

**EAST RUTHERFORD BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2015**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

EAST RUTHERFORD SCHOOL DISTRICT  
100 Uhland Street  
East Rutherford, New Jersey 07073  
201-804-3100

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Joseph Abate  
*Interim Superintendent of Schools*

Phone: 201-804-3100  
Telefax: 201-804-3131  
Email: jabate@erboe.net

November 27, 2015

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, 2015.

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, 2015, 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, 2015 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre Kindergarten through Grade 8. These include both regular and special education programs. The District completed the 2014-2015 school year with an enrollment of 787 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>
2014-2015	787	5.77%
2013-2014	744	-3.13%
2012-2013	768	-1.41%
2011-2012	779	1.70%
2010-2011	766	8.65%
2009-2010	705	4.44%
2008-2009	675	-3.29%
2007-2008	698	-5.29%
2006-2007	737	-1.60%

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

**3. MAJOR INITIATIVES:** The East Rutherford Board of Education has continued its shared services program with the Borough and will update its Long Range Facility Plan to possibly include a referendum to meet its rapidly growing enrollment needs. The Comprehensive Professional Development Plan will continue to expand Google Aps and focus on using data to improve curriculum and test scores. The district will commence year (2) of our (2) year Technology Plan and expand the new reading/language arts program at McKenzie School. A district Roll of Honors Program will expand as well as the new block schedule at Faust School. Finally, the district will go electronic for receipt of all personnel applications and update its seniority and tenure charts.

**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 the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 15-08. The auditors' report on the basic financial statements and schedules are included in the financial section of the report. The auditors' reports relating specifically to the Single Audit are included in the Single Audit Section of this report.

**10. ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

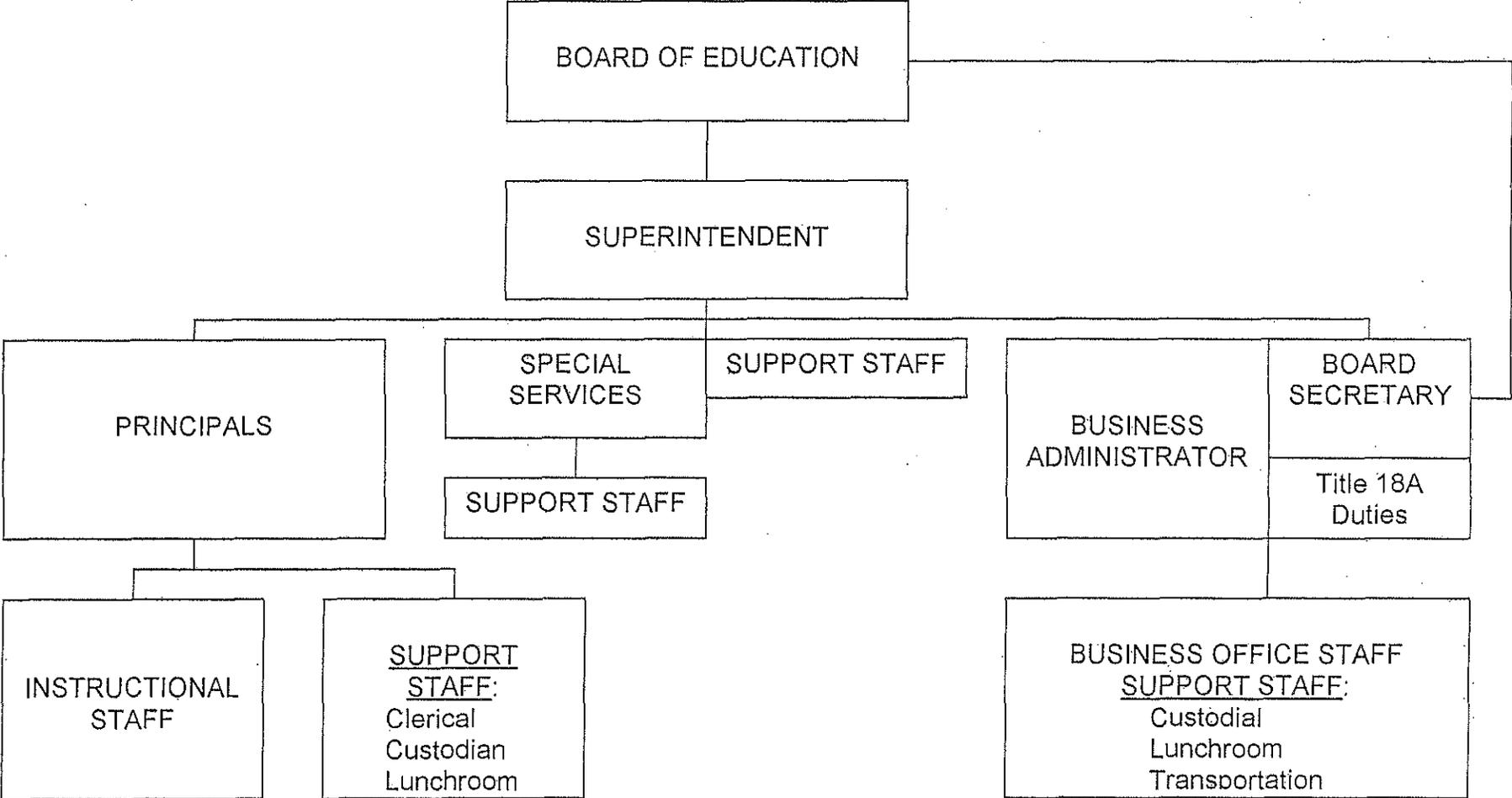
  
Joseph Abate  
Interim Superintendent of Schools

  
Mark Kramer  
Business Administrator/Board Secretary

**EAST RUTHERFORD  
BOARD OF EDUCATION**

**Uhland and Grove Streets**

**East Rutherford, New Jersey 07073**



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

**ROSTER OF OFFICIALS  
JUNE 30, 2015**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Maria Caruso, President	January, 2016
Debra Zoller, Vice President	January, 2016
Teresa Sawka	January, 2017
Kathleen Winston	January, 2018
Dennis Monks	January, 2016
Paul Weiss	January, 2017
Richard Vartan	January, 2018

**OTHER OFFICIALS**

Joseph Abate, Interim Superintendent of Schools

James Olobardi, Business Administrator/Board Secretary

Diane Chorazy, Treasurer of School Monies

Thomas Kobin, Esq., Solicitor

**EAST RUTHERFORD BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

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

**ARCHITECT OF RECORD**

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

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education, as of and for the fiscal year ended June 30, 2015 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 of material misstatement.

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of June 30, 2015, 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, 2015, the East Rutherford Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. 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, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Rutherford Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Rutherford Board of Education.

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

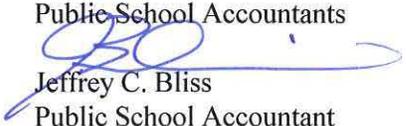
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2015 on our consideration of the East Rutherford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
November 25, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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, 2015. 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 \$1,101,499 (net position).
- Total School District's net position decreased \$68,006.
- District-Wide general revenues accounted for \$14,198,390 or 76 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,601,452 or 24 percent of total revenues of \$18,799,842.
- Total net position of governmental activities amounted to \$969,827 as of June 30, 2015 a decrease of \$72,432 from the previous year.
- The District had \$18,553,221 in expenses related to governmental activities; only \$4,282,465 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,198,324 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,796,694 in revenues, \$16,309,840 in expenditures. The General Fund's fund balance decreased \$222,388 from the previous year to \$1,022,809 at June 30, 2015.
- The General Fund unassigned budgetary fund balance increased \$4,475 from the previous year to \$291,542 at June 30, 2015.
- The District's total outstanding long-term liabilities decreased by \$352,575 during the current fiscal year.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2015?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2015**

The following provides a summary of the District's net position as of June 30, 2015 and 2014.

Table A-1  
Statement of Net Position  
As of June 30, 2015 and 2014

	Net Position					
	As of June 30, 2015 and 2014					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current Assets	\$ 1,528,056	\$ 1,814,729	\$ 137,960	\$ 110,616	\$ 1,666,016	\$ 1,925,345
Capital Assets	<u>9,122,232</u>	<u>9,104,178</u>	<u>13,663</u>	<u>16,630</u>	<u>9,135,895</u>	<u>9,120,808</u>
<b>Total Assets</b>	<u>10,650,288</u>	<u>10,918,907</u>	<u>151,623</u>	<u>127,246</u>	<u>10,801,911</u>	<u>11,046,153</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Amount on Refunding of Debt	107,505	138,721	-	-	107,505	138,721
Deferred Amount on Net Pension Liability	<u>165,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,598</u>	<u>-</u>
<b>Total Deferred Outflows of Resources</b>	<u>273,103</u>	<u>138,721</u>	<u>-</u>	<u>-</u>	<u>273,103</u>	<u>138,721</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>10,923,391</u>	<u>11,057,628</u>	<u>151,623</u>	<u>127,246</u>	<u>11,075,014</u>	<u>11,184,874</u>
<b>LIABILITIES</b>						
Other Liabilities	283,051	205,868	19,748		302,799	205,868
Long-Term Liabilities	<u>9,456,926</u>	<u>9,809,501</u>	<u>-</u>	<u>-</u>	<u>9,456,926</u>	<u>9,809,501</u>
<b>Total Liabilities</b>	<u>9,739,977</u>	<u>10,015,369</u>	<u>19,748</u>	<u>-</u>	<u>9,759,725</u>	<u>10,015,369</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Amount on Net Pension Liability	213,587				213,587	
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>203</u>	<u>-</u>	<u>203</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>213,587</u>	<u>-</u>	<u>203</u>	<u>-</u>	<u>213,790</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>9,953,564</u>	<u>10,015,369</u>	<u>19,951</u>	<u>-</u>	<u>9,973,515</u>	<u>10,015,369</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,642,511	3,084,184	13,663	16,630	3,656,174	3,100,814
Restricted	1,011,078	1,079,538			1,011,078	1,079,538
Unrestricted	<u>(3,683,762)</u>	<u>(3,121,463)</u>	<u>118,009</u>	<u>110,616</u>	<u>(3,565,753)</u>	<u>(3,010,847)</u>
<b>Total Net Position</b>	<u>\$ 969,827</u>	<u>\$ 1,042,259</u>	<u>\$ 131,672</u>	<u>\$ 127,246</u>	<u>\$ 1,101,499</u>	<u>\$ 1,169,505</u>

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

The following schedule shows changes in net position for fiscal years ended June 30, 2015 and 2014

**Change in Net Position**  
**for the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 113,563	\$ 95,909	\$ 138,430	\$ 148,695	\$ 251,993	\$ 244,604
Operating Grants and Contributions	4,168,902	2,511,680	180,557	171,298	4,349,459	2,682,978
General Revenues						
Property Taxes	14,130,843	13,887,756			14,130,843	13,887,756
Unrestricted State Aid	14,156				14,156	-
Other	53,325	13,572	66	492	53,391	14,064
<b>Total Revenues</b>	<u>18,480,789</u>	<u>16,508,917</u>	<u>319,053</u>	<u>320,485</u>	<u>18,799,842</u>	<u>16,829,402</u>
<b>Expenses</b>						
Instruction						
Regular	8,641,143	6,935,179			8,641,143	6,935,179
Special Education	2,491,806	2,214,521			2,491,806	2,214,521
Other Instruction	874,386	921,231			874,386	921,231
School Sponsored Activities and Athletics	103,915	70,145			103,915	70,145
Support Services						
Student and Instruction Related Services	2,447,507	2,088,691			2,447,507	2,088,691
General Administration Services	634,754	410,895			634,754	410,895
School Administration Services	699,086	704,940			699,086	704,940
Central and Other Support Services	514,716	430,612			514,716	430,612
Plant Operations and Maintenance	1,545,552	1,437,216			1,545,552	1,437,216
Pupil Transportation	425,730	448,602			425,730	448,602
Interest on Long Term Debt	174,626	188,956			174,626	188,956
Food Service	-	-	314,627	300,216	314,627	300,216
<b>Total Expenses</b>	<u>18,553,221</u>	<u>15,850,988</u>	<u>314,627</u>	<u>300,216</u>	<u>18,867,848</u>	<u>16,151,204</u>
<b>Change in Net Position</b>	(72,432)	657,929	4,426	20,269	(68,006)	678,198
<b>Beginning of Year, Net Position</b>	1,042,259	3,980,220	127,246	106,977	1,169,505	4,087,197
<b>Prior Period Adjustment</b>	-	(3,595,890)	-	-	-	(3,595,890)
<b>Ending of Year, Net Position</b>	<u>\$ 969,827</u>	<u>\$ 1,042,259</u>	<u>\$ 131,672</u>	<u>\$ 127,246</u>	<u>\$ 1,101,499</u>	<u>\$ 1,169,505</u>

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**Governmental Activities**

The District's total revenues were \$18,480,789 and \$16,508,917 for the fiscal years ended June 30, 2015 and 2014, respectively. Property taxes made up 76 percent and 84 percent of revenues for governmental activities for the East Rutherford Board of Education for fiscal years ended June 30, 2015 and 2014, respectively. Federal, state and local grants of \$4,183,058 and \$2,511,680 accounted for another 23 percent and 16 percent of revenues for the fiscal years ended June 30, 2015 and 2014, respectively. The increase in federal, state and local grants for the current year is largely due to the additional on-behalf TPAF pension contributions realized as a result of implementing the new accounting standard GASB statement No. 68, Accounting and Financial Reporting for Pensions.

The total cost of all programs and services was \$18,553,221 and \$15,850,988 for the fiscal years ended June 30, 2015 and 2014, respectively. The increase in expenses for the current year is also due to the additional on-behalf TPAF pension contributions reported as a result of implementing the new accounting standard GASB statement No. 68. Instruction comprises 65 and 64 percent of governmental program expenses for the fiscal years ended June 30, 2015 and 2014, respectively. Support services expenses make up 34 and 35 percent of governmental expenses for the fiscal years ended June 30, 2015 and 2014, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. The schedule below shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

**Total and Net Cost of Services**  
**for the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Total Cost</u> <u>of Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Instruction</b>				
Regular	8,641,143	\$ 6,935,179	\$ 6,124,662	\$ 5,537,007
Special Education	2,491,806	2,214,521	1,798,987	1,628,614
Other Instruction	874,386	921,231	658,876	795,620
School Sponsored Activities and Athletics	103,915	70,145	72,758	55,040
<b>Support Services</b>				
Student and Instruction Related Services	2,447,507	2,088,691	2,002,936	1,848,640
General Administration Services	634,754	410,895	578,226	397,376
School Administration Services	699,086	704,940	591,509	650,054
Central and Other Support Services	514,716	430,612	459,843	417,372
Plant Operations and Maintenance	1,545,552	1,437,216	1,423,536	1,316,668
Pupil Transportation	425,730	448,602	384,797	408,052
Interest on Long Term Debt	174,626	188,956	174,626	188,956
<b>Total</b>	<u>\$ 18,553,221</u>	<u>\$ 15,850,988</u>	<u>\$ 14,270,756</u>	<u>\$ 13,243,399</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, 2015**

**Business-Type Activities**

The only business-type activity is the food service operation. The program had revenues of \$319,053 and expenses of \$314,627 in the fiscal year ended June 30, 2015. Of the revenues, \$138,430 and \$148,695 were charges for services paid by patrons for daily food service, \$180,557 and \$171,298 were from State and Federal reimbursements and \$66 and \$492 were from interest earnings for the fiscal years ended June 30, 2015 and 2014, 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 \$16,920,123 and \$16,508,917 and expenditures were \$17,581,703 and \$16,750,346 for the fiscal years ended June 30, 2015 and 2014, 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, 2015 and 2014.

<u>Revenue</u>	<u>Fiscal Year</u> <u>Year Ended</u>		<u>Amount of</u> <u>Increase/</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>2015</u>	<u>2014</u>		
Local Sources	\$ 14,297,731	\$ 13,997,237	\$ 300,494	2%
State Sources	2,220,829	2,079,089	141,740	7%
Federal Sources	<u>401,563</u>	<u>432,591</u>	<u>(31,028)</u>	-7%
Total	<u>\$ 16,920,123</u>	<u>\$ 16,508,917</u>	<u>\$ 411,206</u>	2%

For fiscal year 2015 total governmental revenues increased \$411,206 or 2% from the previous year. The increase in local sources of \$300,494 or 2% was attributable to an increase in property taxes to support increases in operating costs. As indicated state sources increased \$141,740 or 7% mainly due to a increase in on-behalf pension and post-retirement medical benefit contributions made by the State for the District's professional teaching staff. The decrease in federal sources of \$31,028 or 7% was a result of decreased grant funds earned from NCLB and IDEA grant programs.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2015 and 2014.

<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>2015</u>	<u>2014</u>		
Current Expense:				
Instruction	\$ 10,696,333	\$ 9,970,711	\$ 725,622	7%
Support Services	5,844,172	5,455,383	388,789	7%
Capital Outlay	256,565	564,810	(308,245)	-55%
Debt Service	784,633	759,442	25,191	3%
Total	<u>\$ 17,581,703</u>	<u>\$ 16,750,346</u>	<u>\$ 831,357</u>	5%

For fiscal year 2015, total governmental funds expenditures increased \$831,357 or 5%. Increases in instruction costs were attributable to regular education programs and increases in support services costs were attributable to student and instruction related services, administrative services, as well as plant operations and maintenance costs. Capital outlay decreased significantly as a result of the activity related to the 2012 referendum project while debt service decreased as a result of the payment of bond principal and interest associated with this referendum project.

Of the governmental funds, the General Fund had \$15,796,694 in revenues (predominately property taxes), \$16,309,840 in expenditures. Other financing sources from a lease-purchase agreement proceeds totaled \$290,758. As a result the General Fund's fund balance decreased \$222,388 from \$1,245,197 at June 30, 2014 to \$1,022,809 at June 30, 2015.

**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 revenues, expenditures and encumbrance accounting. 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 2015 General Fund budgetary revenues were less than budgetary expenditures decreasing budgetary fund balance \$192,099. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$4,475 from an unassigned fund balance of \$287,067 at June 30, 2014 to \$291,542 at June 30, 2015.

**EAST RUTHERFORD BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

**Capital Assets**

At the end of fiscal years 2015 and 2014, the District had \$9,135,895 and \$9,120,808 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation increased \$15,087 from fiscal year 2014 to fiscal year 2015. The following schedule is a comparison of capital assets net of depreciation at June 30, 2015 and 2014.

**Capital Assets, Net of Depreciation**  
**As of June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 984,211	\$ 984,211		
Construction in Progress		2,572,790		
Site Improvements	29,239	37,428		
Building and Building Improvements	7,877,000	5,305,899		
Machinery and Equipment	<u>231,782</u>	<u>203,850</u>	\$ 13,663	\$ 16,630
 Total	 <u>\$ 9,122,232</u>	 <u>\$ 9,104,178</u>	 <u>\$ 13,663</u>	 <u>\$ 16,630</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, 2015 and 2014, the District had \$9,456,926 and \$9,809,501 of long-term liabilities, respectively. Of this amount, \$5,587,226 and \$6,158,715 is for bonds payable for school construction, \$227,990 and \$0 is for lease-purchase agreements, \$57,711 and \$54,896 is for compensated absences and \$3,583,999 and \$3,595,890 is for the District's net pension liability, respectively. For fiscal year 2015 total outstanding long-term liabilities decreased by \$352,575 from the prior year.

**Long-Term Liabilities**  
**As of June 30, 2015 and 2014**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Serial Bonds Payable (including premium)	\$ 5,587,226	\$ 6,158,715
Lease-Purchase Agreements	227,990	
Compensated Absences	57,711	54,896
Net Pension Liability	<u>3,583,999</u>	<u>3,595,890</u>
 Total	 <u>\$ 9,456,926</u>	 <u>\$ 9,809,501</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, 2015***

**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 2015-2016 was approved by the Board in April of 2015.

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, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,397,769	\$ 124,570	\$ 1,522,339
Receivables	130,287	9,738	140,025
Inventory		3,652	3,652
Capital Assets Not Being Depreciated	984,211		984,211
Capital Assets Being Depreciated, Net	8,138,021	13,663	8,151,684
Total Assets	<u>10,650,288</u>	<u>151,623</u>	<u>10,801,911</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	107,505		107,505
Deferred Amount on Net Pension Liability	165,598		165,598
Total Deferred Outflows of Resources	<u>273,103</u>		<u>273,103</u>
Total Assets and Deferred Outflows of Resources	<u>10,923,391</u>	<u>151,623</u>	<u>11,075,014</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	182,880	19,748	202,628
Payable to Federal Government	22,121		22,121
Accrued Interest Payable	77,580		77,580
Unearned Revenue	470		470
Noncurrent Liabilities			
Due Within One Year	787,595		787,595
Due Beyond One Year	8,669,331		8,669,331
Total Liabilities	<u>9,739,977</u>	<u>19,748</u>	<u>9,759,725</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		203	203
Deferred Amount on Net Pension Liability	213,587		213,587
Total Deferred Inflows of Resources	<u>213,587</u>	<u>203</u>	<u>213,790</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,953,564</u>	<u>19,951</u>	<u>9,973,515</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,642,511	13,663	3,656,174
Restricted for:			
Capital Projects	711,077		711,077
Plant Maintenance	300,000		300,000
Debt Service	1		1
Unrestricted	(3,683,762)	118,009	(3,565,753)
Total Net Position	<u>\$ 969,827</u>	<u>\$ 131,672</u>	<u>\$ 1,101,499</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, 2015**

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	\$ 8,641,143	\$ 113,563	\$ 2,402,918		\$ (6,124,662)		\$ (6,124,662)
Special Education	2,491,806		692,819		(1,798,987)		(1,798,987)
Other Instruction	874,386		215,510		(658,876)		(658,876)
School Sponsored Activities and Athletics	103,915		31,157		(72,758)		(72,758)
Support Services							
Student and Instruction Related Svcs.	2,447,507		444,571		(2,002,936)		(2,002,936)
General Administrative Services	634,754		56,528		(578,226)		(578,226)
School Administrative Services	699,086		107,577		(591,509)		(591,509)
Central and Other Support Services	514,716		54,873		(459,843)		(459,843)
Plant Operations and Maintenance	1,545,552		122,016		(1,423,536)		(1,423,536)
Pupil Transportation	425,730		40,933		(384,797)		(384,797)
Interest on Long-Term Debt	174,626				(174,626)		(174,626)
Total Governmental Activities	18,553,221	113,563	4,168,902	-	(14,270,756)	-	(14,270,756)
Business-Type Activities							
Food Service	314,627	138,430	180,557	-		\$ 4,360	4,360
Total Business-Type Activities	314,627	138,430	180,557	-	-	4,360	4,360
Total Primary Government	\$18,867,848	\$ 251,993	\$ 4,349,459	\$ -	(14,270,756)	4,360	(14,266,396)
General Revenues:							
Property Taxes, Levied for General Purposes, Net					13,408,977		13,408,977
Property Taxes Levied for Debt Service, Net					721,866		721,866
Unrestricted State Aid					14,156		14,156
Miscellaneous Income					53,325	66	53,391
Total General Revenues					14,198,324	66	14,198,390
Change in Net Position					(72,432)	4,426	(68,006)
Net Position, Beginning of Year (Restated)					1,042,259	127,246	1,169,505
Net Position, End of Year					\$ 969,827	\$ 131,672	\$ 1,101,499

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, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,078,073	\$ 19,920	\$ 299,775	\$ 1	\$ 1,397,769
Receivables from Other Governments	25,058	2,671			27,729
Due from Other Funds	102,558				102,558
<b>Total Assets</b>	<u>\$ 1,205,689</u>	<u>\$ 22,591</u>	<u>\$ 299,775</u>	<u>\$ 1</u>	<u>\$ 1,528,056</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 177,573				\$ 177,573
Compensated Absences	5,307				5,307
Payable to Federal Government		\$ 22,121			22,121
Payable to State Government					-
Unearned Revenue		470			470
<b>Total Liabilities</b>	<u>182,880</u>	<u>22,591</u>	<u>-</u>	<u>-</u>	<u>205,471</u>
<b>Fund Balances</b>					
<b>Restricted</b>					
Capital Reserve	411,302				411,302
Maintenance Reserve	300,000				300,000
Capital Projects			\$ 299,775		299,775
Debt Service				\$ 1	1
<b>Assigned</b>					
Year End Encumbrances	134,802				134,802
Designated for Subsequent Year's Expenditures	139,699				139,699
<b>Unassigned</b>					
General Fund	37,006				37,006
<b>Total Fund Balances</b>	<u>1,022,809</u>	<u>-</u>	<u>299,775</u>	<u>1</u>	<u>1,322,585</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,205,689</u>	<u>\$ 22,591</u>	<u>\$ 299,775</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,642,812 and the accumulated depreciation is \$4,520,580. 9,122,232

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. 107,505

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 165,598	
Deferred Inflows of Resources	(213,587)	(47,989)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (77,580)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These items are as follows:

Bonds Payable, Net	\$ (5,587,226)	
Lease-Purchase Agreements	(227,990)	
Compensated Absences Payable	(57,711)	
Net Pension Liability	(3,583,999)	(9,456,926)

Net position of governmental activities (Exhibit A-1) \$ 969,827

**EAST RUTHERFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 13,408,977			\$ 721,866	\$ 14,130,843
Tuition	113,563				113,563
Miscellaneous	53,325				53,325
Total - Local Sources	13,575,865	-	-	721,866	14,297,731
State Sources	2,220,829				2,220,829
Federal Sources		\$ 401,563			401,563
Total Revenues	15,796,694	401,563	-	721,866	16,920,123
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	7,365,219	146,404			7,511,623
Special Education Instruction	2,125,946	203,169			2,329,115
Other Instruction	756,950	10,949			767,899
School Sponsored Activities and Athletics	87,696				87,696
Support Services					-
Student and Instruction Related Services	2,162,264	41,041			2,203,305
General Administrative Services	594,622				594,622
School Administrative Services	638,369				638,369
Central and Other Support Services	482,781				482,781
Plant Operations and Maintenance	1,521,854				1,521,854
Pupil Transportation	403,241				403,241
Debt Service					
Principal	62,768			545,000	607,768
Interest				176,865	176,865
Capital Outlay	108,130		\$ 148,435		256,565
Total Expenditures	16,309,840	401,563	148,435	721,865	17,581,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	(513,146)	-	(148,435)	1	(661,580)
Other Financing Sources (Uses)					
Lease-Purchase Proceeds	290,758		-		290,758
Total Other Financing Sources (Uses)	290,758	-	-	-	290,758
Net Change in Fund Balances	(222,388)	-	(148,435)	1	(370,822)
Fund Balance, Beginning of Year	1,245,197		448,210	-	1,693,407
Fund Balance, End of Year	\$ 1,022,809	\$ -	\$ 299,775	\$ 1	\$ 1,322,585

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, 2015**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (370,822)

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 in the current period.

Capital Outlay	\$ 256,565	
Depreciation Expense	<u>(238,511)</u>	
		18,054

In the statement of activities, costs related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon issuance of the debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years.

Original Issue Premium	26,489	
Deferred Charge of Refunding of Debt	<u>(31,216)</u>	
		(4,727)

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

Increase in Compensated Absences	(2,815)	
Increase in Pension Expense	<u>(36,098)</u>	
		(38,913)

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.

Debt Issued		
Lease-Purchase Proceeds		(290,758)
Principal Repayments		
Bonds Paid	545,000	
Lease-Purchases Paid	<u>62,768</u>	
		607,768

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

Decrease in accrued interest		<u>6,966</u>
------------------------------	--	--------------

**Change in net position of governmental activities (Exhibit A-2)** **\$ (72,432)**

**EAST RUTHERFORD BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2015**

	<b>Business- Type            Activities            Enterprise            Funds</b> <hr/> <b>Food            Service</b> <hr/>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 124,570
Intergovernmental Receivable	9,738
Inventories	3,652
Total Current Assets	<hr/> 137,960
Capital Assets	
Machinery and Equipment	58,700
Less: Accumulated Depreciation	(45,037)
Total Capital Assets, Net of Accumulated Depreciation	<hr/> 13,663
Total Assets	<hr/> 151,623
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	19,748
Total Current Liabilities	<hr/> 19,748
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	203
Total Deferred Inflows of Resources	<hr/> 203
Total Liabilities and Deferred Inflows of Resources	<hr/> 19,951
<b>NET POSITION</b>	
Investment in Capital Assets	13,663
Unrestricted	118,009
Total Net Position	<hr/> <hr/> \$ 131,672

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, 2015**

	<b>Business-Type            Activities            Enterprise Fund</b> <hr/> <b>Food            Service</b> <hr/>
Operating Revenues	
Charges for Services	\$ 138,430
Total Operating Revenues	<hr/> 138,430
Operating Expenses	
Cost of Sales	161,564
Salaries and Wages	88,365
Other Purchased Services	37,221
Management Fee	15,150
Supplies and Materials	6,920
Miscellaneous Expenditures	2,440
Depreciation	2,967
Total Operating Expenses	<hr/> 314,627
Operating Loss	<hr/> (176,197)
Nonoperating Revenues	
State Sources	
School Lunch Program	2,996
Federal Sources	
National School Breakfast Program	49,768
National School Lunch Program	127,793
Interest Earned	66
Total Nonoperating Revenues	<hr/> 180,623
Change in Net Position	4,426
Net Position, Beginning of Year	<hr/> 127,246
Net Position, End of Year	<hr/> <hr/> \$ 131,672

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, 2015**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 138,430
Cash Payments for Employees Salaries	(88,365)
Cash Payments to Suppliers	(182,349)
	<hr/>
Net Cash Used for Operating Activities	(132,284)
	<hr/>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Cash Received from State and Federal Reimbursements	159,667
	<hr/>
Net Cash Provided By Non-Capital Financing Activities	159,667
	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Deposits and Investments	66
	<hr/>
Net Cash Provided by Investing Activities	66
	<hr/>
Net Increase in Cash and Cash Equivalents	27,449
Cash and Cash Equivalents—Beginning of Year	97,121
	<hr/>
Cash and Cash Equivalents—End of Year	\$ 124,570
	<hr/> <hr/>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>	
Operating Loss	\$ (176,197)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities	
Depreciation	2,967
Non-Cash Federal Assistance - Food Distribution Program	22,693
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase) Decrease in Inventories	(1,698)
Increase (Decrease) in Accounts Payable	19,748
Increase (Decrease) in Deffered Commodities Reserve	203
	<hr/>
Total Adjustments	43,913
	<hr/>
Net Cash Used For Operating Activities	\$ (132,284)
	<hr/> <hr/>
Non-Cash Financing Activities	
National School Lunch (Food Distribution Program)	\$ 22,896

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

**EAST RUTHERFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2015**

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>186,597</u>
Total Assets	\$ <u>186,597</u>
 <b>LIABILITIES</b>	
Accrued Salaries and Wages	\$ 273
Payroll Deductions and Withholdings	79,921
Due to Other Funds	102,558
Due to Student Groups	<u>3,845</u>
Total Liabilities	\$ <u>186,597</u>

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

**EAST RUTHERFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

The *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.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**Fund Financial Statements (Continued)**

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

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

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

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

**2. *Receivables***

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

**3. *Inventories***

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	50
Machinery and Heavy 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

***5. Deferred Outflows/Inflows of Resources (Continued)***

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, all of which arise only under the accrual basis of accounting that qualify for reporting in this category. One 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. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and 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 vacation and sick leave and salary related payments in the period that they are 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, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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.

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 2.)

*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 2).

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

**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, investment earnings and miscellaneous revenues.

**2. *Property Taxes***

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 2013-2014 and 2014-2015 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 Non-Operating 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 District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2014/2015 budget year, the annual budget was required to be voted upon at the annual school election on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2014, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required beginning with the 2014/2015 budget year.

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**A. Budgetary Information (Continued)**

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$241,699. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. 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			
Unallocated Benefits-Employee Benefits			
Unemployment Compensation	\$38,000	\$60,903	\$22,903

The above variances were offset with other available resources.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**C. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 231,328
Increased by:	
Deposits Approved by Board Resolution	<u>179,974</u>
Balance, June 30, 2015	<u>\$ 411,302</u>

**D. 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.

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**E. Maintenance Reserve (Delete if no Maintenance Reserve)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 400,000
Withdrawals:	
Approved in District Budget	<u>(100,000)</u>
Balance, June 30, 2015	<u>\$ 300,000</u>

The June 30, 2015 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.

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$1,708,936 and bank and brokerage firm balances of the Board's deposits amounted to \$1,939,592. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 1,939,592</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, 2015 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, 2015**

**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, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

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

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

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2015 for the district’s individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 2,671	\$ 9,570	\$ 12,241
State	\$ 25,058	-	168	25,226
Gross Receivables	25,058	2,671	9,738	37,467
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 25,058</u>	<u>\$ 2,671</u>	<u>\$ 9,738</u>	<u>\$ 37,467</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>470</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>470</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 984,211			\$ 984,211
Construction in Progress	<u>2,572,790</u>	\$ 148,435	<u>(2,721,225)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>3,557,001</u>	<u>148,435</u>	<u>(2,721,225)</u>	<u>984,211</u>
Capital Assets, Being Depreciated:				
Site Improvements	220,460			220,460
Buildings and Building Improvements	8,942,690	2,742,925		11,685,615
Machinery and equipment	<u>666,096</u>	<u>86,430</u>	<u>-</u>	<u>752,526</u>
Total Capital Assets Being Depreciated	<u>9,829,246</u>	<u>2,829,355</u>	<u>-</u>	<u>12,658,601</u>
Less Accumulated Depreciation for:				
Site Improvements	(183,032)	(8,189)		(191,221)
Buildings and Building Improvements	(3,636,791)	(171,824)		(3,808,615)
Machinery and Equipment	<u>(462,246)</u>	<u>(58,498)</u>	<u>-</u>	<u>(520,744)</u>
Total Accumulated Depreciation	<u>(4,282,069)</u>	<u>(238,511)</u>	<u>-</u>	<u>(4,520,580)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,547,177</u>	<u>2,590,844</u>	<u>-</u>	<u>8,138,021</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,104,178</u>	<u>\$ 2,739,279</u>	<u>\$ (2,721,225)</u>	<u>\$ 9,122,232</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 58,700	-	-	\$ 58,700
Total Capital Assets Being Depreciated	<u>58,700</u>	-	-	<u>58,700</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(42,070)	\$ (2,967)	-	(45,037)
Total Accumulated Depreciation	<u>(42,070)</u>	<u>(2,967)</u>	-	<u>(45,037)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,630</u>	<u>(2,967)</u>	-	<u>13,663</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,630</u>	<u>\$ (2,967)</u>	<u>\$ -</u>	<u>\$ 13,663</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 175,100
Total Instruction	<u>175,100</u>
Support Services	
Support Services-Students	28,680
General Administration	8,155
Plant Operations And Maintenance	8,446
Transportation	<u>18,130</u>
Total Support Services	<u>63,411</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 238,511</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 2,967</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	<u>\$ 102,558</u>

The above balances are the result of revenues earned in one fund to finance expenditures paid by another fund.

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

**F. Leases**

**Lease-Purchase Agreements**

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2016	\$ 62,768
2017	62,768
2018	62,768
2019	<u>62,768</u>
Total minimum lease payments	251,072
Less: amount representing interest	<u>(23,082)</u>
Present value of minimum lease payments	<u>\$ 227,990</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2015 are comprised of the following issues:

\$4,575,000, 2010 Refunding Bonds, due in annual installments of \$440,000 to \$475,000 through July 15, 2021 interest at 2.000% to 4.375%	\$ 3,220,000
\$2,491,000, 2012 School Bonds, due in annual installments of \$120,000 to \$210,000 through July 15, 2027 interest at 2.00% to 2.75%	<u>2,276,000</u>
	<u>\$ 5,496,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 560,000	\$ 163,665	\$ 723,665
2017	575,000	148,715	723,715
2018	605,000	128,471	733,471
2019	620,000	106,746	726,746
2020	625,000	86,354	711,354
2021-2025	1,885,000	178,849	2,063,849
2026-2029	<u>626,000</u>	<u>25,450</u>	<u>651,450</u>
	<u>\$ 5,496,000</u>	<u>\$ 838,250</u>	<u>\$ 6,334,250</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 60,414,392
Less: Net Debt Issued	\$ 5,496,000
Net Debt Authorized But Not Issued	<u>951</u>
	<u>5,496,951</u>
Remaining Borrowing Power	<u>\$ 54,917,441</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2015, was as follows:

	Balance, July 1, 2014	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 6,041,000		\$ 545,000	\$ 5,496,000	\$ 560,000
Add: Premium on Refunding	<u>117,715</u>	-	<u>26,489</u>	<u>91,226</u>	-
Bonds Payable, Net	6,158,715	-	571,489	5,587,226	560,000
Lease-Purchase Agreements		\$ 290,758	62,768	227,990	53,712
Compensated Absences	54,896	15,802	12,987	57,711	5,771
Net Pension Liability	<u>3,595,890</u>	-	<u>11,891</u>	<u>3,583,999</u>	<u>168,112</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,809,501</u>	<u>\$ 306,560</u>	<u>\$ 659,135</u>	<u>\$ 9,456,926</u>	<u>\$ 787,595</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG 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 NESBIG are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in

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

**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, 2015, 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, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

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

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

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

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

**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)**

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**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)**

**Funding Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 159,102	\$ 364,943	\$ 581
2014	141,766	283,252	669
2013	145,378	435,114	287

For fiscal years 2014/2015 and 2012/2013, the state contributed \$364,943 and \$435,114, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$283,252 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$497,708 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$3,583,999 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .01914 percent, which was an increase of .00033 percent from its proportionate share measured as of June 30, 2013.

**EAST RUTHERFOR 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)**

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$195,200 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions	\$ 112,700	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 213,587
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>52,898</u>	<u>-</u>
Total	<u>\$ 165,598</u>	<u>\$ 213,587</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (22,956)
2017	(22,956)
2018	(22,956)
2019	(22,956)
2020	30,441
Thereafter	<u>13,394</u>
	<u>\$ (47,989)</u>

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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)**

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

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 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)**

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

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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)**

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

***Discount Rate (Continued)***

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

**PERS**

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2033

Municipal Bond Rate \*    From July 1, 2033  
and Thereafter

\* The municipal bond return rate used is 4.29%. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	<b>1% Decrease <u>(4.39%)</u></b>	<b>Current Discount Rate <u>(5.39%)</u></b>	<b>1% Increase <u>(6.39%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,508,778</u>	<u>\$ 3,583,999</u>	<u>\$ 2,807,418</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability 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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/trasury/pensions](http://www.state.nj.us/trasury/pensions).

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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)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% 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, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,925,609 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$35,785,741. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - Study Upon Which Actuarial Assumptions were Based
June 30, 2012	

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

**EAST RUTHERFOR BOARD OF EDUCATION  
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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)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

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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>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

**TPAF**

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 4.29%. 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 4.68%, 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 (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>1% Decrease (3.68%)</b>	<b>Current Discount Rate (4.68%)</b>	<b>1% Increase (5.68%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 43,040,942</u>	<u>\$ 35,785,741</u>	<u>\$ 29,751,549</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

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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)**

***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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$579,347, \$464,428 and \$492,004, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2014, the East Rutherford Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The East Rutherford Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$3,595,890. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$4,638,149 as originally reported to \$1,042,259 as adjusted for the effects of the change in accounting principle.

**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, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 13,408,977		\$ 13,408,977	\$ 13,408,977	
Tuition - Individuals	85,000		85,000	113,563	\$ 28,563
Interest Earned on Capital Reserve Funds	300		300		(300)
Miscellaneous	15,000	-	15,000	53,325	38,325
<b>Total Local Sources</b>	<b>13,509,277</b>	<b>-</b>	<b>13,509,277</b>	<b>13,575,865</b>	<b>66,588</b>
State Sources					
Categorical Special Education Aid	421,679		421,679	421,679	
Categorical Security Aid	121,613		121,613	121,613	
Transportation Aid	40,797		40,797	40,797	
Extraordinary Aid	220,000		220,000	209,731	(10,269)
PARCC Readiness Aid	7,650		7,650	7,650	-
Per Pupil Growth Aid	7,650		7,650	7,650	-
TPAF Pension Contribution (Non-Budget)					
NCGI				24,494	24,494
TPAF Pension Contribution (Non-Budget)					
Normal Cost				340,449	340,449
TPAF Pension Contribution (Non-Budget)					
Post - Retirement Medical Contribution				579,347	579,347
TPAF Social Security Contributions (Non-Budget)	-	-	-	497,708	497,708
<b>Total State Sources</b>	<b>819,389</b>	<b>-</b>	<b>819,389</b>	<b>2,251,118</b>	<b>1,431,729</b>
Federal Sources					
Medicaid Reimbursement	14,715	-	14,715	-	(14,715)
<b>Total Federal Sources</b>	<b>14,715</b>	<b>-</b>	<b>14,715</b>	<b>-</b>	<b>(14,715)</b>
<b>Total Revenues</b>	<b>14,343,381</b>	<b>-</b>	<b>14,343,381</b>	<b>15,826,983</b>	<b>1,483,602</b>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	69,681	7,000	76,681	76,245	436
Kindergarten	310,000	(54,000)	256,000	254,884	1,116
Grades 1-5	1,887,917	71,041	1,958,958	1,958,213	745
Grades 6-8	1,883,382	7,356	1,890,738	1,888,899	1,839
Regular Programs - Home Instruction					
Salaries of Teachers	2,500	3,361	5,861	5,861	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	453,681	68,782	522,463	518,919	3,544
Purchased Professional -Educational Services		106,832	106,832	106,832	
Purchased Technical Services	60,000	3,099	63,099	62,923	176
Other Purchased Services	2,500	880	3,380	1,367	2,013
General Supplies	215,000	33,090	248,090	238,309	9,781
General Supplies Acquired Under Lease-Purchase (Non-Budget)				290,758	(290,758)
Textbooks	160,000	(95,000)	65,000	64,231	769
Other Objects	10,000	100	10,100	5,857	4,243
<b>Total Regular Programs</b>	<b>5,054,661</b>	<b>152,541</b>	<b>5,207,202</b>	<b>5,473,298</b>	<b>(266,096)</b>
Learning and/or Language Disabilities					
Salaries of Teachers	196,566	2,000	198,566	197,452	1,114
General Supplies	2,500	-	2,500	-	2,500
<b>Total Learning and/or Language Disabilities</b>	<b>199,066</b>	<b>2,000</b>	<b>201,066</b>	<b>197,452</b>	<b>3,614</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Special Education Instruction-Multiple Disabilities					
Salaries of Teachers	\$ 78,240		\$ 78,240	\$ 78,240	
General Supplies	1,250	-	1,250	-	\$ 1,250
Total Special Education - Multiple Disabilities	<u>79,490</u>	<u>-</u>	<u>79,490</u>	<u>78,240</u>	<u>1,250</u>
Special Education Instruction-Resource Room/Center					
Salaries of Teachers	424,718		424,718	421,442	3,276
General Supplies	4,500	\$ (4,000)	500	-	500
Total Resource Room/Resource Center	<u>429,218</u>	<u>(4,000)</u>	<u>425,218</u>	<u>421,442</u>	<u>3,776</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	99,770	1,000	100,770	100,625	145
Other Salaries for Instruction	27,593	1,400	28,993	28,097	896
Total Preschool Disabilities - Full Time	<u>127,363</u>	<u>2,400</u>	<u>129,763</u>	<u>128,722</u>	<u>1,041</u>
Total Special Education	<u>835,137</u>	<u>400</u>	<u>835,537</u>	<u>825,856</u>	<u>9,681</u>
Basic Skills/Remedial					
Salaries of Teachers	323,687		323,687	323,126	561
General Supplies	3,000	(1,500)	1,500	-	1,500
Total Basic Skills/Remedial	<u>326,687</u>	<u>(1,500)</u>	<u>325,187</u>	<u>323,126</u>	<u>2,061</u>
Bilingual Education					
Salaries of Teachers	293,756	(90,000)	203,756	201,601	2,155
General Supplies	2,500	(1,414)	1,086	607	479
Other Objects	-	1,414	1,414	1,414	-
Total Bilingual Education	<u>296,256</u>	<u>(90,000)</u>	<u>206,256</u>	<u>203,622</u>	<u>2,634</u>
School Sponsored Co-Curricular Activities					
Salaries	35,000	18,865	53,865	53,865	
Purchased Services	3,500	1,756	5,256	2,765	2,491
Supplies and Materials	500	(500)	-	-	
Other Objects	500	-	500	-	500
Total School Sponsored Co-Curricular Activities	<u>39,500</u>	<u>20,121</u>	<u>59,621</u>	<u>56,630</u>	<u>2,991</u>
Before/After School Programs - Instruction					
Salaries of Teachers	15,000	10,009	25,009	25,009	-
Total Before/After School Programs	<u>15,000</u>	<u>10,009</u>	<u>25,009</u>	<u>25,009</u>	<u>-</u>
Summer School					
Salaries	45,000	(43,000)	2,000	1,227	773
Total Summer School Programs	<u>45,000</u>	<u>(43,000)</u>	<u>2,000</u>	<u>1,227</u>	<u>773</u>
Total Instruction	<u>6,612,241</u>	<u>48,571</u>	<u>6,660,812</u>	<u>6,908,768</u>	<u>(247,956)</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	\$ 257,094	\$ (46,000)	\$ 211,094	\$ 210,767	\$ 327
Tuition to CSSD and Regional Day Schools	129,426	(64,455)	64,971	64,971	
Tuition to Priv Sch for Disabled Within State	827,390	(126,756)	700,634	700,405	229
Total Undistributed Expenditures - Instruction	<u>1,213,910</u>	<u>(237,211)</u>	<u>976,699</u>	<u>976,143</u>	<u>556</u>
Attendance & Social Work					
Salaries	47,475	-	47,475	46,556	919
Total Attendance & Social Work	<u>47,475</u>	<u>-</u>	<u>47,475</u>	<u>46,556</u>	<u>919</u>
Health Services					
Salaries	153,107	(2,000)	151,107	150,034	1,073
Purchased Professional and Technical Services	5,200	(200)	5,000	4,465	535
Supplies and Materials	4,800	200	5,000	4,268	732
Total Health Services	<u>163,107</u>	<u>(2,000)</u>	<u>161,107</u>	<u>158,767</u>	<u>2,340</u>
Speech, OT, PT, and Related Services					
Salaries	246,002	(2,000)	244,002	210,974	33,028
Purchased Prof. Ed. Services	120,000	29,380	149,380	145,953	3,427
Supplies and Materials	2,500	(2,202)	298	-	298
Total Speech, OT, PT, and Related Services	<u>368,502</u>	<u>25,178</u>	<u>393,680</u>	<u>356,927</u>	<u>36,753</u>
Other Support Services - Students - Extraordinary					
Salaries	53,217		53,217	51,596	1,621
Purchased Prof. Ed. Services	128,000	15,455	143,455	132,622	10,833
Total Other Supp.Serv. Student - Extraordinary	<u>181,217</u>	<u>15,455</u>	<u>196,672</u>	<u>184,218</u>	<u>12,454</u>
Guidance					
Salaries of Other Professional Staff	177,005	12,000	189,005	188,860	145
Supplies and Materials	1,000	-	1,000	841	159
Total Guidance	<u>178,005</u>	<u>12,000</u>	<u>190,005</u>	<u>189,701</u>	<u>304</u>
Child Study Teams					
Salaries of Other Professional Staff	302,312	74,500	376,812	375,449	1,363
Salaries of Secretarial & Clerical Assistants	48,000	(4,000)	44,000	43,076	924
Purchased Prof. Ed. Services	16,000	41,144	57,144	51,800	5,344
Other Purchased Professional and Technical Services	1,500	(950)	550		550
Miscellaneous Purchased Services	4,700	(4,700)			
Supplies and Materials	5,700	1,997	7,697	7,332	365
Other Objects	-	100	100	41	59
Total Child Study Teams	<u>378,212</u>	<u>108,091</u>	<u>486,303</u>	<u>477,698</u>	<u>8,605</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction		2,750	2,750	2,750	
Salaries of Other Professional Staff	3,000	(3,000)			
Purchased Prof. Ed. Services	40,000	(40,000)	-	-	-
Total Improvement of Instructional Services	<u>43,000</u>	<u>(40,250)</u>	<u>2,750</u>	<u>2,750</u>	<u>-</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Educational Media/School Library					
Salaries	\$ 167,904	\$ (8,977)	\$ 158,927	\$ 158,927	
Purchased Professional and Technical Services	55,000	25,250	80,250	80,250	
Other Purchased Services	1,795	(450)	1,345		\$ 1,345
Supplies and Materials	3,000	(2,900)	100	-	100
<b>Total Educational Media/School Library</b>	<b>227,699</b>	<b>12,923</b>	<b>240,622</b>	<b>239,177</b>	<b>1,445</b>
Instructional Staff Training Services					
Purchased Prof. Ed. Services	10,000	(150)	9,850	7,864	1,986
Other Purchased Services	1,000	150	1,150	1,054	96
<b>Total Instructional Staff Training Services</b>	<b>11,000</b>	<b>-</b>	<b>11,000</b>	<b>8,918</b>	<b>2,082</b>
Support Services General Administration					
Salaries	228,000	7,199	235,199	235,199	
Legal Services	38,000	41,226	79,226	72,850	6,376
Audit Fees	23,000	8,969	31,969	30,959	1,010
Other Purchased Professional Services	20,000	7,017	27,017	26,945	72
Purchased Technical Services	3,500	(386)	3,114	2,732	382
Communications/Telephone	46,000	(2,986)	43,014	40,956	2,058
BOE Other Purchased Services	3,500	6,185	9,685	9,649	36
Miscellaneous Purchased Services	13,000	1,208	14,208	14,135	73
General Supplies	1,000	479	1,479	1,266	213
Judgements Against School District		5,852	5,852	5,852	
Miscellaneous Expenditures	6,500	3,522	10,022	9,761	261
BOE Membership Dues and Fees	8,500	3,311	11,811	11,412	399
<b>Total Support Services General Administration</b>	<b>391,000</b>	<b>81,596</b>	<b>472,596</b>	<b>461,716</b>	<b>10,880</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	342,287	(66,000)	276,287	275,950	337
Salaries of Secretarial and Clerical Assistants	165,683	3,000	168,683	166,806	1,877
Other Purchased Services		20	20	20	
Supplies and Materials		267	267	267	
Other Objects	8,000	1,785	9,785	5,834	3,951
<b>Total Support Services School Administration</b>	<b>515,970</b>	<b>(60,928)</b>	<b>455,042</b>	<b>448,877</b>	<b>6,165</b>
Central Services					
Salaries	252,045	8,519	260,564	259,929	635
Purchased Prof. Services	3,500	(945)	2,555	2,555	
Purchased Technical Services	17,000	21,699	38,699	38,652	47
Miscellaneous Purchased Services	1,250	(1,225)	25	25	
Supplies and Material	2,000	4,237	6,237	6,128	109
Miscellaneous Expenditures	1,500	1,587	3,087	2,531	556
<b>Total Central Services</b>	<b>277,295</b>	<b>33,872</b>	<b>311,167</b>	<b>309,795</b>	<b>1,372</b>
Administration Information Technology					
Salaries	5,750	(5,650)	100	55	45
Other Purchased Services		10,260	10,260	10,073	187
Supplies and Materials	50,000	(1)	49,999	49,371	628
<b>Total Administration Information Technology</b>	<b>55,750</b>	<b>4,609</b>	<b>60,359</b>	<b>59,499</b>	<b>860</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 34,000	\$ 2,000	\$ 36,000	\$ 34,405	\$ 1,595
Purchased Professional Services		2,745	2,745	549	2,196
Cleaning, Repair and Maintenance Services	55,000	145,516	200,516	178,290	22,226
General Supplies	11,000	(1,139)	9,861	4,968	4,893
<b>Total Required Maintenance for School Facilities</b>	<b>100,000</b>	<b>149,122</b>	<b>249,122</b>	<b>218,212</b>	<b>30,910</b>
Custodial Services					
Salaries	505,000	4,860	509,860	505,029	4,831
Purchased Professional and Technical Services	55,000	(13,263)	41,737	40,177	1,560
Cleaning, Repair and Maintenance Services	55,000	24,114	79,114	76,007	3,107
Other Purchased Property Services	12,000		12,000	11,273	727
Insurance	100,000	933	100,933	100,933	
Miscellaneous Purchased Services	500	(150)	350		350
General Supplies	45,000	(20,461)	24,539	21,124	3,415
Energy (Natural Gas)	95,000	4,177	99,177	93,522	5,655
Energy (Electricity)	180,000	17,093	197,093	186,657	10,436
Other Objects	8,000	(4,820)	3,180	2,989	191
<b>Total Custodial Services</b>	<b>1,055,500</b>	<b>12,483</b>	<b>1,067,983</b>	<b>1,037,711</b>	<b>30,272</b>
Student Transportation Services					
Salaries of Non-Instructional Aides	36,313	11,000	47,313	45,742	1,571
Salaries for Pupil Trans(Bet Home & Sch)-Reg	89,007	(16,000)	73,007	72,408	599
Salaries for Pupil Trans(Bet Home & Sch)-Sp Ed	35,000		35,000	34,090	910
Salaries for Pupil Trans(Other than Bet Home & Sch)	3,000		3,000	1,500	1,500
Salaries for Pupil Trans(Bet Home & Sch)-Nonpublic Sch	5,000	(4,000)	1,000	471	529
Cleaning, Repair & Maintenance Service	20,000	(4,427)	15,573	15,573	
Lease Purchase Payments - School Buses	17,739	(17,173)	566		566
Contr Serv (Special Ed Students)-Joint Agreements	180,000	(13,719)	166,281	138,639	27,642
General Supplies	23,000	(22,000)	1,000	717	283
Transportation Supplies	2,500	11,000	13,500	11,048	2,452
Other Objects	8,000	232	8,232	7,034	1,198
<b>Total Student Transportation Services</b>	<b>419,559</b>	<b>(55,087)</b>	<b>364,472</b>	<b>327,222</b>	<b>37,250</b>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	185,000	38,983	223,983	216,629	7,354
Other Retirement Contributions - PERS	175,000	(15,000)	160,000	159,102	898
Other Retirement Contributions - DCRP		660	660	581	79
Unemployment Compensation	38,000		38,000	60,903	(22,903)
Worker's Compensation	85,000		85,000	84,758	242
Health Benefits	1,692,015	12,090	1,704,105	1,609,995	94,110
Tuition Reimbursement	25,000	(5,732)	19,268	19,251	17
Other Employee Benefits	11,500	25,676	37,176	37,176	-
<b>Total Unallocated Benefits</b>	<b>2,211,515</b>	<b>56,677</b>	<b>2,268,192</b>	<b>2,188,395</b>	<b>79,797</b>
On - Behalf Payments					
TPAF Pension Contribution (Non-Budget)					
NCGI				24,494	(24,494)
TPAF Pension Contribution (Non-Budget)					
Normal Cost				340,449	(340,449)
TPAF Pension Contribution (Non-Budget)					
Post - Retirement Medical Contribution				579,347	(579,347)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	497,708	(497,708)
<b>Total On-Behalf</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,441,998</b>	<b>(1,441,998)</b>
<b>Total Undistributed Expenditures</b>	<b>7,838,716</b>	<b>116,530</b>	<b>7,955,246</b>	<b>9,134,280</b>	<b>(1,179,034)</b>
<b>Total Current Expenditures</b>	<b>14,450,957</b>	<b>165,101</b>	<b>14,616,058</b>	<b>16,043,048</b>	<b>(1,426,990)</b>

**EAST RUTHERFORD BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures - Instruction		\$ 34,238	\$ 34,238	\$ 34,237	\$ 1
Undistributed Expenditures - Admin. Info. Tech. Svs	\$ 350,000	(206,281)	143,719	143,719	-
School Buses - Regular	-	111,509	111,509	-	111,509
Total Equipment	350,000	(60,534)	289,466	177,956	111,510
Facilities Acq. And Construction Services					
Construction Services		21,700	21,700	21,700	
Assessment for Debt Service on SDA Funding	32,379	(230)	32,149	32,079	70
Total Facilities Acq. And Construction Services.	32,379	21,470	53,849	53,779	70
Total Capital Outlay	382,379	(39,064)	343,315	231,735	111,580
Transfer of Funds to Charter Schools	35,057	-	35,057	35,057	-
Total General Fund	14,868,393	126,037	14,994,430	16,309,840	(1,315,410)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(525,012)	(126,037)	(651,049)	(482,857)	168,192
Other Financing Sources(Uses)					
Lease-Purchase Proceeds (Non-Budget)	-	-	-	290,758	290,758
Total Other Financing Sources(Uses)	-	-	-	290,758	290,758
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(525,012)	(126,037)	(651,049)	(192,099)	458,950
Fund Balance, Beginning of Year	1,469,444	-	1,469,444	1,469,444	-
Fund Balance, End of Year	\$ 944,432	\$ (126,037)	\$ 818,395	\$ 1,277,345	\$ 458,950
Restricted Fund Balances					
Capital Reserve				\$ 411,302	
Maintenance Reserve				300,000	
Assigned Fund Balance					
Year End Encumbrances				134,802	
Designated for Subsequent Year's Expenditures				139,699	
Unassigned Fund Balance				291,542	
				1,277,345	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
2014/2015 State Aid Payments Not Recognized on a GAAP Basis				(44,805)	
2014/2015 Extraordinary Aid Not Recognized on a GAAP Basis				(209,731)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,022,809	

**EAST RUTHERFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources	\$ 291,669	\$ 115,662	\$ 407,331	\$ 402,033	\$ (5,298)
Total Revenues	<u>291,669</u>	<u>115,662</u>	<u>407,331</u>	<u>402,033</u>	<u>(5,298)</u>
EXPENDITURES					
Instruction					
Salaries	117,299	6,652	123,951	123,951	-
Tuition	150,771	41,076	191,847	191,847	-
General Supplies		45,194	45,194	45,194	-
Other Objects	5,298	-	5,298	-	5,298
Total Instruction	<u>273,368</u>	<u>92,922</u>	<u>366,290</u>	<u>360,992</u>	<u>5,298</u>
Support Services					
Personal Services - Employee Benefits		27,334	27,334	27,334	-
Purchased Prof. Ed. Services	18,301	(4,594)	13,707	13,707	-
General Supplies	-	-	-	-	-
Total Support Services	<u>18,301</u>	<u>22,740</u>	<u>41,041</u>	<u>41,041</u>	<u>-</u>
Total Expenditures	<u>291,669</u>	<u>115,662</u>	<u>407,331</u>	<u>402,033</u>	<u>5,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**EAST RUTHERFORD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 15,826,983	\$ 402,033
<b>Difference - Budget to GAAP</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
June 30, 2015 Encumbrances		(470)
June 30, 2014 Encumbrances, Net		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements.(2013-2014)	224,247	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2014-2015)	<u>(254,536)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 15,796,694</u>	<u>\$ 401,563</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 16,309,840	\$ 402,033
<b>Differences - Budget to GAAP:</b>		
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, 2015 Encumbrances		(470)
June 30, 2014 Encumbrances	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 16,309,840</u>	<u>\$ 401,563</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 Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01914%	0.01881%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,583,999	\$ 3,595,890
District's Covered-Employee Payroll	\$ 1,344,847	\$ 1,285,655
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	266%	280%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Two Fiscal Years**

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

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

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

**Teachers Pension and Annuity Fund**

**Last Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	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>35,785,741</u>	<u>34,032,535</u>
Total	<u>\$35,785,741</u>	<u>\$34,032,535</u>
District's Covered-Employee Payroll	6,599,168	6,666,323
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	%	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2015**

**Change of Benefit Terms:**           None.

**Change of Assumptions:**        The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

**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, 2015**

	<u>NCLB Title I</u>	<u>NCLB Title II A</u>	<u>NCLB Title III</u>	<u>I.D.E.A. Part B</u>	<u>I.D.E.A. Part B Preschool</u>	<u>Grand Total</u>
<b>REVENUES</b>						
Intergovernmental						
Federal	\$ 170,891	\$ 13,707	\$ 13,796	\$ 196,625	\$ 7,014	\$ 402,033
Total Revenues	<u>\$ 170,891</u>	<u>\$ 13,707</u>	<u>\$ 13,796</u>	<u>\$ 196,625</u>	<u>\$ 7,014</u>	<u>\$ 402,033</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries	\$ 113,002		\$ 10,949			\$ 123,951
Tuition				\$ 186,847	\$ 5,000	191,847
General Supplies	33,402	-	-	9,778	2,014	45,194
Total Instruction	<u>146,404</u>	<u>-</u>	<u>10,949</u>	<u>196,625</u>	<u>7,014</u>	<u>360,992</u>
Support Services						
Personal Services-Employee Benefits	24,487		2,847			27,334
Purchased Prof. Ed. Services		\$ 13,707				13,707
General Supplies	-	-	-	-	-	-
Total Support Services	<u>24,487</u>	<u>13,707</u>	<u>2,847</u>	<u>-</u>	<u>-</u>	<u>41,041</u>
Facilities Acquisition and Construction						
Instructional Equipment	-	-	-	-	-	-
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 170,891</u>	<u>\$ 13,707</u>	<u>\$ 13,796</u>	<u>\$ 196,625</u>	<u>\$ 7,014</u>	<u>\$ 402,033</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**



**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, 2015**

<b>Expenditures and Other Financing Uses</b>	
Purchased Professional and Technical Services	\$ 97,103
Construction Services	51,332
	<hr/>
Total Expenditures and Other Financing Uses	148,435
	<hr/>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(148,435)
	<hr/>
Fund Balance- Beginning of Year	448,210
	<hr/>
Fund Balance- End of Year	\$ 299,775
	<hr/>

Reconciliation to GAAP Basis

Fund Balance, June 30, 2015 - Budgetary Basis	\$ 299,775
	<hr/>
Fund Balance, June 30, 2015 - GAAP Basis	\$ 299,775
	<hr/>

**EAST RUTHERFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
RENOVATION AND ALTERATION OF FAUST SCHOOL INCLUDING ROOF REPLACEMENT, MASONRY  
REPAIRS, WINDOW REPLACEMENT AND ELECTRICAL SYSTEM UPGRADES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Bond Proceeds	\$ 2,491,000		\$ 2,491,000	\$ 2,491,951
Capital Reserve	<u>530,000</u>	<u>-</u>	<u>530,000</u>	<u>530,000</u>
Total Revenues	<u>3,021,000</u>	<u>-</u>	<u>3,021,000</u>	<u>3,021,951</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Purchased Professional and Technical Services	488,468	\$ 97,103	585,571	726,496
Construction Services	<u>2,084,322</u>	<u>51,332</u>	<u>2,135,654</u>	<u>2,295,455</u>
Total Expenditures and Other Financing Uses	<u>2,572,790</u>	<u>148,435</u>	<u>2,721,225</u>	<u>3,021,951</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 448,210</u>	<u>\$ (148,435)</u>	<u>\$ 299,775</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	1230-040-12-2000			
Grant Date	N/A			
Bond Authorization Date	6/21/2012			
Bonds Authorized	\$ 3,021,951			
Bonds Issued	2,491,000			
SCC Grant Authorized	N/A			
Original Authorized Cost	2,491,951			
Additional Authorized Cost	530,000			
Revised Authorized Cost	3,021,951			
<b>Percentage Increase Over Original</b>				
Authorized Cost	21.27%			
Percentage Completion	90.05%			
Original Target Completion Date	6/30/13			
Revised Target Completion Date	2014/15			

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**EAST RUTHERFORD BOARD OF EDUCATION  
PROPRIETARY FUNDS  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2015**

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, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**

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

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**EAST RUTHERFORD BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,845	\$ 182,752	\$ 186,597
Total Assets	<u>\$ 3,845</u>	<u>\$ 182,752</u>	<u>\$ 186,597</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 273	\$ 273
Payroll Deductions and Withholdings		79,921	79,921
Due to Other Funds		102,558	102,558
Due to Student Groups	<u>\$ 3,845</u>	<u>-</u>	<u>3,845</u>
Total Liabilities	<u>\$ 3,845</u>	<u>\$ 182,752</u>	<u>\$ 186,597</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**EAST RUTHERFORD BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Student Activity</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
Special Activity	\$ 1,537	\$ 36,826	\$ 34,518	\$ 3,845
	<u>\$ 1,537</u>	<u>\$ 36,826</u>	<u>\$ 34,518</u>	<u>\$ 3,845</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2015</u>
<b><u>ASSETS</u></b>				
Cash	\$ 128,886	\$ 10,173,954	\$ 10,120,088	\$ 182,752
Total Assets	<u>\$ 128,886</u>	<u>\$ 10,173,954</u>	<u>\$ 10,120,088</u>	<u>\$ 182,752</u>
<b><u>LIABILITIES</u></b>				
Accrued Salaries and Wages	\$ 263	\$ 5,383,453	\$ 5,383,443	\$ 273
Payroll Deductions and Withholdings	35,148	4,851,404	4,806,631	79,921
Due to Other Funds	<u>93,475</u>	<u>69,986</u>	<u>60,903</u>	<u>102,558</u>
Total	<u>\$ 128,886</u>	<u>\$ 10,304,843</u>	<u>\$ 10,250,977</u>	<u>\$ 182,752</u>

**LONG-TERM DEBT**

**EAST RUTHERFORD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2014	Issued	Retired	Balance, June 30, 2015
			Date	Amount					
School Refunding Bonds	3/17/2010	\$ 4,575,000	7/15/2015	\$ 440,000	2.000%	\$ 3,655,000		\$ 435,000	\$ 3,220,000
			7/15/2016	450,000	2.000%				
			7/15/2017	475,000	2.000%				
			7/15/2018	475,000	2.000%				
			7/15/2019	465,000	2.000%				
			7/15/2020	460,000	4.375%				
			7/15/2021	455,000	4.375%				
School Bonds, Series 2011	8/2/2012	2,491,000	7/15/2015	120,000	2.000%	2,386,000		110,000	2,276,000
			7/15/2016	125,000	2.000%				
			7/15/2017	130,000	2.000%				
			7/15/2018	145,000	2.000%				
			7/15/2019	160,000	2.000%				
			7/15/2020	175,000	2.000%				
			7/15/2021	190,000	2.000%				
			7/15/2022	200,000	2.250%				
			7/15/2023	200,000	2.250%				
			7/15/2024	205,000	2.500%				
			7/15/2025	210,000	2.500%				
			7/15/2026	210,000	2.750%				
			7/15/2027	206,000	2.750%				
						<u>\$ 6,041,000</u>	<u>\$ -</u>	<u>\$ 545,000</u>	<u>\$ 5,496,000</u>

EAST RUTHERFORD BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
Computer Equipment (Supplies)	\$ 290,758	\$ -	\$ 290,758	\$ 62,768	\$ 227,990
		<u>\$ -</u>	<u>\$ 290,758</u>	<u>\$ 62,768</u>	<u>\$ 227,990</u>

**EAST RUTHERFORD BOARD OF EDUCATION  
LONG-TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final To Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 721,866		\$ 721,866	\$ 721,866	
Total Revenues	<u>721,866</u>		<u>721,866</u>	<u>721,866</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	176,866		176,866	176,865	\$ 1
Redemption of Principal	<u>545,000</u>		<u>545,000</u>	<u>545,000</u>	
Total Regular Debt Service	<u>721,866</u>		<u>721,866</u>	<u>721,865</u>	<u>1</u>
Total Expenditures	<u>721,866</u>		<u>721,866</u>	<u>721,865</u>	<u>1</u>
Excess of Revenues Over Expenditures	-		-	1	1
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<u>Recapitulation of Fund Balance</u>					
Restricted for Debt Service:					
Available for Expenditures				<u>\$ 1</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 1</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
				(Restated)						
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,642,511	\$ 3,084,184	\$ 2,654,693	\$ 2,116,326	\$ 1,876,368	\$ 5,178,123	\$ 5,086,178	\$ 4,646,058	\$ 4,383,608	\$ 4,340,619
Restricted	1,011,078	1,079,538	1,004,789	973,579	653,849	303,852	454,293	845,880	1,213,465	1,519,768
Unrestricted	(3,683,762)	(3,121,463)	320,738	211,239	194,250	(329,586)	(349,447)	(56,012)	244,594	(36,929)
<b>Total Governmental Activities Net Position</b>	<b>\$ 969,827</b>	<b>\$ 1,042,259</b>	<b>\$ 3,980,220</b>	<b>\$ 3,301,144</b>	<b>\$ 2,724,467</b>	<b>\$ 5,152,389</b>	<b>\$ 5,191,024</b>	<b>\$ 5,435,926</b>	<b>\$ 5,841,667</b>	<b>\$ 5,823,458</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 13,663	\$ 16,630	\$ 15,840	\$ 19,733	\$ 22,799	\$ 19,255	\$ 22,321	\$ 25,387	\$ 28,453	\$ 18,727
Restricted										
Unrestricted	118,009	110,616	91,137	72,564	49,044	30,382	26,593	27,003	19,748	21,340
<b>Total Business-Type Activities Net Position</b>	<b>\$ 131,672</b>	<b>\$ 127,246</b>	<b>\$ 106,977</b>	<b>\$ 92,297</b>	<b>\$ 71,843</b>	<b>\$ 49,637</b>	<b>\$ 48,914</b>	<b>\$ 52,390</b>	<b>\$ 48,201</b>	<b>\$ 40,067</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 3,656,174	\$ 3,100,814	\$ 2,670,533	\$ 2,136,059	\$ 1,899,167	\$ 5,197,378	\$ 5,108,499	\$ 4,671,445	\$ 4,412,061	\$ 4,359,346
Restricted	1,011,078	1,079,538	1,004,789	973,579	653,849	303,852	454,293	845,880	1,213,465	1,519,768
Unrestricted	(3,565,753)	(3,010,847)	411,875	283,803	243,294	(299,204)	(322,854)	(29,009)	264,342	(15,589)
<b>Total District Net Position</b>	<b>\$ 1,101,499</b>	<b>\$ 1,169,505</b>	<b>\$ 4,087,197</b>	<b>\$ 3,393,441</b>	<b>\$ 2,796,310</b>	<b>\$ 5,202,026</b>	<b>\$ 5,239,938</b>	<b>\$ 5,488,316</b>	<b>\$ 5,889,868</b>	<b>\$ 5,863,525</b>

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

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

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 8,641,143	\$ 6,935,179	\$ 7,163,564	\$ 6,321,110	\$ 6,002,039	\$ 6,589,931	\$ 6,908,410	\$ 6,867,641	\$ 6,828,410	\$ 5,377,843
Special Education	2,491,806	2,214,521	1,861,232	2,109,906	1,738,445	1,910,352	1,633,545	1,433,779	749,737	859,728
Other Special Education								545,674	493,773	445,044
Other Instruction	874,386	921,231	912,039	931,692	853,068	977,927	813,718	67,100	45,440	36,649
School Sponsored Activities and Athletics	103,915	70,145	68,425	59,998	44,083	108,263	70,020			
<b>Support Services:</b>										
Tuition									219,141	356,788
Student & Instruction Related Services	2,447,507	2,088,691	2,093,454	1,844,184	1,907,795	1,894,003	1,821,770	1,676,867	1,631,142	1,553,024
General Administration Services	634,754	410,895	389,998	549,815	525,167	608,174	463,065	859,258	977,495	880,767
School Administrative Services	699,086	704,940	735,117	685,164	568,675	615,294	561,172	678,847	563,385	512,820
Central and Other Support Services	514,716	430,612	326,510	324,532	309,420	385,550	438,928			
Plant Operations And Maintenance	1,545,552	1,437,216	1,458,189	1,782,877	1,422,228	1,322,380	1,349,697	1,328,293	1,200,230	1,176,031
Pupil Transportation	425,730	448,602	344,157	338,531	323,705	337,319	300,543	262,055	241,801	291,090
Capital Outlay								98,839	81,052	231,787
Interest On Long-Term Debt	174,626	188,956	203,757	161,666	182,407	199,632	274,060	287,568	304,144	319,728
Unallocated Depreciation	-	-	-	-	-	-	-	322,493	322,122	321,447
<b>Total Governmental Activities Expenses</b>	<b>18,553,221</b>	<b>15,850,988</b>	<b>15,556,442</b>	<b>15,109,475</b>	<b>13,877,032</b>	<b>14,948,825</b>	<b>14,634,928</b>	<b>14,428,414</b>	<b>13,657,872</b>	<b>12,362,746</b>
<b>Business-Type Activities:</b>										
Food Service	314,627	300,216	303,506	295,421	260,377	257,099	221,828	190,491	217,456	229,573
<b>Total Business-Type Activities Expense</b>	<b>314,627</b>	<b>300,216</b>	<b>303,506</b>	<b>295,421</b>	<b>260,377</b>	<b>257,099</b>	<b>221,828</b>	<b>190,491</b>	<b>217,456</b>	<b>229,573</b>
<b>Total District Expenses</b>	<b>\$ 18,867,848</b>	<b>\$ 16,151,204</b>	<b>\$ 15,859,948</b>	<b>\$ 15,404,896</b>	<b>\$ 14,137,409</b>	<b>\$ 15,205,924</b>	<b>\$ 14,856,756</b>	<b>\$ 14,618,905</b>	<b>\$ 13,875,328</b>	<b>\$ 12,592,319</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 113,563	\$ 95,909	\$ 93,889	\$ 116,888	\$ 109,410					
Operating Grants And Contributions	4,168,902	2,511,680	2,660,482	2,243,280	1,837,864	\$ 2,188,602	\$ 2,208,019	\$ 592,318	\$ 597,057	\$ 602,377
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>4,282,465</b>	<b>2,607,589</b>	<b>2,754,371</b>	<b>2,360,168</b>	<b>1,947,274</b>	<b>2,188,602</b>	<b>2,208,019</b>	<b>592,318</b>	<b>597,057</b>	<b>602,377</b>
<b>Business-Type Activities:</b>										
Charges For Services	138,430	148,695	148,764	149,305	135,425	119,469	125,813	111,520	104,286	54,560
Operating Grants And Contributions	180,557	171,298	169,044	166,314	140,176	138,097	92,211	82,365	79,915	68,395
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>318,987</b>	<b>319,993</b>	<b>317,808</b>	<b>315,619</b>	<b>275,601</b>	<b>257,566</b>	<b>218,024</b>	<b>193,885</b>	<b>184,201</b>	<b>122,955</b>
<b>Total District Program Revenues</b>	<b>\$ 4,601,452</b>	<b>\$ 2,927,582</b>	<b>\$ 3,072,179</b>	<b>\$ 2,675,787</b>	<b>\$ 2,222,875</b>	<b>\$ 2,446,168</b>	<b>\$ 2,426,043</b>	<b>\$ 786,203</b>	<b>\$ 781,258</b>	<b>\$ 725,332</b>

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (14,270,756)	\$ (13,243,399)	\$ (12,802,071)	\$ (12,749,307)	\$ (11,929,758)	\$ (12,760,223)	\$ (12,426,909)	\$ (13,836,096)	\$ (13,060,815)	\$ (11,760,369)
Business-Type Activities	4,360	19,777	14,302	20,198	15,224	467	(3,804)	3,394	(33,255)	(106,618)
<b>Total District-Wide Net Expense</b>	<u>\$ (14,266,396)</u>	<u>\$ (13,223,622)</u>	<u>\$ (12,787,769)</u>	<u>\$ (12,729,109)</u>	<u>\$ (11,914,534)</u>	<u>\$ (12,759,756)</u>	<u>\$ (12,430,713)</u>	<u>\$ (13,832,702)</u>	<u>\$ (13,094,070)</u>	<u>\$ (11,866,987)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For:										
General Purposes	\$ 13,408,977	\$ 13,146,056	\$ 12,888,592	\$ 12,645,826	\$ 12,397,885	\$ 11,627,888	\$ 11,180,662	\$ 10,750,637	\$ 10,337,154	\$ 9,738,905
Debt Service	721,866	741,700	551,250	631,825	626,694	653,726	658,245	661,590	661,590	661,590
Unrestricted Federal and State Aid	14,156	-	-	31,319	29,805	360,923	243,132	1,963,530	1,938,288	1,374,090
Investment Earnings	-	-	8,032	3,708	9,638	273	18,923	35,854	111,094	58,104
Miscellaneous Income	53,325	13,572	33,273	13,306	10,750	78,778	81,045	18,744	71,495	14,003
Transfer	-	-	-	-	-	-	-	-	(40,775)	(120,698)
<b>Total Governmental Activities</b>	<u>14,198,324</u>	<u>13,901,328</u>	<u>13,481,147</u>	<u>13,325,984</u>	<u>13,074,772</u>	<u>12,721,588</u>	<u>12,182,007</u>	<u>13,430,355</u>	<u>13,078,846</u>	<u>11,725,994</u>
Business-Type Activities:										
Investment Earnings	66	492	378	256	372	256	328	795	794	48
Transfer	-	-	-	-	-	-	-	-	40,775	120,698
<b>Total Business-Type Activities</b>	<u>66</u>	<u>492</u>	<u>378</u>	<u>256</u>	<u>372</u>	<u>256</u>	<u>328</u>	<u>795</u>	<u>41,569</u>	<u>120,746</u>
<b>Total District-Wide</b>	<u>\$ 14,198,390</u>	<u>\$ 13,901,820</u>	<u>\$ 13,481,525</u>	<u>\$ 13,326,240</u>	<u>\$ 13,075,144</u>	<u>\$ 12,721,844</u>	<u>\$ 12,182,335</u>	<u>\$ 13,431,150</u>	<u>\$ 13,120,415</u>	<u>\$ 11,846,740</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (72,432)	\$ 657,929	\$ 679,076	\$ 576,677	\$ 1,145,014	\$ (38,635)	\$ (244,902)	\$ (405,741)	\$ 18,031	\$ (34,375)
Business-Type Activities	4,426	20,269	14,680	20,454	15,596	723	(3,476)	4,189	8,314	14,128
<b>Total District</b>	<u>\$ (68,006)</u>	<u>\$ 678,198</u>	<u>\$ 693,756</u>	<u>\$ 597,131</u>	<u>\$ 1,160,610</u>	<u>\$ (37,912)</u>	<u>\$ (248,378)</u>	<u>\$ (401,552)</u>	<u>\$ 26,345</u>	<u>\$ (20,247)</u>

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Restricted	\$ 711,302	\$ 854,487	\$ 1,227,945	\$ 973,576	\$ 753,846	\$ 339,705	\$ 491,149	\$ 787,407	\$ 1,136,999	\$ 1,454,301
Unreserved						(209,768)	(260,530)	74,648	244,594	108,501
Assigned	274,501	327,890	228,789	352,468	279,493					
Unassigned	<u>37,006</u>	<u>62,820</u>	<u>50,340</u>	<u>(3,072)</u>	<u>(32,706)</u>	-	-	-	-	-
Total General Fund	<u>\$ 1,022,809</u>	<u>\$ 1,245,197</u>	<u>\$ 1,507,074</u>	<u>\$ 1,322,972</u>	<u>\$ 1,000,633</u>	<u>\$ 129,937</u>	<u>\$ 230,619</u>	<u>\$ 862,055</u>	<u>\$ 1,381,593</u>	<u>\$ 1,562,802</u>
All Other Governmental Funds										
Reserved										
Capital Projects Fund	\$ 299,775	\$ 448,210	\$ 427,759				\$ 67,268	\$ 56,557	\$ 75,956	\$ 65,249
Debt Service Fund	<u>1</u>	<u>-</u>	<u>3</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>1,920</u>	<u>1,916</u>	<u>510</u>	<u>218</u>
Total All Other Governmental Funds	<u>\$ 299,776</u>	<u>\$ 448,210</u>	<u>\$ 427,762</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 69,188</u>	<u>\$ 58,473</u>	<u>\$ 76,466</u>	<u>\$ 65,467</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Local Sources:										
Tax Levy	\$ 14,130,843	\$ 13,887,756	\$ 13,439,842	\$ 13,277,651	\$ 13,024,579	\$ 12,281,614	\$ 11,838,907	\$ 11,412,227	\$ 10,998,744	\$ 10,400,495
Tuition	113,563	95,909	93,889	116,888	109,410					
Interest Earnings	-	-	8,032	3,708	9,638	273	18,923	35,854	111,094	58,104
Miscellaneous	53,325	13,572	33,350	12,729	10,750	78,778	81,545	18,744	71,495	14,003
State Sources	2,220,829	2,079,089	2,295,002	1,828,969	1,418,741	2,048,106	2,082,879	2,250,001	2,167,748	1,606,064
Federal Sources	401,563	432,591	365,403	445,207	448,928	501,419	367,772	305,847	367,597	370,403
<b>Total Revenue</b>	<b>16,920,123</b>	<b>16,508,917</b>	<b>16,235,518</b>	<b>15,685,152</b>	<b>15,022,046</b>	<b>14,910,190</b>	<b>14,390,026</b>	<b>14,022,673</b>	<b>13,716,678</b>	<b>12,449,069</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	7,511,623	6,763,419	6,999,343	6,311,013	5,999,865	6,374,453	6,701,990	5,285,716	5,284,299	4,288,277
Special Education Instruction	2,329,115	2,215,264	1,861,789	2,110,334	1,739,934	1,883,372	1,608,318	745,068	556,487	647,613
Other Special Education								399,469	367,089	334,957
Other Instruction	767,899	921,798	912,477	932,062	854,630	951,290	788,660	48,099	33,658	27,493
School Sponsored Activities and Athletics	87,696	70,230	68,492	60,044	44,192	105,559	67,824			
Support Services:										
Tuition								413,314	219,141	356,788
Student and Inst. Related Services	2,203,305	2,063,639	2,067,987	1,844,789	1,910,730	1,842,969	1,773,666	1,289,574	1,270,146	1,215,409
General Administrative Services	594,622	403,371	383,749	537,002	514,046	600,367	455,844	706,867	764,452	657,121
School Administrative Services	638,369	705,400	735,494	675,937	560,218	596,851	543,868	506,543	429,137	398,162
Central and Other Support Services	482,781	430,823	326,664	324,656	309,937	371,255	425,305			
Plant Operations And Maintenance	1,521,854	1,427,160	1,422,775	1,610,850	1,251,110	1,297,815	1,326,854	1,146,425	1,039,177	1,036,845
Pupil Transportation	403,241	424,990	342,245	306,562	292,003	311,142	296,556	224,958	205,792	265,969
Employee Benefits								2,964,102	2,730,177	2,156,485
Capital Outlay	256,565	564,810	2,424,653		16,462	128,316	339,981	169,885	285,260	322,928
Debt Service:										
Interest and Other Charges	176,865	217,546	147,890	165,227	160,055	627,642	280,644	295,184	311,298	326,590
Principal	607,768	541,896	421,099	484,337	498,171	434,746	401,237	365,000	350,000	335,000
<b>Total Expenditures</b>	<b>17,581,703</b>	<b>16,750,346</b>	<b>18,114,657</b>	<b>15,362,813</b>	<b>14,151,353</b>	<b>15,525,777</b>	<b>15,010,747</b>	<b>14,560,204</b>	<b>13,846,113</b>	<b>12,369,637</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(661,580)	(241,429)	(1,879,139)	322,339	870,693	(615,587)	(620,721)	(537,531)	(129,435)	79,432

**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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds			\$ 2,491,000			\$ 4,575,000				
Bond Premium						246,369				
Capital Lease Proceeds	\$ 290,758					80,354				
Payment to Refunded Bond Escrow Agent						(4,456,000)				
Transfers In	-	\$ 530,000	273,422	\$ 112	\$ 271	80,928	\$ 325,836			
Transfers Out	-	(530,000)	(273,422)	(112)	(271)	(80,928)	(325,836)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>290,758</u>	<u>-</u>	<u>2,491,000</u>	<u>-</u>	<u>-</u>	<u>445,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (370,822)</u>	<u>\$ (241,429)</u>	<u>\$ 611,861</u>	<u>\$ 322,339</u>	<u>\$ 870,693</u>	<u>\$ (169,864)</u>	<u>\$ (620,721)</u>	<u>\$ (537,531)</u>	<u>\$ (129,435)</u>	<u>\$ 79,432</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	4.53%	4.69%	3.63%	4.23%	4.66%	6.90%	4.65%	4.59%	4.88%	5.49%

\* 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>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2015	\$ 22,536			\$ 113,563	\$ 3,474	\$ 27,315	\$ 166,888
2014				95,909	4,678	8,894	109,481
2013				93,889		36,673	130,562
2012						12,306	12,306
2011			\$ 8,310			2,440	10,750
2010		\$ 4,966				60,262	65,228
2009	18,028	17,907				45,110	81,045
2008						18,744	18,744
2007						21,488	21,488
2006						13,235	13,235

Source: District's financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2006	\$ 47,083,500	\$ 274,214,160			\$ 230,132,571	\$ 293,740,500	\$ 34,804,500	\$ 879,975,231	\$ 2,139,598	\$ 882,114,829	\$ 1,540,525,845	\$ 1.247
2007	21,905,600	279,467,660			273,181,971	292,189,000	61,099,600	927,843,831	2,028,598	929,872,429	1,681,665,242	1.227
2008	20,490,500	280,089,160			294,412,871	291,950,000	45,923,100	932,865,631	2,051,427	934,917,058	1,924,641,354	1.266
2009	21,340,200	281,850,450			248,793,300	287,310,100	59,773,100	899,067,150	1,869,582	900,936,732	2,127,370,972	1.363
2010	(A) 24,087,200	620,913,200			549,450,100	691,428,800	132,949,800	2,018,829,100	4,629,139	2,023,458,239	2,348,978,853	0.644
2011	30,169,900	620,286,300			535,068,700	688,918,800	130,562,300	2,005,006,000	4,220,950	2,009,226,950	2,409,474,206	0.661
2012	29,994,900	620,953,700			528,271,700	681,675,500	128,040,300	1,988,936,100	4,142,893	1,993,078,993	2,414,475,439	0.675
2013	28,711,500	620,449,400			527,779,400	664,250,800	128,040,300	1,969,231,400	4,040,959	1,973,272,359	2,387,996,042	0.704
2014	29,874,100	619,122,800			420,711,800	653,342,200	128,040,300	1,851,091,200	3,752,509	1,854,843,709	1,897,754,949	0.762
2015	33,244,900	620,552,400			418,328,100	647,161,000	126,574,700	1,845,861,100	3,687,646	1,849,548,746	2,174,418,518	0.779

Source: County Abstract of Ratables

<sup>a</sup> 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>
2015	\$ 1.967	\$ 0.779	\$ 0.323	\$ 0.584	\$ 0.281
2014	1.904	0.762	0.318	0.590	0.234
2013	1.845	0.704	0.297	0.565	0.279
2012	1.735	0.675	0.288	0.535	0.237
2011	1.618	0.661	0.280	0.456	0.221
2010 (A)	1.552	0.644	0.262	0.424	0.222
2009	3.084	1.363	0.587	0.688	0.446
2008	2.841	1.266	0.533	0.662	0.380
2007	2.580	1.227	0.474	0.555	0.324
2006	2.690	1.247	0.519	0.598	0.326

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

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Federal Reserve Bank	\$ 313,740,000	16.96%	\$ 94,250,000	10.68%
KBII (One Meadowlands Plaza)	75,000,000	4.06%	60,000,000	6.80%
Equinox 360 Associates	69,310,000	3.75%		
BPG Hotel XVII c/o Sheraton	42,500,000	2.30%	37,400,000	4.24%
Honeywell International			21,370,000	2.42%
Richard Branca Family LP	41,545,500	2.25%	31,340,471	3.55%
Vornado Realty Trust	37,207,300	2.01%		
Avalon	34,250,000	1.85%	-	
Racioppi, (etals)	23,500,000	1.27%		
Liberty Terrace	23,300,000	1.26%	-	
Liberty Commons	22,000,000	1.19%	13,600,000	1.54%
Brancasons	-			
BRE/HV Properties (Homestead Village)			9,108,000	1.03%
450 Murray Hill Parkway			8,077,500	0.92%
Carpro Inc.			6,500,000	0.74%
1050 LTD Partnership	-		6,027,300	0.68%
Total	<u>\$ 682,352,800</u>	<u>36.90%</u>	<u>\$ 287,673,271</u>	<u>32.60%</u>

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	
2015	\$ 14,130,843	\$ 14,130,843	100%	
2014	13,887,756	13,887,756	100%	
2013	13,439,842	13,439,842	100%	
2012	13,277,651	13,277,651	100%	
2011	13,024,579	13,024,579	100%	
2010	12,281,614	12,281,614	100%	
2009	11,838,907	11,838,907	100%	
2008	11,412,227	11,412,227	100%	
2007	10,998,744	10,998,744	100%	
2006	10,400,495	10,400,495	100%	

Source: District's financial records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2015	\$ 5,496,000		\$ 227,990			\$ 5,723,990	9,798	\$ 584
2014	6,041,000					6,041,000	9,753	619
2013	6,566,000		16,896			6,582,896	9,007	731
2012	4,480,000		32,995			4,512,995	8,987	502
2011	4,950,000		48,332			4,998,332	8,926	560
2010	5,420,000		76,503			5,496,503	8,785	626
2009	5,696,000		35,895			5,731,895	8,708	658
2008	6,076,000		57,132			6,133,132	7,721	794
2007	6,441,000		84,928			6,525,928	7,884	828
2006	6,791,000		111,399			6,902,399	8,078	854

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,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 5,496,000		\$ 5,496,000	0.30%	\$ 561
2014	6,041,000		6,041,000	0.33%	619
2013	6,566,000		6,566,000	0.33%	729
2012	4,480,000		4,480,000	0.22%	498
2011	4,950,000		4,950,000	0.25%	555
2010	5,420,000		5,420,000	0.27%	617
2009	5,696,000		5,696,000	0.63%	654
2008	6,076,000		6,076,000	0.65%	787
2007	6,441,000		6,441,000	0.69%	817
2006	6,791,000		6,791,000	0.77%	841

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, 2014  
(Unaudited)**

	<u>Net Debt</u>
Municipal Debt: (1)	
Borough of East Rutherford	\$ 48,514,364
East Rutherford Board of Education	<u>5,496,591</u>
Total Direct Debt	54,010,955
 Overlapping Debt Apportioned to the Municipality:	
Bergen County: (3);(A):	
County of Bergen (A)	10,914,326
Bergen County Utilities Authority - Water Pollution (B)	<u>3,654,959</u>
Total Overlapping Debt	<u>14,569,285</u>
Total Direct and Overlapping Debt	<u>\$ 68,580,240</u>

(A) The debt for this entity was apportioned to the Borough of East Rutherford by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Bergen County.

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

Sources:

- (1) Borough of East Rutherford Annual Debt Statement
- (2) BCUA 2014 Audit
- (3) Bergen County 2014 Annual Debt Statement

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

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

	<u>Equalized valuation basis</u>
	2014 \$ 2,155,941,300
	2013 1,923,829,035
	2012 <u>1,961,668,902</u>
	<u>\$ 6,041,439,237</u>
Average equalized valuation of taxable property	\$ 2,013,813,079
Debt limit (3 % of average equalization value)	60,414,392 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>5,496,951</u>
Legal debt margin	<u>\$ 54,917,441</u>

	<b>Fiscal Year</b>										
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 35,866,115	\$ 45,456,670	\$ 34,215,678	\$ 68,534,624	\$ 69,803,463	\$ 55,806,792	\$ 58,661,530	\$ 58,742,150	\$ 59,221,606	\$ 58,682,966	\$ 60,414,392
Total Net Debt Applicable to Limit	<u>7,126,000</u>	<u>6,791,000</u>	<u>6,441,000</u>	<u>6,076,000</u>	<u>5,696,000</u>	<u>5,420,000</u>	<u>4,950,000</u>	<u>4,480,000</u>	<u>7,096,951</u>	<u>6,041,951</u>	<u>5,496,951</u>
Legal Debt Margin	<u>\$ 28,740,115</u>	<u>\$ 38,665,670</u>	<u>\$ 27,774,678</u>	<u>\$ 62,458,624</u>	<u>\$ 64,107,463</u>	<u>\$ 50,386,792</u>	<u>\$ 53,711,530</u>	<u>\$ 54,262,150</u>	<u>\$ 52,124,655</u>	<u>\$ 52,641,015</u>	<u>\$ 54,917,441</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.87%	14.94%	18.82%	8.87%	8.16%	9.71%	8.44%	7.63%	11.98%	10.30%	9.10%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>		<u>County Per Capita Personal Income</u>	<u>Population</u>
2015	5.9%	( E )	69,495 ( E )	9,798
2014	5.9%		69,495 ( E )	9,753
2013	5.2%		69,495	9,007
2012	11.0%		69,281	8,987
2011	10.8%		67,248	8,926
2010	11.0%		63,885	8,785
2009	10.7%		63,874	8,708
2008	6.1%		67,331	7,721
2007	N/A		67,544	7,884
2006	N/A		63,103	8,078

( 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>2015</u>		<u>2006</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 EIGHT FISCAL YEARS**  
(Unaudited)

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Instruction								
Regular	53.0	53.0	52.0	52.0	52.0	73.0	69.0	73.0
Special Education	17.0	17.0	17.0	17.0	17.0	15.0	12.4	12.4
Other Special Education	10.0	10.0	11.0	11.0	11.0	6.0	7.0	7.0
Other Instruction	3.0	2.0	2.1	2.1	2.1	7.0	5.0	5.0
Support Services:								
Student and Instruction Related Services	15.0	15.0	15.1	15.1	15.1	4.0	4.6	5.6
General and Business Administration Services	4.0	3.0	3.0	3.0	3.0	4.5	5.5	5.5
School Administrative Services	7.0	7.0	6.0	4.8	4.8	10.5	14.5	14.5
Plant Operations And Maintenance	9.0	9.0	9.1	9.0	9.0	5.0	11.5	12.0
Pupil Transportation	4.0	4.0	4.4	2.0	2.0			
Special Schools						-	2.0	2.0
Food Service	-	-	-	-	-	-	-	-
Total	<u>122.0</u>	<u>120.0</u>	<u>119.7</u>	<u>116.0</u>	<u>116.0</u>	<u>125.0</u>	<u>131.5</u>	<u>137.0</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary/Middle School					
2015	787	\$ 16,540,505	\$ 21,017	1.37%	83.00	Not Available		776	744	0.13%	95.88%
2014	744	15,426,094	20,734	5.31%	82.00	Not Available		775	743	1.31%	95.87%
2013	768	15,121,015	19,689	4.25%	82.10	Not Available		765	731	-1.03%	95.56%
2012	779	14,713,249	18,887	7.35%	82.10	Not Available		773	741	2.25%	95.86%
2011	766	13,476,665	17,594	-13.47%	82.10	Not Available		756	723	7.28%	95.63%
2010	705	14,335,073	20,333	-1.89%	101.00	Not Available		705	674	4.40%	95.67%
2009	675	13,988,885	20,724	17.41%	93.40	Not Available		675	642	-1.17%	95.11%
2008	698	12,320,491	17,651	7.52%	97.40	Not Available		683	649	-7.33%	95.02%
2007	737	12,099,555	16,417	8.01%	97.40	Not Available		737	737	-1.60%	100.00%
2006	749	11,385,119	15,200	8.86%	137.00	Not Available		749	727	3.85%	97.06%

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 SEVEN FISCAL YEARS  
(Unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b><u>District Building</u></b>							
<b><u>Elementary</u></b>							
McKenzie Elementary							
Square Feet	54,500	54,500	54,500	54,500	54,500	54,500	54,500
Capacity (students)	411	411	411	411	411	411	411
Enrollment	454	451	467	471	450	391	391
<b><u>Middle School</u></b>							
Faust Intermediate							
Square Feet	69,935	69,935	69,935	69,935	69,935	69,935	69,935
Capacity (students)	349	349	349	349	349	349	349
Enrollment	333	293	297	296	306	314	314
<b><u>Other</u></b>							
Faust Annex							
Square Feet	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Capacity (students)	Included						
Enrollment	Included						

Number of Schools at June 30, 2015  
 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
School Facilities										
McKenzie	\$ 82,921	\$ 59,123	\$ 70,347	\$ 137,827	\$ 51,537	\$ 97,972	\$ 100,019	\$ 105,815	\$ 1,000	\$ 93,358
Faust Annex	6,546	4,668	5,554	10,882	4,069	5,743	5,863	7,222	3,500	17,830
Faust	128,745	91,796	109,222	213,994	80,018	152,008	155,185	185,969	174,340	132,213
Other	-	-	-	-	-	-	-	-	53,041	51,744
Grand Total	<u>\$ 218,212</u>	<u>\$ 155,587</u>	<u>\$ 185,123</u>	<u>\$ 362,703</u>	<u>\$ 135,624</u>	<u>\$ 255,723</u>	<u>\$ 261,067</u>	<u>\$ 299,006</u>	<u>\$ 231,881</u>	<u>\$ 295,145</u>

Source: District records

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
School Package Policy			
Property Blanket Building & Contents-		\$ 30,571,803	\$ 5,000
Flood & Earthquake: \$5,000,000 per occurrence/\$5,000,000 annual aggregate per member			50,000
Flood: Zone A & V \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member			500,000
Extra Expense		5,000,000	
Ordinance or Law Coverage A: Included			
Building Ordinance Demolition Cost		2,000,000	
Pollutant Clean Up & Removal		100,000	
Broadened Water-Direct Damage: \$100,000 or Limit of Insurance whichever is less			
Broadened Water: Loss of Income Planned Events and Tuition Fees		100,000	
Claim Data Expenses		25,000	
Fire Department Service Charge		25,000	
Fire Protection Device Charge		5,000	
Food Contamination Shutdown-Planned Events		10,000	
Lock Replacement		2,500	
Loss of Income Planned Events - Actual Loss Sustained			
Loss of Reduction Rewards: 10% of loss or \$25,000			
Newly Acquired or Constructed Property-Building		1,000,000	
Newly Acquired Property Type: Personal Property		500,000	
Non-owned Detached Trailers		5,000	
Outdoor Fences: Actual Loss You Sustain		100,000	
Outside Signs Actual Loss You Sustain		100,000	
Outdoor trees, shrubs, or plants Actual Loss You Sustain-Limit of \$10,000 per tree, shrub or plant			
Personal Effects & Property of Others		1,000	
Pollutant Cleanup and Removal: Planned Events		10,000	
Premises Extension Property: 1000 Feet			
Property Off Premises Actual Loss You Sustain		100,000	
Roof Protection		1,000	
Specified Appurtenant Structures: Public Use \$1,000,000, Your Use \$10,000, Contents \$1,000			
Transportation: Actual Loss You Sustain		100,000	
Tuition and Fees		20,000	
Utility Services: Actual Loss You Sustain		50,000	
Utility Services: Planned Events: Actual Loss You Sustain		25,000	
Voluntary Parting by Trick, Scheme or Device			
Asbestos Exclusion			
Exclusion of Certain Computer-Related Losses			
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, 2015

<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
<b>GENERAL LIABILITY</b>			
General Aggregate		2,000,000	
Products & Completed Operations		2,000,000	
Personal & Advertising Injury		1,000,000	
Each Occurrence		1,000,000	
Fire Legal Liability Limit		1,000,000	
Medical Expense		5,000	
<b>GENERAL LIABILITY FORMS AND CONDITIONS</b>			
Employee Benefits Liability Claims Made		1,000,000	1,000
		2,000,000	Aggregate
Sexual Abuse & Molestation: \$1,000,000 per occurrence/\$1,000,000 annual aggregate per member			

Source: District Records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
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## 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 Trustees  
East Rutherford Board of Education  
East Rutherford, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education as of and for the fiscal year ended June 30, 2015 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 November 25, 2015.

#### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency in internal control over financial reporting.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Rutherford Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of schedule of findings and questioned costs as item 2015-001.

We also 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 November 25, 2015.

### East Rutherford Board of Education's Responses to Findings

The East Rutherford Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The East Rutherford Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### 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  
 November 25, 2015



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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  
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**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  
U.S. OMB CIRCULAR A-133 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 Trustees  
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) Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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, 2015.

### **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 U.S. OMB Circular A-133 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 U.S. OMB Circular A-133 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 U.S. OMB Circular A-133 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, each major fund, and the aggregate remaining fund information of the East Rutherford Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 25, 2015, 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 U.S. OMB Circular A-133 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  
November 25, 2015

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	June 30, 2014			Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments	June 30, 2015			MEMO GAAP Receivable
					Accounts Receivable	Unearned Revenue	Due to Grantor							Accounts Receivable	Unearned Revenue	Due to Grantor	
<b>U.S. Dept. of Agriculture Passed-through State Department of Education</b>																	
<b>Food Service Fund</b>																	
National School Lunch Program	10.555	N/A															
Non-Cash Assistance (Food Distribution)			7/1/14-6/30/15	\$ 22,896					\$ 22,896	\$ 22,693				\$ 203			
Cash Assistance			7/1/14-6/30/15	105,100					99,212	105,100				\$ (5,888)			\$ (5,888)
Cash Assistance			7/1/13-6/30/14	118,444	\$ (7,511)				7,511								
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	49,768					46,086	49,768				(3,682)			(3,682)
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	49,585	(3,401)	-	-	-	3,401	-	-	-	-	-	-	-	-
<b>Total Enterprise Fund</b>					<b>(10,912)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179,106</b>	<b>177,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,570)</b>	<b>203</b>	<b>-</b>	<b>(9,570)</b>
<b>U.S. Department of Education Passed- through State Dept. of Education</b>																	
<b>Special Revenue Fund</b>																	
Title I-A	84.010A	NCLB123015	7/1/14-6/30/15	170,891					170,891	170,891							
Title I-A	84.010A	NCLB123014	7/1/13-6/30/14	166,674	(18,066)	\$ 1,535			18,066				\$ (1,535)				
Title I-A	84.010A	NCLB123013	9/1/12-8/31/13	135,702			\$ 18,588									18,588	
Title II - A	84.367A	NCLB123015	7/1/14-6/30/15	13,707					13,707	13,707							
Title II - A	84.367A	NCLB123013	9/1/12-8/31/13	26,912			325									325	
Title III	84.365A	NCLB123015	7/1/14-6/30/15	13,796					13,796	13,796							
Title III - Immigrant	84.365A	NCLB123014	7/1/13-6/30/14	10,068		7,671							(7,671)				
Title III - Immigrant	84.365A	NCLB123013	9/1/12-8/31/13	15,379			2,653									2,653	
IDEA Part B, Basic	84.027	IDEA123015	7/1/14-6/30/15	193,347			\$ (3,278)	\$ 3,278	190,860	196,625	\$ 3,278			(2,487)			(2,487)
IDEA Part B, Basic	84.027	IDEA123014	7/1/13-6/30/14	185,872	(6,580)			3,278	(3,278)	6,580							
IDEA Preschool	84.173	IDEA123015	7/1/14-6/30/15	6,278			(736)	736	6,094	7,014	736			(184)			(184)
IDEA Preschool	84.173	IDEA123014	7/1/13-6/30/14	6,286	(736)			736	(736)	736							
IDEA Preschool	84.173	IDEA123013	9/1/12-8/31/13	6,622	-	-	555	-	-	-	-	-	-	-	-	555	-
<b>Total Special Revenue Fund</b>					<b>(25,382)</b>	<b>9,206</b>	<b>22,121</b>	<b>-</b>	<b>420,730</b>	<b>402,033</b>	<b>4,014</b>	<b>(9,206)</b>	<b>(2,671)</b>	<b>-</b>	<b>22,121</b>	<b>(2,671)</b>	
<b>Total Federal Financial Assistance</b>					<b>\$ (36,294)</b>	<b>\$ 9,206</b>	<b>\$ 22,121</b>	<b>\$ -</b>	<b>\$ 599,836</b>	<b>\$ 579,594</b>	<b>\$ 4,014</b>	<b>\$ (9,206)</b>	<b>\$ (12,241)</b>	<b>\$ 203</b>	<b>\$ 22,121</b>	<b>\$ (12,241)</b>	

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year Balances	June 30, 2015			MEMO	
									Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Budgetary Expenditures
<b>State Department of Education</b>													
<b>General Fund</b>													
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 421,679			\$ 390,158	\$ 421,679		\$ (31,521)				\$ 421,679
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	421,679	\$ (32,919)		32,919							
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	121,613			112,522	121,613		(9,091)				121,613
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	121,613	(9,494)		9,494							
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	40,797			37,748	40,797		(3,049)				40,797
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	40,797	(3,185)		3,185							
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	209,731				209,731		(209,731)				209,731
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	178,649	(178,649)		178,649							
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	7,650			7,078	7,650		(572)				7,650
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	7,650			7,078	7,650		(572)				7,650
On-behalf TPAF Pension System Payments - NCGI	15-495-034-5094-007	7/1/14-6/30/15	24,494			24,494	24,494						24,494
On-behalf TPAF Pension System Payments - Normal Cost	15-495-034-5094-006	7/1/14-6/30/15	340,449			340,449	340,449						340,449
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution	15-495-034-5094-001	7/1/14-6/30/15	579,347			579,347	579,347						579,347
Reimbursed TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	497,708			472,650	497,708		(25,058)			\$ (25,058)	497,708
Reimbursed TPAF Social Security	14-495-034-5095-002	7/1/13-6/30/14	495,494	(24,293)	-	24,293	-	-	-	-	-	-	-
				(248,540)	-	2,220,064	2,251,118	-	(279,594)	-	-	(25,058)	2,251,118
<b>Special Revenue Fund</b>													
New Jersey Nonpublic Aid:													
Handicapped Services:													
Exam and Classification	14-100-034-5120-066	7/1/13-6/30/14	1,114	1,114	-	-	-	\$ 1,114	-	-	-	-	-
				1,114	-	-	-	1,114	-	-	-	-	-
<b>Food Service Fund</b>													
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	2,996			2,828	2,996		(168)			\$ (168)	2,996
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	3,269	(629)	-	629	-	-	-	-	-	-	-
				(629)	-	3,457	2,996	-	(168)	-	-	(168)	2,996
<b>Total State Financial Assistance</b>				<b>\$ (248,055)</b>	<b>\$ -</b>	<b>\$ 2,223,521</b>	<b>\$ 2,254,114</b>	<b>\$ 1,114</b>	<b>\$ (279,762)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,226)</b>	<b>\$ 2,254,114</b>
Less: TPAF NCGI							(24,494)						
TPAF Normal Cost							(340,449)						
TPAF Post Retirement							(579,347)						
Total Expenditures Subject to Single Audit							<b>\$ 1,309,824</b>						

**EAST RUTHERFORD BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" 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 \$30,289 for the general fund and a decrease of \$470 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		\$ 2,220,829	\$ 2,220,829
Special Revenue Fund	\$ 401,563		401,563
Food Service Fund	<u>177,561</u>	<u>2,996</u>	<u>180,557</u>
Total Awards Financial Assistance	<u>\$ 579,124</u>	<u>\$ 2,223,825</u>	<u>\$ 2,802,949</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, 2015**

**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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$479,708 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$364,943 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$579,347 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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





**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*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.

**Finding 2015-001:**

Our audit of claims revealed certain purchase orders and/or invoices were not available for audit.

**Criteria or specific requirement:**

Internal controls over purchasing and accounts payable.

**Condition:**

Purchases made are not supported by an approved purchase order and/or supporting documentation.

**Context:**

Of the disbursements received, we noted:

- Six (6) purchase orders were not available for audit.
- Two (2) disbursements were not supported with a vendor invoice detailing goods or services rendered.
- Total unsupported disbursements amounted to \$32,571 in the General Fund and \$37,122 in the Special Revenue Fund.

**Effect:**

Lack of internal controls pertaining to vendor payments and purchases may result in unauthorized payments.

**Cause:**

Unknown.

**Recommendation:**

All purchase orders and/or invoices be maintained on file and made available for audit.

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

Management has reviewed this finding and indicates it will revise its procedures to ensure corrective action is taken.

**EAST RUTHERFORD BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*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 OMB Circular A-133 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, 2015**

*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 OMB Circular A-133 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, 2015**

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. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2014-001**

Our audit of the NCLB grant award programs revealed the following:

- Amounts reported as expended in 2012/2013 and 2013/2014 final reports were not in agreement with the expenditures reported in the District records.
- Employees and their respective salaries charged to the program were not formally approved in the minutes.

**Status**

Corrective action has been taken.

**Finding 2014-002**

Our audit of the IDEA Basic and Preschool grant award programs revealed the following:

- Amounts reported as expended in 2012/2013 and 2013/2014 final reports were not in agreement with the expenditures reported in the District records.
- Employees and their respective salaries charged to the grant programs were not formally approved in the minutes.

**Status**

Corrective action has been taken.