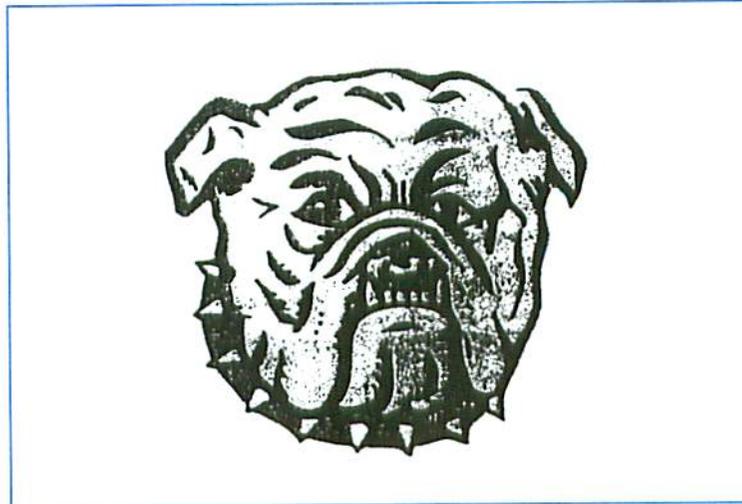


SCHOOL DISTRICT
OF
RUTHERFORD



Rutherford Board of Education
Rutherford, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

**Comprehensive Annual
Financial Report**

of the

Rutherford Board of Education

Rutherford, New Jersey

For the Fiscal Year Ended June 30, 2008

**Prepared by
Rutherford Board of Education
Finance Department**

RUTHERFORD SCHOOL DISTRICT

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Introductory Section

Rutherford Board of Education

176 Park Avenue

Rutherford, New Jersey 07070-2310

Robert R. Brown
School Business Administrator/Board Secretary

Telephone: (201) 939-1718
Fax: (201) 939-6350

September 18, 2008

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

Dear Board Members:

The comprehensive annual financial report of the Rutherford School District (District) for the fiscal year ended June 30, 2008 is hereby submitted. Responsibility for both 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 the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 98-07-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 recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:**

Rutherford School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Rutherford Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2007-2008 fiscal year with an enrollment of 2,449.1 students, which is 2 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-2008	2,449.1	.001
2006-2007	2,447.3	.020
2005-2006	2,399.8	(.006)
2004-2005	2,413.9	017
2003-2004	2,374.3	.027
2002-2003	2,311.9	.013
2001-2002	2,283.3	(.011)
2000-2001	2,307.5	(.003)
1999-2000	2,312.5	.01
1998-1999	2,288.5	.052

2. **ECONOMIC CONDITION AND OUTLOOK:**

The Rutherford area is a mature community that has little space for future development in its core area. Various proposals regarding land east of Rt. 17 are under study. Planned development of adult community housing is underway. The recycling of existing homes has a minor impact on pupil enrollment. The increasing enrollment that impacted the elementary grades is now at the high school. It is expected to stabilize over the next several years.

3. **MAJOR INITIATIVES:**

Students continue to score above the state average on the statewide assessments. On the HSPA11, passing scores were achieved by 87.6% of the general education students in math, and 97.2% of the general education students in language arts literacy. The average SAT combined verbal, math and writing score was 1538.

Over ninety-seven percent of the 2008 graduates went on to some form of further education, with 91% going to college. Inclusion efforts of atypical pupils continue at both the elementary and secondary levels. The dropout rate for high school pupils was again under one percent for the 2007-2008 school year.

4. **INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are 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, reassurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount 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 reservations of fund balance at June 30, 2008.

6. **ACCOUNTING SYSTEM AND REPORTS:**

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

7. **CASH MANAGEMENT:**

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

8. **RISK MANAGEMENT:**

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

9. **OTHER INFORMATION:**

Independent Audit - State Statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso and Stewart was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 98-07 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. **ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

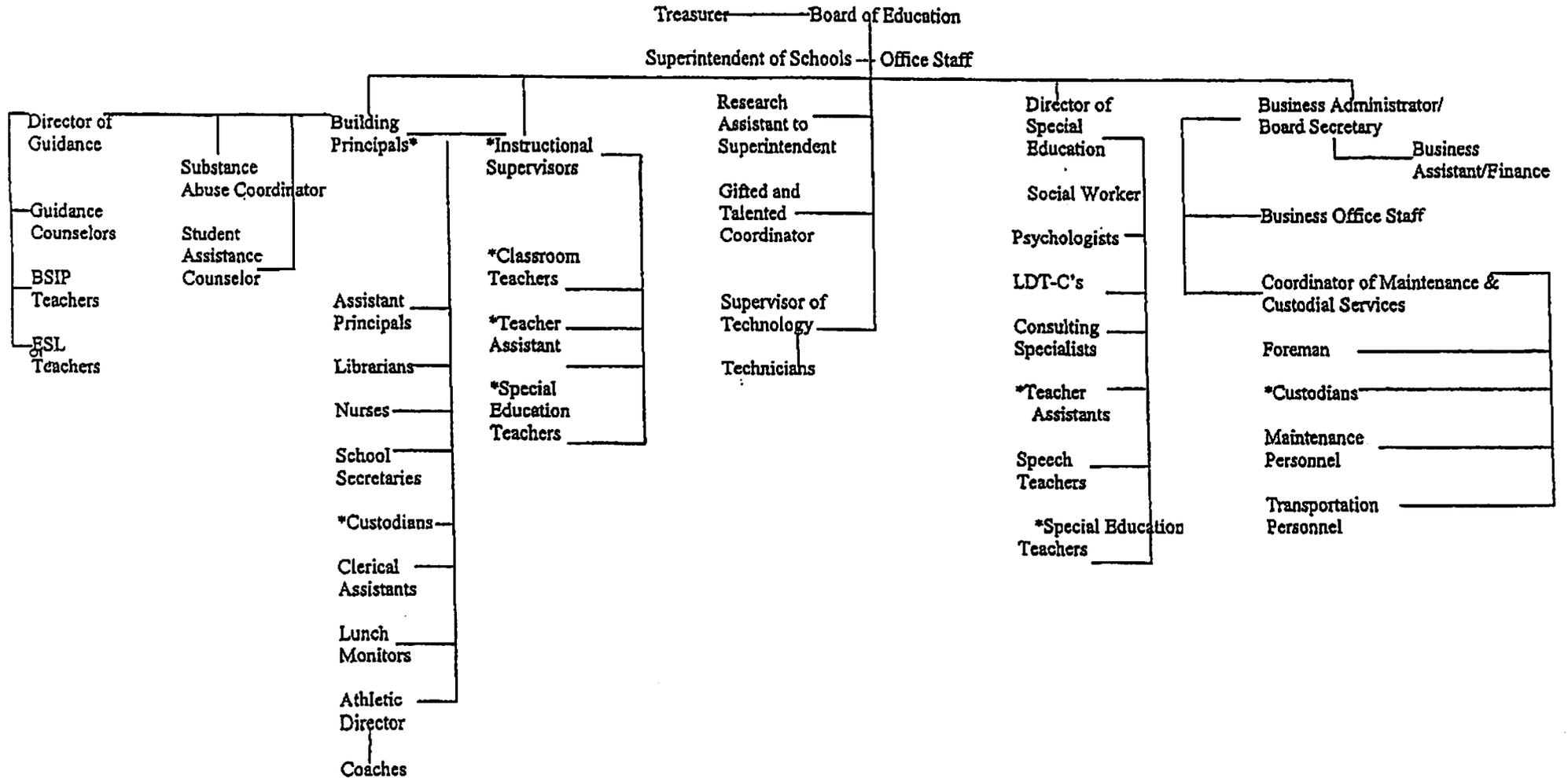


Ms. Leslie A. O'Keefe
Superintendent of Schools



Mr. Robert R. Brown
School Business Administrator

Line of Authority



- = Under the supervision of 2 administrators.
- Adopted: December 10, 1984
- Revised: February 13, 1995
- Revised: November 11, 1996
- Revised: July 9, 2001
- Revised: May, 2002

RUTHERFORD SCHOOL DISTRICT

Roster of Officials June 30, 2008

Members of the Board of Education:

Term Expires

Thom Casadonte, President	2011
Gary Novosielski, Vice President	2011
Shelly Ahmed	2009
Dr. Alfred Fiume	2009
Diane Jones	2011
Stephen Jasko	2010
Kevin McLean	2010
Doreen Cevasco	2009
Karen Williams	2010

Other Officials:

Ms. Leslie A. O'Keefe, Superintendent
Robert Brown, CPA, Business Administrator/Board Secretary
Edward Cortright, CPA, Treasurer
Rodney T. Hara, Esq. Solicitor

**RUTHERFORD SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
12000 Lincoln Drive West, Suite 402
Marlton, NJ 08053

Attorney

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

Architect

Chapin Architectural Services, P.A.
17 Main Street
Netcong, NJ 07857

Official Depository

Bank of America
214 Main Street
Hackensack, NJ 07601

Financial Section

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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**-Member of-
American Institute of CPAs
New Jersey Society of CPAs**

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Rutherford School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Rutherford School District, in the County of Bergen, State of New Jersey, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2008 on our consideration of the Rutherford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

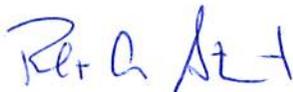
The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rutherford School District's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
August 8, 2008

INVERSO & STEWART, LLC

**Certified Public Accountants
Registered Municipal Accountants**

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

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*

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

We have audited the financial statements of the Board of Education of the Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated August 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rutherford School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rutherford School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Rutherford School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Education of the Rutherford School District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
August 8, 2008

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Rutherford School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008**

As management of the Board of Education of the Borough of Rutherford, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$17,853,685 (*net assets*).
- Governmental activities have an unrestricted net assets deficit of \$631,987. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by \$82,445, or a .41% increase from the prior fiscal year-end balance. The School District had a new appraisal completed on all fixed assets and adjusted the net assets by \$1,915,889 to reflect proper balances.
- Fund balance of the School District's governmental funds decreased by \$988,404 resulting in an ending fund balance of \$1,366,666. The majority of the decrease is attributable to the School District expending approximately 99.9% of its budget.
- Business-type activities have unrestricted net assets of \$52,132, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by \$1,640,928 which is the net result of current year payments on existing debt obligations of \$900,000 and payments on existing capital leases of \$680,928.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net assets and the statement of activities.

The *statement of net assets* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net assets. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the School District changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities consolidate the Food Service Fund, the Summer Music Program and the Community Education Fund.

Fund Financial Statements

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

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

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

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

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

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains one type of proprietary fund - the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the district-wide financial statements, only in more detail.

The School District's three enterprise funds (Food Service Fund, Summer Music Program and the Community Education Fund) are listed individually and are considered to be a major fund.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2008. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2008.

The assets of the primary government activities exceeded liabilities by \$17,801,553 with an unrestricted deficit balance of \$631,987. As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, accrued interest payable and the last state aid payment, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

The net assets of the primary government do not include internal balances.

A net investment of \$17,781,974 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students, represents 99.9% of the School District's net assets. Net assets of \$651,566 have been restricted as follows:

Future Capital Projects	\$ 11,358
Reserve for Encumbrances	\$ 343,257
2008/09 Budget Appropriation	\$ 199,780
Future Budget Appropriation	\$ 97,171
Future Debt Service Payments	\$ 65,845

**Rutherford School District
Comparative Summary of Net Assets
As of June 30, 2008 and 2007**

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Assets:						
Current assets	\$ 2,416,184	\$ 4,150,885	\$ 52,132	\$ 42,793	\$ 2,468,316	\$ 4,193,678
Capital assets	<u>37,516,974</u>	<u>39,978,471</u>	<u> </u>	<u> </u>	<u>37,516,974</u>	<u>39,978,471</u>
Total assets	<u>39,933,158</u>	<u>44,129,356</u>	<u>52,132</u>	<u>42,793</u>	<u>39,985,290</u>	<u>44,172,149</u>
Liabilities:						
Current Liabilities	2,109,885	3,303,233	<u> </u>	<u> </u>	2,109,885	3,303,233
Noncurrent Liabilities	<u>20,021,720</u>	<u>21,181,787</u>	<u> </u>	<u> </u>	<u>20,021,720</u>	<u>21,181,787</u>
Total liabilities	<u>22,131,605</u>	<u>24,485,020</u>	<u> </u>	<u> </u>	<u>22,131,605</u>	<u>24,485,020</u>
Net assets	<u><u>\$ 17,801,553</u></u>	<u><u>\$ 19,644,336</u></u>	<u><u>\$ 52,132</u></u>	<u><u>\$ 42,793</u></u>	<u><u>\$ 17,853,685</u></u>	<u><u>\$ 19,687,129</u></u>
Net assets consist of:						
Invested in capital						
Assets	\$ 17,781,974	\$ 18,208,176	<u> </u>	<u> </u>	\$ 17,781,974	\$ 18,208,176
Restricted net assets	651,566	1,716,459	<u> </u>	<u> </u>	651,566	1,716,459
Unrestricted net assets	<u>(631,987)</u>	<u>(280,299)</u>	<u>\$ 52,132</u>	<u>42,793</u>	<u>(579,855)</u>	<u>(237,506)</u>
Net assets	<u><u>\$ 17,801,553</u></u>	<u><u>\$ 19,644,336</u></u>	<u><u>\$ 52,132</u></u>	<u><u>\$ 42,793</u></u>	<u><u>\$ 17,853,685</u></u>	<u><u>\$ 19,687,129</u></u>

**Rutherford School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2008 and 2007**

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues						
Charges for services			\$ 195,892	\$ 190,550	\$ 195,892	\$ 190,550
Operating grants and Contributions	\$ 4,513,860	\$ 4,328,160		493	4,513,860	4,328,653
Capital grants and Contributions	75,735	95,309			75,735	95,309
General Revenues:						
Property Taxes	33,505,635	32,157,417			33,505,635	32,157,417
Unrestricted State Aid	3,023,542	2,913,745			3,023,542	2,913,745
Tuition	1,320	9,462			1,320	9,462
Other Revenues	154,158	320,237	1,660	1,011	155,818	321,248
Total Revenues	41,274,250	39,824,330	197,552	192,054	41,471,802	40,016,384
Expenses:						
Governmental Activities:						
Instruction	16,831,585	16,137,238			16,831,585	16,137,238
Tuition	2,450,955	2,189,354			2,450,955	2,189,354
Related Services	2,906,348	2,805,003			2,906,348	2,805,003
Administrative Services	3,506,364	3,167,717			3,506,364	3,167,717
Operations and Maintenance	4,356,343	3,740,972			4,356,343	3,740,972
Transportation	843,513	823,592			843,513	823,592
Unallocated benefits	8,343,687	8,062,647			8,343,687	8,062,647
Interest on long-term Debt	885,231	1,489,902			885,231	1,489,902
Other	1,077,118	628,947			1,077,118	628,947
Business-Type Activities:						
Food Service Operations			82,827	80,835	82,827	80,835
Community Education			101,886	102,199	101,886	102,199
Other			3,500	4,435	3,500	4,435
Total Expenses	41,201,144	39,045,372	188,213	187,469	41,389,357	39,232,841
Increase in net assets						
Before transfers	73,106	778,958	9,339	4,585	82,445	783,543
Prior year adjustment	(1,915,889)				(1,915,889)	
Changes in net assets	(1,842,783)	778,958	9,339	4,585	(1,833,444)	783,543
Net assets, July 1,	19,644,336	18,865,378	42,793	38,208	19,687,129	18,903,586
Net assets, June 30,	\$ 17,801,553	\$ 19,644,336	\$ 52,132	\$ 42,793	\$ 17,853,685	\$ 19,687,129

Governmental Activities

Governmental activities decreased the net assets of the School District by \$1,842,783 during the current fiscal year, thereby accounting for all of the total decrease in the net assets of the School District. Key elements of the decrease in net assets for governmental activities are as follows:

- The School District had a new appraisal performed at the end of 2008 fiscal year, thereby adjusting the amount to be capitalized by \$1,915,889. This amount basically represents professional costs that were not added to the amount of the building program and thereby were not capitalized.

Business-type Activities

Business-type activities increased the School District's net assets by \$9,339, or 21.82%. Key elements of the increase in net assets for governmental activities are as follows:

- Revenues increased in the adult school program by 8,550.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,366,666, a decrease of \$988,404 in comparison with the prior year. Most of this decrease is the result of the capital expansion program.

The unreserved fund balance for the School District at the end of the fiscal year represents the unreserved fund balance for the General Fund of \$715,100. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) restricted cash reserved for future capital outlay expenditures (\$11,358), 2) appropriated as a revenue source in the subsequent year's budget (\$196,226), 3) reserved for future budget appropriation in accordance with state statute (\$91,714), 4) reserved for future debt service payments (\$9,011) or 5) reserved for encumbrances (\$343,257).

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

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$867,397, or an increase of 2.48%. The increase to the budget additional fund balance appropriated during the year for emergent projects in the amount of \$283,476, which were approved by the County Superintendent, and prior year encumbrances rolled over to the current year in the amount of \$583,921.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$836,288, while total fund balance (budgetary basis) was \$1,467,284. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$39,117,399. Unreserved fund balance (budgetary basis) represents 2.13% of expenditures while total fund balance (budgetary basis) represents 3.75% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2008, totaled \$37,516,974 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$2,461,497, or a 6.15% decrease. The decrease is primarily due to depreciation expense offset by the reclassification of professional services from a capitalized item to and operating expense.

Rutherford School District Capital Asset (net of accumulated depreciation) June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		District-Wide	
	2008	2007	2008	2007	2008	2007
Land	\$ 7,502,700	\$ 7,502,700			\$ 7,502,700	\$ 7,502,700
Construction in Progress		1,544,498				1,544,498
Site Improvements	134,006				134,006	
Buildings and Building Improvements	29,243,413	29,800,857			29,243,413	29,800,857
Equipment	526,855	931,764			526,855	931,764
Vehicles	110,000	198,652	\$ 0	\$ 0	110,000	198,652
Net assets	<u>\$ 37,516,974</u>	<u>\$ 39,978,471</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,516,974</u>	<u>\$ 39,978,471</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 4) of this report.

Long-term debt – During the fiscal year ended June 30, 2008, the School District had \$19,735,000 in serial bonds payable, \$394,637 in capital leases and \$704,721 in compensated absences.

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

The School District continues to maintain its AA rating from Standard & Poor's Corporation for its general obligation bond issues.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$109,924,242 and the legal debt margin was \$90,189,242.

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2008-09 fiscal year.

- The only increases in budget lines were in the areas of salaries, benefits, outside tuition, and energy costs. All other areas of spending were kept at the same level as the previous year or reduced to a lower amount.
- The School District had the smallest tax rate increase for the 2008-2009 budget than in at least the previous nine years. This situation is due to the stabilization of costs connected with four major additions over the past four years. Also, recent legislation passed by the state has capped property tax increases at 4%, which the Rutherford School District has been fully compliant. State aid to the School District increased by 10% for the 2008-09 school year but increases in future years are questionable. Also, long-term debt has been reduced, due to the recent retirement of several notes payable.
- The Rutherford School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rutherford School District Business Administrator, 176 Park Avenue, Rutherford, New Jersey, 07070, telephone number (201) 939-1718.

Basic Financial Statements

District-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business type activities of the District.

RUTHERFORD SCHOOL DISTRICT
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 1,232,935	\$ 52,132	\$ 1,285,067
Receivables, net	1,022,617		1,022,617
Deferred bond issuance costs - net	160,632		160,632
Capital assets, net (Note 5)	<u>37,516,974</u>		<u>37,516,974</u>
Total Assets	<u>39,933,158</u>	<u>52,132</u>	<u>39,985,290</u>
LIABILITIES:			
Temporary notes payable	810,400		810,400
Intergovernmental payable:			
State	29,078		29,078
Deferred revenue	49,408		49,408
Accrued interest payable	408,631		408,631
Noncurrent liabilities (Note 6):			
Due within one year	812,368		812,368
Due beyond one year	<u>20,021,720</u>		<u>20,021,720</u>
Total Liabilities	<u>22,131,605</u>		<u>22,131,605</u>
NET ASSETS:			
Invested in capital assets, net of related debt	17,781,974		17,781,974
Restricted for:			
Capital projects	11,358		11,358
Debt service	9,011		9,011
Other purposes	631,197		631,197
Unrestricted	<u>(631,987)</u>	<u>52,132</u>	<u>(579,855)</u>
Total Net Assets	<u>\$ 17,801,553</u>	<u>\$ 52,132</u>	<u>\$ 17,853,685</u>

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

RUTHERFORD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,392,361		\$ 749,782		\$ (12,642,579)		\$ (12,642,579)
Special Education	2,288,238				(2,288,238)		(2,288,238)
Other instruction	1,150,986				(1,150,986)		(1,150,986)
Support Services:							
Tuition	2,450,955				(2,450,955)		(2,450,955)
Student & instruction related services	2,906,348		65,737		(2,840,611)		(2,840,611)
General administrative services	1,602,084				(1,602,084)		(1,602,084)
School administrative services	1,904,280				(1,904,280)		(1,904,280)
Plant operations and maintenance	4,356,343				(4,356,343)		(4,356,343)
Pupil transportation	843,513				(843,513)		(843,513)
Unallocated employee benefits	8,343,687		3,698,341		(4,645,346)		(4,645,346)
Interest on long-term debt	885,231				(885,231)		(885,231)
Unallocated depreciation and amortization	1,077,118				(1,077,118)		(1,077,118)
Total Governmental Activities	<u>41,201,144</u>		<u>4,513,860</u>		<u>(36,687,284)</u>		<u>(36,687,284)</u>
Business-Type Activities:							
Food Service	82,827	\$ 83,178				\$ 351	351
Summer Music Program	3,500	4,205				705	705
Adult School Program	101,886	108,509				6,623	6,623
Total Business-Type Activities	<u>188,213</u>	<u>195,892</u>				<u>7,679</u>	<u>7,679</u>
Total Primary Government	<u>\$ 41,389,357</u>	<u>\$ 195,892</u>	<u>\$ 4,513,860</u>	<u>\$ -</u>	<u>(36,687,284)</u>	<u>7,679</u>	<u>(36,679,605)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					31,721,385		31,721,385
Taxes levied for debt service					1,784,250		1,784,250
Federal and State aid not restricted					3,023,542		3,023,542
State aid restricted for capital projects					75,735		75,735
Tuition received					1,320		1,320
Investment earnings					19,410	1,660	21,070
Miscellaneous income					134,748		134,748
Total general revenues, special items, extraordinary items and transfers					<u>36,760,390</u>	<u>1,660</u>	<u>36,762,050</u>
Change in Net Assets					<u>73,106</u>	<u>9,339</u>	<u>82,445</u>
Net Assets - July 1, 2007					<u>19,644,336</u>	<u>42,793</u>	<u>19,687,129</u>
Prior Year Adjustment					<u>(1,915,889)</u>		<u>(1,915,889)</u>
Net Assets - June 30, 2008					<u>\$ 17,801,553</u>	<u>\$ 52,132</u>	<u>\$ 17,853,685</u>

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

Fund Financial Statements

The Individual Fund statements and schedules present more detailed information for the Individual Fund in a format that segregates information by fund type.

RUTHERFORD SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2008

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,153,870	\$ 77,724	\$ (18,070)	\$ 19,411	\$ 1,232,935
Receivables, net	192,226	963	829,428		1,022,617
Total Assets	<u>\$ 1,346,096</u>	<u>\$ 78,687</u>	<u>\$ 811,358</u>	<u>\$ 19,411</u>	<u>\$ 2,255,552</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Temporary Notes payable			\$ 800,000	\$ 10,400	\$ 810,400
Intergovernmental payable:					
State		\$ 29,078			29,078
Deferred revenues		49,408			49,408
Total Liabilities		<u>78,486</u>	<u>800,000</u>	<u>10,400</u>	<u>888,886</u>
Fund Balances:					
Reserved for:					
Encumbrances	\$ 343,056	201			343,257
Capital projects			11,358		11,358
Excess surplus	91,714				91,714
Unreserved	715,100			5,457	720,557
Unreserved - designated for subsequent year's expenditures	196,226			3,554	199,780
Total Fund Balances	<u>1,346,096</u>	<u>201</u>	<u>11,358</u>	<u>9,011</u>	<u>1,366,666</u>
Total Liabilities and Fund Balances	<u>\$ 1,346,096</u>	<u>\$ 78,687</u>	<u>\$ 811,358</u>	<u>\$ 19,411</u>	

Amounts reported for governmental activities in the statement of net assets (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 \$66,978,770 and the accumulated depreciation is \$29,461,796. 37,516,974

Bond issuance costs are amortized over the life of the bonds on the statement of net assets. 160,632

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

General Obligation Bonds	\$ (19,735,000)	
Capital Leases Payable	(394,367)	
Compensated Absences Payable	(704,721)	
Accrued Interest Payable	<u>(408,631)</u>	
		<u>(21,242,719)</u>

Net Assets of Governmental Activities

\$ 17,801,553

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

RUTHERFORD SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 31,721,385			\$ 1,784,250	\$ 33,505,635
Tuition	1,320				1,320
Interest earned			\$ 19,410		19,410
Miscellaneous	134,748				134,748
Total local sources	31,857,453		19,410	1,784,250	33,661,113
State sources	6,721,883	\$ 210,227	75,735		7,007,845
Federal sources		605,292			605,292
Total Revenues	38,579,336	815,519	95,145	1,784,250	41,274,250
EXPENDITURES:					
Current expense:					
Regular instruction	12,578,519	749,782			13,328,301
Special education instruction	2,288,238				2,288,238
Other instruction	1,150,986				1,150,986
Support services and undistributed costs:					
Tuition	2,450,955				2,450,955
Student & instruction related services	2,840,812	65,536			2,906,348
General administrative services	738,321				738,321
School administrative services	1,804,555				1,804,555
Central administrative services	863,763				863,763
Plant operations and maintenance	4,339,210				4,339,210
Pupil transportation	815,513				815,513
Unallocated employee benefits	8,343,687				8,343,687
Capital outlay	902,840		469,443		1,372,283
Debt service:					
Principal				960,000	960,000
Interest and other charges				900,494	900,494
Total Expenditures	39,117,399	815,318	469,443	1,860,494	42,262,654
Excess (deficiency) of revenues over (under) expenditures	(538,063)	201	(374,298)	(76,244)	(988,404)
Other Financing Sources (Uses):					
Transfers in				19,410	19,410
Transfers out			(19,410)		(19,410)
Total other financing sources (uses)	-	-	(19,410)	19,410	-
Net Change in Fund Balance	(538,063)	201	(393,708)	(56,834)	(988,404)
Fund Balance - July 1, 2007	1,884,159		405,066	65,845	2,355,070
Fund Balance - June 30, 2008	\$ 1,346,096	\$ 201	\$ 11,358	\$ 9,011	\$ 1,366,666

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

RUTHERFORD SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Total net change in fund balances - governmental funds (from B-2)		\$ (988,404)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation Expense	\$ (1,236,963)	
Fixed Asset Additions	<u>691,355</u>	(545,608)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
General Obligation Bonds	960,000	
Capital Leases	<u>680,928</u>	1,640,928
<p>Bond issuance costs are reported in the governmental fund as expenditures in year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(8,032)
<p>Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Increase in Compensated Absences	(41,041)	
Decrease in Accrued Interest	<u>15,263</u>	<u>(25,778)</u>
Change in Net Assets of Governmental Activities		<u>\$ 73,106</u>

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

RUTHERFORD SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities			Total
	Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 28,171	\$ 23,511	\$ 450	\$ 52,132
Total Current Assets	28,171	23,511	450	52,132
Total Assets	28,171	23,511	450	52,132
 LIABILITIES:				
Current Liabilities:				
Total Current Liabilities				
 NET ASSETS:				
Invested in capital assets				
Unrestricted	28,171	23,511	450	52,132
Total Net Assets	\$ 28,171	\$ 23,511	\$ 450	\$ 52,132

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

RUTHERFORD SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities			Totals
	Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	
Operating Revenues:				
Charges for services:				
Daily sales:				
Non-reimbursable programs	\$ 83,178			\$ 83,178
Program fees		\$ 108,509	\$ 4,205	112,714
Total Operating Revenue	<u>83,178</u>	<u>108,509</u>	<u>4,205</u>	<u>195,892</u>
Operating Expenses:				
Salaries		80,686	3,500	84,186
Supplies and materials		3,705		3,705
Other costs	2,147	891		3,038
Cost of sales	<u>80,680</u>	<u>16,604</u>		<u>97,284</u>
Total Operating Expenses	<u>82,827</u>	<u>101,886</u>	<u>3,500</u>	<u>188,213</u>
Operating Income (Loss)	<u>351</u>	<u>6,623</u>	<u>705</u>	<u>7,679</u>
Non-Operating Revenues:				
Local sources:				
Interest earned	<u>845</u>	<u>815</u>		<u>1,660</u>
Total Non-Operating Revenues	<u>845</u>	<u>815</u>		<u>1,660</u>
Income (Loss) before Contributions and Transfers	1,196	7,438	705	9,339
Operating Transfer Out				
Changes in Net Assets	1,196	7,438	705	9,339
Net Assets - July 1, 2007	<u>26,975</u>	<u>16,073</u>	<u>(255)</u>	<u>42,793</u>
Net Assets - June 30, 2008	<u>\$ 28,171</u>	<u>\$ 23,511</u>	<u>\$ 450</u>	<u>\$ 52,132</u>

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

RUTHERFORD SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities			Total
	Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 83,178	\$ 108,509	\$ 4,205	\$ 195,892
Cash payments to employees for services		(80,686)	(3,500)	(84,186)
Cash payments to suppliers for goods and services	<u>(82,827)</u>	<u>(21,200)</u>		<u>(104,027)</u>
Net cash used by operating activities	<u>351</u>	<u>6,623</u>	<u>705</u>	<u>7,679</u>
Cash Flows from Noncapital Financing Activities:				
Operating transfer in (out)				
Net cash provided by noncapital financing activities				
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents	<u>845</u>	<u>815</u>		<u>1,660</u>
Net increase (decrease) in cash and cash equivalents	1,196	7,438	705	9,339
Cash and cash equivalents - July 1, 2007	<u>26,975</u>	<u>16,073</u>	<u>(255)</u>	<u>42,793</u>
Cash and cash equivalents - June 30, 2008	<u>\$ 28,171</u>	<u>\$ 23,511</u>	<u>\$ 450</u>	<u>\$ 52,132</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 351	\$ 6,623	\$ 705	\$ 7,679
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivables				
Net cash provided by (used for) operating activities	<u>\$ 351</u>	<u>\$ 6,623</u>	<u>\$ 705</u>	<u>\$ 7,679</u>

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

RUTHERFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Trust Funds</u>			
	<u>Unemployment Compensation</u>	<u>Scholarship Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS:				
Cash and cash equivalents	\$ 35,334	\$ 166,986	\$ 154,843	\$ 357,163
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>35,334</u>	<u>166,986</u>	<u>\$ 154,843</u>	<u>357,163</u>
LIABILITIES:				
Due to student groups			\$ 148,280	148,280
Payroll deductions and withholdings			6,563	6,563
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities			<u>\$ 154,843</u>	<u>154,843</u>
NET ASSETS:				
Reserved for:				
Payment of unemployment claims	35,334			35,334
Scholarships		166,986		166,986
	<hr/>	<hr/>		<hr/>
Total Net Assets	<u>\$ 35,334</u>	<u>\$ 166,986</u>		<u>\$ 202,320</u>

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

RUTHERFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS:		
Contributions:		
Employee	\$ 43,805	
Board contribution	22,500	
Donations		\$ 5,550
Total Contributions	<u>66,305</u>	<u>5,550</u>
Investment earnings:		
Interest	419	3,189
Net investment earnings	<u>419</u>	<u>3,189</u>
Total Additions	<u>66,724</u>	<u>8,739</u>
DEDUCTIONS:		
Unemployment claims	54,868	
Scholarships awarded		15,936
Total Deductions	<u>54,868</u>	<u>15,936</u>
Change in Net Assets	11,856	(7,197)
Net Assets - July 1, 2007	<u>23,478</u>	<u>174,183</u>
Net Assets - June 30, 2008	<u>\$ 35,334</u>	<u>\$ 166,986</u>

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

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Description of Reporting Entity

The Borough of Rutherford School District (School District) is a Type II school district located in the County of Bergen, State of New Jersey and covers an area of approximately three square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for all of Rutherford's students in grades K through 12. The Rutherford School District has an approximate enrollment at June 30, 2008 of 2,511 students.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Rutherford School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental and business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

The School District's basic financial statements consists of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements - The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. Eliminations have been made to minimize the double counting of internal activities. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Fund Accounting

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenues from the State and Federal Government, other than major capital projects, debt service, or the enterprise funds, and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general-long-term debt principal, interest and related costs.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds – These funds are used to account for operations that are financed in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's major enterprise funds are:

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

After School Fund - This fund accounts for the financial transactions pertaining to the before and after school program operations of the School District.

Summer Music Program Fund - This fund accounts for the financial transactions pertaining to the summer music program operations of the School District.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years

Fiduciary Funds - Fiduciary Fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds (i.e. payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has four fiduciary funds; an unemployment compensation trust fund, a scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

Like the district-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The Statement of Changes in Fund Net Assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within thirty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. The restricted formula aids (i.e. Nonpublic Auxiliary Aid and Nonpublic Handicapped Aid) are recorded in the special revenue fund in accordance with the Audit Program promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditures.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal 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 the last state aid payment for budgetary purposes only and the special revenue fund, as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General Fund Budgetary Comparison Schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

Encumbrance Accounting

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 reservations of 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.

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

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

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

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.

Tuition Receivable

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2008 and 2007 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed, and is not recorded since any amounts are considered immaterial to the basic financial statements.

There are no costs of inventories in the proprietary fund types as the Rutherford School District has contracted directly with Carlstadt-East Rutherford Regional High School District to receive prepared lunches on a daily basis.

Prepaid Expenses

Prepaid expenses recorded on the district-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

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

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are presented as Interfunds Receivable and/or Interfunds Payable.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include bond proceeds to be used for capital construction and amounts set-aside to create a reserve for future capital projects.

Deferred Charges

On the District-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. In governmental funds, these costs are reported as expenditures when the related liability is incurred.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the District-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the district-wide Statement of Net Assets and the Proprietary Fund Statement of Net Assets. .

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business -Type Activities Estimated Lives</u>
School Buildings	50 years	N/A
Building Improvements	50 years	N/A
Site Improvements	20 years	N/A
Machinery and Equipment	5-20 years	12 years

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The School District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the district-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement or permanent disability, full-time employees who qualify shall be paid by the School District for unused sick leave in accordance with the School District's agreement or personnel policy.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to employees. As of June 30, 2008, the liability for compensated absences in the governmental fund types was \$704,721 and no liability existed in the proprietary fund types.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-term Obligations

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, legally restricted appropriations, excess surplus and capital reserve program.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, tuition fees for the before and after school program and the summer music program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Interfund Activity

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented on the financial statements.

Estimates

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

3. CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Custodial credit is the risk that, in the event of a bank failure, the School District’s deposits may not be returned to it. The School District’s formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41. et seq. and requires that the School District deposit all public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA), as described in Note 1. As of June 30, 2008 the School District’s bank balance of \$2,217,588.65 was insured or collateralized as follows:

Insured by depository insurance	\$ 100,000.00
Collateralized under GUDPA	<u>2,117,588.65</u>
	<u>\$ 2,217,588.65</u>

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

4. RECEIVABLES

Receivables at June 30, 2008 consisted of governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
State Aid	\$ 192,226	\$ 963	\$ 829,428	\$ 1,022,617
Total	\$ 192,226	\$ 963	\$ 829,428	\$ 1,022,617

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance June 30, 2008</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 7,502,700			\$ 7,502,700
Construction in progress				
Total capital assets, not being Depreciated	<u>7,502,700</u>			<u>7,502,700</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	788,113			788,113
Building and Building Improvements	56,479,155	\$ 469,443		56,948,598
Equipment	1,111,447	221,912		1,333,359
Vehicles	406,000			406,000
Totals at historical cost	<u>58,784,715</u>	<u>691,355</u>		<u>59,476,070</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	(616,806)	(37,301)		(654,107)
Building and Building Improvements	(26,678,298)	(1,026,887)		(27,705,185)
Equipment	(661,729)	(144,775)		(806,504)
Vehicles	(268,000)	(28,000)		(296,000)
Totals accumulated depreciation	<u>(28,224,833)</u>	<u>(1,236,963)</u>		<u>(29,461,796)</u>
Total Capital Assets, being depreciated, net	<u>30,559,882</u>	<u>(545,608)</u>		<u>30,014,274</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,062,582</u>	<u>\$ (545,608)</u>	<u>\$ 0</u>	<u>\$ 37,516,974</u>

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$1,236,963 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 23,019
School Administration	99,725
Plant Operations and Maintenance	17,133
Transportation	28,000
Unallocated	1,069,086
Total depreciation expense	\$ 1,236,963

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2008, the following changes occurred in long-term obligations:

	Principal Outstanding July 1, 2007	Additions	Reductions	Principal Outstanding June 30, 2008	Amounts Due Within One Year
Compensated Absences	\$ 663,680	\$ 41,041		\$ 704,721	
Capital Leases	1,075,295		\$ 680,928	394,367	\$ 62,368
General Obligation Bonds	20,695,000		960,000	19,735,000	750,000
	\$ 22,433,975	\$ 41,041	\$ 1,640,928	\$ 20,834,088	\$ 812,368

Business – Type Activities:

Compensated Absences	-	-	-	-	-
----------------------	---	---	---	---	---

- A. Bonds Payable** - Bonds and loans are authorized in accordance with State law by the voters of the School District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are as follows:

2003 General Obligation Bonds dated January 15, 2003 in the amount of \$3,050,000 due in annual installments through January 15, 2028, bearing interest rate of 3.25% to 4.75%.

2006 Refunding Bonds dated December 15, 2006 in the amount of \$6,955,000 due in annual installments through January 15, 2028, bearing interest rate of 4.00% to 4.25%.

2008 Refunding Bonds dated January 15, 2008 in the amount of \$9,730,000 due in annual installments through January 15, 2028, bearing interest rate of 4.00% to 5.50%.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

6. LONG-TERM OBLIGATIONS (Continued)

B. Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 750,000	\$ 817,262	\$ 1,567,262
2010	770,000	785,463	1,555,463
2011	810,000	751,888	1,561,888
2012	840,000	716,563	1,556,563
2013	885,000	679,887	1,564,887
2014-2018	4,620,000	2,818,725	7,438,725
2019-2023	5,310,000	1,804,800	7,114,800
2024-2028	5,750,000	688,600	6,438,600
	<u>\$ 19,735,000</u>	<u>\$ 9,063,188</u>	<u>\$ 28,798,188</u>

As of June 30, 2008 the District had no authorized but not issued bonds.

C. Capital Leases Payable

The District has entered into capital lease agreements for the following:

<u>Equipment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Air Conditioning Units	June 30, 2011	5.944%	\$ 289,000
Student Software	September 28, 2009	7.620%	67,380
Furniture for Union School	June 4, 2012	4.070%	152,000

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2008:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 62,367	\$ 17,175	\$ 79,542
2010	130,000	12,992	142,992
2011	151,000	7,961	158,961
2012	51,000	2,076	53,076
	<u>\$ 394,367</u>	<u>\$ 40,204</u>	<u>\$ 434,571</u>

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

7. OPERATING LEASES

At June 30, 2008, the District had operating lease agreements in effect for the following:

Copiers

Total operating lease payments made during the year ended June 30, 2008, and 2007 were \$74,352 and \$87,853 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2009	\$ 74,432
June 30, 2010	68,256
June 30, 2011	36,300
June 30, 2012	13,630
June 30, 2013	<u>4,440</u>
Total future minimum lease payments	<u>\$ 197,058</u>

8. PENSION PLANS

Description of Plans - Substantially all of the School District's employees participate in one of the following defined benefit pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a single-employer contributory defined benefit pension plan which was established on January 1, 1955. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:6C.

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate was 5% of base salary, through June 30, 2007. In accordance with Chapters 92, and 103, P.L. 2007, the TPAF employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate – authorized in statute and based on the existence of surplus pension assets in the Teachers' Pension and Annuity Fund; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over the several preceding fiscal years.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. The full or normal employee contribution rate was 5% of base salary, through June 30, 2007. In accordance with Chapters 92, and 103, P.L. 2007, the PERS employee contribution rate increased to 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rate within the parameters of the law.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each year were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2008	\$ 143,036	\$ 110,230	\$ 253,266	\$ 50,653	\$ 202,613
2007	119,365	61,984	181,349	72,540	108,809
2006	106,475	29,287	135,762	81,457	54,305

During the year ended June 30, 2008, the State of New Jersey contributed \$2,408,533 to the TPAF for normal and post-retirement benefits on behalf of the School District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the School District \$1,289,808 during the fiscal year ended June 30, 2008 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007 there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2007.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

10 DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by an outside organization, approved by the School District, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The School District has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for these plans. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and are not subject to claims of the School District's creditors. Accordingly, the plan assets are not reported as a part of these financial statements.

11. RISK MANAGEMENT

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

Property and Liability Insurance - The School District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

The following is a summary of School District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007-2008	\$ 22,920	\$ 43,804	\$ 54,868	\$ 35,334
2006-2007	25,681	41,369	69,837	23,478
2005-2006	708	46,197	66,542	26,265

12. CONTINGENCIES

The School District participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

The School District is dependent on the State of New Jersey for a substantial portion of its operating funds. Due to funding uncertainties at the State level, funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the School District's future operation is not yet determinable.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

13. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained 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. 6:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2007 to June 30, 2008 fiscal year is as follows:

Balance – July 1, 2007	\$ 197,067
Decreased by:	
Withdrawal	
Board resolution July 14, 2008	(197,067)
Balance – June 30, 2008	\$ 0

14. DEFICIT UNRESTRICTED NET ASSETS

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of \$631,987 existed as of June 30, 2008 for governmental activities. The primary causes of this deficit are the School District not recognizing the receivable for the last state aid payment and the recording of the long-term liability for compensated absences and accrued interest payable. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Assets, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the School District in the formulation of their annual budget (see Note 1), compensated absences and accrued interest payable that relate to future services, or that are contingent on a specific event outside the control of the School District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net assets for governmental activities does not indicate that the School District is facing financial difficulties.

15. FUND BALANCES

Reserved

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of fund balance are summarized below:

Reserved for Encumbrances – The reserve for encumbrances of \$343,056 was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year.

**Rutherford School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2008**

15. FUND BALANCES (Continued)

Reserved for Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C73 (S1701), the designation of Reserved Fund Balance - Excess Surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted in their subsequent years' budget. The excess fund balance at June 30, 2008 is \$91,714.

Unreserved

General Fund – Of the \$1,032,514 unreserved General Fund balance at June 30, 2008, \$196,226 has been appropriated and included as anticipated revenue for the year ending June 30, 2009 and \$836,288 is undesignated.

Debt Service Fund – Of the \$9,011 unreserved Debt Service Fund balance at June 30, 2008, \$5,457 has been appropriated and included as anticipated revenue for the year ending June 30, 2009 and \$3,554 is undesignated.

16. TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2008, the school district transferred \$197,067 to the capital outlay accounts. This transfer, which was approved by the County Superintendent, was made from the capital reserve account to support an emergent circumstance pursuant to N.J.A.C. 6A:23-2.11(c)2.

17. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2008, management became aware that certain fixed assets were incorrectly recorded by the School District. A prior period adjustment of \$1,915,889 to net capital assets has been recorded on the District-wide financial statements. The total effect of the prior period adjustment was to decrease net assets of the governmental activities by \$1,915,889.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local Tax Levy	\$ 31,721,385		\$ 31,721,385	\$ 31,721,385	
Tuition				1,320	\$ 1,320
Interest earned on capital reserve	1,800		1,800		(1,800)
Unrestricted misc. revenues	4,000		4,000	134,748	130,748
Total local sources	31,727,185		31,727,185	31,857,453	130,268
State sources:					
Transportation aid	160,785		160,785	160,785	
Special education aid	1,463,029		1,463,029	1,463,029	
Bilingual aid	38,778		38,778	38,778	
Stabilization aid	812,880		812,880	812,880	
Consolidated aid	261,792		261,792	261,792	
Additional formula aid	166,699		166,699	166,699	
Extraordinary Aid				127,907	127,907
On-behalf TPAF pension contrib. (non-budgeted)				2,408,533	2,408,533
Reimbursed TPAF social security contribution (non-budgeted)				1,289,808	1,289,808
Total state sources	2,903,963		2,903,963	6,730,211	3,826,248
TOTAL REVENUES	34,631,148		34,631,148	38,587,664	3,956,516
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers:					
Preschool/Kindergarten	241,777	\$ (39,617)	202,160	202,160	
Grades 1-5	3,886,315	(183,725)	3,702,590	3,702,590	
Grades 6-8	2,824,786	55,169	2,879,955	2,879,955	
Grades 9-12	4,507,268	58,089	4,565,357	4,565,357	
Regular Programs - Home Instruction:					
Salaries of teachers	40,000	34,087	74,087	74,087	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	113,632	(7,561)	106,071	106,071	
Other purchased services	112,015	(3,166)	108,849	108,073	776
General supplies	669,685	56,577	726,262	726,079	183
Textbooks	80,884	133,263	214,147	214,147	
Total - Regular Programs - Instruction	12,476,362	103,116	12,579,478	12,578,519	959

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	\$ 347,445	\$ 25,960	\$ 373,405	\$ 373,405	
Other salaries for instruction	305,987	36,612	342,599	342,599	
Purchased professional - educ services	249,370	(28,589)	220,781	220,781	
General supplies	13,000	(8,388)	4,612	4,612	
Textbooks	15,000	(14,609)	391	391	
Total learning and/or language disab.	<u>930,802</u>	<u>10,986</u>	<u>941,788</u>	<u>941,788</u>	
Resource room/resource center:					
Salaries of teachers	1,264,416	71,582	1,335,998	1,335,998	
General supplies	14,000	(4,834)	9,166	9,166	
Textbooks	8,000	(6,714)	1,286	1,286	
Total resource room/resource center	<u>1,286,416</u>	<u>60,034</u>	<u>1,346,450</u>	<u>1,346,450</u>	
Total Special Education - Instruction	<u>2,217,218</u>	<u>71,020</u>	<u>2,288,238</u>	<u>2,288,238</u>	
Basic Skills/Remedial - Instruction					
Salaries of teachers	451,327	(66,556)	384,771	384,771	
Total basic skills/remedial - instruction	<u>451,327</u>	<u>(66,556)</u>	<u>384,771</u>	<u>384,771</u>	
Bilingual Education - Instruction					
Salaries of teachers	90,587	(4,263)	86,324	86,324	
Total bilingual education - instruction	<u>90,587</u>	<u>(4,263)</u>	<u>86,324</u>	<u>86,324</u>	
School-Sponsored Cocurricular Act - Instruction:					
Salaries of teachers	118,539	3,928	122,467	122,467	
Supplies and materials	1,619	12,084	13,703	13,703	
Transfer to cover deficit	60,984	(4,316)	56,668	56,668	
Total school-sponsored cocurr. act. - instruc.	<u>181,142</u>	<u>11,696</u>	<u>192,838</u>	<u>192,838</u>	
School-Sponsored Athletics - Instruction:					
Salaries of teachers	343,201	(13,145)	330,056	330,056	
Supplies and materials	152,888	4,109	156,997	156,997	
Total school-sponsored athletics - instruc.	<u>496,089</u>	<u>(9,036)</u>	<u>487,053</u>	<u>487,053</u>	
Other Instructional Programs - Instruction					
Purchased services	10,000	(10,000)			
Total other instructional programs - instruc.	<u>10,000</u>	<u>(10,000)</u>			
Total Instruction	<u>15,922,725</u>	<u>95,977</u>	<u>16,018,702</u>	<u>16,017,743</u>	<u>\$ 959</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - spec	\$ 731,850	\$ (95,464)	\$ 636,386	\$ 636,386	
Tuition to county vocational school - reg	210,000	(7,700)	202,300	202,300	
Tuition to county vocational school - spec	147,000	(21,000)	126,000	126,000	
Tuition to CSSD & reg. day schools	307,100	32,470	339,570	339,570	
Tuition to priv. sch. for the disabled in state	997,969	33,033	1,031,002	1,031,002	
Tuition to priv. sch. for the disabled not in state	71,800	1,444	73,244	73,244	
Tuition - other	50,000	(7,547)	42,453	42,453	
Total undistributed expenditures - instruction	2,515,719	(64,764)	2,450,955	2,450,955	
Health Services:					
Salaries	350,024	2,513	352,537	352,537	
Supplies and materials	6,460	(1,363)	5,097	5,097	
Total health services	356,484	1,150	357,634	357,634	
Other Support Services Student - Related Serv.					
Salaries	264,833	(10,324)	254,509	254,509	
Purchased professional - educ. services	10,280	(10,280)			
Supplies and materials	3,600	427	4,027	3,964	\$ 63
Total other support services student - related serv.	278,713	(20,177)	258,536	258,473	63
Other Support Services Student - Regular:					
Salaries of other professional staff	644,465	(33,276)	611,189	611,189	
Salaries of secretarial and clerical assistants	78,890	2,442	81,332	81,332	
Purchased professional - educ. services		26,770	26,770	26,500	270
Supplies and materials	2,550	(716)	1,834	1,834	
Other objects	9,120	(925)	8,195	7,695	500
Total other support services student - regular	735,025	(5,705)	729,320	728,550	770
Other Support Services Student - Special:					
Salaries of other professional staff	928,332	(38,153)	890,179	890,179	
Salaries of secretarial and clerical assistants	38,360	(7,192)	31,168	31,168	
Miscellaneous purchased services	1,000	(600)	400	400	
Supplies and materials	7,000	(1,644)	5,356	5,356	
Total other support services student - special	974,692	(47,589)	927,103	927,103	
Improvement of Instructional Services:					
Other purchased services	13,330	(782)	12,548	12,548	
Total improvement of instructional services	13,330	(782)	12,548	12,548	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	\$ 375,088	\$ 5,851	\$ 380,939	\$ 380,939	
Purchased professional - tech. serv		5,200	5,200	5,200	
Supplies and materials	74,923	74,966	149,889	149,889	
Other objects	11,272		11,272	10,366	\$ 906
Total educational media services/school library	461,283	86,017	547,300	546,394	906
Instructional Staff Training Services:					
Other salaries	7,000		7,000	7,000	
Other objects	4,000	(890)	3,110	3,110	
Total instructional staff training services	11,000	(890)	10,110	10,110	
Support Services - General Administration:					
Salaries	233,460	(4,215)	229,245	229,245	
Legal services	48,000	12,239	60,239	60,239	
Audit fees	22,950		22,950	22,950	
Other purchased professional services	22,000	172,534	194,534	189,909	4,625
Communications / telephone	135,204	(8,400)	126,804	126,804	
Other purchased services	22,500	(2,107)	20,393	20,393	
Supplies and materials	86,450	(20,737)	65,713	65,713	
Misc. expenditures	12,500	(6,564)	5,936	5,936	
BOE membership dues and fees	17,132		17,132	17,132	
Total support services - general administration	600,196	142,750	742,946	738,321	4,625
Support Services School Administration:					
Salaries of principals/assist. principals	992,724		992,724	992,724	
Salaries of secretarial and clerical assistants	549,771	(9,079)	540,692	540,692	
Purchased professional - tech. serv		38,025	38,025	38,025	
Other purchased services	15,145	(4,010)	11,135	11,135	
Supplies and materials	107,025	40,349	147,374	145,332	2,042
Other objects	77,553	(906)	76,647	76,647	
Total support services - school administration	1,742,218	64,379	1,806,597	1,804,555	2,042
Central Services:					
Salaries	504,405	21,001	525,406	525,406	
Purchased technical services	44,000	(4,001)	39,999	39,999	
Misc. purchased services	5,400	(963)	4,437	4,437	
Supplies and materials	14,000		14,000	12,186	1,814
Interest on lease purchase agreements	30,398	(701)	29,697	29,512	185
Miscellaneous expenditures	2,500	(149)	2,351	2,332	19
Total central services	600,703	15,187	615,890	613,872	2,018
Admin. Info. Technology:					
Salaries	189,546	(2,030)	187,516	187,516	
Purchased technical services	8,000	1,793	9,793	9,793	
Other purchased services	2,250	(1,161)	1,089	1,089	
Other objects	61,825	(10,132)	51,493	51,493	
Total admin. info. technology	261,421	(11,530)	249,891	249,891	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required Maintenance School Facilities:					
Salaries	\$ 553,307	\$ 64,979	\$ 618,286	\$ 618,286	
Cleaning, repair, and maintenance services	359,888	888,141	1,248,029	1,137,801	\$ 110,228
General supplies	132,800	58,824	191,624	191,624	
Other objects	2,300	(562)	1,738	1,738	
Total required maintenance school facilities	1,048,295	1,011,382	2,059,677	1,949,449	110,228
Other Operation & Maintenance of Plant:					
Salaries	1,217,829	(14,153)	1,203,676	1,203,676	
Rental of Land & Bldg. Other Than Lease Purch.		944	944	944	
Other purchased property services	31,800	10,222	42,022	42,022	
Insurance	132,750	(25,353)	107,397	107,397	
General supplies	86,000	62	86,062	86,062	
Energy (Heat & Electricity)	913,952	35,708	949,660	949,660	
Total other operations & maint. of plant	2,382,331	7,430	2,389,761	2,389,761	
Total operation & maint. of plant services	3,430,626	1,018,812	4,449,438	4,339,210	110,228
Student Transportation Services:					
Salaries for Pupil Trans (bet. home and school)-spec.	199,816	77,585	277,401	277,401	
Salaries for Pupil Trans (not bet. home and school)	49,400	(35,819)	13,581	13,581	
Cleaning, Repair and Maintenance Services	20,000	232	20,232	20,232	
Contr. serv. (special ed. students.) - Vendors	545,000	(76,174)	468,826	468,826	
Supplies and materials	30,500	4,973	35,473	35,473	
Total student transportation services	844,716	(29,203)	815,513	815,513	
Unallocated Benefits - Employee Benefits:					
Social security contributions	435,000	(57,092)	377,908	377,908	
Other retirement contributions - regular	179,627	22,985	202,612	202,612	
Unemployment compensation	40,000	(20,000)	20,000	20,000	
Workmen's compensation	162,500	7,746	170,246	170,246	
Health benefits	4,695,000	(1,016,760)	3,678,240	3,678,240	
Tuition reimbursement	25,000	2,400	27,400	27,400	
Other employee benefits	159,000	9,940	168,940	168,940	
Total unallocated benefits - employee benefits	5,696,127	(1,050,781)	4,645,346	4,645,346	
On-behalf TPAF pension contr. (non-budgeted)				2,408,533	(2,408,533)
Reimbursed TPAF social security contr. (non-budgeted)				1,289,808	(1,289,808)
Total Undistributed Expenditures	18,522,253	96,874	18,619,127	22,196,816	(3,577,689)
Total General Current Expense	34,444,978	192,851	34,637,829	38,214,559	(3,576,730)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	\$ 19,000	\$ (12,289)	\$ 6,711	\$ 6,711	
Undist. expend - operation & maint of plant		12,979	12,979	12,979	
School buses - regular		28,500	28,500	28,500	
Total Equipment	19,000	29,190	48,190	48,190	
Facilities Acquisition and Construction Services:					
Construction services	136,700	269,382	406,082	181,672	\$ 224,410
Lease purchase agreements - principal	297,004	375,974	672,978	672,978	
Total Facilities Acquisition and Constr. Services	433,704	645,356	1,079,060	854,650	224,410
Interest Deposit to Capital Reserve	1,800		1,800		1,800
Total Capital Outlay	454,504	674,546	1,129,050	902,840	226,210
TOTAL EXPENDITURES	34,899,482	867,397	35,766,879	39,117,399	(3,350,520)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(268,334)	(867,397)	(1,135,731)	(529,735)	605,996
Other Financing Sources:					
Operating transfers in					
Total other financing sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(268,334)	(867,397)	(1,135,731)	(529,735)	605,996
Fund Balance - July 1, 2007	1,997,019		1,997,019	1,997,019	
Fund Balance - June 30, 2008	<u>\$ 1,728,685</u>	<u>\$ (867,397)</u>	<u>\$ 861,288</u>	<u>\$ 1,467,284</u>	<u>\$ 605,996</u>
Recapitulation:					
Reserve for Encumbrances				\$ 343,056	
Excess Surplus				91,714	
Unreserved:					
Designated for Subsequent Year's Expenditures				196,226	
Undesignated Fund Balance				836,288	
				<u>1,467,284</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(121,188)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,346,096</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 235,554		\$ 235,554	\$ 210,227	\$ (25,327)
Federal sources	615,082		615,082	605,292	(9,790)
Total Revenues	850,636		850,636	815,519	(35,117)
EXPENDITURES:					
Instruction:					
Salaries of teachers	45,418		45,418	45,418	
Purchased professional - educ. services	140,338		140,338	126,429	13,909
Tuition	498,504		498,504	498,504	
General supplies	62,918		62,918	57,480	5,438
Textbooks	31,542		31,542	22,012	9,530
Total instruction	778,720		778,720	749,843	28,877
Support services:					
Personal services - employee benefits	9,580		9,580	9,580	
Purchased professional - educ. services	53,417		53,417	49,997	3,420
Other purchased services	8,619		8,619	5,799	2,820
Supplies and materials	300		300	300	
Total support services	71,916		71,916	65,676	6,240
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acq. and const. services					
Total Expenditures	850,636		850,636	815,519	35,117
Total Outflows	850,636		850,636	815,519	35,117
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

RUTHERFORD SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2008

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 38,587,664	\$ 815,519
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	112,860	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(121,188)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 38,579,336</u>	<u>\$ 815,519</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 39,117,399	\$ 815,519
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(201)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 39,117,399</u>	<u>\$ 815,318</u>

Other Supplementary Information

**Special Revenue Fund
Detail Statements**

The Special Revenue Fund is used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific purposes.

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2008

	<u>Nonpublic Comp. Ed.</u>	<u>Nonpublic Exam/ Classification</u>	<u>Nonpublic Speech</u>	<u>Nonpublic Supplemental Instruction</u>	<u>Nonpublic ESL</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Home Instruction</u>	<u>Total</u>
REVENUES:										
State sources	\$ 36,628	\$ 34,682	\$ 11,439	\$ 22,219	\$ 16,747	\$ 21,322	\$ 42,615	\$ 19,861	\$ 963	\$ 206,476
Federal sources										
Total Revenues	36,628	34,682	11,439	22,219	16,747	21,322	42,615	19,861	963	206,476
EXPENDITURES:										
Instruction:										
Purchased prof. - educational serv.	36,628	34,682	11,439	22,219	16,747				963	122,678
General supplies								19,861		19,861
Textbooks						21,322				21,322
Total instruction	36,628	34,682	11,439	22,219	16,747	21,322		19,861	963	163,861
Support services:										
Purchased prof. - educ. serv.							42,615			42,615
Total support services							42,615			42,615
Facilities acquisition and const. serv.:										
Instructional equipment										
Total facilities acq. and const. serv.										
Total Expenditures	36,628	34,682	11,439	22,219	16,747	21,322	42,615	19,861	963	206,476
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---	---

**Capital Projects Fund
Detail Statements**

The Capital Projects Fund is used to account for the acquisition, construction and/or renovation of major facilities and equipment purchases other than those financed by Proprietary Funds.

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year ended June 30, 2008

Revenues and Other Financing Sources:	
Interest earned	\$ 19,410
Total revenues and other financing sources	<u>19,410</u>
Expenditures and Other Financing (Uses):	
Construction services	469,443
Transfer to debt service fund	19,410
Cancellation of debt service aid	68,330
Total expenditures and other financing (uses)	<u>557,183</u>
Excess (deficiency) or revenues over (under) expenditures	(537,773)
Fund Balance - July 1, 2007	<u>553,251</u>
Fund Balance - June 30, 2008	<u>\$ 15,478</u>

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
High School Additions and Renovations
From Inception and for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 2,030,619		\$ 2,030,619	\$ 2,030,619
Bond proceeds	6,487,076	\$ (25,216)	6,461,860	6,461,860
Total revenues	<u>8,517,695</u>	<u>(25,216)</u>	<u>8,492,479</u>	<u>8,492,479</u>
Expenditures and Other Financing Uses:				
Purchased professional services	982,974		982,974	982,974
Construction services	7,310,374		7,310,374	7,310,374
Equipment	199,131		199,131	199,131
	<u>8,492,479</u>	<u>0</u>	<u>8,492,479</u>	<u>8,492,479</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 25,216</u>	<u>\$ (25,216)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	SP#2021024			
Grant Date	05/29/02			
Bond Authorization Date	01/15/03			
Bonds Authorized	\$ 6,407,076			
Bonds Issued	\$ 6,407,076			
Original Authorized Cost	\$ 6,437,695			
Additional Authorized Cost	\$ 2,000,000			
Revised Authorized Cost	\$ 8,437,695			
Percentage Increase over Original Authorized Cost	31.07%			
Percentage Completion	99.00%			
Original target completion date	12/31/05			
Revised target completion date	09/30/07			

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Lincoln School Additions and Renovations
From Inception and for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 2,025,160		\$ 2,025,160	\$ 2,025,160
Bond proceeds	5,706,644	\$ (8,820)	5,697,824	5,697,824
Total revenues	<u>7,731,804</u>	<u>(8,820)</u>	<u>7,722,984</u>	<u>7,722,984</u>
Expenditures and Other Financing Uses:				
Purchased professional services	1,137,508		1,137,508	1,137,508
Construction services	6,563,232		6,563,232	6,563,232
Equipment	22,244		22,244	22,244
	<u>7,722,984</u>	<u>0</u>	<u>7,722,984</u>	<u>7,722,984</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 8,820</u>	<u>\$ (8,820)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	SP#2021025			
Grant Date	05/29/02			
Bond Authorization Date	01/15/03			
Bonds Authorized	\$ 5,686,644			
Bonds Issued	\$ 5,686,644			
Original Authorized Cost	\$ 8,391,804			
Additional Authorized Cost	\$ (680,000)			
Revised Authorized Cost	\$ 7,711,804			
Percentage Increase over Original				
Authorized Cost	-8.10%			
Percentage Completion	99.00%			
Original target completion date	12/31/05			
Revised target completion date	09/30/07			

**RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Pierrepont School Renovations
From Inception and for the Fiscal Year ended June 30, 2008**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 189,290		\$ 189,290	\$ 189,290
Bond proceeds	183,935	\$ 173,910	357,845	357,845
Total revenues	373,225	173,910	547,135	547,135
 Expenditures and Other Financing Uses:				
Purchased professional services	54,855		54,855	54,855
Construction services	5,406	486,874	492,280	492,280
	60,261	486,874	547,135	547,135
 Excess (deficiency) or revenues over (under) expenditures	\$ 312,964	\$ (312,964)	\$ -	\$ -
 Additional project information:				
Project Number	SP#2021026			
Grant Date	05/29/02			
Bond Authorization Date	01/15/03			
Bonds Authorized	\$ 283,935			
Bonds Issued	\$ 283,935			
Original Authorized Cost	\$ 473,225			
Additional Authorized Cost				
Revised Authorized Cost	\$ 473,225			
 Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage Completion	15.00%			
Original target completion date	12/31/06			
Revised target completion date	12/31/07			

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Sylvan School Renovations
From Inception and for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 134,122	\$ (68,332)	\$ 65,790	\$ 65,790
Bond proceeds	26,184	(48,682)	(22,498)	(22,498)
Total revenues	160,306	(117,014)	43,292	43,292
 Expenditures and Other Financing Uses:				
Purchased professional services	40,639		40,639	40,639
Construction services	2,653		2,653	2,653
	43,292	-	43,292	43,292
 Excess (deficiency) or revenues over (under) expenditures	\$ 117,014	\$ (117,014)	\$ -	\$ -
 Additional project information:				
Project Number	SP#2021027			
Grant Date	05/29/02			
Bond Authorization Date	01/15/03			
Bonds Authorized	\$ 201,184			
Bonds Issued	\$ 201,184			
Original Authorized Cost	\$ 335,306			
Additional Authorized Cost				
Revised Authorized Cost	\$ 335,306			
 Percentage Increase over Original Authorized Cost				
	0.00%			
Percentage Completion				
	15.00%			
Original target completion date				
	12/31/06			
Revised target completion date				
	12/31/07			

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Union School Additions and Renovations
From Inception and for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 1,719,230		\$ 1,719,230	\$ 1,719,230
Bond proceeds	4,457,198	\$ (26,712)	4,430,486	4,430,486
Total revenues	<u>6,176,428</u>	<u>(26,712)</u>	<u>6,149,716</u>	<u>6,149,716</u>
Expenditures and Other Financing Uses:				
Purchased professional services	603,709		603,709	603,709
Construction services	5,547,944	(17,415)	5,530,529	5,530,529
	<u>6,151,653</u>	<u>(17,415)</u>	<u>6,134,238</u>	<u>6,134,238</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 24,775</u>	<u>\$ (9,297)</u>	<u>\$ 15,478</u>	<u>\$ 15,478</u>
Additional project information:				
Project Number	SP#2021028			
Grant Date	05/29/02			
Bond Authorization Date	01/15/03			
Bonds Authorized	\$ 4,702,198			
Bonds Issued	\$ 4,702,198			
Original Authorized Cost	\$ 6,421,428			
Additional Authorized Cost	\$ (420,000)			
Revised Authorized Cost	\$ 6,001,428			
Percentage Increase over Original				
Authorized Cost	-6.54%			
Percentage Completion	95.00%			
Original target completion date	12/31/06			
Revised target completion date	12/31/07			

RUTHERFORD SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Washington School Additions and Renovations
From Inception and for the Fiscal Year ended June 30, 2008

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
State sources - SCC Grant	\$ 2,103,704		\$ 2,103,704	\$ 2,103,704
Bond proceeds	5,559,282	\$ (64,464)	5,494,818	5,494,818
Total revenues	<u>7,662,986</u>	<u>(64,464)</u>	<u>7,598,522</u>	<u>7,598,522</u>
Expenditures and Other Financing Uses:				
Purchased professional services	882,538		882,538	882,538
Construction services	6,693,740		6,693,740	6,693,740
Equipment	22,244		22,244	22,244
	<u>7,598,522</u>	<u>0</u>	<u>7,598,522</u>	<u>7,598,522</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 64,464</u>	<u>\$ (64,464)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	SP#2021029			
Grant Date	05/29/02			
Bond Authorization Date	01/15/03			
Bonds Authorized	\$ 6,459,282			
Bonds Issued	\$ 5,559,282			
Original Authorized Cost	\$ 8,562,986			
Additional Authorized Cost	\$ (900,000)			
Revised Authorized Cost	\$ 7,662,986			
Percentage Increase over Original Authorized Cost	-10.51%			
Percentage Completion	98.00%			
Original target completion date	12/31/05			
Revised target completion date	09/30/07			

Proprietary Funds Detail Statements

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user fees.

Food Service Fund - This fund provides for the operation of food services in all schools within the school district.

Community Education Program Fund - This fund provides for the operation of adult school services provided by the school district.

Home After School Program Fund (HASP) - This fund provides for the operation of the before and after school services provided by the school district.

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2008

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 28,171	\$ 23,511	\$ 450	\$ 52,132
	<u>28,171</u>	<u>23,511</u>	<u>450</u>	<u>52,132</u>
Total Current Assets	<u>28,171</u>	<u>23,511</u>	<u>450</u>	<u>52,132</u>
Total Assets	<u>28,171</u>	<u>23,511</u>	<u>450</u>	<u>52,132</u>
LIABILITIES:				
Current Liabilities:				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET ASSETS:				
Invested in capital assets, net of related debt				
Unrestricted	28,171	23,511	450	52,132
	<u>28,171</u>	<u>23,511</u>	<u>450</u>	<u>52,132</u>
Total Net Assets	<u>\$ 28,171</u>	<u>\$ 23,511</u>	<u>\$ 450</u>	<u>\$ 52,132</u>

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services:				
Daily sales:				
Non-reimbursable programs	\$ 83,178			\$ 83,178
Program fees		\$ 108,509	\$ 4,205	112,714
Total Operating Revenues	<u>83,178</u>	<u>108,509</u>	<u>4,205</u>	<u>195,892</u>
OPERATING EXPENSES:				
Salaries and fringe benefits		80,686	3,500	84,186
Supplies and materials		3,705		3,705
Other costs	2,147	891		3,038
Cost of sales	<u>80,680</u>	<u>16,604</u>		<u>97,284</u>
Total Operating Expenses	<u>82,827</u>	<u>101,886</u>	<u>3,500</u>	<u>188,213</u>
Operating Income (Loss)	<u>351</u>	<u>6,623</u>	<u>705</u>	<u>7,679</u>
Non-Operating Revenues:				
Local sources:				
Interest earned	<u>845</u>	<u>815</u>		<u>1,660</u>
Total Non-Operating Revenues	<u>845</u>	<u>815</u>		<u>1,660</u>
Income (Loss) before Contributions and Transfers	1,196	7,438	705	9,339
Operating Transfer Out				
Changes in Net Assets	1,196	7,438	705	9,339
Net Assets - July 1, 2007	<u>26,975</u>	<u>16,073</u>	<u>(255)</u>	<u>42,793</u>
Net Assets - June 30, 2008	<u>\$ 28,171</u>	<u>\$ 23,511</u>	<u>\$ 450</u>	<u>\$ 52,132</u>

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

	<u>Food Service Fund</u>	<u>Community Education Program</u>	<u>Summer Music Program</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash receipts from customers	\$ 83,178	\$ 108,509	\$ 4,205	\$ 195,892
Cash payments to employees for services		(80,686)	(3,500)	(84,186)
Cash payments to suppliers for goods and services	<u>(82,827)</u>	<u>(21,200)</u>		<u>(104,027)</u>
Net cash used by operating activities	<u>351</u>	<u>6,623</u>	<u>705</u>	<u>7,679</u>
Cash Flows from Noncapital Financing Activities:				
Operating transfer in (out)				
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents	<u>845</u>	<u>815</u>		<u>1,660</u>
Net increase (decrease) in cash and cash equivalents	1,196	7,438	705	9,339
Cash and cash equivalents - July 1, 2007	<u>26,975</u>	<u>16,073</u>	<u>(255)</u>	<u>42,793</u>
Cash and cash equivalents - June 30, 2008	<u>\$ 28,171</u>	<u>\$ 23,511</u>	<u>\$ 450</u>	<u>\$ 52,132</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for)				
Operating Activities:				
Operating Income (Loss)	\$ 351	\$ 6,623	\$ 705	\$ 7,679
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable				
Net Cash Provided by (used for) Operating Activities	<u>\$ 351</u>	<u>\$ 6,623</u>	<u>\$ 705</u>	<u>\$ 7,679</u>

Fiduciary Funds Detail Statements

Fiduciary Funds are used to account for funds received by the district for a specific purpose.

Unemployment Compensation Insurance Fund - This fiduciary fund is used to pay unemployment compensation claims.

Scholarship Fund - This fiduciary fund is used to account for the assets held by the district for grants to students.

Agency Funds are used to account for assets held by the district as an agent for individuals, private organizations, or other governments and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the district.

Student Activity Fund - This agency fund is used to account for the funds held by the district to be used for student related projects.

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2008

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Totals</u>
	<u>Unemployment Compensation</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	\$ 35,334	\$ 166,986	\$ 148,280	\$6,563	\$ 357,163
Total Assets	<u>35,334</u>	<u>166,986</u>	<u>\$ 148,280</u>	<u>\$6,563</u>	<u>357,163</u>
LIABILITIES:					
Due to student groups			\$ 148,280		148,280
Payroll deductions and withholdings				\$ 6,563	6,563
Total Liabilities			<u>\$ 148,280</u>	<u>\$ 6,563</u>	<u>154,843</u>
NET ASSETS:					
Reserved for:					
Payment of unemployment claims	35,334				35,334
Scholarships		166,986			166,986
Total Net Assets	<u>\$ 35,334</u>	<u>\$ 166,986</u>			<u>\$ 202,320</u>

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2008

	<u>Scholarship Funds</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Total</u>
Additions:			
Interest on investments	\$ 3,189	\$ 419	\$ 3,608
Contributions	5,550	22,500	28,050
Employee withholdings	<u>43,805</u>	<u>43,805</u>	<u>43,805</u>
Total Additions	<u>8,739</u>	<u>66,724</u>	<u>75,463</u>
Deductions:			
Unemployment compensation insurance claims		54,868	54,868
Scholarships	<u>15,936</u>	<u>15,936</u>	<u>15,936</u>
Total Deductions	<u>15,936</u>	<u>54,868</u>	<u>70,804</u>
Change in Net Assets	(7,197)	11,856	4,659
Net Assets - July 1, 2007	<u>174,183</u>	<u>23,478</u>	<u>197,661</u>
Net Assets - June 30, 2008	<u>\$ 166,986</u>	<u>\$ 35,334</u>	<u>\$ 202,320</u>

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2008

	<u>Balance</u> <u>June 30, 2007</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30, 2008</u>
Elementary Schools	\$ 28,099	\$ 74,963	\$ 72,335		\$ 30,727
General Activities	119,360	255,593	257,995		116,958
Athletics	2,522	51,357	53,284		595
Total all schools	<u>\$ 149,981</u>	<u>\$ 381,913</u>	<u>\$ 383,614</u>	<u>\$ -</u>	<u>\$ 148,280</u>

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
ASSETS:				
Cash and cash equivalents	\$ 7,794	\$ 23,863,403	\$ 23,864,634	\$ 6,563
Total Assets	<u>\$ 7,794</u>	<u>\$ 23,863,403</u>	<u>\$ 23,864,634</u>	<u>\$ 6,563</u>
 LIABILITIES:				
Net payroll	\$ 4,452	\$ 13,771,652	\$ 13,776,085	\$ 19
Payroll deductions and withholdings	<u>3,342</u>	<u>10,091,751</u>	<u>10,088,549</u>	<u>6,544</u>
Total Liabilities	<u>\$ 7,794</u>	<u>\$ 23,863,403</u>	<u>\$ 23,864,634</u>	<u>\$ 6,563</u>

Long-Term Debt Schedules

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**RUTHERFORD SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2008**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2007	Issued	Retired	Balance June 30, 2008
			Date	Amount					
School Improvements	12/01/97	\$ 3,720,000				\$ 240,000		\$ 240,000	
School Renovations	01/15/03	22,420,000	01/15/09	\$ 720,000	4.250%	3,740,000		690,000	\$ 3,050,000
			01/15/10	740,000	4.375%				
			01/15/11	780,000	4.375%				
			01/15/12	810,000	4.375%				
Refunding Bonds of 2006	12/15/06	7,100,000	01/15/09	15,000	4.000%	6,970,000		15,000	6,955,000
			01/15/10	15,000	4.000%				
			01/15/11	15,000	4.000%				
			01/15/12	15,000	4.250%				
			01/15/13	365,000	4.250%				
			01/15/14	370,000	4.250%				
			01/15/15	385,000	4.250%				
			01/15/16	385,000	4.250%				
			01/15/17	390,000	4.000%				
			01/15/18	395,000	4.000%				
			01/15/19	410,000	4.000%				
			01/15/20	420,000	4.000%				
			01/15/21	445,000	4.000%				
			01/15/22	460,000	4.000%				
			01/15/23	480,000	4.000%				
			01/15/24	485,000	4.000%				
			01/15/25	480,000	4.000%				
			01/15/26	475,000	4.000%				
			01/15/27	475,000	4.000%				
			01/15/28	475,000	4.000%				

(Continued)

RUTHERFORD SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2008

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2007	Issued	Retired	Balance June 30, 2008
			Date	Amount					
Refunding Bonds of 2007	01/15/07	\$ 9,930,000	01/15/09	\$ 15,000	4.000%	\$ 9,745,000		\$ 15,000	\$ 9,730,000
			01/15/10	15,000	4.000%				
			01/15/11	15,000	4.000%				
			01/15/12	15,000	4.000%				
			01/15/13	520,000	4.250%				
			01/15/14	520,000	4.250%				
			01/15/15	535,000	4.250%				
			01/15/16	535,000	4.250%				
			01/15/17	550,000	5.500%				
			01/15/18	555,000	4.000%				
			01/15/19	565,000	4.000%				
			01/15/20	595,000	4.000%				
			01/15/21	620,000	4.000%				
			01/15/22	645,000	4.000%				
			01/15/23	670,000	4.000%				
			01/15/24	675,000	4.000%				
			01/15/25	670,000	4.000%				
			01/15/26	675,000	4.000%				
			01/15/27	670,000	4.000%				
			01/15/28	670,000	4.000%				
						<u>\$ 20,695,000</u>	<u>\$ -</u>	<u>\$ 960,000</u>	<u>\$ 19,735,000</u>

RUTHERFORD SCHOOL DISTRICT
Statement of Obligations Under Capital Leases
June 30, 2008

<u>Series</u>	<u>Date of Lease</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount of Original Issue Principal</u>	<u>Interest</u>	<u>Amount Outstanding July 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2008</u>
Wide Area Network	02/25/05	02/25/10	3.089%	\$ 450,000	\$ 39,460	\$ 259,763		\$ 259,763	
Energy Conservation & Purchase of Musical Instruments	07/15/04	07/15/09	3.130%	650,000	52,373	361,152		361,152	
§ Air Conditioning Units	06/30/06	06/30/11	5.944%	289,000	31,506	260,000		30,000	\$ 230,000
Student Software	09/28/06	09/28/08	7.620%	67,380	7,620	42,380		20,012	22,368
Furniture - Union School	06/04/07	07/15/11	4.070%	152,000	18,857	152,000		10,000	142,000
						<u>\$ 1,075,295</u>	<u>\$ -</u>	<u>\$ 680,927</u>	<u>\$ 394,368</u>

RUTHERFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,784,250		\$ 1,784,250	\$ 1,784,250	
Accrued Int. on Temp. Note					
Total Revenues	<u>1,784,250</u>		<u>1,784,250</u>	<u>1,784,250</u>	
EXPENDITURES:					
Regular debt service:					
Interest	884,638		884,638	900,494	\$ (15,856)
Redemption of principal	960,000		960,000	960,000	
Total Expenditures	<u>1,844,638</u>		<u>1,844,638</u>	<u>1,860,494</u>	<u>(15,856)</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(60,388)</u>		<u>(60,388)</u>	<u>(76,244)</u>	<u>(15,856)</u>
Other Financing Sources					
Operating Transfer In				19,410	19,410
Excess (Deficiency) of revenues and other financing source over (under) expenditures and other financing sources (uses):	<u>(60,388)</u>		<u>(60,388)</u>	<u>(56,834)</u>	<u>3,554</u>
Fund Balance - July 1, 2007	<u>65,845</u>		<u>65,845</u>	<u>65,845</u>	
Fund Balance - June 30, 2008	<u>\$ 5,457</u>	<u>\$ -</u>	<u>\$ 5,457</u>	<u>\$ 9,011</u>	<u>\$ 3,554</u>
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	<u>\$ (60,388)</u>	<u>\$ -</u>	<u>\$ (60,388)</u>	<u>\$ (56,834)</u>	<u>\$ 3,554</u>

Statistical Section

**Rutherford School District
Net Assets by Component,
Last Six Fiscal Years
(accrual basis of accounting)**

J-1

	Fiscal Year Ending June 30,					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt	\$ (16,231,950)	\$ 4,490,779	\$ 7,354,381	\$ 17,380,448	\$ 18,208,176	\$ 17,781,974
Restricted for:						
Capital projects	20,948,706	6,737,078	5,381,518	853,886	602,133	11,358
Debt service					65,845	9,011
Other purposes	350,006	2,205,617	1,829,183	1,029,873	1,048,481	631,197
Unrestricted	809,339	425,374	(377,087)	(398,829)	(280,299)	(631,987)
⊗ Total governmental activities net assets	<u>\$ 5,876,101</u>	<u>\$ 13,858,848</u>	<u>\$ 14,187,995</u>	<u>\$ 18,865,378</u>	<u>\$ 19,644,336</u>	<u>\$ 17,801,553</u>
Business-type activities:						
Invested in capital assets, net of related debt						
Unrestricted	\$ 140,576	\$ 163,563	\$ 81,219	\$ 38,208	\$ 42,793	\$ 52,132
Total business-type activities net assets	<u>\$ 140,576</u>	<u>\$ 163,563</u>	<u>\$ 81,219</u>	<u>\$ 38,208</u>	<u>\$ 42,793</u>	<u>\$ 52,132</u>
District-wide:						
Invested in capital assets, net of related debt	\$ (16,231,950)	\$ 4,490,779	\$ 7,354,381	\$ 17,380,448	\$ 18,208,176	\$ 17,781,974
Restricted:						
Capital projects	20,948,706	6,737,078	5,381,518	853,886	602,133	11,358
Debt service					65,845	9,011
Other purposes	350,006	2,205,617	1,829,183	1,029,873	1,048,481	631,197
Unrestricted	949,915	588,937	(295,868)	(360,621)	(237,506)	(579,855)
Total district net assets	<u>\$ 6,016,677</u>	<u>\$ 14,022,411</u>	<u>\$ 14,269,214</u>	<u>\$ 18,903,586</u>	<u>\$ 19,687,129</u>	<u>\$ 17,853,685</u>

Rutherford School District
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

Fiscal Year Ending June 30,

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:						
Governmental activities:						
Instruction:						
Regular	\$ 13,212,070	\$ 13,256,004	\$ 15,244,331	\$ 12,538,006	\$ 12,809,364	\$ 13,392,361
Special education	2,152,391	2,135,429	2,620,657	2,124,436	2,221,704	2,288,238
Other instruction	1,288,671	1,342,568	1,516,147	1,113,485	1,106,170	1,150,986
Support Services:						
Tuition	1,989,122	1,947,600	1,973,179	2,164,822	2,189,354	2,450,955
Student & instruction related services	3,023,272	3,262,511	3,392,917	2,800,111	2,805,003	2,906,348
School administrative services	1,666,545	1,762,958	1,824,808	1,607,418	1,653,610	1,904,280
General and business administrative services	572,610	565,803	1,541,646	1,483,354	1,514,107	1,602,084
Plant operations and maintenance	2,799,012	2,802,114	2,958,272	3,443,793	3,740,972	4,356,343
Pupil transportation	735,915	733,146	829,232	729,983	823,592	843,513
Business and other support services	584,151	611,360				
Unallocated employee benefits				6,518,802	8,062,647	8,343,687
Interest on long-term debt	97,350	1,167,100	1,532,987	992,625	1,489,902	885,231
Unallocated depreciation	88,591	6,079	8,032	22,501	628,947	1,077,118
Total governmental activities expenses	<u>28,209,700</u>	<u>29,592,672</u>	<u>33,442,208</u>	<u>35,539,336</u>	<u>39,045,372</u>	<u>41,201,144</u>
Business-type activities:						
Food service	90,119	76,243	72,063	76,605	80,835	82,827
Home after school program	295,768	285,443	315,345	13,065		
Summer music program					4,435	3,500
Adult school program	160,348	134,654	114,445	109,178	102,199	101,886
Total business-type activities expense	<u>546,235</u>	<u>496,340</u>	<u>501,853</u>	<u>198,848</u>	<u>187,469</u>	<u>188,213</u>
Total district expenses	<u>\$ 28,755,935</u>	<u>\$ 30,089,012</u>	<u>\$ 33,944,061</u>	<u>\$ 35,738,184</u>	<u>\$ 39,232,841</u>	<u>\$ 41,389,357</u>
Program Revenues:						
Governmental activities:						
Charges for services:						
Instruction (tuition)	\$ 18,934	\$ 13,309	\$ 12,244	\$ 20,482	\$ 9,462	\$ 1,320
Operating grants and contributions	2,371,575	2,528,737	2,812,164	3,162,372	4,328,160	4,513,860
Total governmental activities program revenues	<u>2,390,509</u>	<u>2,542,046</u>	<u>2,824,408</u>	<u>3,182,854</u>	<u>4,337,622</u>	<u>4,515,180</u>

(Continued)

Rutherford School District
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

J-2

Fiscal Year Ending June 30.

	2003	2004	2005	2006	2007	2008
Business-type activities:						
Charges for services:						
Food service	82,779	72,773	62,886	80,304	77,701	83,178
Home after school program	303,702	333,672	246,691			
Summer music program					4,180	4,205
Adult school program	151,558	107,642	102,476	107,082	108,699	108,509
Operating grants and contributions	4,406	3,582	5,390	5,718	493	
Capital grants and contributions						
Total business type activities program revenues	<u>542,445</u>	<u>517,669</u>	<u>417,443</u>	<u>193,104</u>	<u>191,073</u>	<u>195,892</u>
Total district program revenues	<u>\$ 2,932,954</u>	<u>\$ 3,059,715</u>	<u>\$ 3,241,851</u>	<u>\$ 3,375,958</u>	<u>\$ 4,528,695</u>	<u>\$ 4,711,072</u>
Net (Expense)/Revenue:						
Governmental activities	\$ (25,819,191)	\$ (27,050,626)	\$ (30,617,800)	\$ (32,356,482)	\$ (34,707,750)	\$ (36,685,964)
Business-type activities	(3,790)	21,329	(84,410)	(5,744)	3,604	7,679
Total district-wide net expense	<u>\$ (25,822,981)</u>	<u>\$ (27,029,297)</u>	<u>\$ (30,702,210)</u>	<u>\$ (32,362,226)</u>	<u>\$ (34,704,146)</u>	<u>\$ (36,678,285)</u>
General Revenues and Other Changes in Net Assets:						
Governmental activities:						
Property taxes levied for general purposes, net	\$ 23,317,336	\$ 24,171,383	\$ 25,417,992	\$ 27,674,482	\$ 30,302,192	\$ 31,721,385
Taxes levied for debt service	337,350	1,997,100	1,876,575	1,879,770	1,855,225	1,784,250
Unrestricted grants and contributions	2,405,783	2,791,267	2,879,747	2,917,899	2,913,745	3,023,542
State aid restricted for capital projects		5,805,144 ^a	496,433	1,657,052	95,309	75,735
Investment earnings	204,406	183,787	240,588	187,534	156,942	19,410
Miscellaneous income	117,637	84,692	35,522	117,213	163,295	134,748
Transfers	(26,061)			38,659		
Total governmental activities	<u>26,356,451</u>	<u>35,033,373</u>	<u>30,946,857</u>	<u>34,472,609</u>	<u>35,486,708</u>	<u>36,759,070</u>
Business-type activities:						
Investment earnings	5,347	1,658	2,066	1,392	1,011	1,660
Transfers	26,061			(38,659)		
Total business-type activities	<u>31,408</u>	<u>1,658</u>	<u>2,066</u>	<u>(37,267)</u>	<u>1,011</u>	<u>1,660</u>
Total district-wide	<u>\$ 26,387,859</u>	<u>\$ 35,035,031</u>	<u>\$ 30,948,923</u>	<u>\$ 34,435,342</u>	<u>\$ 35,487,719</u>	<u>\$ 36,760,730</u>
Change in Net Assets:						
Governmental activities	\$ 537,260	\$ 7,982,747	\$ 329,057	\$ 2,116,127	\$ 778,958	\$ 73,106
Business-type activities	27,618	22,987	(82,344)	(43,011)	4,615	9,339
Total district-wide	<u>\$ 564,878</u>	<u>\$ 8,005,734</u>	<u>\$ 246,713</u>	<u>\$ 2,073,116</u>	<u>\$ 783,573</u>	<u>\$ 82,445</u>

^a In 2004 the district received a state grant of \$5.8 million for the renovation of schools.

Rutherford School District
Fund Balances, Governmental Funds,
Last Six Fiscal Years
(modified accrual basis of accounting)

		Fiscal Year Ending June 30,					
		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:							
Reserved for:							
Encumbrances			\$ 1,604,925	\$ 1,301,533	\$ 543,947	\$ 583,921	\$ 343,056
Capital reserve	\$ 185,295	185,295	185,295	187,611	189,487	197,067	
Excess surplus			55,987	170,531	207,886	196,226	91,714
Unreserved							
Undesignated	1,171,790	1,171,790	659,148	455,610	513,113	638,611	715,100
Designated for subsequent year's expenditures	350,000	350,000	544,705	357,113	170,531	268,334	196,226
Total general fund	\$ 1,707,085	\$ 1,707,085	\$ 3,050,060	\$ 2,472,398	\$ 1,624,964	\$ 1,884,159	\$ 1,346,096
All Other Governmental Funds							
Reserved:							
Encumbrances	\$ 20,763,411	\$ 20,763,411	\$ 6,551,783	\$ 5,193,907			\$ 201
Unreserved, reported in:							
Special revenue fund	(5,082)	(5,082)					
Capital projects fund					\$ 664,399	\$ 405,066	11,358
Debt service fund	6	6	6	6	107,509	65,845	9,011
Total all other governmental funds	\$ 20,758,335	\$ 20,758,335	\$ 6,551,789	\$ 5,193,913	\$ 771,908	\$ 470,911	\$ 20,570

Rutherford School District
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax levy	\$ 18,460,883	\$ 20,360,898	\$ 21,419,177	\$ 22,933,108	\$ 23,654,686	\$ 26,168,483	\$ 27,294,567	\$ 29,554,252	\$ 32,157,417	\$ 33,505,635
Tuition charges		4,238	13,592	39,234	18,934	13,309	12,244	20,482	9,462	1,320
Interest earnings	79,234	55,973	130,325	49,562	182,297	183,787	240,588	187,534	172,644	18,410
Miscellaneous	246,775	151,500	159,621	193,121	117,637	84,692	35,522	124,423	163,295	134,748
State sources	4,726,485	4,023,629	4,420,331	3,769,484	4,348,714	10,661,297	5,685,439	7,192,303	6,781,769	7,007,845
Federal sources	283,722	342,103	267,339	517,384	428,644	463,844	512,473	538,239	555,445	605,292
Total revenue	23,797,099	24,938,341	26,410,385	27,501,893	28,750,912	37,575,412	33,780,833	37,817,233	39,840,032	41,274,250
Expenditures										
Instruction										
Regular instruction	9,329,811	9,340,805	9,240,468	10,341,628	10,499,159	10,421,226	12,088,401	12,435,496	12,750,662	13,328,301
Special education instruction	1,045,203	1,133,000	1,545,046	1,872,872	1,752,577	1,698,304	2,086,698	2,124,436	2,221,704	2,288,238
Other special instruction	479,280	513,263	681,981	785,288	1,059,114	1,083,355	1,224,147	1,113,485	1,106,170	1,150,966
Other instruction	414,891	424,811	420,523	535,843						
Community services	77,341	79,834	92,539	125,655						
Support Services:										
Tuition	1,422,927	1,519,580	1,563,831	2,092,819	1,989,122	1,947,600	1,973,179	2,142,837	2,189,354	2,450,955
Student & instruction related services	2,144,185	2,314,625	2,155,008	2,433,495	2,490,403	2,581,028	2,602,539	2,763,976	2,770,791	2,906,348
School administrative services	1,377,304	1,412,470	1,408,259	1,459,890	1,374,637	1,414,220	1,450,370	1,591,281	1,633,400	1,804,555
General and business admin. services	969,777	926,977	494,524	1,098,233	993,678	893,424	1,304,789	1,443,603	1,475,715	1,602,084
Plant operations and maintenance	2,186,713	2,288,910	2,189,295	2,281,940	2,469,184	2,426,397	2,629,985	3,329,086	3,705,922	4,339,210
Pupil transportation	517,364	543,597	599,239	674,079	691,202	667,790	758,254	718,761	806,906	815,513
Other support services	3,619,250	3,282,121	4,015,094	3,538,443	4,487,875	5,028,861	5,681,563	6,518,802	8,062,647	8,343,687
Special Schools	120,892									
Transfer to Charter School								21,985		
Capital outlay	774,949	505,529	401,774	402,255	1,935,545	20,179,678	3,139,871	6,841,883	1,431,895	1,372,283
Debt service:										
Principal	225,000	235,000	235,000	240,000	240,000	830,000	830,000	870,000	1,205,000	960,000
Interest and other charges	166,860	149,898	132,566	115,051	97,350	1,167,100	1,046,575	1,009,700	954,158	900,494
Total expenditures	24,871,747	24,668,420	25,175,147	27,977,491	30,079,846	50,438,983	38,816,371	42,925,331	40,314,324	42,262,654
Excess (Deficiency) of revenues over (under) expenditures	(1,074,648)	269,921	1,235,238	(475,598)	(1,328,934)	(12,863,571)	(3,035,538)	(5,308,098)	(474,292)	(988,404)
Other Financing sources (uses)										
Proceeds from borrowing					22,420,000		1,100,000			
Net proceeds from refinancing									213,110	
Capital lease									219,380	
Accrued interest on sale of bonds	-	-	-		22,109					
Transfers in	-	-	-		204,406	183,787	238,272	224,317	149,363	19,410
Transfers out	(55,223)	(56,878)	(59,153)		(230,467)	(183,787)	(238,272)	(185,658)	(149,363)	(19,410)
Total other financing sources (uses)	(55,223)	(56,878)	(59,153)	-	22,416,048	-	1,100,000	38,659	432,490	-
Net change in fund balances	\$ (1,129,871)	\$ 213,043	\$ 1,176,085	\$ (475,598)	\$ 21,087,114	\$ (12,863,571)	\$ (1,935,538)	\$ (5,269,439)	\$ (41,802)	\$ (988,404)
Debt service as a percentage of noncapital expenditures	1.63%	1.59%	1.48%	1.29%	1.20%	6.60%	5.57%	5.21%	5.55%	4.55%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Rutherford School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

J-5

<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Miscellaneous Fees</u>	<u>Miscellaneous</u>	<u>Total</u>
1998	\$ 164,604	\$ 1,436		\$ 100,587		\$ 227,489		\$ 494,116
1999	\$ 79,234			\$ 33,587		\$ 205,784		\$ 318,605
2000	55,973	\$ 4,238		64,280		81,178		205,669
2001	130,325	13,592		78,599		81,022		303,538
2002	49,562	39,234		119,027		67,566	\$ 6,528	281,917
2003	15,910	18,934	\$ 9,215	86,502	\$ 5,405		605	136,571
2004	10,735	13,309		65,037	8,920			98,001
2005	29,165	12,244	2,736	4,977	960			50,082
2006	285,697	20,482		2,519	10,220		13,521	332,439
2007	327,757	9,462			6,653		1,529	345,401
2008	141,829	1,320		9,928	1,557		844	155,478
	<u>\$ 1,290,791</u>	<u>\$ 134,251</u>	<u>\$ 11,951</u>	<u>\$ 565,043</u>	<u>\$ 33,715</u>	<u>\$ 663,039</u>	<u>\$ 23,027</u>	<u>\$ 2,721,817</u>

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Source: District records

**Rutherford School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
1999	\$ 11,072,300	\$ 911,982,000	\$ 170,096,100	\$ 52,945,400	\$ 47,429,900	\$ 1,193,525,700	\$ 17,314,595	\$ 1,210,840,295	\$ 123,687,000	\$ 1.603	\$ 1,233,788,766
2000	9,878,100	913,529,300	178,814,000	52,520,100	47,329,900	1,202,071,400	10,163,675	1,212,235,075	124,170,000	1.724	1,247,925,751
2001	10,392,100	915,110,900	195,935,300	51,794,100	47,094,600	1,220,327,000	10,424,146	1,230,751,146	114,122,700	1.802	1,378,529,509
2002	11,526,500	917,525,700	193,525,200	51,794,100	47,356,300	1,221,727,800	10,750,702	1,232,478,502	114,005,100	1.890	1,487,422,764
2003	16,730,400	920,195,300	192,029,000	51,794,100	47,756,300	1,228,505,100	10,958,452	1,239,463,552	115,905,400	2.078	1,664,603,212
2004	17,225,100	924,059,300	198,425,000	50,194,100	47,756,300	1,237,659,800	10,004,665	1,247,664,465	116,574,000	2.138	1,920,961,455
2005	25,678,300	931,416,700	185,037,700	53,181,400	47,838,900	1,243,153,000	8,951,081	1,252,104,081	108,130,900	2.271	2,149,534,903
2006	R 52,346,500	2,244,648,000	383,844,100	94,642,100	110,744,800	2,866,225,500	13,300,888	2,879,526,388	187,583,900	1.054	2,504,671,619
2007	51,284,700	2,243,829,900	366,602,200	94,820,600	110,744,800	2,867,282,200	13,727,387	2,881,009,587	186,791,200	1.140	2,829,621,532
2008	45,949,700	2,251,611,300	344,226,000	95,127,200	111,504,500	2,848,418,700	12,936,070	2,861,354,770	186,793,400	1.170	Not available

Source: Municipal Chief Finance Officer

Note:

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

R Reassessment

**Rutherford School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

J-7

Fiscal Year Ended June 30,	Rutherford School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Rutherford	Bergen County	
1999	\$ 1.573	\$ 0.030	\$ 1.603	\$ 1.047	\$ 0.260	\$ 2.910
2000	1.693	0.031	1.724	1.050	0.246	3.020
2001	1.773	0.029	1.802	1.045	0.273	3.120
2002	1.862	0.028	1.890	1.045	0.285	3.220
2003	2.051	0.027	2.078	1.046	0.286	3.410
2004	1.978	0.160	2.138	1.065	0.317	3.520
2005	2.122	0.149	2.271	1.103	0.336	3.710
2006 R	0.904	0.150	1.054	0.555	0.161	1.770
2007	1.078	0.062	1.140	0.642	0.178	1.960
2008	1.108	0.062	1.170	0.675	0.191	2.036

Source: Municipal Chief Finance Officer

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.
- R Reassessment

**Rutherford School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

J-8

Taxpayer	2007-2008		Taxpayer	1998-1999	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Meadows Office, LLC	\$ 83,500,000	2.92%	HPI-Linque	\$ 42,724,800	3.53%
Solomon Smith Barney	39,200,000	1.37%	Plaza Technology Ctr. Inc	31,534,500	2.60%
Hasting Village	30,376,200	1.06%	Hasting Village	16,800,000	1.39%
Frederick D. & Weill, J	27,000,000	0.94%	Maurice M. Weill	16,391,300	1.35%
Encap%Cherokee	19,905,300	0.70%	Pfizer, Inc	8,574,300	0.71%
Moody National Meadowlands	18,239,600	0.64%	Volvo of America, Corp.	7,092,400	0.59%
Volvo of America, Corp.	13,456,200	0.47%	River Village Corp	4,475,300	0.37%
Bell Atlantic Verizon	12,936,070	0.45%	Henlyn Realty	3,800,000	0.31%
BRE/ESA Properties	12,382,500	0.43%	Albert Pasquin	3,503,100	0.29%
359 Veterans Boulevard	11,773,200	0.41%	Robert & Rita Wolf	3,072,500	0.25%
Total	\$ 268,769,070	9.39%		\$ 137,968,200	11.39%

Source: Municipal Chief Financial Officer

**Rutherford School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 18,460,883	\$ 18,460,883	100.00%	-
2000	20,360,898	20,360,898	100.00%	-
2001	21,419,177	21,419,177	100.00%	-
2002	22,933,108	22,933,108	100.00%	-
2003	23,654,686	23,654,686	100.00%	-
2004	26,168,483	26,168,483	100.00%	-
2005	27,294,567	27,294,567	100.00%	-
2006	29,554,252	29,554,252	100.00%	-
2007	32,157,417	32,157,417	100.00%	-
2008	33,505,635	33,505,635	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

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

Rutherford School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
1999	\$ 2,150,000				\$ 2,150,000	0.25%	\$ 119
2000	1,915,000				1,915,000	0.21%	106
2001	1,680,000				1,680,000	0.18%	93
2002	1,440,000				1,440,000	0.16%	80
2003	23,620,000				23,620,000	2.60%	1,315
2004	22,790,000				22,790,000	2.35%	1,271
2005	21,960,000	\$1,012,072			22,972,072	2.29%	1,291
2006	21,090,000	1,075,252	\$ 2,897,000		25,062,252	2.32%	1,419
2007	20,695,000	1,075,295	901,880		22,672,175	c	1,287
2008	19,735,000	394,367	800,000		20,929,367	c	c

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a Personal Income data can be found in Exhibit J-14.

b Population data can be found in Exhibit J-14.

c Not available

Rutherford School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
1999	\$ 2,150,000	-	\$ 2,150,000	0.18%	\$ 119
2000	1,915,000	-	1,915,000	0.16%	106
2001	1,680,000	-	1,680,000	0.14%	93
2002	1,440,000	-	1,440,000	0.12%	80
2003	23,620,000	-	23,620,000	1.91%	1,315
2004	22,790,000	-	22,790,000	1.83%	1,271
2005	21,960,000	-	21,960,000	1.75%	1,291
2006	21,090,000	-	21,090,000	0.73%	1,419
2007	20,695,000	-	20,695,000	0.72%	1,287
2008	19,735,000	-	19,735,000	0.69%	c

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit J-6 for property tax data.
- b Population data can be found in Exhibit J-14.
- c Not available

**Rutherford School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2007**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Rutherford	\$ 18,016,455	100.000%	\$ 18,016,455
Bergen County General Obligation Debt	588,623,268	1.635%	9,623,990
			<hr/>
Subtotal, overlapping debt			27,640,445
Rutherford School District Direct Debt			<hr/> 19,735,000
Total direct and overlapping debt			<hr/> \$ 47,375,445 <hr/>

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation.

Note: Debt outstanding data provided by each governmental unit. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Rutherford. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Rutherford School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (dollars in thousands)

J-13

Legal Debt Margin Calculation for Fiscal Year 2008

	Equalized valuation basis
	2007 \$2,986,441,204
	2006 2,805,898,678
	2005 2,451,978,304
	[A] <u>\$8,244,318,186</u>
Average equalized valuation of taxable property	[A/3] \$2,748,106,062
Debt limit (4% of average equalized valuation)	[B] 109,924,242 a
Net bonded school debt	[C] 19,735,000
Legal debt margin	[B-C] <u>\$ 90,189,242</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
102 Debt limit	\$ 48,242,505	\$ 48,295,744	\$ 50,466,173	\$ 53,971,058	\$ 59,465,971	\$ 66,733,394	\$ 75,426,463	\$ 86,242,386	\$ 98,434,864	\$ 109,924,242
Total net debt applicable to limit	<u>2,150,000</u>	<u>1,915,000</u>	<u>1,680,000</u>	<u>1,440,000</u>	<u>23,620,000</u>	<u>22,790,000</u>	<u>21,960,000</u>	<u>21,090,000</u>	<u>20,695,000</u>	<u>19,735,000</u>
Legal debt margin	<u>\$ 46,092,505</u>	<u>\$ 46,380,744</u>	<u>\$ 48,786,173</u>	<u>\$ 52,531,058</u>	<u>\$ 35,845,971</u>	<u>\$ 43,943,394</u>	<u>\$ 53,466,463</u>	<u>\$ 65,152,386</u>	<u>\$ 77,739,864</u>	<u>\$ 90,189,242</u>
Total net debt applicable to the limit as a percentage of debt limit	4.46%	3.97%	3.33%	2.67%	39.72%	34.15%	29.11%	24.45%	21.02%	17.95%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district.

**Rutherford School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
1999	18,072	\$ 847,450,296	\$ 46,893	3.4%
2000	18,105	927,700,200	51,240	2.9%
2001	18,042	940,764,006	52,143	3.4%
2002	17,997	927,223,437	51,521	4.7%
2003	17,957	910,096,674	50,682	4.6%
2004	17,937	970,302,015	54,095	3.8%
2005	17,796	1,004,317,260	56,435	3.9%
2006	17,658	1,081,799,712	61,264	4.1%
2007	17,620	e	e	3.7%
2008	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income by municipality is estimated based upon the 2000 Census published by the US Bureau of Economic Analysis, U.S. Dept. of Commerce.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

**Rutherford School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

J-16

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Instruction										
Regular	150	153	155	153	147	160	160	164	169	169
Special education	50	46	47	49	48	49	49	49	53	52
Support Services:										
Student & instruction related services	30	31	30	41	38	34	33	38	37	42
School administrative services	6	6	6	7	21	21	21	22	22	21
General and business administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	28	28	28	26	50	46	47	47	51	51
Pupil transportation	5	4	6	6	6	7	7	6	9	9
Business and other support services	18	18	18	18	12	11	11	11	12	12
Total	<u>289</u>	<u>288</u>	<u>292</u>	<u>302</u>	<u>324</u>	<u>330</u>	<u>330</u>	<u>339</u>	<u>355</u>	<u>358</u>

Source: District Personnel Records

Rutherford School District
Operating Statistics,
Last Ten Fiscal Years

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
1999	2,290	\$ 23,704,938	\$ 10,351.50	3.10%	213	1:21	1:12	1:09	2,235.50	2,143.80	3.47%	95.90%
2000	2,312	23,777,993	10,284.60	-0.65%	220	1:21	1:11	1:12	2,258.30	2,166.60	1.02%	95.94%
2001	2,307	24,405,807	10,579.02	2.86%	217	1:22	1:11	1:12	2,252.50	2,159.10	-0.26%	95.85%
2002	2,337	27,220,185	11,647.49	10.10%	218	1:12	1:11	1:09	2,283.30	2,193.90	1.37%	96.08%
2003	2,362	27,806,951	11,772.63	1.07%	223	1:12	1:11	1:09	2,311.90	2,217.80	1.25%	95.93%
2004	2,416	28,262,205	11,697.93	-0.63%	225	1:12	1:11	1:09	2,374.30	2,273.90	2.70%	95.77%
2005	2,485	31,799,925	12,796.75	9.39%	226	1:10	1:12	1:13	2,413.90	2,306.70	1.67%	95.56%
2006	2,399	34,203,748	14,257.50	11.42%	224	1:15	1:13	1:11	2,399.80	2,294.80	-0.58%	95.82%
2007	2,513	36,723,271	14,613.32	2.50%	245	1:15	1:13	1:11	2,447.30	2,344.10	1.98%	95.78%
2008	2,511	39,029,877	15,543.56	6.37%	241	1:15	1:13	1:11	2,449.10	2,345.70	0.07%	95.78%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures from Exhibit J-4 less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Rutherford School District
 School Building Information
 Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
District Building										
Elementary										
Washington Elementary (1982)										
Square Feet	15,800	15,800	15,800	15,800	15,800	15,800	15,800	50,000	45,100	45,100
Capacity (students)	137	137	137	137	137	137	137	338	304	304
Enrollment	134	134	129	131	133	131	134	321	322	331
Lincoln (1954)										
Square Feet	15,800	15,800	15,800	15,800	15,800	15,800	15,800	50,000	46,700	46,700
Capacity (students)	117	117	117	117	117	117	117	324	350	350
Enrollment ^a	162	150	143	149	122	124	115	348	357	333
Middle School										
Union Middle School (1960)										
Square Feet	62,500	62,500	62,500	62,500	62,500	62,500	62,500	84,000	70,700	70,700
Capacity (students)	335	335	335	335	335	335	335	482	530	530
Enrollment	568	569	594	593	633	639	675	478	471	484
106 Pierrepont Middle School (1960)										
Square Feet	59,595	59,595	59,595	59,595	59,595	59,595	59,595	59,595	72,500	72,500
Capacity (students)	433	433	433	433	433	433	433	493	533	533
Enrollment	611	604	581	562	564	563	573	479	489	496
High School										
Rutherford High School (1950)										
Square Feet	142,300	142,300	142,300	142,300	142,300	142,300	142,300	160,000	148,600	148,600
Capacity (students)	455	455	455	455	455	455	455	659	775	775
Enrollment	621	647	632	701	717	766	760	784	817	803

Number of Schools at June 30, 2008

Elementary = 2

Middle School = 2

Senior High School = 1

Source: District Facilities Office

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

**Rutherford School District
 Schedule of Required Maintenance
 Last Eight Fiscal Years**

J-19

**UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx**

* School Facilities Project # (s)	High School	Union	Pierrepont	Washington	Lincoln	Sylvan	Total
2001	\$ 373,228	\$ 160,336	\$ 165,916	\$ 43,728	\$ 43,728	\$ 43,145	\$ 830,081
2002	395,891	170,071	175,991	46,383	46,383	45,764	880,483
2003	415,156	178,399	184,493	48,663	48,663	48,016	923,390
2004	423,412	190,005	196,495	51,828	51,828	51,140	964,708
2005	430,976	185,252	191,971	50,872	50,872	49,914	959,857
2006	507,077	198,077	188,870	158,462	158,461	49,757	1,260,704
2007	514,063	362,403	210,802	143,864	157,204	40,635	1,428,971
2008	728,119	346,222	354,800	220,873	228,670	70,765	1,949,449
Total School Facilities	\$ 3,059,803	\$ 1,790,765	\$ 1,669,338	\$ 764,673	\$ 785,809	\$ 399,136	\$ 9,197,643

107

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

Source: District records

**Rutherford School District
Insurance Schedule
June 30, 2008**

J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Deductible</u>
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of Liability per Occurrence	\$ 79,090,668		\$ 1,000
Boiler and Machinery	79,090,668		1,000
Flood / Earthquake	10,000,000		
General Liability	5,000,000		1,000
Automobile Liability	5,000,000		1,000
School Board Legal Liability (4)	5,000,000		
Employers Liability	5,000,000		
Crime Coverage	100,000		1,000
 Environmental Impairment Liability (2)	 1,000,000		
 Surety Bonds (3)			
Treasurer	250,000		
Board Secretary	250,000		

- (1) School Alliance Insurance Fund
- (2) Illinois Union Insurance Company
- (3) Hartford Fire Insurance Company
- (4) Ace American Insurance

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

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Registered Municipal Accountants**

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Rutherford School District, in the County of Bergen, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. Rutherford School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Rutherford School District's management. Our responsibility is to express an opinion on the Rutherford School District's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Rutherford School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Rutherford School District's compliance with those requirements.

In our opinion, the Board of Education of the Rutherford School District, in the County of Bergen, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, that is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, and which is described in the accompanying schedule of findings and questioned costs as item # 2008-1.

Internal Control Over Compliance

The management of the Rutherford School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Rutherford School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rutherford School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education of the Rutherford School District, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert A. Stewart
Public School Accountant

Marlton, New Jersey
August 8, 2008

RUTHERFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2007		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2008		
					(Accounts Receivable)	Deferred Revenue				(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Title II A:												
Fiscal Year 2008	84.367	NCLB460008	\$54,934	9/1/07 - 8/31/08			\$ 54,934	\$ (54,252)	\$		\$ 682	
Fiscal Year 2006 - Carryover	84.367	NCLB460006	56,226	9/1/06 - 8/31/07		\$ 223			(223)			
Fiscal Year 2007	84.367	NCLB460007	55,057	9/1/06 - 8/31/07		473			(473)			
Title III:												
Fiscal Year 2008	84.365A	NCLB460008	10,333	9/1/07 - 8/31/08			10,333	(8,195)			2,138	
Fiscal Year 2007	84.365A	NCLB460007	11,085	9/1/06 - 8/31/07		1,893			(1,893)			
Title IV:												
Fiscal Year 2008	84.186A	NCLB460008	5,650	9/1/07 - 8/31/08			5,650	(5,156)			494	
Fiscal Year 2007	84.186A	NCLB460007	5,285	9/1/06 - 8/31/07		63			(63)			
Title V:												
Fiscal Year 2007	84.298	NCLB460005	3,835	9/1/06 - 8/31/07		157		(3,036)	(157)		326	
Fiscal Year 2008	84.298	NCLB460008	3,362	9/1/07 - 8/31/08			3,362					
I.D.E.A. Part B - Basic:												
Fiscal Year 2007	84.027	FT460007	494,710	9/1/06 - 8/31/07								
Fiscal Year 2007 - Carryover	84.027	FT460007	494,710	9/1/07 - 8/31/08			\$ (41,125)					
Fiscal Year 2008	84.027	FT460008	516,064	9/1/07 - 8/31/08			41,125	(516,064)			41,125	
I.D.E.A. Part B - Preschool:												
Fiscal Year 2007	84.173	PS460007	20,852	9/1/06 - 8/31/07								
Fiscal Year 2007 - Carryover	84.173	PS460007	20,852	9/1/07 - 8/31/08			(1,738)				1,738	
Fiscal Year 2008	84.173	PS460008	20,988	9/1/07 - 8/31/08			20,988	(18,589)			2,399	
Total U.S. Department of Education						45,672	611,331	(605,292)	(2,809)		48,902	
Total Federal Awards						\$ 45,672	\$ 611,331	\$ (605,292)	\$ (2,809)		\$ 48,902	

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

RUTHERFORD SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2008

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2007 (Accounts Receivable) Deferred Revenue	Due to Grantor	Carryover	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2008
State Department of Education General Fund:											
Stabilization Aid	08-485-034-5120-030	\$ 812,880	7/1/07 - 6/30/08					\$ 812,880	\$ (812,880)		
Stabilization Aid	07-485-034-5120-030	\$ 12,880	7/1/06 - 6/30/07					32,729			
Transportation Aid	08-485-034-5120-014	160,785	7/1/07 - 6/30/08					160,785	(160,785)		
Transportation Aid	07-485-034-5120-014	160,785	7/1/06 - 6/30/07					5,643			
Special Education Aid	08-485-034-5120-011	1,463,029	7/1/07 - 6/30/08					1,341,841	(1,463,029)		(121,188)
Special Education Aid	07-485-034-5120-011	1,463,029	7/1/06 - 6/30/07					50,687			
Bilingual Education Aid	08-485-034-5120-008	38,778	7/1/07 - 6/30/08					38,778	(38,778)		
Bilingual Education Aid	07-485-034-5120-008	38,778	7/1/06 - 6/30/07					2,257			
Consolidated Aid	08-485-034-5120-057	261,792	7/1/07 - 6/30/08					261,792	(261,792)		
Consolidated Aid	07-485-034-5120-057	261,792	7/1/06 - 6/30/07					10,157			
Extraordinary Special Education Costs Aid	08-485-034-5120-044	127,807	7/1/07 - 6/30/08					10,157			
Extraordinary Special Education Costs Aid	07-485-034-5120-044	86,411	7/1/06 - 6/30/07					3,387			
Additional Formula Aid	08-485-034-5120-058	166,899	7/1/07 - 6/30/08					166,899	(166,899)		
On-Behalf TPAF Pension Contribution	08-100-034-5085-050	2,408,533	7/1/07 - 6/30/08					2,408,533	(2,408,533)		
Reimbursed TPAF Social Security Contr.	08-100-034-5085-051	1,289,808	7/1/07 - 6/30/08					1,225,489	(1,289,809)		(64,319)
Total General Fund				(199,271)				6,616,068	(6,730,211)		(313,414)
Special Revenue Fund:											
NJ Nonpublic Aid:											
Textbook Aid	07-100-034-5120-064	31,979	7/1/06 - 6/30/07					30,852	(21,322)		
Textbook Aid	08-100-034-5120-064	30,852	7/1/07 - 6/30/08					42,615	(42,615)		
Nursing Aid	08-100-034-5120-070	42,615	7/1/07 - 6/30/08								
Auxiliary Services:											
Compensatory Education	08-100-034-5120-067	38,818	7/1/07 - 6/30/08					38,818	(38,818)		
Compensatory Education	07-100-034-5120-067	57,709	7/1/06 - 6/30/07					16,931			
English as a Second Language	07-100-034-5120-067	6,526	7/1/06 - 6/30/07								
English as a Second Language	08-100-034-5120-067	18,990	7/1/07 - 6/30/08					18,990	(16,747)		
Home Instruction	08-100-034-5120-067	863	7/1/07 - 6/30/08								
Handicapped Services:											
Supplemental Instruction	07-100-034-5120-066	23,871	7/1/06 - 6/30/07					7,021	(7,021)		
Supplemental Instruction	08-100-034-5120-066	24,367	7/1/07 - 6/30/08					24,367	(22,219)		
Examination & Classification	07-100-034-5120-066	32,915	7/1/06 - 6/30/07					5,195	(34,682)		
Examination & Classification	08-100-034-5120-066	39,428	7/1/07 - 6/30/08					38,429			
Corrective Speech	07-100-034-5120-066	13,950	7/1/06 - 6/30/07					7,905	(7,905)		
Corrective Speech	08-100-034-5120-066	16,740	7/1/07 - 6/30/08					16,740	(11,439)		
Technology Initiative	08-100-034-5120-073	22,860	7/1/07 - 6/30/08					22,080	(19,881)		
Technology Initiative	07-100-034-5120-073	22,820	7/1/06 - 6/30/07								
Teacher Quality Mentoring Aid	08-485-034-5120-052	3,751	7/1/07 - 6/30/08					3,751	(3,751)		
Character Education Aid	08-485-034-5120-053	6,526	7/1/06 - 6/30/07								
Total Special Revenue Fund				\$ 274				238,342	(210,227)		(963)
NJ Economic Development Authority:											
Capital Projects Fund:											
EDA Educational Facilities Construction and Financing Act - Section 15: Addition & Renovations Project	#600-050-02-1024	8,202,125	7/1/07 - 6/30/08	(901,880)	148,187				(75,735)		72,452
Capital Projects Fund				(901,880)	148,187				(901,880)		72,452
Total Capital Projects Fund				(901,880)	148,187				(901,880)		72,452
Total State Financial Assistance				\$ (1,101,151)	\$ 148,461			\$ 6,854,410	\$ (7,016,173)		\$ 29,078
				\$ 40,762							
				\$ -							
				(274)							
				\$ 8,654,410							
				\$ (40,762)							
				\$ (1,216,257)							
				\$ 72,452							
				\$ 29,078							

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

**Rutherford School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008**

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Rutherford School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on 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 bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic 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 the expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,328) for the general fund and \$0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,721,883	\$ 6,721,883
Special Revenue Fund	\$ 605,292	210,227	815,519
Capital Projects Fund		75,735	75,735
	<u> </u>	<u> </u>	<u> </u>
Total Awards & Financial Assistance	<u>\$ 605,292</u>	<u>\$ 7,007,845</u>	<u>\$ 7,613,137</u>

Rutherford School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2008
(Continued)

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2008. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2008.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent the following:

	<u>State</u>
Prior Year Balances Canceled	<u>\$ 274</u>

**RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section 1 – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be a material weakness? _____ yes X none reported

Noncompliance material to general purpose financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be a material weakness? _____ yes X none reported

Type of auditor's report on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>I.D.E.A. - Basic</u>
<u>10.555</u>	<u>National School Lunch Program</u>
_____	_____
_____	_____

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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

**RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Section 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraph 5.18 through 5.20 of *Government Auditing Standards* and with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

No findings identified.

**RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

*Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs*

This section identifies the audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

Finding #2008-1

Information on state program:

Special Education Aid; GMIS No. 08-495-034-5120-011; State Department of Education.

Criteria or specific requirement:

N.J.S.A. 18A:11-12 requires that board approval be obtained and documented in the minutes prior to incurring travel and related expenses for employees and board members.

Condition:

The Board of Education did not approve any of the school districts travel and related expenses prior to the date of the event.

Questioned Costs:

\$22,308 worth of travel and related expenses were paid without first obtaining board approval.

Context:

Travel policy requirements were violated.

Effect:

Violation of N.J.S.A. 18A:11-12.

Cause:

The Superintendent was under the impression that individual trips were not required to be approved as long as the amount per category was not exceeded.

Recommendation:

Board approval should be obtained and documented in the board minutes for all travel and related expenses prior to the date of the event.

Management's response:

Management agrees with the above finding and will perform procedures to ascertain that board approval is obtained for all travel and related expenses prior to the date of the event.

**RUTHERFORD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2008**

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*, USOMB Circular A-133 and State of NJOMB Circular 04-04.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

No findings and/or questioned costs identified.