

RUTHERFORD BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

RUTHERFORD, NEW JERSEY

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

Rutherford Board of Education

Rutherford, New Jersey

For The Fiscal Year Ended June 30, 2023

Prepared by

Business Office

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INTRODUCTORY SECTION



RUTHERFORD PUBLIC SCHOOLS

Jack Hurley
Superintendent of Schools

Joseph Kelly
Business Administrator / Board Secretary

December 5, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Rutherford School District (School District) for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of various funds of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

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

1 REPORTING ENTITY AND ITS SERVICES:

The Rutherford School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB. All funds of the School District are included in this report. The Rutherford Board of Education and all its schools constitute the School District's reporting entity.

The School District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education for students so classified. The School District completed the 2022-2023 fiscal year with an average daily enrollment of 2,452 students, which is 17 students more than the previous year's enrollment.

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

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

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2022-2023	2,452.5	0.7%
2021-2022	2,435.1	(3.1%)
2020-2021	2,513.0	(3.6%)
2019-2020	2,607.0	0.2%
2018-2019	2,602.0	0.1%
2017-2018	2,599.0	3.4%
2016-2017	2,513.0	1.9%
2015-2016	2,466.0	(1.4%)
2014-2015	2,501.0	0.4%
2013-2014	2,491.0	0.0%

2. ECONOMIC CONDITION AND OUTLOOK:

The Borough of Rutherford is a mature community that has little space for future development in its core area. The recycling of existing homes has had some upward impact on pupil enrollment.

3. MAJOR INITIATIVES:

The Rutherford School District continues to offer a comprehensive educational program to its students. Major initiatives in place to support and enhance the academic and extracurricular programs already in place include the implementation of the STEM (Science, Technology, Engineering and Mathematics) program in the high school to better prepare students for the demands of the workplace in the 21st Century, investment in technology to participate in advanced standardized testing programs to measure student achievement, upgraded curriculum throughout the School District, and the implementation of a summer head-start program for kindergartners. In 2016-2017, the School District reconfigured the School District to provide a true middle school to students, including STEM programs and other electives. Resulting program enhancements are expected to positively impact programs at all grade levels. Also in 2016-2017, the School District introduced a part-time preschool program and several full time special education programs to better prepare eligible students for ongoing placement in their home environments. In 2017-2018, the School District initiated a Life Skills program for students aged 18-21, which is housed in the Rutherford Public Library. The program helps older students to adapt to life outside of a school environment. In addition, the Board and School District administration continue to evaluate facilities needs within the School District and work to upgrade and improve the schools as needed, within budgetary constraints. In September 2019, the Rutherford community approved a \$45.3 million bond referendum which will fund renovation and new construction at five of the School District's schools, and will provide improved instructional spaces and relief from overcrowding.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget. Annual appropriation budgets are adopted for the general, special revenue and debt service funds. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2023.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. DEBT ADMINISTRATION:

At June 30, 2023, the District's outstanding debt issues included \$5,320,000 of Series 2016 school district refunding bonds and \$43,130,000 of Series 2019 school district bonds.

9. RISK MANAGEMENT:

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

10. OTHER INFORMATION:

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

11. ACKNOWLEDGEMENTS:

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

Respectfully submitted,

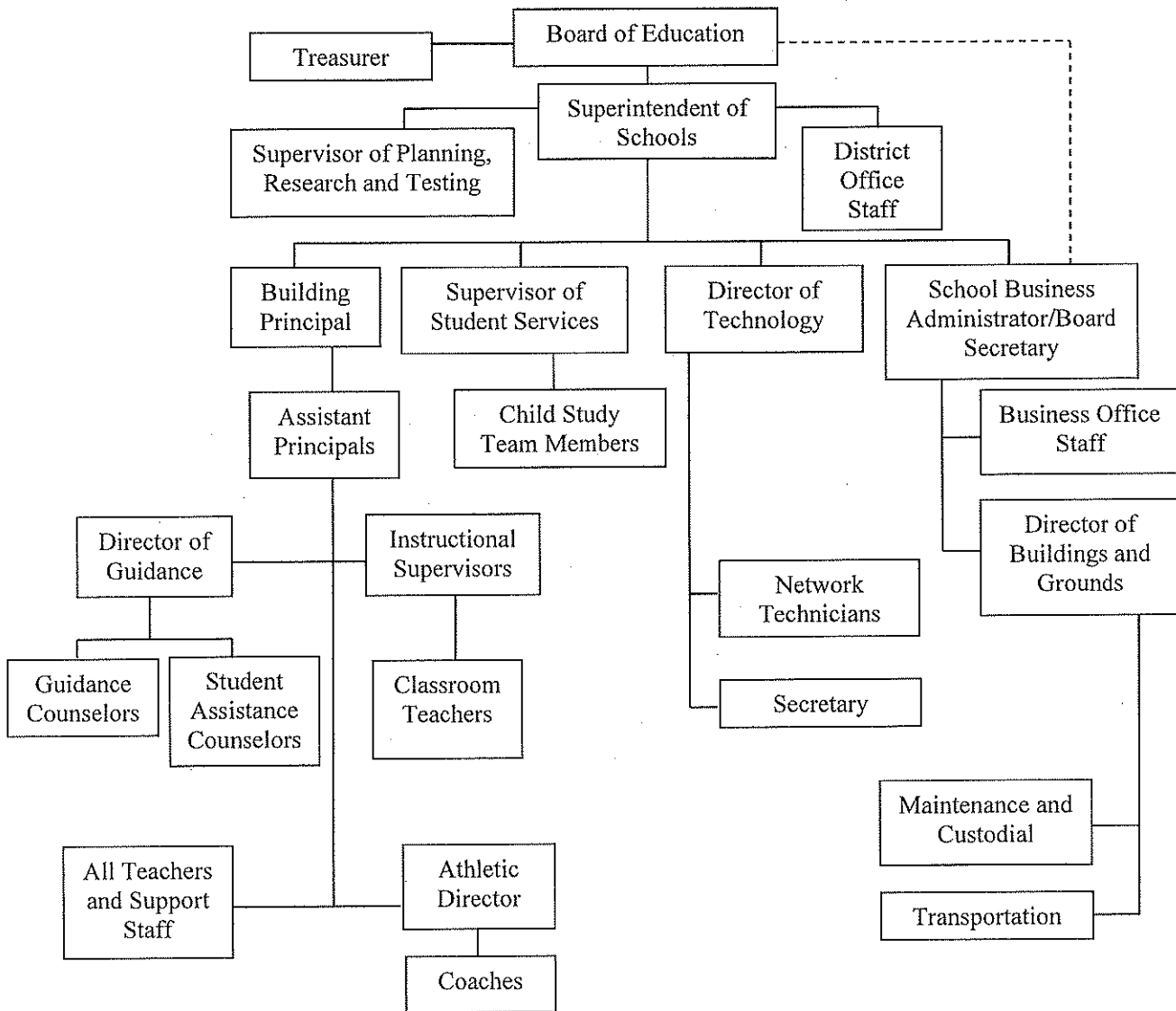


John J. Hurley
Superintendent of Schools



Joseph P. Kelly
Business Administrator/Board Secretary

ORGANIZATIONAL CHART



RUTHERFORD BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires December 31</u>
Dr. Sergio Alati, President	2024
Dennis Mazone, Vice President	2025
Christina Cole	2023
Christopher Conti	2025
James Bogosian	2023
Dennis Healey	2023
Diane Jones	2023
Greg Recine	2024
James Sprayberry	2025

Other Officials

John J. Hurley, Superintendent

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

RUTHERFORD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

2023

ARCHITECT

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

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORIES

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

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rutherford Board of Education
176 Park Avenue
Rutherford, New Jersey 07070

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Rutherford Board of Education, as of and for the fiscal year ended June 30, 2023 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Rutherford Board of Education as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rutherford Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rutherford Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rutherford Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rutherford Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rutherford Board of Education's basic financial statements. The accompanying combining and individual non-major fund financial statements, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Rutherford Board of Education. Such information is the responsibility of management and was derived from and relate 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 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 and individual nonmajor 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.


Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2023 on our consideration of the Rutherford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rutherford Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rutherford Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 5, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

This section of Rutherford Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the Rutherford Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$26,903,804 (net position).
- Overall District revenues were \$63,058,033. General revenues accounted for \$49,625,889 or 79% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,432,144 or 21% of total revenues.
- The School District had \$61,096,397 in expenses and transfers for governmental activities; only \$12,446,166 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$49,604,934 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$13,355,312 a decrease of \$8,855,393 when compared to the ending fund balance at June 30, 2022 of \$22,210,705.
- The General Fund unassigned fund balance at June 30, 2023 was \$334,209 a decrease of \$2,093,690 when compared with the ending fund balance of \$2,427,899 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$1,562,792 which represents a decrease of \$1,125,096 when compared to the ending unassigned fund balance at June 30, 2022 of \$2,687,888.

RUTHERFORD BOARD OF EDUCATION

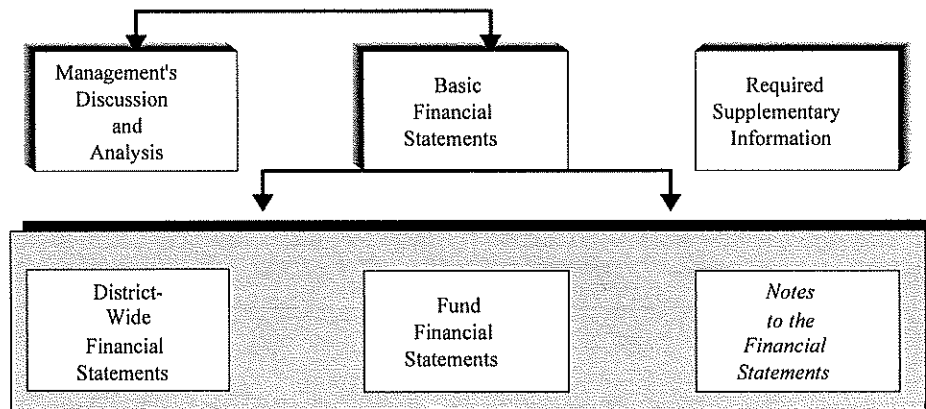
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses: Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

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

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

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

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund, Before and After Care Fund and Summer Music Program Fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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 notes to the financial statements can be found following the fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,903,804 and \$25,391,683 as of June 30, 2023 and 2022, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	As of June 30, 2023 and 2022					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
ASSETS						
Current Assets	\$ 14,174,022	\$ 23,557,925	\$ 970,998	\$ 938,908	\$ 15,145,020	\$ 24,496,833
Capital Assets	<u>70,664,732</u>	<u>63,846,471</u>	<u>-</u>	<u>-</u>	<u>70,664,732</u>	<u>63,846,471</u>
Total Assets	<u>84,838,754</u>	<u>87,404,396</u>	<u>970,998</u>	<u>938,908</u>	<u>85,809,752</u>	<u>88,343,304</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amount on Refunding of Debt	59,297	74,121			59,297	74,121
Deferred Amount on Net Pension Liability	<u>906,017</u>	<u>1,130,184</u>	<u>-</u>	<u>-</u>	<u>906,017</u>	<u>1,130,184</u>
Total Deferred Outflows of Resources	<u>965,314</u>	<u>1,204,305</u>	<u>-</u>	<u>-</u>	<u>965,314</u>	<u>1,204,305</u>
Total Assets and Deferred Outflows of Resources	<u>85,804,068</u>	<u>88,608,701</u>	<u>970,998</u>	<u>938,908</u>	<u>86,775,066</u>	<u>89,547,609</u>
LIABILITIES						
Other Liabilities	969,879	2,070,151	83,091	608,419	1,052,970	2,678,570
Long-Term Liabilities	<u>57,586,897</u>	<u>58,044,359</u>	<u>-</u>	<u>-</u>	<u>57,586,897</u>	<u>58,044,359</u>
Total Liabilities	<u>58,556,776</u>	<u>60,114,510</u>	<u>83,091</u>	<u>608,419</u>	<u>58,639,867</u>	<u>60,722,929</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Amount on Net Pension Liability	<u>1,231,395</u>	<u>3,432,998</u>	<u>-</u>	<u>-</u>	<u>1,231,395</u>	<u>3,432,998</u>
Total Liabilities and Deferred Inflows of Resources	<u>59,788,171</u>	<u>63,547,508</u>	<u>83,091</u>	<u>608,419</u>	<u>59,871,262</u>	<u>64,155,927</u>
NET POSITION						
Net Investment in Capital Assets	26,028,519	23,104,849			26,028,519	23,104,849
Restricted	5,685,140	6,346,845			5,685,140	6,346,845
Unrestricted	<u>(5,697,762)</u>	<u>(4,390,500)</u>	<u>887,907</u>	<u>330,489</u>	<u>(4,809,855)</u>	<u>(4,060,011)</u>
Total Net Position	<u>\$ 26,015,897</u>	<u>\$ 25,061,194</u>	<u>\$ 887,907</u>	<u>\$ 330,489</u>	<u>\$ 26,903,804</u>	<u>\$ 25,391,683</u>

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

Revenues	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Revenues						
Charges for Services	\$ 570,454	\$ 456,737	\$ 985,978	\$ 747,617	\$ 1,556,432	\$ 1,204,354
Operating Grants and Contributions	11,875,712	11,275,970			11,875,712	11,275,970
Capital Grants and Contributions		309,395			-	309,395
General Revenues						
Property Taxes	48,261,575	47,395,622			48,261,575	47,395,622
Unrestricted State Aid	816,870	4,340,158			816,870	4,340,158
Other	526,489	146,694	20,955	968	547,444	147,662
Total Revenues	62,051,100	63,924,576	1,006,933	748,585	63,058,033	64,673,161
Expenses						
Instruction						
Regular	27,636,597	16,787,688			27,636,597	16,787,688
Special Education	6,430,168	2,620,864			6,430,168	2,620,864
Other Instruction	1,778,892	882,560			1,778,892	882,560
School Sponsored Activities and Athletics	1,742,738	1,250,787			1,742,738	1,250,787
Support Services						
Tuition		4,353,849			-	4,353,849
Student and Instruction Related Services	6,847,057	5,201,961			6,847,057	5,201,961
General Administration Services	874,800	791,288			874,800	791,288
School Administration Services	4,398,366	2,986,222			4,398,366	2,986,222
Central and Other Support Services	1,593,987	1,187,318			1,593,987	1,187,318
Plant Operations and Maintenance	6,052,357	4,135,233			6,052,357	4,135,233
Pupil Transportation	2,248,025	1,652,827			2,248,025	1,652,827
Unallocated Benefits		14,702,665				14,702,665
Transfer to Charter School		12,901				12,901
Interest on Long Term Debt	1,418,410	1,414,660			1,418,410	1,414,660
Unallocated Depreciation		1,390,263				1,390,263
Food Service	-	-	524,515	447,035	524,515	447,035
Total Expenses	61,021,397	59,371,086	524,515	447,035	61,545,912	59,818,121
Change in Net Position	1,029,703	4,553,490	482,418	301,550	1,512,121	4,855,040
Transfers	(75,000)	(25,000)	75,000	25,000		
Net Position, Beginning of Year	25,061,194	20,532,704	330,489	3,939	25,391,683	20,536,643
Net Position, Ending of Year	\$ 26,015,897	\$ 25,061,194	\$ 887,907	\$ 330,489	\$ 26,903,804	\$ 25,391,683

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction				
Regular	\$ 27,636,597	\$ 16,787,688	\$ 21,698,723	\$ 16,617,254
Special Education	6,430,168	2,620,864	3,659,623	1,024,531
Other Instruction	1,778,892	882,560	1,484,371	882,560
School Sponsored Activities and Athletics	1,742,738	1,250,787	1,039,147	1,250,787
Support Services				
Tuition		4,353,849		4,353,849
Student and Instruction Related Services	6,847,057	5,201,961	5,526,517	4,601,873
General Administration Services	874,800	791,288	814,588	791,288
School Administration Services	4,398,366	2,986,222	3,717,156	2,986,222
Central and Other Support Services	1,593,987	1,187,318	1,511,149	1,187,318
Plant Operations and Maintenance	6,052,357	4,135,233	5,866,060	4,135,233
Pupil Transportation	2,248,025	1,652,827	2,022,432	1,652,827
Unallocated Benefits		14,702,665		5,027,418
Transfer to Charter School		12,901		12,901
Interest on Long Term Debt	1,418,410	1,414,660	1,235,465	1,414,660
Unallocated Depreciation	-	1,390,263	-	1,390,263
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 61,021,397</u>	<u>\$ 59,371,086</u>	<u>\$ 48,575,231</u>	<u>\$ 47,328,984</u>

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$13,355,312, a decrease of \$8,855,393 from last year's fund balance of \$22,210,705.

Revenues and other financing sources the District's governmental funds were \$66,609,254; total expenditures, and other financing uses were \$75,464,647.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues and other financing sources of the General Fund were \$60,254,550 for the fiscal year ended June 30, 2023. State sources amounts to \$14,350,777, federal sources amounts to \$52,091 and local sources amounts to \$45,335,505.

Expenditures and other financing uses of the General Fund were \$61,848,703. Instructional expenditures were \$38,609,433 for support services were \$21,950,901, for debt services were \$239,999 and capital expenditures totaled \$973,370 for the fiscal year ended June 30, 2023. The Board subsidized the food service program with a budget transfer of \$75,000.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$2,603,150 for the fiscal year ended June 30, 2023. State sources amounts to \$185,605, federal sources amounts to \$1,769,733 and local sources amounts to \$647,812.

Expenditures of the Special Revenue Fund were \$2,587,304. Instructional expenditures were \$1,945,296, for support services were \$317,129 and for capital expenditures \$324,879 for the fiscal year ended June 30, 2023.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues by \$7,277,086 decreasing the fund balance from \$11,970,434 at June 30, 2022 to \$4,693,348 at June 30, 2023.

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services program, Before and After Care Program and Summer Music Program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2022 encumbrances.
- Appropriation of unbudgeted 2021/22 Extraordinary Aid

CAPITAL ASSETS

The District's investment in capital assets for its governmental type activities as of June 30, 2023 and 2022 amounts to \$70,664,732 and \$63,846,471 (net of accumulated depreciation), respectively. The capital assets consist of land, construction in progress, improvements, buildings and building improvements, machinery and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$1,757,074 for governmental activities.

The following is a comparative analysis of capital assets at June 30, 2023 and 2022.

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 7,502,700	\$ 7,502,700
Construction in Progress	40,906,797	33,629,711
Land Improvements	68,522	79,766
Building and Building Improvements	21,130,531	21,535,186
Machinery and Equipment	<u>1,056,182</u>	<u>1,099,108</u>
Total	<u>\$ 70,664,732</u>	<u>\$ 63,846,471</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

RUTHERFORD BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At June 30, 2023, the District's long-term liabilities consisted of compensated absences payable of \$1,317,899, serial bonds (including unamortized premium) of \$49,221,234, capital financing agreements of \$167,146 other financing agreements of \$301,162, deferred pension liability of \$19,002 and net pension liability of \$6,560,454 totaling \$57,586,897. This is in comparison to long-term liabilities at June 30, 2022 of \$58,044,359 or a decrease of \$457,462.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2023-2024 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Rutherford Board of Education, 176 Park Avenue, Rutherford, NJ 07070.

BASIC FINANCIAL STATEMENTS

RUTHERFORD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 11,487,620	\$ 1,495,668	\$ 12,983,288
Receivables, net			
Receivables for Other Governments	2,054,469		2,054,469
Other	107,263		107,263
Internal Balances	524,670	(524,670)	-
Capital Assets			
Not Being Depreciated	48,409,497		48,409,497
Being Depreciated, Net	22,255,235		22,255,235
	<u>84,838,754</u>	<u>970,998</u>	<u>85,809,752</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	59,297		59,297
Deferred Amount of Net Pension Liability	906,017		906,017
	<u>965,314</u>		<u>965,314</u>
Total Assets and Deferred Outflows of Resources	<u>85,804,068</u>	<u>970,998</u>	<u>86,775,066</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	406,413	70,381	476,794
Intergovernmental Payable	33,479		33,479
Unearned Revenue	378,818	12,710	391,528
Accrued Interest Payable	151,169		151,169
Noncurrent Liabilities			
Due Within One Year	2,497,089		2,497,089
Due Beyond One Year	55,089,808		55,089,808
	<u>58,556,776</u>	<u>83,091</u>	<u>58,639,867</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount of Net Pension Liability	1,231,395		1,231,395
	<u>1,231,395</u>	<u>-</u>	<u>1,231,395</u>
Total Liabilities and Deferred Inflows of Resources	<u>59,788,171</u>	<u>83,091</u>	<u>59,871,262</u>
NET POSITION			
Net Investment in Capital Assets	26,028,519		26,028,519
Restricted for:			
Maintenance Projects	100,000		100,000
Capital Projects	5,039,462		5,039,462
Other Purposes	545,678		545,678
Unrestricted	(5,697,762)	887,907	(4,809,855)
Total Net Position	<u>\$ 26,015,897</u>	<u>\$ 887,907</u>	<u>\$ 26,903,804</u>

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

**RUTHERFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 27,636,597	\$ 116,050	\$ 5,821,824		\$ (21,698,723)		\$ (21,698,723)
Special Education	6,430,168		2,770,545		(3,659,623)		(3,659,623)
Other Instruction	1,778,892		294,521		(1,484,371)		(1,484,371)
School Sponsored Activities and Athletics	1,742,738	454,404	249,187		(1,039,147)		(1,039,147)
Support Services							
Student and Instruction Related Svcs.	6,847,057		1,320,540		(5,526,517)		(5,526,517)
General Administrative Services	874,800		60,212		(814,588)		(814,588)
School Administrative Services	4,398,366		681,210		(3,717,156)		(3,717,156)
Plant Operations and Maintenance	6,052,357		186,297		(5,866,060)		(5,866,060)
Pupil Transportation	2,248,025		225,593		(2,022,432)		(2,022,432)
Central and Other Support Services	1,593,987		82,838		(1,511,149)		(1,511,149)
Interest on Long-Term Debt	1,418,410		182,945		(1,235,465)	-	(1,235,465)
Total Governmental Activities	61,021,397	570,454	11,875,712	-	(48,575,231)	-	(48,575,231)
Business-Type Activities							
Food Service	130,365	77,905				\$ (52,460)	(52,460)
Before and After Care	390,181	908,073				517,892	517,892
Summer Music Program	3,969	-				(3,969)	(3,969)
Total Business-Type Activities	524,515	985,978	-	-	-	461,463	461,463
Total Primary Government	\$ 61,545,912	\$ 1,556,432	\$ 11,875,712	\$ -	(48,575,231)	461,463	(48,113,768)
General Revenues:							
Property Taxes, General Purposes					45,091,797		45,091,797
Property Taxes, Debt Service					3,169,778		3,169,778
State Aid - Unrestricted					816,870		816,870
Debt Service Aid					274,077		274,077
Miscellaneous Income					252,412	20,955	273,367
Transfers					(75,000)	75,000	-
Total General Revenues					49,529,934	95,955	49,625,889
Change in Net Position					954,703	557,418	1,512,121
Net Position, Beginning of Year					25,061,194	330,489	25,391,683
Net Position, End of Year					\$ 26,015,897	\$ 887,907	\$ 26,903,804

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

FUND FINANCIAL STATEMENTS

**RUTHERFORD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 4,956,492	\$ 377,263	\$ 6,153,864	\$ 1	\$ 11,487,620
Receivables, Net					
Receivables From Other Governments	81,241	995,907	977,321		2,054,469
Other		107,263			107,263
Due from Other Funds	3,707,138				3,707,138
Total Assets	\$ 8,744,871	\$ 1,480,433	\$ 7,131,185	\$ 1	\$ 17,356,490
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 272,055				\$ 272,055
Intergovernmental Payable	9,058	\$ 24,421			33,479
Payroll Deductions and Withholdings Payable	134,358				134,358
Due To Other Funds	23,525	721,106	\$ 2,437,837		3,182,468
Unearned Revenue	21,175	357,643			378,818
Total Liabilities	460,171	1,103,170	2,437,837	-	4,001,178
Fund Balances					
Restricted Fund Balance					
Excess Surplus	468,849				468,849
Excess Surplus - Designated for Subsequent Year's Budget	500,000				500,000
Capital Reserve	2,061,836				2,061,836
Capital Reserve- Designated for Subsequent Year's Budget	2,977,626				2,977,626
Maintenance Reserve	100,000				100,000
Unemployment Compensation Reserve	168,414				168,414
Scholarship Awards		96,403			96,403
Student Activities		280,860			280,860
Capital Projects			4,693,348		4,693,348
Debt Service				\$ 1	1
Assigned Fund Balance					
Designated for Subsequent Year's Budget	100,000				100,000
Encumbrances	1,573,766				1,573,766
Unassigned Fund Balance	334,209				334,209
Total Fund Balances	8,284,700	377,263	4,693,348	1	13,355,312
Total Liabilities and Fund Balances	\$ 8,744,871	\$ 1,480,433	\$ 7,131,185	\$ 1	

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 \$121,147,182 and the accumulated depreciation is \$50,482,450. 70,664,732

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2A) (57,586,897)

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. 59,297

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (151,169)

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 amortized over future years.

Deferred Outflows of Resources	\$ 906,017	
Deferred Inflows of Resources	(1,231,395)	(325,378)

Net Position of Governmental Activities \$ 26,015,897

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

**RUTHERFORD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 45,091,797			\$ 3,169,778	\$ 48,261,575
Tuition	116,050				116,050
Miscellaneous	127,658	\$ 647,812	\$ 124,754		900,224
Total - Local Sources	45,335,505	647,812	124,754	3,169,778	49,277,849
State Sources	14,350,777	185,605		457,022	14,993,404
Federal Sources	52,091	1,769,733			1,821,824
Total Revenues	<u>59,738,373</u>	<u>2,603,150</u>	<u>124,754</u>	<u>3,626,800</u>	<u>66,093,077</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	29,364,599	750,204			30,114,803
Special Education Instruction	5,845,053	756,534			6,601,587
Other Instruction	1,950,449				1,950,449
School Sponsored Activities and Athletics	1,449,332	438,558			1,887,890
Support Services					
Student and Instruction Related Services	7,209,551	317,129			7,526,680
General Administrative Services	907,775				907,775
School Administrative Services	4,871,728				4,871,728
Plant Operations and Maintenance	4,931,144				4,931,144
Pupil Transportation	2,263,775				2,263,775
Central and Other Support Services	1,766,928				1,766,928
Debt Service					
Principal	227,924			2,175,000	2,402,924
Interest	12,075			1,451,800	1,463,875
Capital Outlay	973,370	324,879	\$ 7,277,086		8,575,335
Total Expenditures	<u>61,773,703</u>	<u>2,587,304</u>	<u>7,277,086</u>	<u>3,626,800</u>	<u>75,264,893</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,035,330)</u>	<u>15,846</u>	<u>(7,152,332)</u>	<u>-</u>	<u>(9,171,816)</u>
OTHER FINANCING SOURCES (USES)					
Other Financing Agreements (Non-Budget)	264,610				264,610
Capital Financing Agreements (Non-Budget)	126,813				126,813
Transfers In	124,754				124,754
Transfers Out	(75,000)		(124,754)		(199,754)
Total Other Financing Sources and Uses	<u>441,177</u>	<u>-</u>	<u>(124,754)</u>	<u>-</u>	<u>316,423</u>
Net Change in Fund Balance	(1,594,153)	15,846	(7,277,086)	-	(8,855,393)
Fund Balance, Beginning of Year	<u>9,878,853</u>	<u>361,417</u>	<u>11,970,434</u>	<u>1</u>	<u>22,210,705</u>
Fund Balance, End of Year	<u>\$ 8,284,700</u>	<u>\$ 377,263</u>	<u>\$ 4,693,348</u>	<u>\$ 1</u>	<u>\$ 13,355,312</u>

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

**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, 2023**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (8,855,393)

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.

Capital Outlay	\$ 8,575,335	
Depreciation Expense	<u>(1,757,074)</u>	
		6,818,261

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on Statement of Activities.

Issuance of Debt:		
Other Financing Agreements	(264,610)	
Capital Financing Agreements	(126,813)	
Principal Repayments:		
Bonds Payable	2,175,000	
Deferred Pension Liability	13,195	
Capital Financing Agreements	42,527	
Other Financing Agreements	<u>185,397</u>	
		2,024,696

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 the issuance of debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years.

Deferred Amount on Refunding	(14,824)	
Original Issue Premium	<u>36,725</u>	
		21,901

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

Net Decrease in Compensated Absences	10,339	
Net Decrease in Pension Expense	<u>911,335</u>	
		921,674

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>23,564</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 954,703

**RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2023**

		Business-Type Activities Other Non-Major <u>Enterprise Funds</u>
		<u>Totals</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	1,495,668
Due from Other Funds		<u>23,525</u>
Total Current Assets		<u>1,519,193</u>
Total Assets		<u>1,519,193</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		70,381
Due to Other Funds		548,195
Unearned Revenue		<u>12,710</u>
Total Current Liabilities		<u>631,286</u>
Total Liabilities and Deferred Inflows of Resources		<u>631,286</u>
NET POSITION		
Unrestricted		<u>887,907</u>
Total Net Position	\$	<u>887,907</u>

**RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Other Non-Major Enterprise Funds
	<u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	77,905
Program Fees	<u>908,073</u>
 Total Operating Revenues	 <u>985,978</u>
OPERATING EXPENSES	
Cost of Sales	129,359
Salaries and Employee Benefits	367,866
Other Purchased Services	890
General Supplies	26,284
Miscellaneous	<u>116</u>
 Total Operating Expenses	 <u>524,515</u>
 Operating Income (Loss)	 <u>461,463</u>
NONOPERATING REVENUES	
Interest Earned	<u>20,955</u>
 Total Nonoperating Revenues	 <u>20,955</u>
 Net Income (Loss)	 482,418
 Operating Transfers	
Operating Transfers In	<u>75,000</u>
 Change in Net Position	 557,418
 Total Net Position, Beginning of Year	 <u>330,489</u>
 Total Net Position, End of Year	 <u>\$ 887,907</u>

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

**RUTHERFORD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Other Non-Major Enterprise Funds
	<u>Totals</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 942,743
Cash Payments to Employees' Salaries and Benefits	(367,866)
Cash Payments to Suppliers for Goods and Services	<u>(110,542)</u>
Net Cash Provided By (Used for) Operating Activities	<u>464,335</u>
Cash Flows from Noncapital Financing Activities	
Transfers from Other Funds	<u>75,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>75,000</u>
Cash Flows from Capital and Related Financing Activities	
Interest Earned	<u>20,955</u>
Net Cash Provided by Noncapital Financing Activities	<u>20,955</u>
Net Change in Cash and Cash Equivalents	560,290
Cash and Cash Equivalents, Beginning of Year	<u>935,378</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,495,668</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	<u>\$ 461,463</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Change in Assets and Liabilities	
(Increase)/Decrease in Other Accounts Receivable	3,530
Increase/(Decrease) in Unearned Revenue	(46,765)
Increase/(Decrease) in Accounts Payable	<u>46,107</u>
Total Adjustments	<u>2,872</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 464,335</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The 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 nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Rutherford Board of Education this includes general operations, food service, before and after care, summer music program 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 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

The District reports the following nonmajor 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 administrators, teachers and special events.

The *before and after care fund* accounts for the financial activity related to providing day care services for School District students before and after school.

The *summer music program fund* accounts for the financial activity related to providing summer music lessons to students.

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.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *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, except for intangible right-to-use leased assets the measurement of which is discussed in Note 1. E.8. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

4. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualify for reporting in this category. The 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.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *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. 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.

6. *Pensions*

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

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

7. *Leases*

Non-cancellable leases for the use of buildings and equipment are recognized as a lease liability and an intangible right-to-use lease asset in the district-wide and proprietary fund type financial statements. The District recognizes lease liabilities with an initial, individual value of \$2,000 or more. The lease liability is subsequently reduced by the principal portion of lease payments made each year. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the asset's useful life. Leases are monitored for changes in circumstances that would require a remeasurement of the lease and the lease assets and liabilities are remeasured if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

In the fund financial statements leases payable are recognized as other financing sources at the initial amount of the lease liability. Intangible right-to-use leased assets are reported as capital outlay expenditures.

8. *Financing Agreements*

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations

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

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

10. 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.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2023 audited excess surplus that is required to be appropriated in the 2024/2025 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Budget - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that was appropriated in the 2023/2024 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3B).

Capital Reserve – Designated for Subsequent Year's Budget – This designation was created to dedicated the portion of capital reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities. (See Note 3C)

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5A).

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Restricted Fund Balance (Continued)

Scholarship Awards – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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

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

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.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

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.

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

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

11. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Fund Balance Policies (Continued)

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts that are permitted to be 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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

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 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

Bonds Payable	\$ (48,450,000)
Issuance Premium (to be amortized over life of debt)	(771,234)
Other Financing Agreements	(301,162)
Capital Financing Agreements	(167,146)
Compensated Absences	(1,317,899)
Deferred Pension Liability	(19,002)
Net Pension Liability	<u>(6,560,454)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (57,586,897)</u>

NOTE 3 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. Lease transactions are accounted for on the GAAP basis.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year’s general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

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. 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. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

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 2022/2023. Also, during 2022/2023 the Board increased the original General Fund budget by \$3,232,167 due to the reappropriation of prior year encumbrances and appropriating of extraordinary aid. The Board increased the Special Revenue Fund budget by \$3,498,739 due to the additional grant awards and inclusion of the student activity and scholarship revenues.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022		\$ 3,321,209
Increased by:		
Deposits Approved by Board Resolution	\$ 1,950,000	
Transfers from Unexpended General Fund -		
Capital Outlay Budget Appropriations	<u>48,039</u>	
Total Increases		<u>1,998,039</u>
		5,319,248
Decreased by:		
Withdrawals Approved in District Budget		<u>279,786</u>
Balance, June 30, 2023		<u>\$ 5,039,462</u>

The June 30, 2023 LRFP balance of the total costs of uncompleted capital projects is estimated by management to be \$22,620,892. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$2,977,626 of the capital reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/24 original budget certified for taxes.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	<u>\$ 100,000</u>
Balance, June 30, 2023	<u>\$ 100,000</u>

The June 30, 2023 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,058,320.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2023 is \$968,849. Of this amount, \$500,000 was designated and appropriated in the 2023/2024 original budget certified for taxes and the remaining amount of \$468,849 will be appropriated in the 2024/2025 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2023, the book value of the Board's deposits were \$12,983,288 and bank and brokerage firm balances of the Board's deposits amounted to \$15,057,543. 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	\$ 14,778,326
Uninsured and Collateralized	<u>279,217</u>
	<u>\$ 15,057,543</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, 2023 the Board's bank balances of \$279,217 were exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 279,217</u>
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Investments

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

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2023, the Board had no outstanding investments.

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

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

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

B. Receivables

Receivables as of June 30, 2023 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Accounts		\$ 107,263		\$ 107,263
Intergovernmental				
Federal		990,377		990,377
State	\$ 81,241	5,530	\$ 977,321	1,064,092
Gross Receivables	81,241	1,103,170	977,321	2,161,732
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 81,241</u>	<u>\$ 1,103,170</u>	<u>\$ 977,321</u>	<u>\$ 2,161,732</u>

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Prepaid Tuition Revenue	\$	21,175
Special Revenue Fund		
Unencumbered Grant Draw Downs		166,252
Grant Draw Downs Year-End Encumbrances		<u>191,391</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>378,818</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance, <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,502,700			\$ 7,502,700
Construction in Progress	<u>33,629,711</u>	\$ 7,277,086	<u>-</u>	<u>40,906,797</u>
Total Capital Assets, Not Being Depreciated	<u>41,132,411</u>	<u>7,277,086</u>	<u>-</u>	<u>48,409,497</u>
Capital Assets, Being Depreciated:				
Land Improvements	960,113			960,113
Buildings and Building Improvements	64,919,624	950,740		65,870,364
Machinery and Equipment	<u>5,559,699</u>	<u>347,509</u>	<u>-</u>	<u>5,907,208</u>
Total Capital Assets Being Depreciated	<u>71,439,436</u>	<u>1,298,249</u>	<u>-</u>	<u>72,737,685</u>
Less Accumulated Depreciation for:				
Land Improvements	(880,347)	(11,244)		(891,591)
Buildings and Building Improvements	(43,384,438)	(1,355,395)		(44,739,833)
Machinery and Equipment	<u>(4,460,591)</u>	<u>(390,435)</u>	<u>-</u>	<u>(4,851,026)</u>
Total Accumulated Depreciation	<u>(48,725,376)</u>	<u>(1,757,074)</u>	<u>-</u>	<u>(50,482,450)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,714,060</u>	<u>(458,825)</u>	<u>-</u>	<u>22,255,235</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,846,471</u>	<u>\$ 6,818,261</u>	<u>\$ -</u>	<u>\$ 70,664,732</u>

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 299,963
Total Instruction	<u>299,963</u>
Support Services	
General Administrative Services	14,652
School Administrative Services	17,035
Plant Operations and Maintenance	1,366,639
Pupil Transportation	<u>58,785</u>
Total Support Services	<u>1,457,111</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,757,074</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2023:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
High School Mortimer Wing Renovations	\$ 7,055,702	\$ 60,488
Pierrepoint Renovations	12,924,945	135,555
Union Middle School Renovations and Additions	7,604,973	186,162
High School Pool Roof Replacement	233,962	55,038
Sylvan Roof Replacement	274,273	91,957
Boiler Renovations at Lincoln and Washington Schools	752,579	100,003
High School Metal Lockers	-	199,907
Security Cameras at Various Schools	53,314	<u>165,311</u>
Total		<u>\$ 994,421</u>

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 721,106
General Fund	Capital Projects Fund	2,437,837
General Fund	Before and After Care Fund	548,195
Summer Music Program Fund	General Fund	<u>23,525</u>
		<u>\$ 3,730,663</u>

The above balances are the result of revenues received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund to cover cash balances which were in an overdraft position.

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<u>Transfer Out:</u>			
General Fund		\$ 75,000	\$ 75,000
Capital Projects Fund	\$ 124,754	-	<u>124,754</u>
	<u>\$ 124,754</u>	<u>\$ 75,000</u>	<u>\$ 199,754</u>

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance other capital assets under capital financing agreements. The repayment under this financing agreement is subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreement at June 30, 2023 is comprised of the following:

\$331,080, fiscal year 2020 Agreements for the acquisition of copiers for a term of 5 years due in annual principal installments of \$2,399 and \$5,672 through December 20, 2024, interest at various rates	\$ 49,824
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**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Capital Financing Agreements (Continued)

\$126,813, fiscal year 2023 Agreement for the acquisition of copiers for a term of 5 years due in annual principal installments of \$16,338 and \$27,010 through January 20, 2028, interest at 3.50%	\$ 117,322
	<u>167,146</u>

Other Financing Agreements

The District entered into the following agreement to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under this financing agreement is subject to the annual appropriation of funds in the District's approved budget.

Other financing agreement at June 30, 2023 is comprised of the following:

\$139,045, fiscal year 2020 Agreement for the acquisition of technology equipment for a term of 5 years due in annual principal installments of \$28,643 through September 30, 2023, interest at 2.725%	\$ 28,643
\$117,840, fiscal year 2021 Agreement for the acquisition of technology equipment for a term of 5 years due in annual principal installments of \$23,565 and \$24,026 through October 1, 2024, interest at 2.720%	47,591
\$105,900, fiscal year 2022 Agreement for the acquisition of technology equipment for a term of 4 years due in annual principal installments of \$26,475 through July 15, 2024, interest at 0.00%	52,950
\$89,850, fiscal year 2023 Agreement for the acquisition of technology equipment for a term of 4 years due in annual principal installments of \$22,060 and \$23,099 through September 1, 2024, interest at 4.710%	45,159
\$88,440, fiscal year 2023 Agreement for the acquisition of technology equipment for a term of 5 years due in annual principal installments of \$16,087 and \$18,589 through March 1, 2027, interest at 4.937%	69,272
\$86,320, fiscal year 2023 Agreement for the acquisition of technology equipment for a term of 3 years due in annual principal installments of \$28,773 through August 25, 2024, interest at 0.00%	<u>57,547</u>
	<u>\$ 301,162</u>

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Other Financing Agreements (Continued)

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 55,844	\$ 7,864	\$ 145,603	\$ 7,627	\$ 216,938
2025	42,050	4,024	119,255	4,372	169,701
2026	25,798	2,642	17,715	1,792	47,947
2027	27,010	1,430	18,589	918	47,947
2028	16,444	252	-	-	16,696
Total	<u>\$ 167,146</u>	<u>\$ 16,212</u>	<u>\$ 301,162</u>	<u>\$ 14,709</u>	<u>\$ 499,229</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. 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, 2023 are comprised of the following issues:

\$11,115,000, 2016 Refunding Bonds, due in annual installments of \$1,050,000 to \$1,080,000 through January 15, 2028 interest from 4.00% - 5.00%	\$ 5,320,000
\$45,330,000, 2019 School District Bonds, due in annual installments of \$1,100,000 to \$2,200,000 through December 15, 2044 interest at 2.50% to 3.00%	<u>43,130,000</u>
	<u>\$ 48,450,000</u>

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

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,	Serial Bonds		Total
	Principal	Interest	
2024	\$ 2,180,000	\$ 1,381,300	\$ 3,561,300
2025	2,215,000	1,309,975	3,524,975
2026	2,215,000	1,238,625	3,453,625
2027	2,225,000	1,167,088	3,392,088
2028	2,215,000	1,095,563	3,310,563
2029-2033	11,000,000	4,455,000	15,455,000
2034-2038	11,000,000	3,055,250	14,055,250
2039-2043	11,000,000	1,485,000	12,485,000
2039-2043	<u>4,400,000</u>	<u>132,000</u>	<u>4,532,000</u>
	<u>\$ 48,450,000</u>	<u>\$ 15,319,801</u>	<u>\$ 63,769,801</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 131,261,754
Less: Net Debt Issued and Authorized But Not Issued	<u>48,450,000</u>
Remaining Borrowing Power	<u>\$ 82,811,754</u>

Deferred Pension Obligation

During the 2008/2009 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$120,738 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.00% effective July 1, 2017) at June 30, 2023 is \$19,002.

During the fiscal years ended June 30, 2023, 2022 and 2021 the Board was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Year Ended <u>December 31</u>	<u>PERS</u>
2023	\$ 14,438
2022	13,830
2021	12,637

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 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, 2023, was as follows:

	Balance, July 1, 2022	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 50,625,000		\$ 2,175,000	\$ 48,450,000	\$ 2,180,000
Add: Premium on Refunding	<u>807,959</u>	-	<u>36,725</u>	<u>771,234</u>	-
Bonds Payable, Net	51,432,959	-	2,211,725	49,221,234	2,180,000
Other Financing Agreements	221,949	\$ 264,610	185,397	301,162	145,603
Capital Financing Agreements	82,860	126,813	42,527	167,146	55,844
Compensated Absences	1,328,238	12,092	22,431	1,317,899	100,000
Deferred Net Pension Obligation	32,197	1,243	14,438	19,002	15,642
Net Pension Liability	<u>4,946,156</u>	<u>2,162,495</u>	<u>548,197</u>	<u>6,560,454</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 58,044,359</u>	<u>\$ 2,567,253</u>	<u>\$ 3,024,715</u>	<u>\$ 57,586,897</u>	<u>\$ 2,497,089</u>

For the governmental activities, the liabilities for compensated absences, capital and other financing agreements, deferred pension obligations and net pension liability are generally liquidated by the general fund.

NOTE 5 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 Annual Comprehensive Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 48,955			\$ 168,414
2022	45,467		\$ 87,950	168,414
2021	42,483		42,483	168,414

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. However, one current legal proceeding may be material if the outcome is unfavorable to the School District. The probability today cannot yet be determined.

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, 2023, 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.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

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, 2023, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91%. The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2022.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2023 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2023, 2022 and 2021 were equal to the required contributions.

During the fiscal years ended June 30, 2023, 2022 and 2021 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2023	\$ 548,197	\$ 7,735,983	\$ 56,116
2022	488,965	7,834,218	55,475
2021	469,879	5,477,455	59,504

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$2,786, \$2,859 and \$2,972, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,660,258 during the fiscal year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$6,560,454 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2022. At June 30, 2022, the District’s proportionate share was .04347 percent, which was an increase of .00172 percent from its proportionate share measured as of June 30, 2021 of .04175 percent.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$363,138 for PERS. The pension contribution made by the District during the current 2022/2023 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 47,350	\$ 41,756
Changes of Assumptions	20,326	982,360
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	271,531	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>566,810</u>	<u>207,279</u>
Total	<u>\$ 906,017</u>	<u>\$ 1,231,395</u>

At June 30, 2023, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ (79,867)
2024	(79,867)
2025	(79,867)
2026	(79,868)
2027	(5,909)
Thereafter	<u>-</u>
	<u>\$ (325,378)</u>

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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)

Actuarial Assumptions

The District’s total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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)

Long-Term Expected Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

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

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>8,428,262</u>	\$ <u>6,560,454</u>	\$ <u>4,970,874</u>

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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)

Sensitivity of Net Pension Liability (Continued)

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2022. A sensitivity analysis specific to the District's net pension liability at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2021 through June 30, 2022. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2022, the State's pension contribution was more than the actuarial determined amount.

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

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,605,722 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the net pension liability attributable to the District is \$96,820,938. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was .18766 percent, which was an increase of .00275 percent from its proportionate share measured as of June 30, 2021 of .18491 percent.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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)

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 7.00%, 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 (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 113,524,607</u>	<u>\$ 96,820,938</u>	<u>\$ 82,750,196</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2022. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2022 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2023, 2022 and 2021 were \$2,032,224, \$1,830,390 and \$1,716,549, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2021 through June 30, 2022. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,120,508. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$78,439,876. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the District was .15488 percent, which was a decrease of .00093 percent from its proportionate share measured as of June 30, 2021 of .15581 percent.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**RUTHERFORD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2021 Measurement Date	\$ <u>93,497,922</u>
Changes Recognized for the Fiscal Year:	
Service Cost	4,567,166
Interest on the Total OPEB Liability	2,078,743
Differences Between Expected and Actual Experience	1,331,247
Changes of Assumptions	(21,042,201)
Gross Benefit Payments	(2,059,057)
Contributions from the Member	<u>66,056</u>
Net Changes	<u>\$ (15,058,046)</u>
Balance, June 30, 2022 Measurement Date	<u>\$ 78,439,876</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022.

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 202.**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.54%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 92,197,823</u>	<u>\$ 78,439,876</u>	<u>\$ 67,413,569</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 64,835,352</u>	<u>\$ 78,439,876</u>	<u>\$ 96,310,244</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

F. Tax Abatements

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

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

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$3,029,933 in federal aid to address the effects of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 45,091,797		\$ 45,091,797	\$ 45,091,797	
Tuition From Other LEA's Within the State	154,000		154,000	2,800	\$ (151,200)
Tuition From Other Sources	144,000		144,000	83,400	(60,600)
Tuition From Summer School	58,100		58,100	29,850	(28,250)
Interest Earned on Capital Reserve Funds	1,000		1,000		(1,000)
Unrestricted Miscellaneous Revenues	60,000	-	60,000	127,658	67,658
Total Local Sources	45,508,897	-	45,508,897	45,335,505	(173,392)
State Sources					
Special Education Aid	1,765,745		1,765,745	1,765,745	
Security Aid	133,835		133,835	133,835	
Transportation Aid	209,359		209,359	209,359	
Equalization Aid	815,410		815,410	815,410	
Extraordinary Aid	400,000		400,000	963,771	563,771
On Behalf TPAF (Non Budgeted)					
Pension Contribution				7,630,124	7,630,124
NCGI Premium				105,859	105,859
LTDI				2,786	2,786
Post Retirement Medical Contributions				2,032,224	2,032,224
Social Security Contributions	-	-	-	1,660,258	1,660,258
Total State Sources	3,324,349	-	3,324,349	15,319,371	11,995,022
Federal Sources					
Medicaid Assistance Program (SEMI)	37,439	-	37,439	52,091	14,652
Total Federal Sources	37,439	-	37,439	52,091	14,652
Total Revenues	48,870,685	-	48,870,685	60,706,967	11,836,282
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	134,734	\$ (2,153)	132,581	132,581	
Kindergarten	689,047	(1,812)	687,235	687,235	
Grades 1-5	5,713,765	(313,817)	5,399,948	5,399,948	
Grades 6-8	4,457,083	(33,144)	4,423,939	4,423,939	
Grades 9-12	5,522,537	(121,510)	5,401,027	5,401,027	
Regular Programs - Home Instruction					
Salaries of Teachers	50,000	(32,396)	17,604	17,604	
Purchased Professional/Educational Services	20,000	(3,570)	16,430	16,430	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	318,101	(44,353)	273,748	273,748	
Other Purchased Services	326,951	64,720	391,671	324,589	67,082
General Supplies	582,413	83,519	665,932	549,762	116,170
General Supplies - Acquired Under Other Financing Agreements (Non-Budget)				264,610	(264,610)
Textbooks	40,080	(25,012)	15,068	14,573	495
Total Regular Programs	17,854,711	(429,528)	17,425,183	17,506,046	(80,863)
Learning and / or Language Disabilities - Mild/Moderate					
Salaries of Teachers	340,921	(9,802)	331,119	331,119	
Other Salaries for Instruction	225,285	(19,913)	205,372	205,372	
Purchased Professional/Educational Services	430,000	4,196	434,196	372,825	61,371
General Supplies	6,500	(1,653)	4,847	2,947	1,900
Textbooks	500	(500)	-	-	-
Total Learning and/or Language Disabilities Mild/Moderate	1,003,206	(27,672)	975,534	912,263	63,271
Multiple Disabilities					
Salaries of Teachers	211,421	57,949	269,370	269,370	
Other Salaries for Instruction	93,775	(24,107)	69,668	69,668	
General Supplies	11,000	862	11,862	8,787	3,075
Textbooks	2,500	(2,500)	-	-	-
Total Multiple Disabilities	318,696	32,204	350,900	347,825	3,075
Resource Room/Resource Center					
General Supplies	-	712	712	223	489
Total Resource Room/Resource Center	-	712	712	223	489
Preschool Disabilities - Full-Time					
Salaries of Teachers	54,687	(701)	53,986	53,986	-
Other Salaries for Instruction	77,293	(6,429)	70,864	70,864	-
Total Preschool Disabilities - Full-Time	131,980	(7,130)	124,850	124,850	-
Total Special Education	1,453,882	(1,886)	1,451,996	1,385,161	66,835

**RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 898,282	\$ (38,764)	\$ 859,518	\$ 859,518	-
Total Basic Skills/Remedial	<u>898,282</u>	<u>(38,764)</u>	<u>859,518</u>	<u>859,518</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	158,251	(4,167)	154,084	154,084	-
Total Bilingual Education	<u>158,251</u>	<u>(4,167)</u>	<u>154,084</u>	<u>154,084</u>	<u>-</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	145,000	(5,327)	139,673	139,673	
Transfer to Cover Deficit (Custodial Funds)	58,000	(26,269)	31,731	31,731	-
Total School Sponsored Co/Extra Curricular Activities	<u>203,000</u>	<u>(31,596)</u>	<u>171,404</u>	<u>171,404</u>	<u>-</u>
School Sponsored Athletics					
Salaries	578,877	(111,718)	467,159	467,159	
Purchased Services	119,000	(1,826)	117,174	117,174	
Supplies and Materials	104,375	17,301	121,676	117,887	\$ 3,789
Total School Sponsored Athletics	<u>802,252</u>	<u>(96,243)</u>	<u>706,009</u>	<u>702,220</u>	<u>3,789</u>
Before/After School Programs - Instruction					
Other Salaries for Instruction		400	400	400	
Supplies and Materials	-	2,752	2,752	2,735	17
Total Before/After School Programs - Instruction	<u>-</u>	<u>3,152</u>	<u>3,152</u>	<u>3,135</u>	<u>17</u>
Summer School - Instruction					
Other Salaries for Instruction	75,000	30,100	105,100	105,100	
Supplies and Materials	-	1,897	1,897	1,897	-
Total Summer School - Instruction	<u>75,000</u>	<u>31,997</u>	<u>106,997</u>	<u>106,997</u>	<u>-</u>
Instructional Alternative Ed Program - Instruction					
Salaries	96,202	8,001	104,203	104,203	
Other Salaries for Instruction	76,830	(35,778)	41,052	41,052	
General Supplies	6,500	(1,279)	5,221	1,017	4,204
Total Instructional Alternative Ed Program - Instruction	<u>179,532</u>	<u>(29,056)</u>	<u>150,476</u>	<u>146,272</u>	<u>4,204</u>
Total Instruction	<u>21,624,910</u>	<u>(596,091)</u>	<u>21,028,819</u>	<u>21,034,837</u>	<u>(6,018)</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/ State - Special	615,076	139,715	754,791	754,791	
Tuition to County Voc. School District-Regular	689,472	20,014	709,486	709,486	-
Tuition to County Voc. School District-Special	346,440	(13,714)	332,726	275,272	57,454
Tuition to CSSD and Regional Day Schools	152,066	135,999	288,065	263,450	24,615
Tuition to Priv. Sch. for the Disabled - w/ state	2,915,096	50,638	2,965,734	2,532,382	433,352
Tuition - Other	-	1,140,224	1,140,224	30,203	1,110,021
Total Undistributed Expenditures - Instruction	<u>4,718,150</u>	<u>1,472,876</u>	<u>6,191,026</u>	<u>4,565,584</u>	<u>1,625,442</u>
Attendance and Social Work					
Salaries	77,298	(177)	77,121	77,121	-
Total Attendance and Social Work	<u>77,298</u>	<u>(177)</u>	<u>77,121</u>	<u>77,121</u>	<u>-</u>
Health Services					
Salaries	560,070	(2,193)	557,877	557,877	
Supplies and Materials	11,320	3,543	14,863	10,236	4,627
Total Health Services	<u>571,390</u>	<u>1,350</u>	<u>572,740</u>	<u>568,113</u>	<u>4,627</u>
Speech, OT, PT & Related Services					
Salaries	377,530	(7,935)	369,595	369,595	
Supplies and Materials	3,000	210	3,210	3,163	47
Total Speech, OT, PT & Related Services	<u>380,530</u>	<u>(7,725)</u>	<u>372,805</u>	<u>372,758</u>	<u>47</u>

**RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Students - Extra Services					
Salaries	\$ 641,134	\$ (108,942)	\$ 532,192	\$ 532,192	
Purchased Professional/Educational Services	741,276	78,058	819,334	540,452	\$ 278,882
Total Other Supp.Serv. Student - Extra Services	1,382,410	(30,884)	1,351,526	1,072,644	278,882
Guidance					
Salaries of Other Professional Staff	910,697	(5,007)	905,690	905,690	
Salaries of Secretarial & Clerical Assistants	111,763	(1,376)	110,387	110,387	
Supplies and Materials	1,625	1,455	3,080	952	2,128
Other Objects	33,420	3,253	36,673	27,587	9,086
Total Guidance	1,057,505	(1,675)	1,055,830	1,044,616	11,214
Child Study Teams					
Salaries of Other Professional Staff	839,125	(58,285)	780,840	780,840	
Salaries of Secretarial & Clerical Assistants	62,416	(874)	61,542	61,542	
Other Purchased Services	3,068	216	3,284	1,197	2,087
Supplies and Materials	19,000	(4,983)	14,017	12,664	1,353
Total Child Study Teams	923,609	(63,926)	859,683	856,243	3,440
Other Support Services - Improvement of Instructional Services					
Purchased Professional- Educational Services	2,000	(2,000)			
Other Purchased Services	6,820	1,862	8,682	4,627	4,055
Supplies and Materials	2,000	(2,000)	-	-	-
Total Other Support Services - Improvement of Inst. Svcs.	10,820	(2,138)	8,682	4,627	4,055
Educational Media/School Library					
Salaries	505,318	(82,215)	423,103	423,103	
Salaries of Technology Coordinators	174,821	-	174,821	174,821	
Supplies and Materials	39,350	4,794	44,144	39,068	5,076
Other Objects	17,000	138	17,138	17,138	-
Total Educational Media/School Library	736,489	(77,283)	659,206	654,130	5,076
Instructional Staff Training Services					
Purchased Professional/Educational Services	2,000	(2,000)			
Other Objects	2,000	(2,000)	-	-	-
Total Instructional Staff Training Services	4,000	(4,000)	-	-	-
Support Services General Administration					
Salaries	273,795	4,662	278,457	278,457	
Legal Services	40,000	(10,826)	29,174	29,174	
Audit Fees	38,000	10,000	48,000	48,000	
Other Purchased Professional Service	147,167	1,528	148,695	130,442	18,253
Architectural/Engineering Services	15,000	20,334	35,334	27,785	7,549
Communications/Telephone	115,300	(19,378)	95,922	82,671	13,251
Miscellaneous Purchased Services	5,000	4,406	9,406	9,406	
BOE Other Purchased Services	2,000	(893)	1,107	1,107	
General Supplies	22,000	22,773	44,773	36,799	7,974
BOE Membership Dues and Fees	19,000	(1,111)	17,889	17,889	-
Total Support Services General Administration	677,262	31,495	708,757	661,730	47,027
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Directors	1,337,250	(268)	1,336,982	1,336,982	
Salaries of Other Professional Staff	926,387	2,807	929,194	929,194	
Salaries of Secretarial and Clerical Assistants	607,442	1,912	609,354	609,354	
Unused Vacation Payment to Terminated/Retired Staff		4,479	4,479	4,479	
Other Purchased Services	61,400	(20,614)	40,786	39,655	1,131
Supplies and Materials	108,425	(8,536)	99,889	81,767	18,122
Other Objects	79,275	(6,964)	72,311	59,309	13,002
Total Support Services School Administration	3,120,179	(27,184)	3,092,995	3,060,740	32,255

RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 713,286	\$ 17,176	\$ 730,462	\$ 730,462	
Purchased Technical Services	115,852	16,468	132,320	103,065	\$ 29,255
Misc. Purchased Services	3,500	541	4,041	4,003	38
Supplies and Materials	12,000	(319)	11,681	9,655	2,026
Miscellaneous Expenditures	2,000	598	2,598	2,548	50
Total Central Services	846,638	34,464	881,102	849,733	31,369
Admin. Info. Technology					
Salaries	240,260	21,966	262,226	262,226	
Purchased Technical Services	17,700	1,019	18,719	16,013	2,706
Other Purchased Services	2,050	(928)	1,122	1,122	
Other Objects	139,000	3,485	142,485	130,490	11,995
Total Admin. Info. Technology	399,010	25,542	424,552	409,851	14,701
Required Maintenance for School Facilities					
Salaries	437,855	16,481	454,336	454,336	
Unused Vacation Payment to Terminated/Retired Staff		12,652	12,652	12,652	
Cleaning, Repair and Maintenance	396,985	127,093	524,078	384,425	139,653
General Supplies	139,860	21,052	160,912	117,066	43,846
Other Objects	9,950	3,874	13,824	3,794	10,030
Total Required Maintenance for School Facilities	984,650	181,152	1,165,802	972,273	193,529
Custodial Services					
Salaries	782,220	13,132	795,352	795,352	
Salaries of Non-Instructional Aides	175,000	(24,831)	150,169	150,169	
Unused Vacation Payment to Terminated/Retired Staff		5,300	5,300	5,300	
Cleaning, Repair and Maintenance	1,139,134	(69,213)	1,069,921	1,069,921	
Other Purchased Property Services	70,000	2,733	72,733	61,848	10,885
Insurance	209,921	30,769	240,690	240,690	
General Supplies	161,994	(8,577)	153,417	144,434	8,983
Energy (Natural Gas)	207,000	(4,805)	202,195	165,747	36,448
Energy (Electricity)	577,000	103,600	680,600	590,836	89,764
Total Custodial Services	3,322,269	48,108	3,370,377	3,224,297	146,080
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance	70,000	20,642	90,642	69,103	21,539
Total Care & Upkeep of Grounds	70,000	20,642	90,642	69,103	21,539
Security					
General Supplies	4,500	24,656	29,156	-	29,156
Total Security	4,500	24,656	29,156	-	29,156
Student Transportation Services					
Salaries of Non-Instructional Aides	61,881	(390)	61,491	61,491	
Salaries of Pupil Trans (Between Home & School) Regular	98,240	(32,047)	66,193	66,193	
Salaries of Pupil Trans (Between Home & School) Special Ed	233,599	63,842	297,441	297,441	
Sal. For Pupil Trans (Other than Bet. Home & School)	45,000	(45,000)			
Cleaning, Repair and Maintenance Services	55,000	30,261	85,261	85,157	104
Contracted Services - (Special Ed. Students) - Vendors	1,155,725	390,553	1,546,278	1,514,835	31,443
General Supplies	35,000	26,555	61,555	36,560	24,995
Total Student Transportation Services	1,684,445	433,774	2,118,219	2,061,677	56,542

RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits- Employee Benefits					
Social Security Contributions	\$ 540,000	\$ (22,657)	\$ 517,343	\$ 508,207	\$ 9,136
Other Retirement Contributions - PERS	569,157	(2,035)	567,122	548,197	18,925
Other Retirement Contributions - Deferred PERS Payment	20,000	-	20,000	18,925	1,075
Other Retirement Contributions - Regular	90,000	3,430	93,430	56,116	37,314
Workmen's Compensation	157,234	-	157,234	157,234	-
Health Benefits	5,403,819	394,651	5,798,470	5,798,470	-
Tuition Reimbursement	40,000	(21,737)	18,263	18,263	-
Other Employee Benefits	240,000	(33,999)	206,001	206,001	-
Total Unallocated Benefits	7,060,210	317,653	7,377,863	7,311,413	66,450
On Behalf TPAF (Non Budgeted)					
Pension Contribution	-	-	-	7,630,124	(7,630,124)
NCGI Premium	-	-	-	105,859	(105,859)
Long Term Disability Insurance	-	-	-	2,786	(2,786)
Post Retirement Medical Contributions	-	-	-	2,032,224	(2,032,224)
Social Security Contributions	-	-	-	1,660,258	(1,660,258)
Total On-Behalf TPAF	-	-	-	11,431,251	(11,431,251)
Total Undistributed Expenditures	28,031,364	2,376,720	30,408,084	39,267,904	(8,859,820)
Total Current Expenditures	49,656,274	1,780,629	51,436,903	60,302,741	(8,865,838)
CAPITAL OUTLAY					
Equipment					
Instruction					
Kindergarten	-	7,524	7,524	-	7,524
Grades 1-5	59,950	935,950	995,900	820,562	175,338
Grades 6-8	58,710	(46,498)	12,212	12,212	-
Grades 9-12	20,000	369,086	389,086	324,148	64,938
Undistributed Expenditures					
School Administration	-	8,769	8,769	-	8,769
Admin Info Technology	48,000	(25,479)	22,521	22,521	-
Required Maintenance for School Facilities	18,000	49,320	67,320	-	67,320
Security	-	56,036	56,036	56,036	-
Capital Financing Agreements (Non-Budget)	-	-	-	126,813	(126,813)
Total Equipment	204,660	1,354,708	1,559,368	1,362,292	197,076
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	1,697	1,697	-	1,697
Assessment for Debt Service on SDA Funding	75,126	-	75,126	75,126	-
Total Facilities Acquisition and Construction Services	75,126	1,697	76,823	75,126	1,697
Interest Deposit to Capital Reserve	1,000	-	1,000	-	1,000
Total Capital Outlay	280,786	1,356,405	1,637,191	1,437,418	199,773
Transfer of Funds to Charter Schools	13,411	20,133	33,544	33,544	-
Total General Fund Expenditures	49,950,471	3,157,167	53,107,638	61,773,703	(8,666,065)
Excess (Deficiency) of Revenues	-	-	-	-	-
Over/(Under) Expenditures	(1,079,786)	(3,157,167)	(4,236,953)	(1,066,736)	3,170,217

RUTHERFORD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Other Financing Sources (Uses)					
Other Financing Agreement Proceeds (Non-Budget)		-		\$ 264,610	\$ 264,610
Capital Financing Agreement Proceeds (Non-Budget)		-		126,813	126,813
Transfer from Capital Projects Fund		-		124,754	124,754
Transfer to Enterprise Fund - Food Service	-	\$ (75,000)	\$ (75,000)	(75,000)	-
Total Other Financing Sources (Uses)	-	(75,000)	(75,000)	441,177	516,177
Excess /(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,079,786)	(3,232,167)	(4,311,953)	(625,559)	3,686,394
Fund Balance, Beginning of Year	10,138,842	-	10,138,842	10,138,842	-
Fund Balance, End of Year	\$ 9,059,056	\$ (3,232,167)	\$ 5,826,889	\$ 9,513,283	\$ 3,686,394
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 2,061,836	
Capital Reserve - Designated for Subsequent Year's Budget				2,977,626	
Maintenance Reserve				100,000	
Excess Surplus				468,849	
Excess Surplus - Designated for Subsequent Year's Budget				500,000	
Unemployment Compensation Reserve				168,414	
Assigned					
Encumbrances				1,573,766	
Designated for Subsequent Year's Budget				100,000	
Unassigned				1,562,792	
Fund Balance - Budgetary Basis				9,513,283	
Reconciliation to Governmental Fund Statements (GAAP)					
State Aid Payments Not Recognized on a GAAP Basis				(1,228,583)	
Fund Balance per Governmental Funds (GAAP)				\$ 8,284,700	

**RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 250,000	\$ 58,214	\$ 308,214	\$ 198,912	\$ (109,302)
Federal	615,599	2,780,750	3,396,349	1,814,356	(1,581,993)
Local Sources					
Miscellaneous	<u>10,000</u>	<u>659,775</u>	<u>669,775</u>	<u>565,906</u>	<u>(103,869)</u>
Total Revenues	<u>875,599</u>	<u>3,498,739</u>	<u>4,374,338</u>	<u>2,579,174</u>	<u>(1,795,164)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		136,690	136,690	67,954	68,736
Purchased Professional Educational Services	250,000	509,923	759,923	561,223	198,700
Other Purchased Services	468,494	318,867	787,361	767,324	20,037
General Supplies	10,000	134,885	144,885	62,185	82,700
Textbooks		16,357	16,357	11,880	4,477
Co-Curricular Student Activities & Athletics	<u>-</u>	<u>421,691</u>	<u>421,691</u>	<u>421,691</u>	<u>-</u>
Total Instruction	<u>728,494</u>	<u>1,538,413</u>	<u>2,266,907</u>	<u>1,892,257</u>	<u>374,650</u>
Support Services					
Salaries of Teachers		6,356	6,356	1,885	4,471
Salaries of Other Professional Staff		60,067	60,067	3,000	57,067
Personnel Services - Employee Benefits		20,110	20,110	-	20,110
Purchased Professional and Technical Services		118,590	118,590	24,976	93,614
Purchased Professional Educational Services		310,318	310,318	160,252	150,066
Purchased Educational Services - Contracted Pre-K		36,900	36,900	36,900	-
Cleaning, Repair and Maintenance Services		69,591	69,591	63,187	6,404
Other Purchased Services	147,105	(96,281)	50,824	40,595	10,229
General Supplies		7,327	7,327	4,288	3,039
Scholarship Awards	<u>-</u>	<u>16,867</u>	<u>16,867</u>	<u>16,867</u>	<u>-</u>
Total Support Services	<u>147,105</u>	<u>549,845</u>	<u>696,950</u>	<u>351,950</u>	<u>345,000</u>
Facilities Acquisition and Construction Svs					
Instructional Equipment		196,011	196,011	151,380	44,631
Noninstructional Equipment	<u>-</u>	<u>1,214,470</u>	<u>1,214,470</u>	<u>167,741</u>	<u>1,046,729</u>
Total Facilities Acquisition and Const Svs	<u>-</u>	<u>1,410,481</u>	<u>1,410,481</u>	<u>319,121</u>	<u>1,091,360</u>
Total Expenditures	<u>875,599</u>	<u>3,498,739</u>	<u>4,374,338</u>	<u>2,563,328</u>	<u>1,811,010</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	15,846	15,846
Fund Balance, Beginning of Year	<u>361,417</u>	<u>-</u>	<u>361,417</u>	<u>361,417</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 361,417</u>	<u>\$ -</u>	<u>\$ 361,417</u>	<u>\$ 377,263</u>	<u>\$ 15,846</u>
Recapitulation of Fund Balance					
Restricted:					
Scholarships				\$ 96,403	
Student Activities				<u>280,860</u>	
				<u>\$ 377,263</u>	

**RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual Revenues (Budgetary Basis)	\$ 60,706,967	\$ 2,579,174
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2022 Encumbrances, Net		215,367
June 30, 2023 Encumbrances		(191,391)
State Aid payments recognized for GAAP purposes, not recognized for budgetary purposes. (2021-2022)	259,989	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2022-2023)	(1,228,583)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.(Exhibit B-2)	<u>\$ 59,738,373</u>	<u>\$ 2,603,150</u>
Uses/outflows of resources		
Actual Expenditures (Budgetary Basis)	\$ 61,773,703	\$ 2,563,328
Differences - Budget to GAAP		
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
June 30, 2022 Encumbrances, Net		215,367
June 30, 2023 Encumbrances	-	(191,391)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 61,773,703</u>	<u>\$ 2,587,304</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

**Last Ten Fiscal Years*
(Dollar amounts in thousands)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.04347%	0.04175%	0.04295%	0.04063%	0.03900%	0.04088%	0.04081%	0.04436%	0.04154%	0.04339%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,560,454	\$ 4,946,156	\$ 7,004,419	\$ 7,320,776	\$ 7,678,965	\$ 9,517,153	\$ 12,087,044	\$ 9,958,348	\$ 7,777,248	\$ 8,292,925
District's Covered-Employee Payroll	\$ 3,122,940	\$ 3,124,524	\$ 3,010,068	\$ 2,841,376	\$ 2,890,152	\$ 2,907,516	\$ 3,246,116	\$ 3,004,876	\$ 3,161,352	\$ 2,922,617
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	210.07%	158.38%	224.18%	243.21%	270.26%	329.30%	415.72%	306.78%	258.82%	262.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

RUTHERFORD BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Ten Fiscal Years
 (Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 548,197	\$ 488,965	\$ 469,879	\$ 395,203	\$ 387,927	\$ 378,747	\$ 362,559	\$ 381,393	\$ 342,442	\$ 326,944
Contributions in Relation to the Contractually Required Contribution	<u>\$ 548,197</u>	<u>\$ 488,965</u>	<u>\$ 469,879</u>	<u>\$ 395,203</u>	<u>\$ 387,927</u>	<u>\$ 378,747</u>	<u>\$ 362,559</u>	<u>\$ 381,393</u>	<u>\$ 342,442</u>	<u>\$ 326,944</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 3,101,373	\$ 3,122,940	\$ 3,124,524	\$ 3,010,068	\$ 2,841,376	\$ 2,890,152	\$ 2,907,516	\$ 3,246,116	\$ 3,004,876	\$ 3,161,352
Contributions as a Percentage of Covered-Employee Payroll	17.68%	17.80%	15.60%	16.03%	13.63%	13.73%	14.10%	13.29%	14.06%	10.34%

**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 Ten Fiscal Years*
(Dollar amounts in thousands)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>\$ 96,820,938</u>	<u>\$ 88,897,083</u>	<u>\$ 119,706,526</u>	<u>\$ 112,277,508</u>	<u>\$ 119,124,311</u>	<u>\$ 121,683,972</u>	<u>\$ 142,648,960</u>	<u>\$ 117,584,718</u>	<u>\$ 97,461,006</u>	<u>\$ 90,336,392</u>
	<u>\$ 96,820,938</u>	<u>\$ 88,897,083</u>	<u>\$ 119,706,526</u>	<u>\$ 112,277,508</u>	<u>\$ 119,124,311</u>	<u>\$ 121,683,972</u>	<u>\$ 142,648,960</u>	<u>\$ 117,584,718</u>	<u>\$ 97,461,006</u>	<u>\$ 90,336,392</u>
District's Covered-Employee Payroll	\$ 22,813,839	\$ 24,788,744	\$ 23,694,116	\$ 23,083,788	\$ 22,592,288	\$ 22,720,348	\$ 21,656,256	\$ 21,525,380	\$ 21,731,800	\$ 20,880,568
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**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, 2023**

Change of Benefit Terms: None.

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Six Fiscal Years*

	2023	2022	2021	2020	2019	2018
Contribution from the Member						
Service Cost	\$ 4,567,166	\$ 5,287,001	\$ 2,880,505	\$ 2,677,766	\$ 2,990,540	\$ 3,618,763
Interest on the Total OPEB Liability	2,078,743	2,425,435	2,311,229	2,793,623	2,938,194	2,533,581
Changes of Benefit Terms		(99,517)				
Differences Between Expected and Actual Experience	1,331,247	(17,054,244)	18,116,232	(10,941,541)	(5,554,903)	
Changes of Assumptions	(21,042,201)	92,243	19,124,281	954,703	(8,084,888)	(10,549,402)
Contribution from the Member	66,056	62,006	55,245	58,264	65,111	68,217
Gross Benefit Payments	<u>(2,059,057)</u>	<u>(1,910,563)</u>	<u>(1,822,664)</u>	<u>(1,965,553)</u>	<u>(1,883,901)</u>	<u>(1,852,583)</u>
Net Change in Total OPEB Liability	(15,058,046)	(11,197,639)	40,664,828	(6,422,738)	(9,529,847)	(6,181,424)
Total OPEB Liability - Beginning	<u>93,497,922</u>	<u>104,695,561</u>	<u>64,030,733</u>	<u>70,453,471</u>	<u>79,983,318</u>	<u>86,164,742</u>
Total OPEB Liability - Ending	<u>\$ 78,439,876</u>	<u>\$ 93,497,922</u>	<u>\$ 104,695,561</u>	<u>\$ 64,030,733</u>	<u>\$ 70,453,471</u>	<u>\$ 79,983,318</u>
District's Proportionate Share	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 78,439,876</u>	<u>\$ 93,497,922</u>	<u>\$ 104,695,561</u>	<u>\$ 64,030,733</u>	<u>\$ 70,453,471</u>	<u>\$ 79,983,318</u>
Total OPEB Liability - Ending	<u>\$ 78,439,876</u>	<u>\$ 93,497,922</u>	<u>\$ 104,695,561</u>	<u>\$ 64,030,733</u>	<u>\$ 70,453,471</u>	<u>\$ 79,983,318</u>
Covered Payroll	<u>\$ 25,936,779</u>	<u>\$ 24,444,650</u>	<u>\$ 23,978,980</u>	<u>\$ 23,012,319</u>	<u>\$ 22,394,329</u>	<u>\$ 21,860,509</u>
District's Proportionate Share of the OPEB Liability as a Percentage of Covered Payroll:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**RUTHERFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SPECIAL REVENUE FUND

**RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ESEA					Scholarship	Student Activity/ Athletics	Other Local Projects	Total Exhibit E-1a	Total Exhibit E-1b	Total
	Title IA	Title I SIA	Title IIA	Title III Immigrant	Title IV						
REVENUES											
Intergovernmental											
State										\$ 198,912	\$ 198,912
Federal	\$ 123,709	\$ 20,000	\$ 34,296	\$ 3,132	\$ 9,722				\$ 1,623,497		1,814,356
Local	-	-	-	-	-	\$ 21,360	\$ 433,044	\$ 111,502	-	-	565,906
Total Revenues	\$ 123,709	\$ 20,000	\$ 34,296	\$ 3,132	\$ 9,722	\$ 21,360	\$ 433,044	\$ 111,502	\$ 1,623,497	\$ 198,912	\$ 2,579,174
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 43,276								\$ 13,375	\$ 11,303	\$ 67,954
Purchased Professional Educational Services					\$ 9,322				514,125	37,776	561,223
Other Purchased Services		\$ 11,690							755,634	-	767,324
General Supplies	5,796			\$ 3,032				\$ 39,120	6,677	7,560	62,185
Textbooks									-	11,880	11,880
Co-Curricular - Student Activities							\$ 349,505		-	-	349,505
Co-Curricular - Athletics							72,186		-	-	72,186
Total Instruction	49,072	11,690	-	3,032	9,322	-	421,691	39,120	1,289,811	68,519	1,892,257
Support Services											
Salaries of Teachers			\$ 1,885						-	-	1,885
Salaries of Other Professional Staff									3,000	-	3,000
Personnel Services - Employee Benefits									-	-	-
Purchased Professional and Technical Services		1,626							23,350	-	24,976
Purchased Professional Educational Services	5,450			100	400				123,996	30,306	160,252
Purchased Educational Services - Contracted Pre-K									-	36,900	36,900
Cleaning, Repair and Maintenance Services									-	63,187	63,187
Other Purchased Services		6,684	32,411						1,500	-	40,595
General Supplies									4,288	-	4,288
Scholarships						\$ 16,867			-	-	16,867
Total Support Services	5,450	8,310	34,296	100	400	16,867	-	-	156,134	130,393	351,950
Facilities Acquisition and Construction											
Instructional Equipment	69,187								45,489	36,704	151,380
Non- Instructional Equipment									26,893	140,848	167,741
Total Facilities Acquisition	69,187	-	-	-	-	-	-	72,382	177,552	-	319,121
Total Expenditures	\$ 123,709	\$ 20,000	\$ 34,296	\$ 3,132	\$ 9,722	\$ 16,867	\$ 421,691	\$ 111,502	\$ 1,623,497	\$ 198,912	\$ 2,563,328
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	4,493	11,353	-	-	-	15,846
Fund Balance, July 1	-	-	-	-	-	91,910	269,507	-	-	-	361,417
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,403	\$ 280,860	\$ -	\$ -	\$ -	\$ 377,263

**RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

REVENUES	ARP ESSER	ACSERS Aid	CARES Act ESSER I	CRRSA			IDEA			Total
				ESSER II	Learning Acceleration	Mental Health	Part B- Basic	Pre- School	ARP - Part B- Basic	
Intergovernmental										
Federal	\$ 516,901	\$ 270,957	\$ 2,327	\$ 175,962	\$ 6,075	\$ 45,000	\$ 591,990	\$ 5,379	\$ 8,906	\$ 1,623,497
Local	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 516,901	\$ 270,957	\$ 2,327	\$ 175,962	\$ 6,075	\$ 45,000	\$ 591,990	\$ 5,379	\$ 8,906	\$ 1,623,497
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 10,900			\$ 1,150	\$ 1,325					\$ 13,375
Purchased Professional Educational Services	342,544	\$ 900		130,181		\$ 40,500				514,125
Other Purchased Services		172,709					\$ 577,546	\$ 5,379		755,634
General Supplies				6,427	250					6,677
Textbooks										-
Co-Curricular - Student Activities										-
Co-Curricular - Athletics										-
Total Instruction	353,444	173,609	-	137,758	1,575	40,500	577,546	5,379	-	1,289,811
Support Services										
Salaries of Teachers										-
Salaries of Other Professional Staff	3,000									3,000
Personnel Services - Employee Benefits										-
Purchased Professional and Technical Services							14,444		\$ 8,906	23,350
Purchased Professional Educational Services	17,648	97,348			4,500	\$ 4,500				123,996
Purchased Educational Services - Contracted Pre-K										-
Cleaning, Repair and Maintenance Services										-
Other Purchased Services				1,500						1,500
General Supplies	1,961		\$ 2,327							4,288
Scholarships										-
Total Support Services	22,609	97,348	2,327	1,500	4,500	4,500	14,444	-	8,906	156,134
Facilities Acquisition and Construction										
Instructional Equipment				36,704						36,704
Non- Instructional Equipment	140,848									140,848
Total Facilities Acquisition	140,848	-	-	36,704	-	-	-	-	-	177,552
Total Expenditures	\$ 516,901	\$ 270,957	\$ 2,327	\$ 175,962	\$ 6,075	\$ 45,000	\$ 591,990	\$ 5,379	\$ 8,906	\$ 1,623,497
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1										
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

REVENUES	Corrective Speech	Exam and Classification	Supplementary Instruction	Home Instruction	Nonpublic STEM	Nonpublic Nursing	Nonpublic Textbook	Nonpublic Technology	Nonpublic Security	Emergent and Capital Maintenance Needs	Total
Intergovernmental											
State	\$ 2,721	\$ 23,126	\$ 21,476	\$ 599	\$ 11,303	\$ 20,160	\$ 11,880	\$ 7,560	\$ 36,900	\$ 63,187	\$ 198,912
Local	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 2,721	\$ 23,126	\$ 21,476	\$ 599	\$ 11,303	\$ 20,160	\$ 11,880	\$ 7,560	\$ 36,900	\$ 63,187	\$ 198,912
EXPENDITURES											
Instruction											
Salaries of Teachers					\$ 11,303						\$ 11,303
Purchased Professional Educational Services	\$ 2,721	\$ 12,980	\$ 21,476	\$ 599							37,776
Other Purchased Services											-
General Supplies								\$ 7,560			7,560
Textbooks							\$ 11,880				11,880
Co-Curricular - Student Activities											-
Co-Curricular - Athletics	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	2,721	12,980	21,476	599	11,303	-	11,880	7,560	-	-	68,519
Support Services											
Salaries of Teachers											-
Salaries of Other Professional Staff											-
Personnel Services - Employee Benefits											-
Purchased Professional and Technical Services											-
Purchased Professional Educational Services		10,146				\$ 20,160					30,306
Purchased Educational Services - Contracted Pre-K									\$ 36,900		36,900
Cleaning, Repair and Maintenance Services										\$ 63,187	63,187
Other Purchased Services											-
General Supplies											-
Scholarships	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	-	10,146	-	-	-	20,160	-	-	36,900	63,187	130,393
Facilities Acquisition and Construction											
Instructional Equipment											-
Non- Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,721	\$ 23,126	\$ 21,476	\$ 599	\$ 11,303	\$ 20,160	\$ 11,880	\$ 7,560	\$ 36,900	\$ 63,187	\$ 198,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**RUTHERFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF STUDENT ACTIVITY AND SCHOLARSHIP ACCOUNTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2023</u>
Student Activities Account	\$ 259,667	\$ 370,250	\$ 349,505	\$ 280,412
Scholarships Account	91,910	21,360	16,867	96,403
Athletic Account	<u>9,840</u>	<u>62,794</u>	<u>72,186</u>	<u>448</u>
Total	<u>\$ 361,417</u>	<u>\$ 454,404</u>	<u>\$ 438,558</u>	<u>\$ 377,263</u>

CAPITAL PROJECTS FUND

**RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>	<u>Balance, June 30, 2023</u>
		<u>Prior Year</u>	<u>Current Year</u>
Rutherford High School Renovations	\$ 11,263,158	\$ 8,145,169	\$ 2,428,952
Lincoln School Addition	1,508,772	959,044	455,671
Pierrepont Addition and Renovation	18,220,927	13,234,812	2,470,039
Kindergarten Center Renovation	2,738,091	2,299,295	182,507
Union School Addition and Renovation	<u>11,599,530</u>	<u>8,721,724</u>	<u>1,739,917</u>
	<u>\$ 45,330,478</u>	<u>\$ 33,360,044</u>	<u>\$ 7,277,086</u>

Analysis of Balance

Year End Encumbrances	\$ 1,051,681
Available for Capital Projects	<u>3,641,667</u>
	<u>\$ 4,693,348</u>

**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, 2023**

Revenues and Other Financing Sources

Interest Earned	\$ <u>124,754</u>
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Total Revenues and Other Financing Sources	<u>124,754</u>
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Expenditures and Other Financing Uses

Purchased Professional and Technical Services	569,728
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Construction Services	6,018,628
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Supplies and Materials	32,848
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Equipment	655,882
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Transfers to General Fund	<u>124,754</u>
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Total Expenditures and Other Financing Uses	<u>7,401,840</u>
---	------------------

Excess (Deficit) of Revenues Over (Under) Expenditures	(7,277,086)
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Fund Balance, July 1, 2022	<u>11,970,434</u>
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Fund Balance, June 30, 2023	<u><u>\$ 4,693,348</u></u>
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**RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
RUTHERFORD HIGH SCHOOL RENOVATIONS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 11,263,000		\$ 11,263,000	\$ 11,263,000
Transfer from Capital Reserve	<u>158</u>	<u>-</u>	<u>158</u>	<u>158</u>
 Total Revenues and Other Financing Sources	 <u>11,263,158</u>	 <u>-</u>	 <u>11,263,158</u>	 <u>11,263,158</u>
Expenditures and Other Financing Uses				
Legal Services	25,984		25,984	35,931
Purchased Professional and Technical Services	1,864,713	\$ 176,065	2,040,778	2,578,530
Construction Services	6,170,561	2,127,718	8,298,279	8,532,665
Supplies and Materials		17,149	17,149	
Equipment	<u>83,911</u>	<u>108,020</u>	<u>191,931</u>	<u>116,032</u>
 Total Expenditures and Other Financing Uses	 <u>8,145,169</u>	 <u>2,428,952</u>	 <u>10,574,121</u>	 <u>11,263,158</u>
 Excess of Revenues Over Expenditures	 <u>\$ 3,117,989</u>	 <u>\$ (2,428,952)</u>	 <u>\$ 689,037</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	4600-050-19-1000
Grant Date	N/A
Bond Authorization Date	9/24/2019
Bonds Authorized	\$ 11,263,000
Bonds Issued	\$ 11,263,000
Original Authorized Cost	\$ 14,935,205
Authorized Cost Adjustments	\$ (3,672,047)
Revised Authorized Cost	\$ 11,263,158
 Percentage Increase Over Original Authorized Cost	 -24.59%
Percentage Completion	93.88%
Original Target Completion Date	9/1/2022
Revised Target Completion Date	6/30/2024

**RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LINCOLN SCHOOL ADDITION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 1,508,755		\$ 1,508,755	\$ 1,508,755
Transfer from Capital Reserve	<u>17</u>	<u>-</u>	<u>17</u>	<u>17</u>
Total Revenues and Other Financing Sources	<u>1,508,772</u>	<u>-</u>	<u>1,508,772</u>	<u>1,508,772</u>
Expenditures and Other Financing Uses				
Legal Services	12,182		12,182	19,166
Purchased Professional and Technical Services	196,222	\$ 13,567	209,789	308,697
Construction Services	734,319	442,104	1,176,423	1,155,233
Equipment	<u>16,321</u>	<u>-</u>	<u>16,321</u>	<u>25,676</u>
Total Expenditures and Other Financing Uses	<u>959,044</u>	<u>455,671</u>	<u>1,414,715</u>	<u>1,508,772</u>
Excess of Revenues Over Expenditures	<u>\$ 549,728</u>	<u>\$ (455,671)</u>	<u>\$ 94,057</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	4600-070-19-1000			
Grant Date	N/A			
Bond Authorization Date	9/24/2019			
Bonds Authorized	\$ 1,508,755			
Bonds Issued	\$ 1,508,755			
Original Authorized Cost	\$ 1,595,135			
Authorized Cost Adjustments	\$ (86,363)			
Revised Authorized Cost	\$ 1,508,772			
Percentage Increase Over Original				
Authorized Cost	-5.41%			
Percentage Completion	93.77%			
Original Target Completion Date	12/31/2021			
Revised Target Completion Date	6/30/2024			

**RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
PIERREPONT ADDITION AND RENOVATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 18,220,759		\$ 18,220,759	\$ 18,220,759
Transfer from Capital Reserve	168	-	168	168
	<u>18,220,927</u>	<u>-</u>	<u>18,220,927</u>	<u>18,220,927</u>
Expenditures and Other Financing Uses				
Legal Services	27,728		27,728	38,175
Purchased Professional and Technical Services	1,970,082	\$ 184,820	2,154,902	2,712,295
Construction Services	11,173,842	1,887,381	13,061,223	15,383,502
Supplies and Materials		9,938	9,938	
Equipment	63,160	387,900	451,060	86,955
	<u>13,234,812</u>	<u>2,470,039</u>	<u>15,704,851</u>	<u>18,220,927</u>
Excess of Revenues Over Expenditures	<u>\$ 4,986,115</u>	<u>\$ (2,470,039)</u>	<u>\$ 2,516,076</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	4600-080-19-1000			
Grant Date	N/A			
Bond Authorization Date	9/24/2019			
Bonds Authorized	\$ 18,220,759			
Bonds Issued	\$ 18,220,759			
Original Authorized Cost	\$ 15,915,503			
Authorized Cost Adjustments	\$ 2,305,424			
Revised Authorized Cost	\$ 18,220,927			
Percentage Increase Over Original				
Authorized Cost	14.49%			
Percentage Completion	86.19%			
Original Target Completion Date	9/30/2022			
Revised Target Completion Date	6/30/2024			

**RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
KINDERGARTEN CENTER RENOVATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 2,738,068		\$ 2,738,068	\$ 2,738,068
Transfer from Capital Reserve	23	-	23	23
	<u>2,738,091</u>	<u>-</u>	<u>2,738,091</u>	<u>2,738,091</u>
Expenditures and Other Financing Uses				
Legal Services	17,744		17,744	21,131
Purchased Professional and Technical Services	297,609	\$ 32,970	330,579	354,404
Construction Services	1,983,942	145,711	2,129,653	2,362,556
Equipment	-	3,826	3,826	-
	<u>2,299,295</u>	<u>182,507</u>	<u>2,481,802</u>	<u>2,738,091</u>
Excess of Revenues Over Expenditures	<u>\$ 438,796</u>	<u>\$ (182,507)</u>	<u>\$ 256,289</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	4600-090-19-1000			
Grant Date	N/A			
Bond Authorization Date	9/24/2019			
Bonds Authorized	\$ 2,738,068			
Bonds Issued	\$ 2,738,068			
Original Authorized Cost	\$ 2,199,935			
Authorized Cost Adjustments	\$ 538,156			
Revised Authorized Cost	\$ 2,738,091			
Percentage Increase Over Original				
Authorized Cost	24.46%			
Percentage Completion	90.64%			
Original Target Completion Date	9/30/2022			
Revised Target Completion Date	6/30/2024			

**RUTHERFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
UNION SCHOOL ADDITION AND RENOVATION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 11,599,418		\$ 11,599,418	\$11,599,418
Transfer from Capital Reserve	<u>112</u>	<u>-</u>	<u>112</u>	<u>112</u>
 Total Revenues and Other Financing Sources	 <u>11,599,530</u>	 <u>-</u>	 <u>11,599,530</u>	 <u>11,599,530</u>
Expenditures and Other Financing Uses				
Legal Services	26,888		26,888	35,760
Purchased Professional and Technical Services	1,448,441	\$ 162,306	1,610,747	1,926,365
Construction Services	7,228,664	1,415,714	8,644,378	9,613,823
Supplies and Materials		5,761	5,761	
Equipment	<u>17,731</u>	<u>156,136</u>	<u>173,867</u>	<u>23,582</u>
 Total Expenditures and Other Financing Uses	 <u>8,721,724</u>	 <u>1,739,917</u>	 <u>10,461,641</u>	 <u>11,599,530</u>
 Excess of Revenues Over Expenditures	 <u>\$ 2,877,806</u>	 <u>\$ (1,739,917)</u>	 <u>\$ 1,137,889</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	4600-100-19-1000
Grant Date	N/A
Bond Authorization Date	9/24/2019
Bonds Authorized	\$ 11,599,418
Bonds Issued	\$ 11,599,418
Original Authorized Cost	\$ 10,684,700
Authorized Cost Adjustments	\$ 914,830
Revised Authorized Cost	\$ 11,599,530
 Percentage Increase Over Original Authorized Cost	 8.56%
Percentage Completion	90.19%
Original Target Completion Date	7/31/2022
Revised Target Completion Date	6/30/2024

ENTERPRISE FUNDS

RUTHERFORD BOARD OF EDUCATION
NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>Food Service Fund</u>	<u>Before and After Care Fund</u>	<u>Summer Music Program Fund</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 96,336	\$ 1,394,752	\$ 4,580	\$ 1,495,668
Due from Other Funds	-	-	23,525	23,525
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	96,336	1,394,752	28,105	1,519,193
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	96,336	1,394,752	28,105	1,519,193
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES				
Current Liabilities				
Accounts Payable	70,381			70,381
Due to Other Funds		548,195		548,195
Unearned Revenue	-	8,130	4,580	12,710
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	70,381	556,325	4,580	631,286
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	70,381	556,325	4,580	631,286
	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION				
Unrestricted	25,955	838,427	23,525	887,907
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 25,955	\$ 838,427	\$ 23,525	\$ 887,907
	<hr/>	<hr/>	<hr/>	<hr/>

**RUTHERFORD BOARD OF EDUCATION
NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Food Service Fund</u>	<u>Before and After Care Fund</u>	<u>Summer Music Program Fund</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 77,905			77,905
Program Fees	-	\$ 908,073	-	908,073
	<u>77,905</u>	<u>908,073</u>	<u>-</u>	<u>985,978</u>
Total Operating Revenues				
OPERATING EXPENSES				
Cost of Sales	129,359			129,359
Salaries and Employee Benefits		367,866		367,866
Other Purchased Services	890			890
General Supplies		22,315	\$ 3,969	26,284
Miscellaneous	116	-	-	116
	<u>130,365</u>	<u>390,181</u>	<u>3,969</u>	<u>524,515</u>
Total Operating Expenses				
Operating Income (Loss)	(52,460)	517,892	(3,969)	461,463
NONOPERATING REVENUES				
Interest Earned	206	20,749	-	20,955
	<u>206</u>	<u>20,749</u>	<u>-</u>	<u>20,955</u>
Total Nonoperating Revenues				
Net Income (Loss)	(52,254)	538,641	(3,969)	482,418
Operating Transfers				
Operating Transfers In	75,000	-	-	75,000
	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Change in Net Position	22,746	538,641	(3,969)	557,418
Total Net Position, Beginning of Year	3,209	299,786	\$ 27,494	330,489
	<u>3,209</u>	<u>299,786</u>	<u>\$ 27,494</u>	<u>330,489</u>
Total Net Position, End of Year	\$ 25,955	\$ 838,427	\$ 23,525	\$ 887,907
	<u>\$ 25,955</u>	<u>\$ 838,427</u>	<u>\$ 23,525</u>	<u>\$ 887,907</u>

**RUTHERFORD BOARD OF EDUCATION
NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Food Service Fund</u>	<u>Before and After Care Fund</u>	<u>Summer Music Program Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 77,905	\$ 860,258	\$ 4,580	\$ 942,743
Cash Payments to Employees' Salaries and Benefits		(367,866)		(367,866)
Cash Payments to Suppliers for Goods and Services	(81,971)	(24,602)	(3,969)	(110,542)
Net Cash Provided By (Used for) Operating Activities	(4,066)	467,790	611	464,335
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	75,000	-	-	75,000
Net Cash Provided by Noncapital Financing Activities	75,000	-	-	75,000
Cash Flows from Capital and Related Financing Activities				
Interest Earned	206	20,749	-	20,955
Net Cash Provided by Noncapital Financing Activities	206	20,749	-	20,955
Net Change in Cash and Cash Equivalents	71,140	488,539	611	560,290
Cash and Cash Equivalents, Beginning of Year	25,196	906,213	3,969	935,378
Cash and Cash Equivalents, End of Year	<u>\$ 96,336</u>	<u>\$ 1,394,752</u>	<u>\$ 4,580</u>	<u>\$ 1,495,668</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ (52,460)	\$ 517,892	\$ (3,969)	\$ 461,463
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Change in Assets and Liabilities				
(Increase)/Decrease in Other Accounts Receivable		3,530		3,530
Increase/(Decrease) in Unearned Revenue		(51,345)	4,580	(46,765)
Increase/(Decrease) in Accounts Payable	48,394	(2,287)	-	46,107
Total Adjustments	48,394	(50,102)	4,580	2,872
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,066)</u>	<u>\$ 467,790</u>	<u>\$ 611</u>	<u>\$ 464,335</u>

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
School District Refunding Bonds - Series 2016	11/22/2016	\$ 11,115,000	1/15/2024	\$ 1,080,000	4.00%	\$ 6,395,000	\$ 1,075,000	\$ 5,320,000
			1/15/2025-26	1,065,000	4.00%			
			1/15/2027	1,060,000	4.00%			
			1/15/2028	1,050,000	5.00%			
School District Bonds - Series 2019	12/19/2019	45,330,000	12/15/2023	1,100,000	2.50%	<u>44,230,000</u>	<u>1,100,000</u>	<u>43,130,000</u>
			12/15/2024	1,150,000	2.50%			
			12/15/2025	1,150,000	2.50%			
			12/15/2026	1,165,000	2.50%			
			12/15/2027	1,165,000	2.50%			
			12/15/2028-34	2,200,000	2.50%			
			12/15/2035-37	2,200,000	2.75%			
12/15/2038-44	2,200,000	3.00%						
						<u>\$ 50,625,000</u>	<u>\$ 2,175,000</u>	<u>\$ 48,450,000</u>

**RUTHERFORD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL AND OTHER FINANCING AGREEMENTS
FOR THE FISCAL YEAR JUNE 30, 2023**

	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
<u>Other Financing Agreements</u>						
Technology Equipment - 2019/20 Apple Laptops	0.000%	\$ 61,860	\$ 15,465		\$ 15,465	
Technology Equipment - 2019/20 Dell Chromebooks	2.725%	139,045	56,527		27,884	\$ 28,643
Technology Equipment - 2020/21 Dell Chromebooks	2.720%	117,840	70,532		22,941	47,591
Technology Equipment - 2021/22 Apple Laptops	0.000%	105,900	79,425		26,475	52,950
Technology Equipment - 2022/23 Dell Chromebooks	4.710%	89,850		\$ 89,850	44,691	45,159
Technology Equipment - 2022/23 Dell Chromebooks	4.937%	88,440		88,440	19,168	69,272
Technology Equipment - 2022/23 Apple Laptops	0.000%	86,320	-	86,320	28,773	57,547
			<u>\$ 221,949</u>	<u>\$ 264,610</u>	<u>\$ 185,397</u>	<u>\$ 301,162</u>
<u>Capital Financing Agreements</u>						
2019/2020 Copier Equipment	Variable	331,080	\$ 82,860	\$ -	\$ 33,036	\$ 49,824
2022/2023 Copier Equipment	3.50%	126,813	-	126,813	9,491	117,322
			<u>\$ 82,860</u>	<u>\$ 126,813</u>	<u>\$ 42,527</u>	<u>\$ 167,146</u>

**RUTHERFORD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 3,169,778		\$ 3,169,778	\$ 3,169,778	
State Source					
Debt Service Aid	457,022		457,022	457,022	
Total Revenues	<u>3,626,800</u>	<u>-</u>	<u>3,626,800</u>	<u>3,626,800</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,175,000		2,175,000	2,175,000	
Interest on Bonds	1,451,800		1,451,800	1,451,800	
Total Expenditures	<u>3,626,800</u>	<u>-</u>	<u>3,626,800</u>	<u>3,626,800</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Analysis of Balance</u>					
				<u>Available for Debt Service</u>	<u>\$ 1</u>

**STATISTICAL SECTION
(UNAUDITED)**

This part of the Rutherford Board of Education's annual comprehensive 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 district's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the district'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 district'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 district's current levels of outstanding debt and the district'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 district'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 district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

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

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 20,625,161	\$ 20,897,837	\$ 21,403,452	\$ 22,166,781	\$ 22,740,283	\$ 23,108,914	\$ 22,029,183	\$ 22,511,720	\$ 23,104,849	\$ 26,028,519
Restricted	2,141,005	1,395,849	1,731,693	2,646,797	2,051,588	2,645,023	4,210,876	5,161,044	6,346,844	5,685,140
Unrestricted	<u>387,650</u>	<u>(7,690,556)</u>	<u>(8,310,792)</u>	<u>(9,267,947)</u>	<u>(9,227,746)</u>	<u>(9,135,673)</u>	<u>(8,597,727)</u>	<u>(7,140,061)</u>	<u>(4,390,500)</u>	<u>(5,697,762)</u>
Total Governmental Activities Net Position	\$ 23,153,816	\$ 14,603,130	\$ 14,824,353	\$ 15,545,631	\$ 15,564,125	\$ 16,618,264	\$ 17,642,332	\$ 20,532,704	\$ 25,061,193	\$ 26,015,897
Business-Type Activities										
Investment in Capital Assets						\$ 2,099	\$ 1,653			
Unrestricted	\$ 66,568	\$ 75,202	\$ 107,689	\$ 120,934	\$ 98,554	34,993	(37,284)	\$ 3,939	\$ 330,489	\$ 887,907
Total Business-Type Activities Net Position	\$ 66,568	\$ 75,202	\$ 107,689	\$ 120,934	\$ 98,554	\$ 37,092	\$ (35,631)	\$ 3,939	\$ 330,489	\$ 887,907
District-Wide										
Net Investment in Capital Assets	\$ 20,625,161	\$ 20,897,837	\$ 21,403,452	\$ 22,166,781	\$ 22,740,283	\$ 23,111,013	\$ 22,030,836	\$ 22,511,720	\$ 23,104,849	\$ 26,028,519
Restricted	2,141,005	1,395,849	1,731,693	2,646,797	2,051,588	2,645,023	4,210,876	5,161,044	6,346,844	5,685,140
Unrestricted	<u>454,218</u>	<u>(7,615,354)</u>	<u>(8,203,103)</u>	<u>(9,147,013)</u>	<u>(9,129,192)</u>	<u>(9,100,680)</u>	<u>(8,635,011)</u>	<u>(7,136,121)</u>	<u>(4,060,011)</u>	<u>(4,809,855)</u>
Total District-wide Net Position	\$ 23,220,384	\$ 14,678,332	\$ 14,932,042	\$ 15,666,565	\$ 15,662,679	\$ 16,655,356	\$ 17,606,702	\$ 20,536,643	\$ 25,391,682	\$ 26,903,804

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

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

Note 3 - Net Position at June 30, 2021 is restated to reflect the implementation of GASB Statement No. 87, "Leases".

Source: District's Financial Statements

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 13,953,793	\$ 14,214,862	\$ 15,876,661	\$ 15,822,562	\$ 15,288,081	\$ 15,494,991	\$ 16,452,636	\$ 16,482,573	\$ 16,787,688	\$ 27,636,597
Special Education	3,715,093	3,777,952	2,137,433	2,489,649	1,958,704	2,118,030	2,160,581	2,240,674	2,620,864	6,430,168
Other Instruction	1,272,722	1,296,619	1,221,912	1,168,504	1,871,341	1,956,345	798,705	824,984	882,560	1,742,738
School Sponsored Activities										
Support Services:										
Tuition	3,547,316	4,044,262	4,881,581	4,228,236	4,385,168	4,407,493	4,495,421	4,366,901	4,353,849	6,847,057
Student & Instruction Related Services	3,661,410	3,817,690	4,098,505	4,205,926	4,578,138	4,788,644	4,921,726	5,167,679	5,201,961	6,847,057
School Administrative Services	1,723,655	1,755,395	1,798,634	1,772,973	2,616,396	2,670,736	2,801,719	2,841,968	2,986,222	4,398,366
General Administrative Services	904,601	891,977	866,513	879,177	887,700	869,365	845,871	666,367	791,288	874,800
Central Services	627,599	624,097	637,806	641,365	722,329	794,896	767,267	801,711	832,105	1,593,987
Administrative Information Technology							189,935	314,362	355,213	
Plant Operations And Maintenance	3,722,393	3,721,936	3,549,956	3,641,088	3,775,471	3,911,553	3,645,683	3,995,355	4,135,233	6,052,357
Pupil Transportation	1,150,019	974,600	1,212,500	1,424,136	1,485,770	1,573,147	1,537,502	1,585,350	1,652,827	2,248,025
Unallocated Benefits	8,308,705	13,737,655	16,159,168	20,138,105	21,437,670	18,279,487	16,334,291	20,729,820	14,702,665	
Transfer to Charter School				19,647	10,915	35,106		12,240	12,901	
Interest On Long-Term Debt	700,065	661,655	622,555	325,248	433,613	405,359	388,203	2,019,763	1,414,660	1,418,410
Unallocated Depreciation	1,150,164	1,188,042	1,246,907	1,242,419	1,285,112	1,313,485	1,332,356	1,355,569	1,390,263	
Debt Issuance Costs				240,200			280,691			
Loss on Retirement of Capital Assets	123,989	13,673	37,655							
Total Governmental Activities Expenses	44,561,526	50,720,416	54,347,786	58,239,236	60,736,408	58,618,638	58,244,023	64,584,485	59,371,086	61,021,397
Business-Type Activities:										
Food Service	67,226	86,109	95,959	93,558	104,635	1,062,322	74,156	66,394	103,477	130,365
Community Education	98,316	94,803	91,329	93,244	21,164	12,982	108,306	12,458		
Before and After Care								206,924	343,558	390,181
Summer Music Program	5,000	7,500	7,500	10,786	92,547	105,607	12,000	-	-	3,969
Total Business-Type Activities Expense	170,542	188,411	194,788	197,588	218,346	224,821	194,462	285,776	447,035	524,515
Total District Expenses	\$ 44,732,058	\$ 50,908,828	\$ 54,542,753	\$ 58,436,823	\$ 60,964,754	\$ 58,843,459	\$ 58,438,485	\$ 64,870,261	\$ 59,818,121	\$ 61,545,912
Program Revenues										
Governmental Activities:										
Charges For Services:		\$ 11,853	\$ 12,969	\$ 180,779	\$ 196,288	\$ 452,835	\$ 416,286	\$ 415,712	\$ 456,737	\$ 570,454
Capital Grants and Contributions	\$ 308,281				3,290		16,760	30,257	309,395	
Operating Grants and Contributions	4,257,681	9,105,739	11,305,760	14,808,765	15,744,767	12,908,575	11,129,418	15,847,006	11,275,970	11,875,712
Total Governmental Activities Program Revenues	4,565,962	9,117,592	11,318,729	14,989,544	15,944,345	13,361,410	11,562,464	16,292,975	12,042,102	12,446,166
Business-Type Activities:										
Charges For Services										
Food Service	42,750	53,768	63,999	66,950	73,918	74,569	56,684	37,192	73,845	77,905
Before and After Care								175,190	673,772	908,073
Summer Music Program	6,200	7,500	5,195	16,882	91,905	47,892	15,581			
Community Education	106,641	104,642	97,926	102,062	15,143	15,855	24,158	869		
Total Business Type Activities Program Revenues	155,591	165,909	167,120	185,834	180,966	138,316	96,422	213,252	747,617	985,978
Total District Program Revenues	\$ 4,721,553	\$ 9,283,501	\$ 11,485,848	\$ 15,175,378	\$ 16,125,310	\$ 13,499,726	\$ 11,658,886	\$ 16,506,227	\$ 12,789,719	\$ 13,432,144
Net (Expense)/Revenue										
Governmental Activities	\$ (39,995,563)	\$ (41,602,825)	\$ (43,029,057)	\$ (43,249,691)	\$ (44,802,063)	\$ (45,257,228)	\$ (46,681,559)	\$ (48,291,510)	\$ (47,328,984)	\$ (48,575,231)
Business-Type Activities	(14,951)	(22,502)	(27,668)	(11,754)	(37,380)	(86,505)	(98,040)	(72,524)	300,582	461,463

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total District-Wide	\$ (40,010,515)	\$ (41,625,326)	\$ (43,056,725)	\$ (43,839,444)	\$ (44,839,434)	\$ (45,343,733)	\$ (46,779,599)	\$ (48,364,034)	\$ (47,028,402)	\$ (48,113,768)
General Revenues and Other Changes in Net Position										
Total Governmental Activities	\$ 40,299,818	\$ 14,345,064	\$ 43,250,281	\$ 43,970,969	\$ 44,820,558	\$ 46,311,367	\$ 47,705,627	\$ 50,644,847	\$ 51,857,473	\$ 49,529,934
Total Business-type Activities	13,260	31,136	60,155	25,000	15,000	25,043	25,317	112,094	25,968	95,955
Total District-wide	\$ 40,313,078	\$ 41,376,199	\$ 43,310,435	\$ 43,995,969	\$ 44,835,558	\$ 46,336,410	\$ 47,730,944	\$ 50,756,941	\$ 51,883,441	\$ 49,625,889
Change in Net Position										
Governmental Activities	\$ (257,761)	\$ 221,224	\$ 721,277	\$ 18,495	\$ 1,054,139	\$ 1,035,068	\$ 2,353,337	\$ 2,353,337	\$ 4,528,489	\$ 954,703
Business-type Activities	8,634	32,487	13,246	(22,380)	(61,462)	(72,723)	39,570	39,570	326,550	557,418
Total District	\$ (249,127)	\$ 253,710	\$ 734,523	\$ (3,886)	\$ 992,677	\$ 951,345	\$ 2,392,907	\$ 2,392,907	\$ 4,855,039	\$ 1,512,121

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

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 1,305,666	\$ 703,601	\$ 1,202,428	\$ 2,551,646	\$ 1,846,955	\$ 2,586,096	\$ 4,210,398	\$ 4,819,611	\$ 4,589,622	\$ 6,276,725
Assigned	290,500	330,750	35,384	225,832	315,056	128,322	680,659	928,416	2,861,331	1,673,766
Unassigned	1,190,368	1,410,130	1,345,261	915,184	1,131,017	1,289,734	1,259,162	2,452,672	2,427,899	334,209
Total General Fund	\$ 2,786,533	\$ 2,444,481	\$ 2,583,073	\$ 3,692,662	\$ 3,293,028	\$ 4,004,152	\$ 6,150,220	\$ 8,200,699	\$ 9,878,853	\$ 8,284,700
All Other Governmental Funds:										
Restricted	\$ 835,339	\$ 692,147	\$ 529,265	\$ 95,151	\$ 204,633	\$ 58,927	\$ 41,891,681	\$ 27,659,167	\$ 12,331,852	\$ 5,070,612
Unassigned (Deficit)		(100,661)								
Total All Other Governmental Funds	\$ 835,339	\$ 591,486	\$ 529,265	\$ 95,151	\$ 204,633	\$ 58,927	\$ 41,891,681	\$ 27,659,167	\$ 12,331,852	\$ 5,070,612

Note I - Fund Balances in the General and Special Revenue Funds at June 30, 2020 are restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

Source: District Financial Records

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property Taxes	\$ 37,262,106	\$ 38,156,764	\$ 39,690,240	\$ 40,533,916	\$ 41,531,633	\$ 42,704,062	\$ 43,821,107	\$ 46,144,384	\$ 47,395,622	\$ 48,261,575
Tuition Charges		11,853	12,969	180,779	196,288	403,265	385,526	208,440	133,811	116,050
Transportation						49,750	30,760			
Miscellaneous	79,305	105,209	75,103	164,883	138,521	190,977	446,144	396,472	146,694	900,224
Local Sources							272,949		369,318	
State Sources	6,919,976	7,338,751	8,360,636	8,631,462	9,359,332	10,405,702	10,822,353	13,045,093	15,868,803	14,993,404
Federal Sources	617,654	642,693	762,531	786,398	718,295	888,816	873,148	1,119,893	1,581,849	1,821,824
Total Revenue	44,879,040	46,255,270	48,901,479	50,297,438	51,944,070	54,642,571	56,379,038	61,187,230	65,496,096	66,093,077
Expenditures:										
Instruction										
Regular Instruction	13,197,156	13,798,522	15,577,000	15,888,882	15,425,204	15,534,815	16,381,243	16,537,270	16,781,131	30,114,803
Special Education Instruction	3,715,093	3,788,634	2,130,599	2,486,838	1,953,093	2,117,517	2,133,932	2,242,704	2,611,708	6,601,587
Other Instruction	1,272,722	1,296,619	1,221,912	1,168,504	1,871,341	1,955,871	1,263,794	1,180,236	1,246,418	1,950,449
School Sponsored Activities							788,853	825,732	879,476	1,887,890
Support Services										
Tuition	3,547,316	4,044,262	4,881,581	4,228,236	4,385,168	4,406,426	4,480,211	4,370,858	4,338,638	
Student and Inst. Related Services	3,661,410	3,817,690	4,098,505	4,205,926	4,578,138	4,787,484	4,905,072	5,172,362	5,183,787	7,526,680
General Administrative Services	1,487,630	1,499,806	843,465	861,478	881,159	952,078	843,009	725,940	849,625	907,775
School Administrative Services	1,723,655	1,755,395	1,798,634	1,772,973	2,616,396	2,670,089	2,820,012	2,825,872	2,958,813	4,871,728
Central Services							764,670	802,438	829,198	1,766,928
Administrative Information Technology							334,167	314,647	353,972	
Plant Operations And Maintenance	3,916,400	3,679,708	3,523,414	3,551,068	3,686,687	3,808,656	3,545,521	3,913,907	4,038,296	4,931,144
Pupil Transportation	1,133,944	978,282	1,253,486	1,418,200	1,479,331	1,567,361	1,515,469	1,515,054	1,583,659	2,263,775
Unallocated Benefits							6,504,130	6,445,425	6,223,458	
Reimbursed TPAF Pension and Social Security							7,067,333	8,715,752	11,246,768	
Other Support Services	8,316,754	9,504,917	10,765,330	11,394,601	13,111,480	14,161,596				
Transfer to Charter School				19,647	10,915	35,106	11,860	12,240	12,901	
Capital Outlay	1,543,786	1,698,577	1,832,251	1,059,237	945,742	648,349	3,374,775	15,248,110	16,331,910	8,575,335
Bond Issuance Costs							280,691			
Debt Service:										
Principal	890,000	920,000	920,000	940,000	840,000	910,000	945,000	995,000	2,130,000	2,402,924
Interest and Other Charges	642,275	604,450	565,350	601,376	570,679	496,626	385,100	2,173,794	1,520,500	1,463,875
Total Expenditures	45,048,142	47,386,863	49,411,527	49,596,963	52,355,334	54,051,973	58,344,843	74,017,342	79,120,258	75,264,893
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(169,102)	(1,131,593)	(510,138)	700,475	(411,264)	590,418	(1,954,805)	(12,830,112)	(13,624,162)	(9,171,816)
Other Financing Sources (Uses):										
Proceeds from Borrowing				11,115,000			45,330,000			
Payment to Refunded Debt Escrow Agent				(12,147,723)						
Premium on Sale of Bonds				1,032,723			280,691			
Assets Acquired Under Capital Lease	208,364	576,825	646,663		495,626		358,936	223,740		
Capital Financing Agreements										126,813
Other Financing Agreements										264,610
Transfers In	617,417	721,037	702,994	63,312	633,062	132,942	670,916			124,754
Transfers Out	(630,677)	(752,173)	(763,149)	(88,312)	(648,062)	(157,942)	(695,916)	(112,697)	(25,000)	(199,754)
Total Other Financing Sources (Uses)	195,104	545,689	586,508	(25,000)	480,626	(25,000)	45,944,627	111,043	(25,000)	316,423
Net Change in Fund Balances	26,002	(585,904)	76,370	675,475	69,362	565,418	43,978,822	(12,719,069)	(13,649,162)	(8,855,393)
Debt Service as a Percentage of										
Non-capital Expenditures	3.52%	3.34%	3.12%	3.18%	2.74%	2.63%	2.42%	5.93%	5.81%	5.80%

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

<u>Fiscal Year Ended June 30</u>	<u>Interest Earned</u>	<u>Tuition</u>	<u>Refunds</u>	<u>Other</u>	<u>Total</u>
2014			\$ 43,476	\$ 1,677	\$ 45,153
2015			38,559	122	38,680
2016			5,056	2,827	7,883
2017			46,965	20,716	67,681
2018			139	106,002	106,141
2019	\$ 3,319	\$ 3,734	65,063	34,991	107,108
2020	310,856	2,475	25,850	40,882	380,063
2021	318,154	2,945	9,163	66,210	396,472
2022	79,274	225	40,167	27,028	146,694
2023	122,528	116,050		5,130	243,708

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (a)
2014	\$ 22,816,700	\$ 2,183,090,700	\$ 330,511,200	\$ 87,212,400	\$ 111,438,200	\$ 2,735,069,200	\$10,743,509	\$ 2,745,812,709	\$ 2,557,125,783	\$ 1.373
2015	22,367,100	2,169,598,500	325,036,800	87,212,400	111,316,900	2,715,531,700	10,838,761	2,726,370,461	2,586,267,186	1.428
2016	21,133,300	2,160,845,000	329,136,500	86,559,000	110,890,400	2,708,564,200	11,448,192	2,720,012,392	2,768,701	1.475
2017	20,459,000	2,156,867,600	327,313,300	86,409,000	110,547,100	2,701,596,000	10,827,790	2,712,423,790	2,874,852,984	1.516
2018	21,521,100	2,157,806,300	326,310,000	86,409,000	110,547,100	2,702,593,500	10,445,726	2,713,039,226	2,989,245,512	1.551
2019	21,542,900	2,161,542,700	325,576,500	86,409,000	110,547,800	2,705,528,900	10,663,071	2,716,191,971	2,967,218,670	1.592
2020	24,617,800	2,164,236,400	322,242,900	87,535,000	110,257,800	2,708,889,900	10,316,027	2,719,205,927	3,090,357,912	1.672
2021	25,173,800	2,168,412,800	319,635,800	87,535,000	110,257,800	2,711,015,200	10,619,080	2,721,634,280	3,164,838,694	1.716
2022	17,196,900	2,175,940,200	317,974,800	105,828,300	110,277,800	2,727,218,000	10,392,277	2,737,610,277	3,198,707,483	1.750
2023	17,476,200	2,186,096,800	320,305,000	106,378,300	110,299,900	2,740,556,200	9,850,703	2,750,406,903	3,552,721,042	1.784

Source: County Abstract of Ratables

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

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

<u>Calendar Year</u>	<u>Total Direct and Overlapping Tax Rate</u>	<u>School</u>	<u>Overlapping Rates</u>	
			<u>Borough of Rutherford</u>	<u>Bergen County</u>
2014	\$ 2.454	\$ 1.373	\$ 0.863	\$ 0.218
2015	2.533	1.428	0.877	0.228
2016	2.604	1.475	0.879	0.250
2017	2.663	1.516	0.882	0.265
2018	2.701	1.551	0.882	0.268
2019	2.739	1.592	0.880	0.267
2020	2.851	1.672	0.897	0.282
2021	2.926	1.716	0.917	0.293
2022	2.969	1.750	0.935	0.284
2023	3.042	1.784	0.949	0.309

Source: Municipal Tax Collector

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

2023 Taxpayer	2014 Taxpayer
Meadows Landmark, LLC	Meadows Landmark, LLC
Citigroup	Citigroup
Hastings Village, Inc.	Hastings Village, Inc.
Friederich & Weill, Co-Trustees	Friederich & Weill, Co-Trustees
235 Veterans Blvd.	235 Veterans Blvd.
AVR Realty Co. LLC	AVR Realty Co. LLC
Volvo Car USA LLC	Volvo Car USA LLC
359 Veterans Blvd. LLC	359 Veterans Blvd. LLC
Verizon c/o Duff Phelps	Verizon c/o Duff Phelps
Unionford LLC c/o Future Investments	Unionford LLC c/o Future Investment
Linque-HC Partners LLC	Linque-HC Partners LLC
Moody National Meadowlands	Moody National Meadowlands
Bell Atlantic Verizon	Bell Atlantic Verizon
BRE/ESA Properties	BRE/ESA Properties
 Total	

Note: Assessed Valuations Not Available

Source: Municipal Tax Assessor

**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	
2014	\$ 37,262,106	\$ 37,262,106	100.00%	
2015	38,156,764	38,156,764	100.00%	
2016	39,690,240	39,690,240	100.00%	
2017	40,533,916	40,533,916	100.00%	
2018	41,531,633	41,531,633	100.00%	
2019	42,704,062	42,704,062	100.00%	
2020	43,821,107	43,821,107	100.00%	
2021	46,144,384	46,144,384	100.00%	
2022	47,395,622	47,395,622	100.00%	
2023	48,261,575	48,261,575	100.00%	

Source: District records.

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Financing Agreements			
2014	\$ 14,790,000	\$ 208,364	\$ 14,998,364	18,286	\$ 820
2015	13,870,000	555,081	14,425,081	18,313	788
2016	12,950,000	1,069,837	14,019,837	18,452	760
2017	11,115,000	751,335	11,866,335	18,422	644
2018	10,275,000	833,196	11,108,196	18,469	601
2019	9,365,000	452,039	9,817,039	18,387	534
2020	53,750,000	448,806	54,198,806	18,303	2,961
2021	52,775,000	457,516	53,212,516	18,209	2,922
2022	50,625,000	304,809	50,929,809	18,690	2,725
2023	48,450,000	468,308	48,918,308	18,662	2,621

Sources: District Records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Net Assessed Valuation Taxable	Per Capita
2014	\$ 14,790,000		\$ 14,790,000	0.54%	\$ 809
2015	13,870,000		13,870,000	0.51%	757
2016	12,950,000		12,950,000	0.48%	702
2017	11,115,000		11,115,000	0.41%	603
2018	10,275,000		10,275,000	0.38%	556
2019	9,365,000		9,365,000	0.34%	509
2020	53,750,000		53,750,000	1.98%	2,937
2021	52,755,000		52,755,000	1.94%	2,897
2022	50,625,000		50,625,000	1.85%	2,709
2023	48,450,000		48,450,000	1.76%	2,596

Sources: District Records

**RUTHERFORD BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
AS OF DECEMBER 31, 2022
(Unaudited)**

	<u>Net Debt</u>
Rutherford Board of Education	\$ 49,525,000
Borough of Rutherford	<u>26,885,253</u>
	<u>76,410,253</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County: (2) & (3)	
County of Bergen (A)	24,922,356
Bergen County Utilities Authority (B)	<u>3,467,008</u>
	<u>28,389,364</u>
Total Direct and Overlapping Debt	<u>\$ 104,799,617</u>

(A) The debt for this entity was apportioned to the Borough of Rutherford by dividing the Municipality's 2022 equalized valuation by the total 2022 equalized valuation for Bergen County.

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

Sources:

- (1) Borough of Rutherford Annual Debt Statement
- (2) BCUA 2022 audit.
- (3) Bergen County Debt Statement December 31, 2022

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 104,896,232	\$ 103,482,261	\$ 105,859,851	\$ 109,711,184	\$ 114,813,576	\$ 117,330,173	\$ 120,050,864	\$ 122,302,139	\$ 125,333,340	\$ 131,261,754
Total Net Debt Applicable to Limit (3)	14,790,000	13,870,000	12,950,000	11,115,000	10,275,000	9,365,000	53,750,000	52,755,000	50,625,000	48,450,000
Legal Debt Margin	<u>\$ 90,106,232</u>	<u>\$ 89,612,261</u>	<u>\$ 90,909,851</u>	<u>\$ 98,596,184</u>	<u>\$ 104,538,576</u>	<u>\$ 107,965,173</u>	<u>\$ 66,300,864</u>	<u>\$ 69,547,139</u>	<u>\$ 74,708,340</u>	<u>\$ 82,811,754</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.10%	13.40%	12.23%	10.13%	8.95%	7.98%	44.77%	43.13%	40.39%	36.91%

Legal Debt Margin Calculation for Fiscal Year 2022

Equalized Valuation Basis	
2020	\$ 3,145,482,931
2021	3,179,703,495
2022	3,519,445,090
	<u>\$ 9,844,631,516</u>
Average Equalized Valuation of Taxable Property	<u>\$ 3,281,543,839</u>
Debt Limit (4 % of Average Equalization Value) (2)	\$ 131,261,754
Total Net Debt Applicable to Limit (3)	<u>48,450,000</u>
Legal Debt Margin	<u>\$ 82,811,754</u>

Sources:

Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

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

Year Ended June 30	Unemployment Rate		Per Capita Personal Income (1)		Population
2014	4.9%		\$ 73,883		18,286
2015	4.1%		77,323		18,313
2016	3.7%		78,836		18,452
2017	3.7%		81,024		18,422
2018	3.1%		85,191		18,469
2019	2.7%		88,241		18,387
2020	8.4%		91,972		18,303
2021	5.4%		97,343		18,209
2022	3.1%		97,343	E	18,690
2023	3.1%	E	97,343	E	18,662

Source: New Jersey Department of Labor
United States Bureau of Census
School District Records

E - Estimated
(1) County of Bergen

**RUTHERFORD BOARD OF EDUCATION
 PRINCIPAL NON-GOVERNMENTAL EMPLOYERS,
 CURRENT YEAR AND TEN YEARS AGO
 (Unaudited)**

<u>Employer</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	172	171	173	169	169	173	173	177	178	178.0
Special Education	52	53	53	55	55	58	58	62	62	63.0
Support Services:										
Student and Instruction Related Services	42	42	42	43	43	53	55	55	56	56.0
General and Business Administration	2	2	2	2	2	2	2	2	2	2.0
Business and Other Support Services	9	9	9	10	10	10	10	10	10	10.0
School Administrative Services	22	21	21	22	22	22	22	22	22	22.0
Plant Operations And Maintenance	19	19	19	18	18	18	18	18	18	18.0
Pupil Transportation	5	6	6	7	8	8	9	9	9	9.0
Total	<u>323</u>	<u>323</u>	<u>325</u>	<u>326</u>	<u>327</u>	<u>344</u>	<u>347</u>	<u>355</u>	<u>357</u>	<u>358</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2014	2,491	\$ 42,031,878	16,874	5.03%	225	1:12	1:11	1:09	2,586	2,456	3.86%	94.97%
2015	2,501	41,972,081	16,782	-0.54%	225	1:12	1:11	1:09	2,600	2,470	0.54%	95.00%
2016	2,594	44,163,836	17,025	1.45%	225	1:12	1:11	1:09	2,466	2,366	-5.15%	95.94%
2017	2,551	46,093,926	18,069	6.13%	267	1:12	1:10	1:10	2,513	2,395	1.91%	95.30%
2018	2,597	49,998,913	19,253	6.55%	267	1:16	1:16	1:16	2,599	2,469	3.42%	95.00%
2019	2,729	51,996,998	19,054	-1.03%	253	1:17	1:17	1:17	2,602	2,472	0.12%	95.00%
2020	2,726	53,639,968	19,677	3.27%	253	1:17	1:17	1:17	2,602	2,472	0.00%	95.00%
2021	2,623	55,600,438	21,197	7.73%	262	1:16	1:16	1:16	2,513	2,300	-3.42%	91.52%
2022	2,634	59,137,848	22,452	5.92%	265	1:16	1:16	1:16	2,435	2,313	-3.10%	94.99%
2023	2,525	62,822,759	24,880	10.82%	265	1:16	1:16	1:16	2452	2319	0.70%	94.58%

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.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>Elementary</u>										
Washington Elementary (1912)										
Square Feet	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100	45,100
Capacity (students)	304	304	304	304	304	304	304	304	304	304
Enrollment	337	279	265	305	334	326	314	312	295	293
Lincoln (1912)										
Square Feet	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700	46,700
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	381	474	451	487	487	491	524	491	508	496
Pierrepont Elementary School (1906)										
Square Feet	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500
Capacity (students)	533	533	533	533	533	533	533	533	533	533
Enrollment	510	516	516	638	626	595	580	579	578	552
<u>Middle School</u>										
Union Middle School (1926)										
Square Feet	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700	70,700
Capacity (students)	530	530	530	530	530	530	530	530	530	530
Enrollment	500	484	477	396	398	424	432	406	369	367
<u>High School</u>										
Rutherford High School (1922)										
Square Feet	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600	148,600
Capacity (students)	775	775	775	775	775	775	775	775	775	775
Enrollment	770	748	749	734	735	757	743	724	729	744

Number of Schools at June 30, 2023

Elementary = 3
Middle School = 1
High School = 1

Source: District Records

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
* School Facilities										
High School	\$ 325,368	\$ 346,091	\$ 326,645	\$ 334,566	\$ 327,021	\$ 293,041	\$ 220,834	\$ 252,547	\$ 241,657	\$ 331,567
Union	349,961	167,932	196,947	150,100	157,760	121,557	112,956	123,381	104,495	207,055
Pierrepont	130,419	165,367	159,366	158,769	198,657	119,263	104,426	116,451	116,736	202,959
Washington	82,533	115,935	105,228	125,406	104,911	82,466	59,662	90,868	74,714	93,227
Lincoln	89,524	128,158	102,653	103,935	133,205	93,444	93,854	84,134	80,549	103,036
Kindergarten Center	70,564	34,059	31,726	47,367	35,335	26,866	82,471	68,477	67,848	34,429
Administration	16,652	6,705	1,819	-	-	289,867	283,620	296,692	386,387	-
Total School Facilities	<u>\$ 1,065,023</u>	<u>\$ 964,249</u>	<u>\$ 924,384</u>	<u>\$ 920,142</u>	<u>\$ 956,888</u>	<u>\$ 1,026,504</u>	<u>\$ 957,823</u>	<u>\$ 1,032,550</u>	<u>\$ 1,072,385</u>	<u>\$ 972,273</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: School District's records

**RUTHERFORD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2023
(Unaudited)**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund	School Package Policy		
	General and Auto Liability	\$ 5,000,000	
	Property and Auto Physical Damage	500,000,000	
	Property		\$ 2,500
	Auto Physical Damage		1,000
	Boiler and Machinery	100,000,000	2,500
	Comprehensive Crime Coverage:		
	Money and Securities	50,000	1,000
	Blanket Dishonesty Bond	500,000	1,000
	Computer Fraud	50,000	1,000
	Forgery and Alteration	50,000	1,000
	Environmental Impairment Liability	1,000,000	10,000
	Excess Liability	5,000,000	
	School Board Legal Liability	5,000,000	10,000
Selective Insurance	Surety Bonds:		
	Board Secretary	350,000	
	Superintendent - Treasurer	350,000	

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Rutherford Board of Education
176 Park Avenue
Rutherford, New Jersey 07070

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial 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 Rutherford Board of Education as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Rutherford Board of Education’s basic financial statements and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

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

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

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


Report on Compliance and Other Matters


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Rutherford Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2023.

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 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 Rutherford Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 5, 2023



LERCH, VINCI & BLISS, LLP EXHIBIT K-2
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. 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 THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Rutherford Board of Education
176 Park Avenue
Rutherford, New Jersey 07070

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Rutherford Board of Education's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Rutherford Board of Education's major federal and state programs for the fiscal year ended June 30, 2023. The 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.

In our opinion, the Rutherford Board of Education complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Rutherford Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Rutherford Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Rutherford Board of Education's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Rutherford Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Rutherford Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Rutherford Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Rutherford Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Rutherford Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we

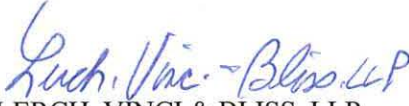
consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rutherford Board of Education, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated December 5, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 5, 2023

RUTHERFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance at July 1, 2022		Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years Balances	Balance at June 30, 2023			Memo GAAP Receivable
					(Account Receivable)	Unearned Revenue						(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
General Fund:															
Medical Assistance Program (SEMI)	93.778	2205NJ5MAP	7/01/22-6/30/23	\$ 52,091	-	-	-	-	\$ 52,091	\$ 52,091	-	-	-	-	-
Total General Fund					-	-	-	-	52,091	52,091	-	-	-	-	-
Special Revenue Fund:															
<u>IDEA Consolidated</u>															
IDEA Part B - Basic	84.027	H027A220100	7/01/22-9/30/23	565,298			\$ 95,653	\$ (113,003)	555,796	591,990		\$ (122,505)	\$ 68,961		\$ (53,544)
IDEA Part B - Basic, Carryover	84.027	H027A210100	7/01/21-9/30/22	552,818	\$ (113,003)	\$ 95,653	(95,653)	113,003							
ARP IDEA	84.027X	H027X210100	7/01/21-9/30/23	117,218	(8,906)	8,906			8,906			(8,906)	-		(8,906)
IDEA Part B - Preschool	84.173	H173A220114	7/01/22-9/30/23	24,004			1,412	(1,412)	5,379			(25,416)	20,037		(5,379)
IDEA Part B - Preschool, Carryover	84.173	H173A210114	7/01/21-9/30/22	21,565	(1,412)	1,412	(1,412)	1,412							
Subtotal IDEA Consolidated Cluster					(123,321)	105,971	-	-	555,796	606,275	-	(156,827)	88,998	-	(67,829)
<u>ESSER I Consolidated</u>															
CARES Emergency Relief Grant	84.425D	S425D200027	3/13/20-9/30/22	173,130	(11,911)	11,911	-	-	-	2,327	-	(11,911)	9,584	-	(2,327)
					(11,911)	11,911	-	-	-	2,327	-	(11,911)	9,584	-	(2,327)
<u>American Rescue Plan - ESSER</u>															
ARP ESSER	84.425U	S425U210027	3/13/20-9/30/24	1,518,000	(1,518,000)	1,468,217			69,335	516,901		(1,448,665)	951,316		(497,349)
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	209,866	(209,866)	209,866						(209,866)	209,866		
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000	(40,000)	36,790			14,002			(25,998)	36,790		
Evidence Based Comprehensive Beyond the Schooc	84.425U	S425U210027	3/13/20-9/30/24	40,000	(40,000)	40,000						(40,000)	40,000		
NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	45,000	(45,000)	45,000						(45,000)	45,000		
					(1,852,866)	1,799,873	-	-	83,337	516,901	-	(1,769,529)	1,282,972	-	(497,349)
<u>ESSER II Consolidated</u>															
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	675,437	(292,509)	\$ 180,434			206,724	175,962		(85,785)	4,472		(81,313)
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	43,346	(12,458)	7,540			6,465	6,075		(5,993)	1,465		(4,528)
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	(45,000)	45,000			44,500	45,000		(500)	-		(500)
					(349,967)	232,974	-	-	257,689	227,037	-	(92,278)	5,937	-	(86,341)
Subtotal ESSER Cluster					(2,214,744)	2,044,758	-	-	341,026	746,265	-	(1,873,718)	1,298,493	-	(586,017)
<u>Coronavirus Relief Fund</u>															
School Reopening and Remote Learning	21.019	SLT0228	8/26/20-12/30/20	78,924		6,693							6,693		
CARES Act (Bergen County)	21.019	Not Available	8/26/20-12/30/20	44,012	-	20,077							20,077		
Subtotal Coronavirus Relief Fund Cluster					-	26,770	-	-	-	-	-	-	26,770	-	-
ACSERS Aid	21.027	SLFRFD0E1SES	7/1/22-6/30/23	275,721						270,957		(275,721)	4,764		(270,957)
<u>ESEA Consolidated</u>															
Title I	84.010	S010A220030	7/01/22-9/30/23	94,964			40,512	(222,163)	261,394	123,709		(55,733)	11,767		(43,966)
Title I, Carryover	84.010	S010A210030	7/01/21-9/30/22	97,027	(222,163)	40,512	(40,512)	222,163							
Title I SIA	84.010	S010A220030	7/01/22-9/30/23	20,000	(1)				20,001	20,000					
Title II - Part A	84.367A	S367A220029	7/01/22-9/30/23	43,954			1,606	(10,842)	32,673	34,296		(22,123)	11,264		(10,859)
Title II - Part A, Carryover	84.367A	S367A210029	7/01/21-9/30/22	35,661	(10,842)	1,606	(1,606)	10,842							
Title III Immigrant	84.365	S365A210030	7/01/21-9/30/22	6,990	(6,990)	6,990				3,132		(6,990)	3,858		(3,132)
Title III Immigrant, Carryover (Consortium)	84.365	S365A210030	7/01/21-9/30/22	6,195	(753)							(753)			(753)
Title IV	84.424	S424A220031	7/01/22-9/30/23	10,000			451	(9,743)	12,150	9,722		(7,593)	729		(6,864)
Title IV, Carryover	84.424	S424A210031	7/01/21-9/30/22	15,042	(9,743)	451	(451)	9,743							
Total Special Revenue Fund					(2,588,557)	2,227,058	-	-	1,223,040	1,814,356	-	(2,399,458)	1,446,643	-	(990,377)
Total Federal Financial Awards					\$ (2,588,557)	\$ 2,227,058	\$ -	\$ -	\$ 1,275,131	\$ 1,866,447	\$ -	\$ (2,399,458)	\$ 1,446,643	\$ -	\$ (990,377)

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

RUTHERFORD BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2022				Balance June 30, 2023				MEMO		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	22-495-034-5120-078	7/1/22-6/30/23	\$ 815,410				\$ 741,571	\$ 815,410		\$ (73,839)			\$ 815,410	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	815,410	\$ (75,299)			75,299							
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,765,745				1,605,849	1,765,745		(159,896)			1,765,745	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,656,819	(152,998)			152,998							
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	133,835				121,716	133,835		(12,119)			133,835	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	133,835	(12,359)			12,359							
Total State Aid Public				(240,656)			2,709,792	2,714,990		(245,854)			2,714,990	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	209,359				190,401	209,359		(18,958)			209,359	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	209,359	(19,333)			19,333							
Extraordinary Aid	23-495-034-5120-044	7/1/22-6/30/23	963,771				1,070,836	963,771		(963,771)			963,771	
Extraordinary Aid	22-495-034-5120-044	7/1/21-6/30/22	1,070,836	(1,070,836)										
On-Behalf TPAF Contributions														
Post Retirement	23-495-034-5094-001	7/1/22-6/30/23	2,032,224				2,032,224	2,032,224					2,032,224	
Normal Cost	23-495-034-5094-002	7/1/22-6/30/23	7,630,124				7,630,124	7,630,124					7,630,124	
NCCI	23-495-034-5094-004	7/1/22-6/30/23	105,859				105,859	105,859					105,859	
LTDI	23-495-034-5094-004	7/1/22-6/30/23	2,786				2,786	2,786					2,786	
Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	1,660,258				1,579,017	1,660,258		(81,241)		\$ (81,241)	1,660,258	
Social Security Contributions	22-495-034-5094-003	7/1/21-6/30/22	1,579,301	(77,184)			77,184							
Total General Fund				(1,408,009)			15,417,556	15,319,371		(1,309,824)			(81,241)	15,319,371
Special Revenue Fund:														
Nonpublic Nursing	23-100-034-5120-070	7/1/22-6/30/23	20,160				20,160	20,160					20,160	
Nonpublic Textbook	23-100-034-5120-064	7/1/22-6/30/23	11,880				11,880	11,880					11,880	
Nonpublic Textbook	22-100-034-5120-064	7/1/21-6/30/22	12,905		\$ 254				\$ 254					
Nonpublic Technology	23-100-034-5120-373	7/1/22-6/30/23	7,560				7,560	7,560					7,560	
Nonpublic Technology	22-100-034-5120-373	7/1/21-6/30/22	9,030		184				184					
Nonpublic Security	23-100-034-5120-509	7/1/22-6/30/23	36,900				36,900	36,900					36,900	
Nonpublic Security	22-100-034-5120-509	7/1/21-6/30/22	37,800		97				97					
Chapter 192 Auxiliary Services														
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	6,918				6,918				\$ 6,918			
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	17,020		16,124				16,124					
English as Second Language	22-100-034-5120-067	7/1/21-6/30/22	914		914				914					
Home Instruction	23-100-034-5120-067	7/1/22-6/30/23	599				599	599		(599)		(599)	599	
Home Instruction	22-100-034-5120-067	7/1/21-6/30/22	3,390	(3,390)			3,390							
Chapter 193 Handicapped Services														
Corrective Speech	23-100-034-5120-068	7/1/22-6/30/23	4,650				4,650						4,650	
Corrective Speech	22-100-034-5120-068	7/1/21-6/30/22	13,950		12,825				12,825					
Examination and Classification	23-100-034-5120-068	7/1/22-6/30/23	33,744				33,744	23,126					23,126	
Examination and Classification	22-100-034-5120-068	7/1/21-6/30/22	62,926		28,223				28,223					
Supplementary Instruction	23-100-034-5120-068	7/1/22-6/30/23	26,432				26,432	21,476					21,476	
Supplementary Instruction	22-100-034-5120-068	7/1/21-6/30/22	37,170		15,818				15,818					
Local Recreation Improvement Grant	Not Available	7/1/21-6/30/22	60,000	(60,000)			60,000							
School Security Grant	Not Available	7/1/20-6/30/22	145,281	(129,579)	\$ 27,001		124,270			\$ 21,692			53,530	
Capital Maintenance and Emergent Needs	Not Available	7/1/22-6/30/23	59,934				59,934	53,530		6,404			53,530	
Capital Maintenance and Emergent Needs	Not Available	7/1/21-6/30/22	62,202	9,657			6,372	9,657					9,657	
Nonpublic STEM Grant	Not Available	7/1/22-6/30/23	20,000				11,303			(13,628)			11,303	
Total Special Revenue Fund				(192,969)	36,658	74,439	402,210	198,912	74,439	(14,227)	36,793	24,421	(5,530)	198,912
Capital Projects Fund														
School Development Authority:														
Sylvan School Electrical Improvements	4600-090-14-1006	1/6/14-6/30/23	180,590	(180,590)						(180,590)			180,590	
High School Gymnasium Roof Replacement	4600-050-14-1002	1/6/14-6/30/23	127,691	(112,680)						(112,680)			112,680	
High School Gym Lintel Repair Project	4600-050-14-1004	1/6/14-6/30/23	322,559	(300,448)						(300,448)			300,448	
High School Wall Rehabilitation	4600-050-14-1003	1/6/14-6/30/23	116,594	(65,538)						(65,538)			65,538	
Pierrepont Roof Replacement	4600-050-14-1009	1/6/14-6/30/23	119,924	(119,924)						(119,924)			119,924	
Pierrepont Fire Alarm Upgrades	4600-050-14-1010	1/6/14-6/30/23	266,884	(198,141)						(198,141)			198,141	
Total Capital Projects Fund				(977,321)						(977,321)			(977,321)	977,321

**RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2022					Balance June 30, 2023			MEMO			
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
* * * * *															
<u>Debt Service Fund:</u>															
Debt Service Aid	23-495-034-5120-075	7/1/22-6/30/23	\$ 457,022	-	-	-	\$ 457,022	\$ 457,022	-	-	-	-	-	-	\$ 457,022
Total Debt Service Fund				-	-	-	457,022	457,022	-	-	-	-	-	-	457,022
* * * * *															
Total State Financial Assistance Subject to Single Audit Determination				\$ (2,578,299)	\$ 36,658	\$ 74,439	16,276,788	15,975,305	\$ 74,439	\$ (2,301,372)	\$ 36,793	\$ 24,421	\$ (1,064,092)	16,952,626	
* * * * *															
State Financial Assistance Not Subject to Single Audit Determination															
General Fund - On Behalf TPAF															
Post Retirement Medical	23-495-034-5094-001	7/1/22-6/30/23	2,032,224				(2,032,224)	(2,032,224)							\$ (2,032,224)
Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	7,630,124				(7,630,124)	(7,630,124)							(7,630,124)
Long Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	2,786				(2,786)	(2,786)							(2,786)
NCGI Premium	23-495-034-5094-004	7/1/22-6/30/23	105,859				(105,859)	(105,859)							(105,859)
* * * * *															
Total State Financial Assistance Subject to Major Program Determination				\$ (2,578,299)	\$ 36,658	\$ 74,439	\$ 6,505,793	\$ 6,204,312	\$ 74,439	\$ (2,301,372)	\$ 36,793	\$ 24,421	\$ (1,064,092)	\$ 7,181,633	

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 REPORTING ENTITY

The Rutherford Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board's financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

NOTE 4 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 \$968,594 for the general fund and an increase of \$23,976 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	\$ 52,091	\$ 14,350,777	\$ 14,402,868
Special Revenue Fund	1,769,733	185,605	1,955,338
Debt Service Fund	-	457,022	457,022
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 1,821,824</u>	<u>\$ 14,993,404</u>	<u>\$ 16,815,228</u>

**RUTHERFORD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 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 6 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,660,258 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$7,735,983, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,032,224 and TPAF Long-Term Disability Insurance in the amount of \$2,786 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

**RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516(a) of Circular U.S. Uniform Guidance yes X no

Identification of major federal programs:

<u>AL Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A220100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A220114</u>	<u>IDEA Preschool</u>
<u>84.027X</u>	<u>H027X210100</u>	<u>ARP IDEA Basic</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
Type A and Type B programs:		<u>\$750,000</u>

Auditee qualified as low-risk auditee? yes X no

**RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-075	Debt Service Aid
495-034-5094-003	Reimbursed TPAF Social Security Contrib.

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

Auditee qualified as low-risk auditee? X yes no

**RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**RUTHERFORD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**RUTHERFORD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.