<u>\$ 254</u>	<u>\$ 1,444</u>	<u>\$ 16,916</u>	<u>\$ 215,004</u>	<u>\$ 7,155</u>	<u>\$ 8,294</u>	<u>\$ 1,010</u>	<u>\$ 432,742</u>
Net Change in Fund Balances	-	-	-	-	-	-	-	-	(892)	(892)
Fund Balances, Beginning of Year, (Restated)	-	-	-	-	-	-	-	-	11,791	11,791
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,899</u>	<u>\$ 10,899</u>

EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Exhibit E-1 Total	C.A.R.E.S.	Coronavirus	Bergen County C.A.R.E.S.	ESSER II			Grand Total
		Emergency Relief Grant	Relief Fund Grant		CRRSA Act	Learning Acceleration	Mental Health	
REVENUES								
Intergovernmental								
Federal	\$ 423,438	\$ 110,376	\$ 48,855	\$ 35,884	\$ 300,000			\$ 918,553
Local	8,412	-	-	-	-	-	-	8,412
Total Revenues	\$ 431,850	\$ 110,376	\$ 48,855	\$ 35,884	\$ 300,000	\$ -	\$ -	\$ 926,965
EXPENDITURES								
Instruction								
Salaries	\$ 57,755							\$ 57,755
Tuition	215,004							215,004
General Supplies	16,687	\$ 27,471	\$ 42,611					86,769
Co-Curricular/Extra-Curricular Activities	1,010	-	-	-	-	-	-	1,010
Total Instruction	290,456	27,471	42,611	-	-	-	-	360,538
Support Services								
Salaries	-	9,070						9,070
Personal Services-Employee Benefits	15,560	694						16,254
Purchased Prof. Tech. Services	116,728	5,227	6,244					128,199
Other Purchased Services	252	6,000						6,252
General Supplies	9,746	51,866	-	\$ 35,884	-	-	-	97,496
Total Support Services	142,286	72,857	6,244	35,884	-	-	-	257,271
Facilities Acquisition and Construction								
Instructional Equipment	-	10,048						10,048
Non-Instructional Equipment	-	-	-	-	\$ 300,000	-	-	300,000
Total Facilities Acq. & Construction	-	10,048	-	-	300,000	-	-	310,048
Total Expenditures	\$ 432,742	\$ 110,376	\$ 48,855	\$ 35,884	\$ 300,000	\$ -	\$ -	\$ 927,857
Net Change in Fund Balances	(892)	-	-	-	-	-	-	(892)
Fund Balances, Beginning of Year, (Restated)	11,791	-	-	-	-	-	-	11,791
Fund Balances, End of Year	\$ 10,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,899

**EAST RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Project Title</u>	<u>Appropriation</u>	<u>Expended</u>		<u>Balance June 30, 2021</u>
		<u>Prior Year</u>	<u>Current Year</u>	
2020 School Bond Referendum Faust Intermediate School, Faust Annex and, McKenzie School Renovations and Addition to Faust Intermediate School	\$ 35,553,000	\$ 1,059,539	\$ 7,910,303	\$ 26,583,158
	-	-	-	-
	<u>\$ 35,553,000</u>	<u>\$ 1,059,539</u>	<u>\$ 7,910,303</u>	<u>\$ 26,583,158</u>

Reconciliation to GAAP Basis

Project Balance, June 30, 2021	\$ 26,583,158
Less Unfunded Authorizations:	
Debt Authorized but Not Issued	<u>(35,553,000)</u>
Fund Balance (Deficit), June 30, 2021 - GAAP Basis	<u>\$ (8,969,842)</u>

Recapitulation of Fund Balance

Restricted for Capital Projects	
Year-End Encumbrances	\$ 24,889,716
Available for Capital Projects	<u>(33,859,558)</u>
Total Fund Balance (Deficit), GAAP Basis	<u>\$ (8,969,842)</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues and Other Financing Sources

Other Financing Sources	
Bond Anticipation Note Premium	\$ 43,726
	<hr/>
Total Revenues and Other Financing Sources	43,726

Expenditures and Other Financing Uses

Expenditures	
Architect and Engineering Services	\$ 1,358,808
Legal and Professional Fees	24,476
Other Purchased Professional and Technical Services	268,917
Construction Services	6,223,352
Miscellaneous Expenditures	34,750
Other Financing Uses	
Transfer to Debt Service Fund	43,726
	<hr/>
Total Expenditures and Other Financing Uses	7,954,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,910,303)
Fund Balance (Deficit), Beginning of Year	<hr/> (1,059,539)
Fund Balance (Deficit), End of Year	\$ <hr/> (8,969,842)

Reconciliation to GAAP:

Fund Balance (Deficit), June 30, 2021 - Budgetary Basis	\$ (8,969,842)
Fund Balance (Deficit), June 30, 2021 - GAAP Basis	<u>\$ (8,969,842)</u>

**EAST RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
2020 BOND REFERENDUM
VARIOUS REVNOVATIONS TO ALL DISTRICT SCHOOLS AND ADDITION TO FAUST SCHOOL
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	-	-	-	\$ 35,553,000
Total Revenues	-	-	-	35,553,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Expenditures				
Architect and Engineering Services	\$ 861,813	\$ 1,358,808	\$ 2,220,621	2,300,000
Legal and Professional Services		24,476	24,476	1,000,000
Other Professional and Technical Services	56,651	268,917	325,568	1,000,000
Construction Services	141,075	6,223,352	6,364,427	27,771,800
General Supplies			-	2,783,200
Miscellaneous Expenditures	-	34,750	34,750	698,000
Total Expenditures and Other Financing Uses	1,059,539	7,910,303	8,969,842	35,553,000
Excess / (Deficiency) of Revenues over / (under) Expenditures	\$ (1,059,539)	\$ (7,910,303)	\$ (8,969,842)	\$ -

Additional Project Information:

Project Numbers	1230-N01-19-1000/1230-040-19-1000/1230-080-19-1000
SDA Grant Date	N/A
Bond Authorization (Referendum) Date	1/28/2020
Bonds Authorized	\$ 35,553,000
Bond Issued	-
Original Authorized Cost	35,553,000
Increase/(Decrease)	-
Revised Authorized Cost	35,553,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	25.23%
Original Target Completion Date	August 30, 2022
Revised Completion Date	August 30, 2023

PROPRIETARY FUNDS

EXHIBIT G-1

**EAST RUTHERFORD BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUND

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

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>					
School Refunding Bonds	3/17/2010	\$ 4,575,000	7/15/2021	240,000	3.250%	\$ 915,000		\$ 460,000	\$ 455,000
			7/15/2021	215,000	5.000%				
School Bonds, Series 2012	8/2/2012	2,491,000	7/15/2021	190,000	2.000%				
			7/15/2022	200,000	2.250%				
			7/15/2023	200,000	2.250%				
			7/15/2024	205,000	2.500%				
			7/15/2025	210,000	2.500%				
			7/15/2026	210,000	2.750%				
			7/15/2027	206,000	2.750%				
						<u>1,596,000</u>	<u>-</u>	<u>175,000</u>	<u>1,421,000</u>
						<u>\$ 2,511,000</u>	<u>\$ -</u>	<u>\$ 635,000</u>	<u>\$ 1,876,000</u>
								<u>\$ 635,000</u>	
							Paid by Budget Appropriation		

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Issue</u>		<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2021</u>
Computer Equipment (Supplies)	\$	110,624	5.59%	\$ 86,030		\$ 19,786	\$ 66,244
Computer Equipment (Supplies)		195,265	5.06%	<u>142,774</u>	<u>-</u>	<u>45,260</u>	<u>97,514</u>
				<u>\$ 228,804</u>	<u>\$ -</u>	<u>\$ 65,046</u>	<u>\$ 163,758</u>

**EAST RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final To Actual</u>
REVENUES:					
Local Sources:					
Property Tax Levy	\$ 699,978		\$ 699,978	\$ 699,978	
Total Revenues	<u>699,978</u>		<u>699,978</u>	<u>699,978</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	64,979		64,979	64,978	\$ 1
Redemption of Principal	<u>635,000</u>		<u>635,000</u>	<u>635,000</u>	
Total Regular Debt Service	<u>699,979</u>		<u>699,979</u>	<u>699,978</u>	<u>1</u>
Total Expenditures	<u>699,979</u>		<u>699,979</u>	<u>699,978</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)		(1)	-	1
OTHER FINANCING SOURCES(USES)					
Transfer In - Capital Projects Fund				<u>43,726</u>	<u>43,726</u>
Net Change in Fund Balance	(1)		(1)	43,726	43,727
Fund Balance, Beginning of Year	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 43,729</u>	<u>\$ 43,727</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Debt Service:					
Designated for Subsequent Year's Expenditures				\$ 2	
Available for Expenditures				<u>43,727</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 43,729</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014 (Restated)	2013	2012 (Restated)
Governmental Activities										
Net Investment in Capital Assets	\$ 8,014,367	\$ 6,524,828	\$ 4,106,628	\$ 4,130,155	\$ 4,088,243	\$ 4,016,618	\$ 3,642,511	\$ 3,084,184	\$ 2,654,693	\$ 2,116,326
Restricted	2,959,536	2,775,065	2,022,922	902,877	900,906	1,011,078	1,011,078	1,079,538	1,004,789	973,579
Unrestricted	<u>(2,939,479)</u>	<u>(4,693,635)</u>	<u>(4,429,988)</u>	<u>(3,839,305)</u>	<u>(4,174,823)</u>	<u>(3,837,299)</u>	<u>(3,683,762)</u>	<u>(3,121,463)</u>	<u>320,738</u>	<u>211,239</u>
Total Governmental Activities Net Position	\$ 8,034,424	\$ 4,606,258	\$ 1,699,562	\$ 1,193,727	\$ 814,326	\$ 1,190,397	\$ 969,827	\$ 1,042,259	\$ 3,980,220	\$ 3,301,144
Business-Type Activities										
Net Investment in Capital Assets	\$ 41,746	\$ 30,915	\$ 60,729	\$ 15,961	\$ 13,293	\$ 10,697	\$ 13,663	\$ 16,630	\$ 15,840	\$ 19,733
Restricted										
Unrestricted	<u>362,134</u>	<u>50,920</u>	<u>48,749</u>	<u>102,244</u>	<u>126,469</u>	<u>144,481</u>	<u>118,009</u>	<u>110,616</u>	<u>91,137</u>	<u>72,564</u>
Total Business-Type Activities Net Position	\$ 403,880	\$ 81,835	\$ 109,478	\$ 118,205	\$ 139,762	\$ 155,178	\$ 131,672	\$ 127,246	\$ 106,977	\$ 92,297
District-Wide										
Net Investment in Capital Assets	\$ 8,056,113	\$ 6,555,743	\$ 4,167,357	\$ 4,146,116	\$ 4,101,536	\$ 4,027,315	\$ 3,656,174	\$ 3,100,814	\$ 2,670,533	\$ 2,136,059
Restricted	2,959,536	2,775,065	2,022,922	902,877	900,906	1,011,078	1,011,078	1,079,538	1,004,789	973,579
Unrestricted	<u>(2,577,345)</u>	<u>(4,642,715)</u>	<u>(4,381,239)</u>	<u>(3,737,061)</u>	<u>(4,048,354)</u>	<u>(3,692,818)</u>	<u>(3,565,753)</u>	<u>(3,010,847)</u>	<u>411,875</u>	<u>283,803</u>
Total District Net Position	\$ 8,438,304	\$ 4,688,093	\$ 1,809,040	\$ 1,311,932	\$ 954,088	\$ 1,345,575	\$ 1,101,499	\$ 1,169,505	\$ 4,087,197	\$ 3,393,441

Note 1 - Net Pension at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities" and revisions to capital assets.

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

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,846,176	\$ 9,725,101	\$ 10,439,386	\$ 11,106,537	\$ 10,254,758	\$ 8,990,945	\$ 8,641,143	\$ 6,935,179	\$ 7,163,564	\$ 6,321,110
Special Education	3,666,402	3,664,533	3,802,799	3,770,674	3,571,227	2,964,763	2,491,806	2,214,521	1,861,232	2,109,906
Other Instruction	947,571	764,007	778,939	695,277	707,483	840,300	874,386	921,231	912,039	931,692
School Sponsored Activities and Athletics	35,645	59,031	55,441	66,901	68,727	94,929	103,915	70,145	68,425	59,998
Support Services:										
Tuition										
Student & Instruction Related Services	2,892,696	2,571,643	2,593,632	2,695,911	2,845,665	2,571,607	2,447,507	2,088,691	2,093,454	1,844,184
General Administration Services	808,905	695,506	675,413	579,582	600,194	631,864	634,754	410,895	389,998	549,815
School Administrative Services	899,588	784,386	792,724	859,478	887,991	728,173	699,086	704,940	735,117	685,164
Central and Other Support Services	676,564	628,768	619,933	624,382	601,493	492,472	514,716	430,612	326,510	324,532
Plant Operations And Maintenance	1,854,800	1,342,968	1,479,819	1,347,905	1,467,855	1,377,893	1,545,552	1,437,216	1,458,189	1,782,877
Pupil Transportation	274,410	360,496	527,273	569,592	491,074	452,825	425,730	448,602	344,157	338,531
Interest On Long-Term Debt	121,478	79,385	101,540	125,925	150,211	171,474	174,626	188,956	203,757	161,666
Total Governmental Activities Expenses	22,024,235	20,675,824	21,866,899	22,442,164	21,646,678	19,317,245	18,553,221	15,850,988	15,556,442	15,109,475
Business-Type Activities:										
Food Service	313,401	215,926	328,939	375,553	356,201	340,009	314,627	300,216	303,506	295,421
Total Business-Type Activities Expense	313,401	215,926	328,939	375,553	356,201	340,009	314,627	300,216	303,506	295,421
Total District Expenses	\$ 22,337,636	\$ 20,891,750	\$ 22,195,838	\$ 22,817,717	\$ 22,002,879	\$ 19,657,254	\$ 18,867,848	\$ 16,151,204	\$ 15,859,948	\$ 15,404,896
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 77,308	\$ 222,987	\$ 60,140	\$ 86,489	\$ 84,200	\$ 53,878	\$ 113,563	\$ 95,909	\$ 93,889	\$ 116,888
Operating Grants And Contributions	7,049,745	5,117,421	5,659,388	6,761,551	6,255,122	4,937,922	4,168,902	2,511,680	2,660,482	2,243,280
Capital Grants And Contributions	1,135,048	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	8,262,101	5,340,408	5,719,528	6,848,040	6,339,322	4,991,800	4,282,465	2,607,589	2,754,371	2,360,168
Business-Type Activities:										
Charges For Services	10,877	84,767	141,821	149,445	134,751	147,164	138,430	148,695	148,764	149,305
Operating Grants And Contributions	624,569	130,845	178,391	204,551	206,034	216,351	180,557	171,298	169,044	166,314
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	635,446	215,612	320,212	353,996	340,785	363,515	318,987	319,993	317,808	315,619
Total District Program Revenues	\$ 8,897,547	\$ 5,556,020	\$ 6,039,740	\$ 7,202,036	\$ 6,680,107	\$ 5,355,315	\$ 4,601,452	\$ 2,927,582	\$ 3,072,179	\$ 2,675,787

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

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue										
Governmental Activities	\$ (13,762,134)	\$ (15,335,416)	\$ (16,147,371)	\$ (15,594,124)	\$ (15,307,356)	\$ (14,325,445)	\$ (14,270,756)	\$ (13,243,399)	\$ (12,802,071)	\$ (12,749,307)
Business-Type Activities	<u>322,045</u>	<u>(314)</u>	<u>(8,727)</u>	<u>(21,557)</u>	<u>(15,416)</u>	<u>23,506</u>	<u>4,360</u>	<u>19,777</u>	<u>14,302</u>	<u>20,198</u>
Total District-Wide Net Expense	<u>\$ (13,440,089)</u>	<u>\$ (15,335,730)</u>	<u>\$ (16,156,098)</u>	<u>\$ (15,615,681)</u>	<u>\$ (15,322,772)</u>	<u>\$ (14,301,939)</u>	<u>\$ (14,266,396)</u>	<u>\$ (13,223,622)</u>	<u>\$ (12,787,769)</u>	<u>\$ (12,729,109)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For:										
General Purposes	\$ 16,444,637	\$ 16,122,193	\$ 15,806,072	\$ 15,042,487	\$ 14,087,500	\$ 13,677,157	\$ 13,408,977	\$ 13,146,056	\$ 12,888,592	\$ 12,645,826
Debt Service	699,978	711,353	726,547	733,672	723,714	723,665	721,866	741,700	551,250	631,825
Unrestricted Federal and State Aid			1,362	24,507	24,235	15,292	14,156			31,319
Investment Earnings							-	-	8,032	3,708
Insurance Recoveries				94,292						
Miscellaneous Income	45,685	75,088	119,225	78,567	95,836	129,901	53,325	13,572	33,273	13,306
Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>17,190,300</u>	<u>16,908,634</u>	<u>16,653,206</u>	<u>15,973,525</u>	<u>14,931,285</u>	<u>14,546,015</u>	<u>14,198,324</u>	<u>13,901,328</u>	<u>13,481,147</u>	<u>13,325,984</u>
Business-Type Activities:										
Investment Earnings							66	492	378	256
Miscellaneous Income										
Transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>492</u>	<u>378</u>	<u>256</u>
Total District-Wide	<u>\$ 17,190,300</u>	<u>\$ 16,908,634</u>	<u>\$ 16,653,206</u>	<u>\$ 15,973,525</u>	<u>\$ 14,931,285</u>	<u>\$ 14,546,015</u>	<u>\$ 14,198,390</u>	<u>\$ 13,901,820</u>	<u>\$ 13,481,525</u>	<u>\$ 13,326,240</u>
Change in Net Position										
Governmental Activities	\$ 3,428,166	\$ 1,573,218	\$ 505,835	\$ 379,401	\$ (376,071)	\$ 220,570	\$ (72,432)	\$ 657,929	\$ 679,076	\$ 576,677
Business-Type Activities	<u>322,045</u>	<u>(314)</u>	<u>(8,727)</u>	<u>(21,557)</u>	<u>(15,416)</u>	<u>23,506</u>	<u>4,426</u>	<u>20,269</u>	<u>14,680</u>	<u>20,454</u>
Total District	<u>\$ 3,750,211</u>	<u>\$ 1,572,904</u>	<u>\$ 497,108</u>	<u>\$ 357,844</u>	<u>\$ (391,487)</u>	<u>\$ 244,076</u>	<u>\$ (68,006)</u>	<u>\$ 678,198</u>	<u>\$ 693,756</u>	<u>\$ 597,131</u>

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

	2021		2020		2019		2018		Fiscal Year Ended June 30,		2015		2014		2013		2012	
									2017	2016								
General Fund																		
Restricted	\$ 3,879,908	\$ 3,138,271	\$ 2,022,920	\$ 902,676	\$ 900,906	\$ 1,011,077	\$ 711,302	\$ 854,487	\$ 1,227,945	\$ 973,576								
Committed	1,005,174			94,292														
Assigned	55,135	390,138	149,924	394,547	208,664	207,572	274,501	327,890	228,789	352,468								
Unassigned	<u>417,661</u>	<u>139,404</u>	<u>102,833</u>	<u>121,891</u>	<u>48,212</u>	<u>14,952</u>	<u>37,006</u>	<u>62,820</u>	<u>50,340</u>	<u>(3,072)</u>								
Total General Fund	\$ 5,357,878	\$ 3,667,813	\$ 2,275,677	\$ 1,513,406	\$ 1,157,782	\$ 1,233,601	\$ 1,022,809	\$ 1,245,197	\$ 1,507,074	\$ 1,322,972								
All Other Governmental Funds																		
Restricted																		
Special Revenue Fund	\$ 10,899	\$ 11,791																
Capital Projects Fund							\$ 299,775	\$ 448,210	\$ 427,759									
Debt Service Fund	43,729	3	\$ 2	\$ 201	\$ 1	1	-	-	3	\$ 3								
Unassigned	<u>(8,969,842)</u>	<u>(1,059,539)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>								
Total All Other Governmental Funds	\$ (8,915,214)	\$ (1,047,745)	\$ 2	\$ 201	\$ -	\$ 1	\$ 299,776	\$ 448,210	\$ 427,762	\$ 3								

Note 1 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

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

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Local Sources:										
Tax Levy	\$ 17,144,615	\$ 16,833,546	\$ 16,532,619	\$ 15,776,159	\$ 14,811,214	\$ 14,400,822	\$ 14,130,843	\$ 13,887,756	\$ 13,439,842	\$ 13,277,651
Tuition	63,440	195,487	48,500	67,329	59,000	53,878	113,563	95,909	93,889	116,888
Interest Earnings	15,142								8,032	3,708
Rents	13,750	27,500	11,640	19,160	25,200					
Miscellaneous	38,955	75,177	121,325	119,239	99,336	129,901	53,325	13,572	33,350	12,729
State Sources	4,137,009	3,606,202	3,437,906	3,117,643	2,691,011	2,473,063	2,220,829	2,079,089	2,295,002	1,828,969
Federal Sources	949,899	441,531	446,620	451,400	419,823	405,569	401,563	432,591	365,403	445,207
Total Revenue	<u>22,362,810</u>	<u>21,179,443</u>	<u>20,598,610</u>	<u>19,550,930</u>	<u>18,105,584</u>	<u>17,463,233</u>	<u>16,920,123</u>	<u>16,508,917</u>	<u>16,235,518</u>	<u>15,685,152</u>
Expenditures										
Instruction										
Regular Instruction	8,793,511	8,442,443	8,721,828	8,464,417	7,762,376	7,506,760	7,511,623	6,763,419	6,999,343	6,311,013
Special Education Instruction	3,306,484	3,529,845	3,554,842	3,411,327	3,149,884	2,724,921	2,329,115	2,215,264	1,861,789	2,110,334
Other Instruction	851,241	708,559	688,195	556,128	553,449	715,735	767,899	921,798	912,477	932,062
School Sponsored Activities and Athletics	29,904	54,930	49,848	55,230	55,683	71,863	87,696	70,230	68,492	60,044
Support Services:										
Tuition										
Student and Inst. Related Services	2,588,754	2,443,635	2,363,221	2,271,313	2,313,651	2,237,165	2,203,305	2,063,639	2,067,987	1,844,789
General Administrative Services	749,513	663,673	635,503	514,050	522,621	577,055	594,622	403,371	383,749	537,002
School Administrative Services	799,015	750,079	720,832	720,190	718,849	636,800	638,369	705,400	735,494	675,937
Central and Other Support Services	615,394	617,012	582,627	543,462	506,895	443,185	482,781	430,823	326,664	324,656
Plant Operations And Maintenance	1,449,113	1,351,165	1,434,766	1,255,921	1,337,820	1,314,533	1,521,854	1,427,160	1,422,775	1,610,850
Pupil Transportation	226,185	348,162	461,404	496,958	442,395	407,597	403,241	424,990	342,245	306,562
Capital Outlay	8,397,763	1,148,905	139,847	204,162	31,298	130,169	256,565	564,810	2,424,653	
Debt Service:										
Interest and Other Charges	700,046	702,085	680,370	663,063	630,845	613,712	176,865	217,546	147,890	165,227
Principal	77,017	86,352	109,144	133,176	155,638	172,721	607,768	541,896	421,099	484,337
Total Expenditures	<u>28,583,940</u>	<u>20,846,845</u>	<u>20,142,427</u>	<u>19,289,397</u>	<u>18,181,404</u>	<u>17,552,216</u>	<u>17,581,703</u>	<u>16,750,346</u>	<u>18,114,657</u>	<u>15,362,813</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,221,130)</u>	<u>332,598</u>	<u>456,183</u>	<u>261,533</u>	<u>(75,820)</u>	<u>(88,983)</u>	<u>(661,580)</u>	<u>(241,429)</u>	<u>(1,879,139)</u>	<u>322,339</u>

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

	Fiscal Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other Financing Sources (Uses)										
Bond Proceeds									\$ 2,491,000	
Note Premium	\$ 43,726									
Capital Lease Proceeds			\$ 305,889				\$ 290,758			
Payment to Refunded Bond Escrow Agent										
Insurance Recoveries				94,292						
Transfers In	43,726					\$ 299,775		\$ 530,000	273,422	\$ 112
Transfers Out	(43,726)	-	-	-	-	(299,775)	-	(530,000)	(273,422)	(112)
Total Other Financing Sources (Uses)	<u>43,726</u>	<u>-</u>	<u>305,889</u>	<u>94,292</u>	<u>-</u>	<u>-</u>	<u>290,758</u>	<u>-</u>	<u>2,491,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (6,177,404)</u>	<u>\$ 332,598</u>	<u>\$ 762,072</u>	<u>\$ 355,825</u>	<u>\$ (75,820)</u>	<u>\$ (88,983)</u>	<u>\$ (370,822)</u>	<u>\$ (241,429)</u>	<u>\$ 611,861</u>	<u>\$ 322,339</u>
Debt Service as a Percentage of										
Noncapital Expenditures	3.85%	4.00%	3.95%	4.17%	4.33%	4.51%	4.53%	4.69%	3.63%	4.23%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30</u>	<u>Prior Year Voided Checks</u>	<u>Prior Year Refunds</u>	<u>Cancelled Payables</u>	<u>Tuition</u>	<u>Facility Rentals</u>	<u>Indirect Cost Reimbursement</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2021		\$ 27,937		\$ 63,440	\$ 13,750		\$ 15,142	\$ 2,606	\$ 122,875
2020		18,024		195,487	27,500		18,530	38,534	298,075
2019		70,364		48,500	11,640	\$ 22,901	16,658	9,302	179,365
2018		11,508		67,329	19,160	25,769	6,926	34,364	165,056
2017	\$ 787	60,837		59,000	25,200		4,547	29,665	180,036
2016	16,639	9,559	\$ 56,694	53,878			3,241	43,768	183,779
2015	22,536			113,563			3,474	27,315	166,888
2014				95,909			4,678	8,894	109,481
2013				93,889				36,673	130,562
2012								12,306	12,306

Source: District's financial records

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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2012	\$ 29,994,900	\$ 620,953,700			\$ 528,271,700	\$ 681,675,500	\$ 128,040,300	\$ 1,988,936,100	\$ 4,142,893	\$ 1,993,078,993	\$ 2,414,475,439	\$ 0.675
2013	28,711,500	620,449,400			527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.704
2014	29,874,100	619,122,800			420,711,800	653,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.762
2015	33,244,900	620,552,400			418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.779
2016	32,423,900	619,817,100			476,992,500	633,405,000	126,427,400	1,889,065,900	4,161,949	1,893,227,849	2,449,372,901	0.783
2017	33,919,400	620,007,200			390,632,800	632,456,800	190,853,400	1,867,869,600	4,069,535	1,871,939,135	2,502,356,056	0.843
2018	38,695,300	701,720,900			495,793,000	599,137,100	255,007,700	2,090,354,000	4,657,962	2,095,011,962	2,037,938,982	0.789
2019	43,130,000	769,090,400			493,955,600	672,542,900	243,343,500	2,222,062,400	4,657,962	2,226,720,362	2,292,227,281	0.756
2020	42,654,100	765,683,300			496,912,600	715,514,200	250,188,900	2,270,953,100	4,517,960	2,275,471,060	2,361,376,820	0.754
2021	42,150,500	789,556,700			517,837,700	763,106,500	259,625,400	2,372,276,800	4,531,110	2,376,807,910	2,519,937,873	0.734

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

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

<u>Calendar Year</u>	<u>Total</u>	<u>Total Direct Rate Local School District</u>	<u>Overlapping Rates</u>		
			<u>Regional School</u>	<u>Municipality</u>	<u>County</u>
2021	\$ 1.797	\$ 0.734	\$ 0.275	\$ 0.521	\$ 0.267
2020	1.819	0.754	0.291	0.518	0.256
2019	1.832	0.756	0.274	0.550	0.252
2018	1.778	0.789	0.268	0.530	0.191
2017	2.074	0.843	0.294	0.608	0.329
2016	1.945	0.783	0.283	0.566	0.313
2015	1.967	0.779	0.323	0.584	0.281
2014	1.904	0.762	0.318	0.590	0.234
2013	1.845	0.704	0.297	0.565	0.279
2012	1.735	0.675	0.288	0.535	0.237

Source: Tax Duplicate, Borough of East Rutherford

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

Taxpayer	2021		Taxpayer	2012	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 221,810,800	9.33%	Federal Reserve Bank	\$ 321,169,300	16.11%
One Met Center LLC	95,000,000	4.00%	KBII One Meadowlands Plaza LP	70,000,000	3.51%
Waterside Gardens at Brick LLC	72,500,000	3.05%	Branca Properties	60,534,000	3.04%
201 Railroad Avenue LLC	40,000,000	1.68%	450 Murray Hill Corp	16,916,100	0.85%
Honeywell International Inc	37,071,400	1.56%	BPG Hotel XVII c/o Sheraton	42,500,000	2.13%
Brancasons	35,557,900	1.50%	BRE/HV Properties (Homestead Village)	17,229,200	0.86%
Liberty Terrace at E Rutherford LLC	33,400,000	1.41%	Vornado Realty Trust	36,013,300	1.81%
ML Plaza Owner, LLC Hilton	33,292,000	1.40%	Avalon NJ Value II LLC	35,715,600	1.79%
450 Murray Hill Corp.	30,771,600	1.40%	Liberty Commons	30,220,600	1.52%
Liberty Commons	25,867,300	1.29%	East Rutherford (Lodging Residence Inn)	21,075,800	1.06%
Total	\$ 625,271,000	26.62%		\$ 651,373,900	32.68%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2021	\$ 17,144,615	\$ 17,144,615	100%	
2020	16,833,546	16,833,546	100%	
2019	16,532,619	16,532,619	100%	
2018	15,776,159	15,776,159	100%	
2017	14,811,214	14,811,214	100%	
2016	14,400,822	14,400,822	100%	
2015	14,130,843	14,130,843	100%	
2014	13,887,756	13,887,756	100%	
2013	13,439,842	13,439,842	100%	
2012	13,277,651	13,277,651	100%	

Source: District's financial records

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

Governmental Activities

Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Lease- Purchase/Capital Leases	Bond Anticipation Notes (BANs)	Total District	Population	Per Capita
2021	\$ 1,876,000		\$ 163,758	8,000,000	\$ 10,039,758	9,646	\$ 1,041
2020	2,511,000		228,804		2,739,804	9,688	283
2019	3,136,000		305,889		3,441,889	9,725	354
2018	3,756,000		60,370		3,816,370	9,760	391
2017	4,361,000		118,433		4,479,433	9,742	460
2016	4,936,000		174,278		5,110,278	9,045	565
2015	5,496,000		227,990		5,723,990	9,020	635
2014	6,041,000				6,041,000	9,006	671
2013	6,566,000		16,896		6,582,896	8,986	733
2012	4,480,000		32,995		4,512,995	8,972	503

Source: District records

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2021	\$ 1,876,000	43,729	\$ 1,832,271	0.08%	\$ 190
2020	2,511,000	3	2,510,997	0.11%	259
2019	3,136,000	2	3,135,998	0.14%	322
2018	3,756,000		3,756,000	0.18%	385
2017	4,361,000		4,361,000	0.23%	448
2016	4,936,000		4,936,000	0.26%	546
2015	5,496,000		5,496,000	0.30%	609
2014	6,041,000		6,041,000	0.33%	671
2013	6,566,000		6,566,000	0.33%	731
2012	4,480,000		4,480,000	0.22%	499

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**EAST RUTHERFORD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of East Rutherford	\$ 31,791,681
East Rutherford Board of Education (As of June 30, 2021)	<u>37,429,000</u>
Total Direct Debt	<u>69,220,681</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County: (3);(A):	
County of Bergen (A)	19,275,391
Bergen County Utilities Authority - Water Pollution (B)	<u>1,709,391</u>
Total Overlapping Debt	<u>20,984,782</u>
Total Direct and Overlapping Debt	<u><u>\$ 90,205,463</u></u>

(A) The debt for this entity was apportioned to the Borough of East Rutherford by dividing the Municipality's 2020 equalized value by the total 2020 equalized value for Bergen County.

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

Sources:

- (1) Borough of East Rutherford 2020 Annual Debt Statement
- (2) BCUA 2020 Audit
- (3) Bergen County 2020 Annual Debt Statement

**EAST RUTHERFORD BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2021

Equalized valuation basis

2020	\$	2,609,391,129
2019		2,398,081,589
2018		<u>2,302,659,176</u>
	\$	<u>7,310,131,894</u>

Average equalized valuation of taxable property	\$	2,436,710,631
Debt limit (3 % of average equalization value)		73,101,319 ^a
Total Net Debt Applicable to Limit		<u>37,429,000</u>
Legal debt margin	\$	<u>35,672,319</u>

Fiscal Year

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$	58,742,150	\$ 59,221,606	\$ 58,682,966	\$ 60,414,392	\$ 60,524,764	\$ 62,341,600	\$ 61,412,512	\$ 64,712,042	\$ 66,873,584	\$ 73,101,319
Total Net Debt Applicable to Limit		<u>4,480,000</u>	<u>7,096,951</u>	<u>6,041,951</u>	<u>5,496,951</u>	<u>4,936,000</u>	<u>4,361,000</u>	<u>3,756,000</u>	<u>3,136,000</u>	<u>38,064,000</u>	<u>37,429,000</u>
Legal Debt Margin	\$	<u>54,262,150</u>	<u>52,124,655</u>	<u>52,641,015</u>	<u>54,917,441</u>	<u>55,588,764</u>	<u>57,980,600</u>	<u>57,656,512</u>	<u>61,576,042</u>	<u>28,809,584</u>	<u>35,672,319</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		7.63%	11.98%	10.30%	9.10%	8.16%	7.00%	6.12%	4.85%	56.92%	51.20%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Personal Income</u>	<u>Population</u>
2021	9.6%	\$ 89,456 (E)	9,646
2020	3.1%	89,456 (E)	9,688
2019	3.7%	89,456	9,725
2018	3.8%	86,404	9,760
2017	3.8%	81,676	9,742
2016	4.9%	79,407	9,045
2015	4.9%	77,767	9,020
2014	5.9%	74,480	9,006
2013	5.2%	71,699	8,986
2012	11.0%	72,164	8,972

(E) Estimate

Source: United States Bureau of Census
School District Records

(1) Bergen County Per Capita Income

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

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2021</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>
Instruction										
Regular	63.0	63.0	63.0	57.0	58.0	55.0	53.0	53.0	52.0	52.0
Special Education	14.0	14.0	15.0	14.0	15.0	17.0	17.0	17.0	17.0	17.0
Other Special Education	15.0	17.0	18.5	14.0	14.0	12.0	10.0	10.0	11.0	11.0
Other Instruction	6.0	6.0	6.0	5.0	6.0	4.0	3.0	2.0	2.1	2.1
Support Services:										
Student and Instruction Related Services	13.0	13.0	13.0	14.0	15.0	15.0	15.0	15.0	15.1	15.1
General and Business Administration Services	4.0	6.0	6.0	6.0	5.0	5.0	4.0	3.0	3.0	3.0
School Administrative Services	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	6.0	4.8
Plant Operations And Maintenance	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.1	9.0
Pupil Transportation	4.0	3.0	4.0	5.0	5.0	5.0	4.0	4.0	4.4	2.0
Total	<u>136.0</u>	<u>139.0</u>	<u>142.5</u>	<u>132.0</u>	<u>135.0</u>	<u>130.0</u>	<u>122.0</u>	<u>120.0</u>	<u>119.7</u>	<u>116.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle School					
2021	769	\$ 19,409,114	\$ 25,239	3.18%	92.00	Not Available		783	741	-2.00%	94.64%
2020	773	18,909,503	24,462	2.37%	94.00	Not Available		799	760	-2.44%	95.12%
2019	804	19,213,066	23,897	6.88%	95.00	Not Available		819	781	0.61%	95.36%
2018	818	18,288,996	22,358	4.04%	86.00	Not Available		814	776	0.00%	95.33%
2017	808	17,363,623	21,490	3.47%	86.00	Not Available		814	776	3.69%	95.33%
2016	801	16,635,614	20,769	-1.18%	83.00	Not Available		785	751	1.16%	95.67%
2015	787	16,540,505	21,017	1.37%	83.00	Not Available		776	744	0.13%	95.88%
2014	744	15,426,094	20,734	5.31%	82.00	Not Available		775	743	1.31%	95.87%
2013	768	15,121,015	19,689	4.24%	82.10	Not Available		765	731	-1.03%	95.56%
2012	779	14,713,249	18,887	7.35%	82.10	Not Available		773	741	2.25%	95.86%

Sources: District records

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

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

	<u>2021</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>District Building</u>										
<u>Elementary</u>										
McKenzie Elementary										
Square Feet	54,500	54,500	54,500	54,500	54,500	54,500	54,500	54,500	54,500	54,500
Capacity (students)	411	411	411	411	411	411	411	411	411	411
Enrollment	474	459	471	472	472	475	454	451	467	471
<u>Middle School</u>										
Faust Intermediate										
Square Feet	69,935	69,935	69,935	69,935	69,935	69,935	69,935	69,935	69,935	69,935
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	295	302	305	346	342	326	333	293	297	296
<u>Other</u>										
Faust Annex										
Square Feet	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Capacity (students)	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included
Enrollment	Included	Included	Included	Included	Included	Included	Included	Included	Included	Included

Number of Schools at June 30, 2021

 Elementary = 1

 Middle School = 1

 Other = 1

Source: District Records

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

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

	<u>2021</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>
School Facilities										
McKenzie	\$ 126,203	\$ 130,624	\$ 115,936	\$ 79,693	\$ 107,566	\$ 85,512	\$ 82,921	\$ 59,123	\$ 70,347	\$ 137,827
Faust Annex	6,308	11,864	9,152	6,291	8,491	6,750	6,546	4,668	5,554	10,882
Faust	<u>122,361</u>	<u>167,618</u>	<u>180,005</u>	<u>123,734</u>	<u>167,009</u>	<u>132,768</u>	<u>128,745</u>	<u>91,796</u>	<u>109,222</u>	<u>213,994</u>
Grand Total	<u>\$ 254,872</u>	<u>\$ 310,106</u>	<u>\$ 305,093</u>	<u>\$ 209,718</u>	<u>\$ 283,066</u>	<u>\$ 225,030</u>	<u>\$ 218,212</u>	<u>\$ 155,587</u>	<u>\$ 185,123</u>	<u>\$ 362,703</u>

Source: District records

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
School Package Policy			
	Property Blanket Building & Contents-	\$ 31,512,925	\$ 5,000
	Flood & Earthquake: \$5,000,000 per occurrence/\$5,000,000 annual aggregate per member		50,000
	Flood: Zone A & V \$2,000,000 per occurrence/\$2,000,000 annual aggregate per member		500,000
	Extra Expense	5,000,000	
	Ordinance or Law Coverage A: Included		
	Building Ordinance Demolition Cost	2,000,000	
	Pollutant Clean Up & Removal	100,000	
	Broadened Water-Direct Damage: \$100,000 or Limit of Insurance whichever is less		
	Broadened Water: Loss of Income Planned Events and Tuition Fees	100,000	
	Claim Data Expenses	25,000	
	Fire Department Service Charge	25,000	
	Fire Protection Device Charge	5,000	
	Food Contamination Shutdown-Planned Events	10,000	
	Lock Replacement	2,500	
	Loss of Income Planned Events - Actual Loss Sustained		
	Loss of Reduction Rewards: 10% of loss or \$25,000		
	Newly Acquired or Constructed Property-Building	1,000,000	
	Newly Acquired Property Type: Personal Property	500,000	
	Non-owned Detached Trailers	5,000	
	Outdoor Fences: Actual Loss You Sustain	100,000	
	Outside Signs Actual Loss You Sustain	100,000	
	Outdoor trees, shrubs, or plants Actual Loss You Sustain-Limit of \$10,000 per tree, shrub or plant		
	Personal Effects & Property of Others	1,000	
	Pollutant Cleanup and Removal: Planned Events	10,000	
	Premises Extension Property: 1000 Feet		
	Property Off Premises Actual Loss You Sustain	100,000	
	Roof Protection	1,000	
	Specified Appurtenant Structures: Public Use \$1,000,000, Your Use \$10,000, Contents \$1,000		
	Transportation: Actual Loss You Sustain	100,000	
	Tuition and Fees	20,000	
	Utility Services: Actual Loss You Sustain	50,000	
	Utility Services: Planned Events: Actual Loss You Sustain	25,000	
	Valuable Papers & Records	5,000,000	
	Accounts Receivable	100,000	
	Fine Arts	25,000	
	Computer Equipment	2,500,000	
	Musical Instruments, Band Uniforms,		
	Athletic Equipment & Theatrical Equipment	250,000	
	Cameras, Audio/Video Equipment owned,		
	leased or rented for use in your normal school operations	250,000	

Source: District Records

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Misc School Property	lighting, radio/TV antennas, playground equipment outdoor benches, flagpoles, etc.	\$ 100,000	
Contractors Equipment	Includes leased equip, RC & \$5,000 rental reimbursement PROVIDE SCHEDULE OF EQUIPMENT	250,000	
Cameras, Audio/Video Equipment owned, leased or rented for use in your normal school operations		250,000	
Systems Power Pac- Equipment Breakdown (Boiler & Machinery)		Inc. in Prop. Limit	
Expediting Expenses		250,000	
Hazardous Substances		250,000	
Spoilage		250,000	
Theft, Disappearance & Destruction (per member)		50,000	\$ 1,000
Computer Fraud (per member)		50,000	1,000
Public Employee Dishonesty - Per Employee		100,000	5,000
Public Employee Dishonesty - Per Loss		500,000	100,000
GENERAL LIABILITY			
General Aggregate		2,000,000	
Products & Completed Operations		2,000,000	
Personal & Advertising Injury		1,000,000	
Each Occurrence		1,000,000	
Fire Legal Liability Limit		1,000,000	
Medical Expense		5,000	
GENERAL LIABILITY FORMS AND CONDITIONS			
Employee Benefits Liability Claims Made		1,000,000	1,000
		2,000,000	Aggregate
Sexual Abuse & Molestation: \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member			
CYBER LIABILITY COVERAGES			
Third Party Liability Coverage		2,000,000	15,000
First Party Coverage		1,000,000	15,000
SURETY BOND COVERAGES			
Board Secretary/School Business Administrator		200,000	
Treasurer of School Monies		225,000	

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the East Rutherford Board of Education's basic financial statements and have issued our report thereon dated March 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Rutherford Board of Education's internal control over financial reporting (internal control) 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 East Rutherford Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Rutherford Board of Education's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Rutherford Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the East Rutherford Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated March 9, 2022.

Purpose of this Report

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

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
March 9, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the East Rutherford Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the East Rutherford Board of Education's major federal and state programs for the fiscal year ended June 30, 2021. The East Rutherford Board of Education'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 awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the East Rutherford Board of Education's major 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 New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the East Rutherford Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the East Rutherford Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the East Rutherford Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the East Rutherford Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the East Rutherford Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 or 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 or 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the East Rutherford Board of Education, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated March 9, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
March 9, 2022

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	July 1, 2020		Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments	June 30, 2021		MEMO GAAP Receivable	
						Accounts Receivable	Unearned Revenue							Accounts Receivable	Unearned Revenue		
U.S. Dept. of Agriculture Passed-through State Department of Education																	
Food Service Fund																	
National School Lunch Program	10.555		N/A														
Non-Cash Assistance (Food Distribution)		211NJ304N1099		7/1/20-6/30/21	\$ 28,544					\$ 28,544	\$ 28,502				\$ 42		
Non-Cash Assistance (Food Distribution)		201NJ304N1099		7/1/19-6/30/20	21,166		\$ 929				929						
Cash Assistance		211NJ304N1099		7/1/20-6/30/21	342,445					318,312	342,445			\$ (24,133)		\$ (24,133)	
Cash Assistance		201NJ304N1099		7/1/19-6/30/20	81,654	\$ (2,234)				2,234							
Emergency Operational Cost Program		202121H170341	N/A	7/1/20-6/30/21	17,466						17,466				(17,466)		(17,466)
P-EBT Administrative Cost Program	10.649	202125900941	N/A	7/1/20-6/30/21	614						614				(614)		(614)
School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	216,180					200,945	216,180				(15,235)		(15,235)
School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	25,489	(1,413)				1,413							
Total Child Nutrition Cluster/Food Service Fund						(3,647)	929			551,448	606,136				(57,448)		(57,448)
U.S. Department of Education Passed- through State Dept. of Education General Fund																	
Medical Assistance Program (SEMI)	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	22,350					22,350	22,350						
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	7/1/19-6/30/20	53,980	(31,703)						\$ 31,703					
Total General Fund						(31,703)				22,350	22,350	31,703					
U.S. Department of Education Passed- through State Dept. of Education Special Revenue Fund																	
IDEA Part B, Basic	84.027	H027A200100	IDEA123021	7/1/20-9/30/21	206,795		\$ (8,209)	\$ 8,209	196,574	215,004				(18,430)		(18,430)	
IDEA Part B, Basic	84.027	H027A190100	IDEA123020	7/1/19-9/30/20	200,625	(61,740)	8,210	8,209	(8,209)	53,531			\$ (1)				
IDEA Preschool	84.173	H173A200114	IDEA123021	7/1/20-9/30/21	6,840			(315)	315	3,874	7,155			(3,281)		(3,281)	
IDEA Preschool	84.173	H173A190114	IDEA123020	7/1/19-9/30/20	6,885	(315)	315	315	(315)								
Total Special Education Cluster (IDEA)						(62,055)	8,525			253,979	222,159		(1)	(21,711)		(21,711)	
Title III	84.365	S365A200030	ESEA123021	7/1/20-9/30/21				(1,030)	1,030		254			(1,030)	776	(254)	
Title III	84.365	S365A190030	ESEA123020	7/1/19-9/30/20		(1,030)		1,030	(1,030)				1,030				
Title III - Immigrant	84.365	S365A200030	ESEA123021	7/1/20-9/30/21				(1,468)	1,468		1,444			(1,468)	24	(1,444)	
Title III - Immigrant	84.365	S365A190030	ESEA123020	7/1/19-9/30/20		(1,468)	1,468	1,468	(1,468)								
Total Title III Cluster						(2,498)	1,468				1,698		1,030	(2,498)	800	(1,698)	
Title I - Part A	84.010	S010A200030	ESEA123021	7/1/20-9/30/21	149,468			(9,978)	9,978	95,841	159,301			(63,605)	145	(63,460)	
Title I - Part A	84.010	S010A190030	ESEA123020	7/1/19-9/30/20	148,771	(60,703)	9,978	9,978	(9,978)	50,725							
Title II - Part A	84.367A	S367A200029	ESEA123021	7/1/20-9/30/21	20,817			(5,887)	5,887	5,844	23,364			(20,860)	3,340	(17,520)	
Title II - Part A	84.367A	S367A190029	ESEA123020	7/1/19-9/30/20	17,504	(5,887)	5,721	5,887	(5,887)	166							
Title IV - Part A	84.424	S424A200031	ESEA123021	7/1/20-9/30/21	10,986			(5,935)	5,935	9,377	16,916			(7,544)	5	(7,539)	
Title IV - Part A	84.424	S424A190031	ESEA123020	7/1/19-9/30/20	10,000	(5,935)	5,935	5,935	(5,935)								
Total ESEA Cluster						(75,023)	23,102			161,953	201,279		1,030	(94,507)	4,290	(90,217)	

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	July 1, 2020		Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments	June 30, 2021		MEMO GAAP Receivable
						Accounts Receivable	Unearned Revenue							Accounts Receivable	Unearned Revenue	
ESSER I - C.A.R.E.S. Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20-9/30/22	126,147	(126,147)	110,376			103,958	110,376			(22,189)	-	(22,189)
ESSER II - Coronavirus Response and Relief Supplem. Appropriations	84.425D	S425D200027	N/A	3/13/20-9/30/23	489,925						300,000			(489,925)	189,925	(300,000)
ESSER II - Learning Acceleration	84.425D	S425D200027	N/A	3/13/20-9/30/23	31,441									(31,441)	31,441	-
ESSER II - Mental Health	84.425D	S425D200027	N/A	3/13/20-9/30/23	45,000	-	-	-	-	-	-	-	-	(45,000)	45,000	-
Total Elementary and Secondary School Emergency Relief Fund Cluster (ESSER)						<u>(126,147)</u>	<u>110,376</u>	<u>-</u>	<u>-</u>	<u>103,958</u>	<u>410,376</u>	<u>-</u>	<u>-</u>	<u>(588,555)</u>	<u>266,366</u>	<u>(322,189)</u>
Coronavirus Relief Fund Grant	21.019	S425D200027	N/A	3/13/20-12/30/21	48,855					48,855	48,855			-	-	-
Coronavirus Aid Relief and Economic Security Act (Passed through County of Bergen)	21.019	S425D200027	N/A	3/13/20-12/30/21	35,884	-	-	-	-	35,884	35,884	-	-	-	-	-
Total Coronavirus Relief Fund Grant CARES Cluster						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,739</u>	<u>84,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund						<u>(263,225)</u>	<u>142,003</u>	<u>-</u>	<u>-</u>	<u>604,629</u>	<u>918,553</u>	<u>-</u>	<u>1,029</u>	<u>(704,773)</u>	<u>270,656</u>	<u>(434,117)</u>
Total Federal Financial Assistance						<u>\$ (298,575)</u>	<u>\$ 142,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,178,427</u>	<u>\$ 1,547,039</u>	<u>\$ 31,703</u>	<u>\$ 1,029</u>	<u>\$ (762,221)</u>	<u>\$ 270,698</u>	<u>\$ (491,565)</u>

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Cash Received	Budgetary Expenditures	June 30, 2021		MEMO	
							Accounts Receivable	Unearned Revenue	GAAP Receivable	Budgetary Expenditures
State Department of Education										
General Fund										
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 500,204		\$ 452,284	\$ 500,204	\$ (47,920)			\$ 500,204
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	478,694	\$ (40,471)	40,471					
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	129,901		117,457	129,901	(12,444)			129,901
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	129,901	(10,983)	10,983	-	-	-	-	-
Total State Aid Public Cluster				(51,454)	621,195	630,105	(60,364)	-	-	630,105
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	133,577		120,780	133,577	(12,797)			133,577
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	133,577	(11,293)	11,293					
Extraordinary Aid	21-100-034-5120-044	7/1/20-6/30/21	166,630			166,630	(166,630)			166,630
Extraordinary Aid	20-100-034-5120-044	7/1/19-6/30/20	117,477	(117,477)	117,477					
On-behalf TPAF Pension Contributions - Normal Cost/Accrued Liability	21-495-034-5094-002	7/1/20-6/30/21	2,005,866		2,005,866	2,005,866				2,005,866
On-behalf TPAF Pension Contributions - NCGI Premiums	21-495-034-5094-004	7/1/20-6/30/21	38,164		38,164	38,164				38,164
On-behalf TPAF Contributions - LTDI Premiums	21-495-034-5094-004	7/1/20-6/30/21	1,048		1,048	1,048				1,048
On-behalf TPAF Contributions - Post-Retirement Medical Benefits	21-495-034-5094-001	7/1/20-6/30/21	640,567		640,567	640,567				640,567
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	580,619		551,732	580,619	(28,887)		\$ (28,887)	580,619
Reimbursed TPAF Social Security	20-495-034-5094-003	7/1/19-6/30/20	590,454	(28,798)	28,798	-	-	-	-	-
Total General Fund				(209,022)	4,136,920	4,196,576	(268,678)	-	(28,887)	4,196,576
Food Service Fund										
State School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	18,433		14,418	18,433	(4,015)		(4,015)	18,433
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	2,051	(744)	744	-	-	-	-	-
Total Food Service Fund				(744)	15,162	18,433	(4,015)	-	(4,015)	18,433
Total State Financial Assistance Subject to Single Audit Determination				(209,766)	4,152,082	4,215,009	(272,693)	-	(32,902)	4,215,009
State Financial Assistance Not Subject to Major Program Determination:										
General Fund										
TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	2,005,866		(2,005,866)	(2,005,866)				(2,005,866)
TPAF Pension - NCGI Premiums	21-495-034-5094-004	7/1/20-6/30/21	38,164		(38,164)	(38,164)				(38,164)
TPAF - LTDI Premiums	21-495-034-5094-004	7/1/20-6/30/21	1,048		(1,048)	(1,048)				(1,048)
TPAF Post Retirement Medical Benefits	21-495-034-5094-001	7/1/20-6/30/21	640,567		(640,567)	(640,567)				(640,567)
Total State Financial Assistance for Major Program Determination				\$ (209,766)	\$ 1,466,437	\$ 1,529,364	\$ (272,693)	\$ -	\$ (32,902)	\$ 1,529,364

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$59,567 for the general fund and an increase of \$8,996 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 22,350	\$ 4,137,009	\$ 4,159,359
Special Revenue Fund	927,549		927,549
Food Service Fund	<u>606,136</u>	<u>18,433</u>	<u>624,569</u>
Total Awards Financial Assistance	<u>\$ 1,556,035</u>	<u>\$ 4,155,442</u>	<u>\$ 5,711,477</u>

**EAST RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$580,619 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$2,044,030, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$640,567 and TPAF Long-Term Disability Insurance in the amount of \$1,048 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

Financial Statement Section

A) Type of auditors' report issued: Unmodified

B) Internal control over financial reporting:

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

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

C) Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified not considered to be material weaknesses? 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 Uniform Guidance?

 yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>National School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>Emergency Operational Cost Program</u>
<u>10.649</u>	<u>P-EBT Administration Costs</u>
<u>84.425D</u>	<u>Coronavirus Aid, Relief, and Economy Security (CARES) Act</u>
<u>84.425D</u>	<u>Elementary and Secondary Emergency Relief (ESSER II)</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor's Results

State Awards Section

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

Internal Control over compliance:

- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

GMIS Number(s)	Name of State Program
21-495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low-risk auditee? X yes no

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**EAST RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**EAST RUTHERFORD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2020-001

Our audit of outstanding purchase orders revealed the following:

- There were several encumbrances that were determined to be invalid and should have been cancelled at year end.
- Certain purchase orders classified as encumbrances should have been classified as accounts payable.

Current Status

Corrective action was implemented.