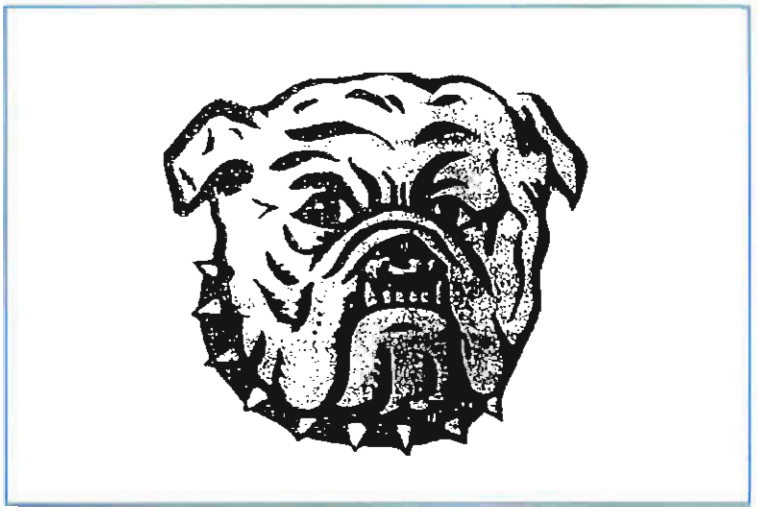
SCHOOL DISTRICT
OF

RUTHERFORD



Rutherford Board of Education
Rutherford, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

Comprehensive Annual Financial Report

of the

Rutherford Board of Education

Rutherford, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by
Rutherford Board of Education
Finance Department

RUTHERFORD SCHOOL DISTRICT

INTRODUCTORY SECTION

		Page
	Letter of Transmittal	2
	Organizational Chart	5
	Roster of Officials	6
	Consultants and Advisors	7

FINANCIAL SECTION

	Independent Auditor's Report	8
K-1	**Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**	10
	Required Supplementary Information - Part I	
	Management's Discussion and Analysis	13
	Basic Financial Statements	
A.	District-wide Financial Statements:	
A-1	Statement of Net Assets	23
A-2	Statement of Activities	24
B.	Fund Financial Statements:	
	Governmental Funds:	
B-1	Balance Sheet	26
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	27
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
	Proprietary Funds:	
B-4	Statement of Net Assets	29
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Assets	30
B-6	Statement of Cash Flows	31
	Fiduciary Funds:	
B-7	Statement of Fiduciary Net Assets	32
B-8	Statement of Changes in Fiduciary Net Assets	33
	Notes to the Financial Statements	34

			Page
	Required Supplementary Information - Part II		
C.	Budgetary Comparison Schedules		
	C-1	Budgetary Comparison Schedule - General Fund	51
	C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
	C-1b	Budgetary Comparison Schedule - American Recovery & Reinvestment Act General Fund - Education Stabilization Funds	57
	C-1ba	Budgetary Comparison Schedule - American Recovery & Reinvestment Act General Fund - Government Service Funds	58
	C-2	Budgetary Comparison Schedule - Special Revenue Fund	59
	Notes to the Required Supplementary Information		
	C-3	Budget-to-GAAP Reconciliation	60
	Other Supplementary Information		
D.	School Level Schedules :		N/A
E.	Special Revenue Fund:		
	E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	63
	E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
	E-3	Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
	E-4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
	E-5	Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
F.	Capital Projects Fund:		
	F-1	Summary Statement of Project Expenditures	N/A
G.	Proprietary Fund:		
	Enterprise Fund:		
	G-1	Combining Statement of Net Assets	67
	G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	68
	G-3	Combining Statement of Cash Flows	69
	Internal Service Fund:		N/A
H.	Fiduciary Funds:		
	H-1	Combining Statement of Fiduciary Net Assets	71
	H-2	Combining Statement of Changes in Fiduciary Net Assets	72
	H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	73
	H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	74

		Page
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	76
I-2	Schedule of Obligations under Capital Leases	N/A
I-3	Budgetary Comparison Schedule - Debt Service Fund	77
	STATISTICAL SECTION (Unaudited)	
J-1	Net Assets by Component	79
J-2	Changes in Net Assets, Last Four Fiscal Years	80
J-3	Fund Balances, Governmental Funds, Last Four Fiscal Years	82
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	83
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	84
J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	85
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	86
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	87
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	88
J-10	Ratios of Outstanding Debt by Type, Las Ten Fiscal Years	89
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	90
J-12	Ratios of Overlapping Governmental Activities Debt, As of June 30, 2006	91
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	92
J-14	Demographic and Economic Statistics	93
J-15	Principal Employers, Current Year & Nine Years Ago (information not available)	N/A
J-16	Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	94
J-17	Operating Statistics, Last Ten Fiscal Years	95
J-18	School Building Information, Last Ten Fiscal Years	96
J-19	Schedule of Required Maintenance, Last Six Fiscal Years	97
J-20	Insurance Schedule	98
	SINGLE AUDIT SECTION	
K-2	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 Letter 04-04	100
K-3	Schedule of Expenditures of Federal Awards, Schedule A	102
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	103
K-5	Notes to the Schedules of Awards and Financial Assistance	104
K-6	Schedule of Findings and Questioned Costs	106
K-7	Summary Schedule of Prior Audit Findings	110

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 13, 2010

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, 2010 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 2009-2010 fiscal year with an enrollment of 2,433.9 students, which is 30 students less 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

Fiscal Year	Student Enrollment	Percent Change
2009-2010	2433.9	(.012)
2008-2009	2,463.8	.006
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)

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. The recycling of existing homes has a minor impact on pupil enrollment. Enrollment is expected to remain stable over the next several years. Property taxes pertaining to the operation of the school district have been 3% or less for the past 3 years.

3. **MAJOR INITIATIVES**:
The Rutherford School District continues to offer a wide, varied, and comprehensive educational program to its students. Programs in the fine, practical and performing arts, business, and athletics present students with opportunities in many different areas in addition to the core academic subjects.

Students continue to score above the state average on the statewide assessments, and at or above the average for similar districts around the state. On the HSPA11, passing scores were achieved by 87% 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 1560.

Over ninety-seven percent of the 2009 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 2009-2010 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, 2010.

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,

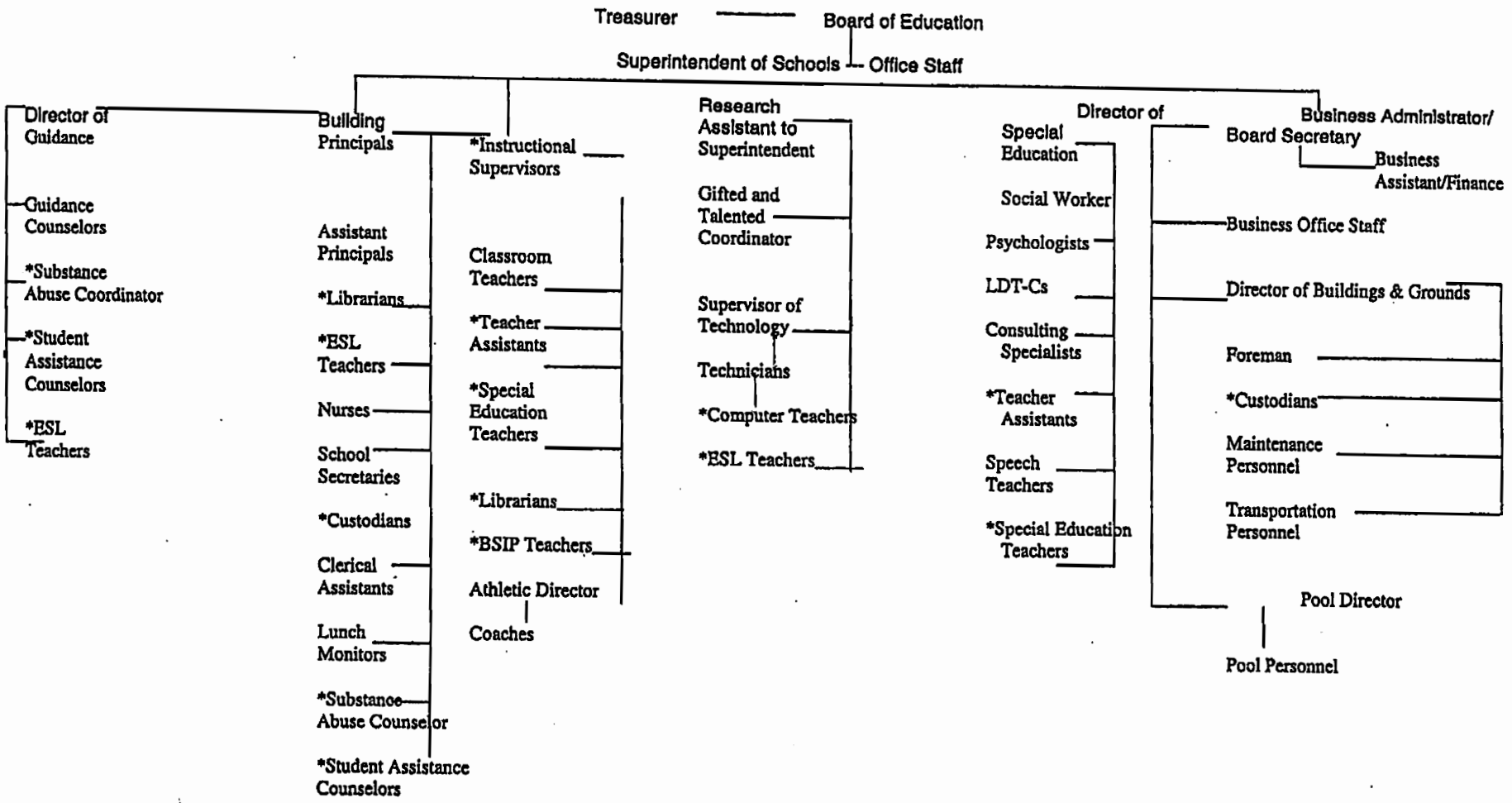
Ms. Elaine Baldwin
Interim Superintendent of Schools

Mr. Robert R. Brown
School Business Administrator

Board of Education
Rutherford

ADMINISTRATION
2121

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
  Revised November, 2008

RUTHERFORD SCHOOL DISTRICT

Roster of Officials
June 30, 2010

Members of the Board of Education:	**Term Expires**
Thom Casadonte, President	2011
Thomas Griggs, Vice President	2012
Shelly Ahmed	2012
Dr. Alfred Fiume	2012
Diane Jones	2011
Mary Lanni	2013
Kevin McLean	2013
Gary Novosielski	2011
Richele Scuro	2013

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

Wachovia Bank
190 River Road
Summit, NJ 07901

Financial Section

INVERSO & STEWART, LLC

Certified Public Accountants
Registered Municipal Accountants

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-Member of-
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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 Rutherford School District, in the County of Bergen, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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; 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal 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 20, 2010 on our consideration of the School District's internal control over financial reporting and 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 accompanying 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 School District's basic financial statements. 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 State of New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and 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 section 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.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert A. Stewart
Public School Accountant

Marlton, New Jersey
August 20, 2010

INVERSO & STEWART, LLC

Certified Public Accountants
Registered Municipal Accountants

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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 governmental activities, the 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 and for the fiscal year ended June 30, 2010, and have issued our report thereon dated August 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the 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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 the management and others within the Rutherford School District, the Division of Finance, Department of Education, State of New Jersey, 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
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
August 20, 2010

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, 2010

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, 2010. 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 $18,637,463 *(net assets)*.
- Governmental activities have an unrestricted net assets deficit of $145,470. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the last 2 state aid payments, 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 $874,701, or a 4.92% increase from the prior fiscal year-end balance. Payment of long-term serial bond obligations is the main reason for the increase.
- Fund balance of the School District's governmental funds increased by $760,675 resulting in an ending fund balance of $1,938,558. The majority of the increase is attributable to the School District recording $732,706 in encumbrances at year end.
- Business-type activities have unrestricted net assets of $63,969, 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 $770,000 which is the result of current year payments on existing debt obligations.

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 2010. 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 2010.

The assets of the primary government activities exceeded liabilities by $18,573,494 with an unrestricted deficit balance of $145,470. As mentioned earlier, deficit unrestricted net assets are primarily due to the accounting treatment for compensated absences payable, accrued interest payable and the last 2 state aid payments, 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 $17,555,546 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students, represents 94.5% of the School District's net assets. Net assets of $1,163,418 have been restricted as follows:

Reserve for Encumbrances	$ 781,758
2010/11 Budget Appropriation	$ 372,648
Future Debt Service Payments	$ 9,012

Rutherford School District
Comparative Summary of Net Assets
As of June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Assets:						
Current assets	$ 2,206,296	$ 1,357,494	$ 63,969	$ 56,917	$ 2,270,265	$ 1,414,411
Capital assets	35,770,546	36,434,702			35,770,546	36,434,702
Total assets	37,976,842	37,792,196	63,969	56,917	38,040,811	37,849,113
Liabilities:						
Current Liabilities	1,309,113	1,189,742			1,309,113	1,189,742
Noncurrent Liabilities	18,094,235	18,896,609			18,094,235	18,896,609
Total liabilities	19,403,348	20,086,351			19,403,348	20,086,351
Net assets	$ 18,573,494	$ 17,705,845	$ 63,969	$ 56,917	$ 18,637,463	$ 17,762,762
Net assets consist of:						
Invested in capital Assets	$ 17,555,546	$ 17,449,702		$	$ 17,555,546	$ 17,449,702
Restricted net assets	1,163,418	409,614			1,163,418	409,614
Unrestricted net assets	(145,470)	(153,471)	$ 63,969	56,917	(81,501)	(96,554)
Net assets	$ 18,573,494	$ 17,705,845	$ 63,969	$ 56,917	$ 18,637,463	$ 17,762,762

Rutherford School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues						
Charges for services			$ 197,171	$ 199,431	$ 197,171	$ 199,431
Operating grants and Contributions	$ 3,949,820	$ 3,322,330			3,949,820	3,322,330
Capital grants and Contributions		4,120				4,120
General Revenues:						
Property Taxes	35,257,893	34,043,063			35,257,893	34,043,063
Unrestricted State Aid	3,486,988	3,348,104			3,486,988	3,348,104
Tuition		12,606				12,606
Other Revenues	9,990	23,583		53	9,990	23,636
Total Revenues	42,704,691	40,753,806	197,171	199,484	42,901,862	40,953,290
Expenses:						
Governmental Activities:						
Instruction	17,592,991	16,943,485			17,592,991	16,943,485
Tuition	2,696,729	2,868,518			2,696,729	2,868,518
Related Services	3,257,939	2,951,122			3,257,939	2,951,122
Administrative Services	3,483,176	3,375,184			3,483,176	3,375,184
Operations and Maintenance	3,718,740	4,680,114			3,718,740	4,680,114
Transportation	914,347	949,629			914,347	949,629
Unallocated benefits	8,450,212	7,311,980			8,450,212	7,311,980
Interest on long-term Debt	768,676	801,362			768,676	801,362
Other	954,232	968,120			954,232	968,120
Business-Type Activities:						
Food Service Operations			87,228	91,206	87,228	91,206
Community Education			99,391	99,993	99,391	99,993
Other			3,500	3,500	3,500	3,500
Total Expenses	41,837,042	40,849,514	190,119	194,699	42,027,161	41,044,213
Increase in net assets Before transfers	867,649	(95,708)	7,052	4,785	874,701	(90,923)
Prior year adjustment						
Changes in net assets	867,649	(95,708)	7,052	4,785	874,701	(90,923)
Net assets, July 1,	17,705,845	17,801,553	56,917	52,132	17,762,762	17,853,685
Net assets, June 30,	$ 18,573,494	$ 17,705,845	$ 63,969	$ 56,917	$ 18,637,463	$ 17,762,762

Governmental Activities

Governmental activities increased the net assets of the School District by $867,649 during the current fiscal year, thereby accounting for all of the total increase in the net assets of the School District. Key elements of the increase in net assets for governmental activities are as follows:

- Budgeted appropriations in the amount of $781,758 were recorded at year end as encumbrances and not as accounts payable.

Business-type Activities

Business-type activities increased the School District's net assets by $7,052, or 12.39%. Key elements of the increase in net assets for governmental activities are as follows:

- Expenditures in the food service program decreased by $3,978.

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 $1,938,558, an increase of $760,675 in comparison with the prior year. Most of this increase is the result of the recording $781,758 as encumbrances at year end.

The unreserved fund balance for the School District at the end of the fiscal year is $775,140. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget ($381,660), or 2) reserved for encumbrances ($781,758).

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 2 state aid payments, 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 $585,819, or an increase of 1.58%. The increase to the budget represents prior year encumbrances rolled over to the current year in the amount of $203,512 and extraordinary aid appropriated during the year in the amount of $382,307.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was $1,062,549, while total fund balance (budgetary basis) was $2,167,903. 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 $39,039,235. Unreserved fund balance (budgetary basis) represents 2.72% of expenditures while total fund balance (budgetary basis) represents 5.55% 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, 2010, totaled $35,770,546 (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 $664,156, or a 1.82% decrease. The decrease is primarily due to depreciation expense.

Rutherford School District
Capital Asset (net of accumulated depreciation)
June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		District-Wide	
	2010	2009	2010	2009	2010	2009
Land	$ 7,502,700	$ 7,502,700			$ 7,502,700	$ 7,502,700
Construction in Progress	402,458				402,458	
Site Improvements	72,447	94,767			72,447	94,767
Buildings and Building Improvements	27,406,489	28,324,951			27,406,489	28,324,951
Equipment	316,452	422,284			316,452	422,284
Vehicles	70,000	90,000	$ 0	$ 0	70,000	90,000
Net assets	$ 35,770,546	$ 36,434,702	$ 0	$ 0	$ 35,770,546	$ 36,434,702

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2010, the School District had $18,215,000 in serial bonds payable and $689,325 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 $121,371,274 and the legal debt margin was $103,156,274.

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 2010-11 fiscal year.

- The only increases in budget lines were in the areas of salaries and capital outlay 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 one of the smallest tax rate increases for the 2010-2011 budget than in at least the previous ten 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. Because of the economy, state aid to the School District was decreased by 58% for the 2010-11 school year, therefore increases in future years are questionable.

- 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. Elimination's 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, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 1,524,302	$ 63,969	$ 1,588,271
Receivables, net	537,425		537,425
Deferred bond issuance costs - net	144,569		144,569
Capital assets, net (Note 5)	35,770,546		35,770,546
Total Assets	37,976,842	63,969	38,040,811
LIABILITIES:			
Intergovernmental payable:			
State	41,770		41,770
Deferred revenue	81,399		81,399
Accrued interest payable	375,944		375,944
Noncurrent liabilities (Note 6):			
Due within one year	810,000		810,000
Due beyond one year	18,094,235		18,094,235
Total Liabilities	19,403,348		19,403,348
NET ASSETS:			
Invested in capital assets, net of related debt	17,555,546		17,555,546
Restricted for:			
Debt service	9,012		9,012
Other purposes	1,154,406		1,154,406
Unrestricted	(145,470)	63,969	(81,501)
Total Net Assets	$ 18,573,494	$ 63,969	$ 18,637,463

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, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
Instruction:							
Regular	$ 13,914,947		$ 931,131		$ (12,983,816)		$ (12,983,816)
Special Education	2,532,603				(2,532,603)		(2,532,603)
Other instruction	1,145,441				(1,145,441)		(1,145,441)
Support Services:							
Tuition	2,696,729				(2,696,729)		(2,696,729)
Student & instruction related services	3,257,939		461,158		(2,796,781)		(2,796,781)
General administrative services	1,654,114				(1,654,114)		(1,654,114)
School administrative services	1,829,062				(1,829,062)		(1,829,062)
Plant operations and maintenance	3,718,740				(3,718,740)		(3,718,740)
Pupil transportation	914,347				(914,347)		(914,347)
Unallocated employee benefits	8,450,212		2,557,531		(5,892,681)		(5,892,681)
Interest on long-term debt	768,676				(768,676)		(768,676)
Unallocated depreciation and amortization	954,232				(954,232)		(954,232)
Total Governmental Activities	41,837,042		3,949,820		(37,887,222)		(37,887,222)
Business-Type Activities:							
Food Service	87,228	$ 80,890				$ (6,338)	(6,338)
Summer Music Program	3,500	6,630				3,130	3,130
Adult School Program	99,391	109,651				10,260	10,260
Total Business-Type Activities	190,119	197,171				7,052	7,052
Total Primary Government	$ 42,027,161	$ 197,171	$ 3,949,820	$ -	(37,887,222)	7,052	(37,880,170)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					33,702,430		33,702,430
Taxes levied for debt service					1,555,463		1,555,463
Federal and State aid not restricted					3,486,988		3,486,988
Miscellaneous income					9,990		9,990
Total general revenues, special items, extraordinary items and transfers					38,754,871		38,754,871
Change in Net Assets					867,649	7,052	874,701
Net Assets - July 1, 2009					17,705,845	56,917	17,762,762
Net Assets - June 30, 2010					$ 18,573,494	$ 63,969	$ 18,637,463

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, 2010

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 1,476,693	$ 38,597		$ 9,012	$ 1,524,302
Receivables, net	403,801	133,624			537,425
Total Assets	$ 1,880,494	$ 172,221	$ -	$ 9,012	$ 2,061,727
LIABILITIES AND FUND BALANCES					
Liabilities:					
Intergovernmental payable:					
State		$ 41,770			$ 41,770
Deferred revenues		81,399			81,399
Total Liabilities		123,169			123,169
Fund Balances:					
Reserved for:					
Encumbrances	$ 732,706	49,052			781,758
Unreserved	775,140				775,140
Unreserved - designated for subsequent year's expenditures	372,648			9,012	381,660
Total Fund Balances	1,880,494	49,052		9,012	1,938,558
Total Liabilities and Fund Balances	$ 1,880,494	$ 172,221	$ -	$ 9,012	

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 $67,360,792 and the accumulated depreciation is $31,590,246.		35,770,546
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.		144,569
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	$ (18,215,000)	
Compensated Absences Payable	(689,235)	
Accrued Interest Payable	(375,944)	
		(19,280,179)
Net Assets of Governmental Activities		$ 18,573,494

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, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	$ 33,702,430			$ 1,555,463	$ 35,257,893
Miscellaneous	9,990				9,990
Total local sources	33,712,420			1,555,463	35,267,883
State sources	5,778,316	$ 189,581			5,967,897
Federal sources	266,203	1,202,708			1,468,911
Total Revenues	39,756,939	1,392,289		1,555,463	42,704,691
EXPENDITURES:					
Current expense:					
Regular instruction	12,956,845	931,131			13,887,976
Special education instruction	2,532,603				2,532,603
Other instruction	1,145,441				1,145,441
Support services and undistributed costs:					
Tuition	2,696,729				2,696,729
Student & instruction related services	2,839,752	418,187			3,257,939
General administrative services	692,967				692,967
School administrative services	1,829,062				1,829,062
Central administrative services	895,323				895,323
Plant operations and maintenance	3,698,602				3,698,602
Pupil transportation	894,347				894,347
Unallocated employee benefits	8,450,212				8,450,212
Capital outlay	407,352				407,352
Debt service:					
Principal				770,000	770,000
Interest and other charges				785,463	785,463
Total Expenditures	39,039,235	1,349,318		1,555,463	41,944,016
Excess (deficiency) of revenues over (under) expenditures	717,704	42,971			760,675
Other Financing Sources (Uses):					
Transfers in					
Transfers out					
Total other financing sources (uses)	-				
Net Change in Fund Balance	717,704	42,971			760,675
Fund Balance - July 1, 2009	1,162,790	6,081		9,012	1,177,883
Fund Balance - June 30, 2010	$ 1,880,494	$ 49,052	$ -	$ 9,012	$ 1,938,558

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, 2010

Total net change in fund balances - governmental funds (from B-2)		$ 760,675
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
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.		
Depreciation Expense	$ (1,071,508)	
Fixed Asset Additions	407,352	(664,156)
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.		
General Obligation Bonds		770,000
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.		(8,031)
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:		
Increase in Compensated Absences	(7,626)	
Decrease in Accrued Interest	16,787	
		9,161
Change in Net Assets of Governmental Activities		$ 867,649

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, 2010

	Business-Type Activities Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 19,053	$ 40,491	$ 4,425	$ 63,969
Total Current Assets	19,053	40,491	4,425	63,969
Total Assets	19,053	40,491	4,425	63,969
LIABILITIES:				
Current Liabilities:				
Total Current Liabilities				
NET ASSETS:				
Invested in capital assets				
Unrestricted	19,053	40,491	4,425	63,969
Total Net Assets	$ 19,053	$ 40,491	$ 4,425	$ 63,969

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, 2010

	Business-Type Activities Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	Totals
Operating Revenues:				
Charges for services:				
Daily sales:				
Non-reimbursable programs	$ 80,890			$ 80,890
Program fees		$ 109,651	$ 6,630	116,281
Total Operating Revenue	80,890	109,651	6,630	197,171
Operating Expenses:				
Salaries		77,559	3,500	81,059
Supplies and materials		1,920		1,920
Other costs	5,514	8,695		14,209
Purch. Prof. Ed Services		742		742
Cost of sales	81,714	10,475		92,189
Total Operating Expenses	87,228	99,391	3,500	190,119
Operating Income (Loss)	(6,338)	10,260	3,130	7,052
Non-Operating Revenues:				
Local sources:				
Interest earned				
Total Non-Operating Revenues				
Income (Loss) before Contributions and Transfers	(6,338)	10,260	3,130	7,052
Operating Transfer Out				
Changes in Net Assets	(6,338)	10,260	3,130	7,052
Net Assets - July 1, 2009	25,391	30,231	1,295	56,917
Net Assets - June 30, 2010	$ 19,053	$ 40,491	$ 4,425	$ 63,969

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, 2010

	Business-Type Activities Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 80,890	$ 109,651	$ 6,630	$ 197,171
Cash payments to employees for services		(77,559)	(3,500)	(81,059)
Cash payments to suppliers for goods and services	(87,228)	(21,832)		(109,060)
Net cash used by operating activities	(6,338)	10,260	3,130	7,052
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				
Net increase (decrease) in cash and cash equivalents	(6,338)	10,260	3,130	7,052
Cash and cash equivalents - July 1, 2009	25,391	30,231	1,295	56,917
Cash and cash equivalents - June 30, 2010	$ 19,053	$ 40,491	$ 4,425	$ 63,969
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (6,338)	$ 10,260	$ 3,130	$ 7,052
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	$ (6,338)	$ 10,260	$ 3,130	$ 7,052

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, 2010

	Trust Funds			
	Unemployment Compensation	Scholarship Funds	Agency Funds	Totals
ASSETS:				
Cash and cash equivalents	$ 12,495	$ 161,034	$ 123,297	$ 296,826
Total Assets	12,495	161,034	$ 123,297	296,826
LIABILITIES:				
Due to student groups			$ 123,297	123,297
Total Liabilities			$ 123,297	123,297
NET ASSETS:				
Reserved for:				
Payment of unemployment claims	12,495			12,495
Scholarships		161,034		161,034
Total Net Assets	$ 12,495	$ 161,034		$ 173,529

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, 2010

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS:		
Contributions:		
Employee	$ 59,028	
Board	136,500	
Donations		$ 161,140
Total Contributions	195,528	161,140
Investment earnings:		
Interest		56
Net investment earnings		56
Total Additions	195,528	161,196
DEDUCTIONS:		
Unemployment claims	207,992	
Scholarships awarded		159,638
Total Deductions	207,992	159,638
Change in Net Assets	(12,464)	1,558
Net Assets - July 1, 2009	24,959	159,476
Net Assets - June 30, 2010	$ 12,495	$ 161,034

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

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Description of Reporting Entity

The Borough of Rutherford School District (School District) is a Type II district located in the County of Bergen, State of New Jersey. As a Type II 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 resident students in grades K through 12. The Rutherford School District has an approximate enrollment at June 30, 2010 of 2,487 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.

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Components Units*. There are no organizations that are considered to be component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the 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. 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.

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 non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities 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 governments, 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.

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 – The enterprise 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 enterprise funds are:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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
Heavy Trucks and Vehicles	6 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 private purpose scholarship fund, a student activity fund, and a payroll fund.

Measurement Focus

District-wide Financial Statements - The government-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.

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 balances 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 government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-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. Government-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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Revenues - Exchange and Non-exchange 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.

Non-exchange 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 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 fiscal year when the resources are required to be used or the fiscal 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. There were no restricted formula aids.

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.

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, if any, 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(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2.11.

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 one or more June state aid payments 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued)

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at 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 one or more June state aid payments.

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.

Cash, Cash Equivalents and Investments

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 unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial 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.

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, 2010 and 2009 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

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.

Deferred Expenditures

Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure/expenses in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring cost of operations.

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.

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 government-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 government-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 fiscal 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:

Asset Class	Governmental Activities Estimated Lives	Business -Type Activities Estimated Lives
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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Salaries and Wages

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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 government-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.

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

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The School District reserves 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 are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve, maintenance reserve and emergency reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-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 latchkey school program and the summer music program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

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

Interfund Activity

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

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 Related to Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District's formal policy regarding custodial credit risk is in compliance with N.J.S.A. 17:9-41.et seq. which requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of $3,219,083.74 as of June 30, 2010, $485,330.05 was insured by the Federal Deposit Insurance Corporation and $2,733,753.69 was collateralized under the Governmental Unit Deposit Protection Act.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2010 consisted of intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Total
Intergovernmental	$ 403,801	$ 133,624	$ 537,425
Total Accounts Receivable	$ 403,801	$ 133,624	$ 537,425

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	$ 7,502,700			$ 7,502,700
Construction in progress		$ 402,458		402,458
Total capital assets, not being Depreciated	7,502,700	402,458		7,905,158
Capital Assets, being depreciated:				
Site Improvements	781,280			781,280
Building and Building Improvements	56,948,598			56,948,598
Equipment	1,371,862	4,894	(19,000)	1,357,756
Vehicles	406,000		(38,000)	368,000
Totals at historical cost	59,507,740	4,894	(57,000)	59,455,634
Less Accumulated Depreciation:				
Site Improvements	(686,513)	(22,320)		(708,833)
Building and Building Improvements	(28,623,647)	(918,462)		(29,542,109)
Equipment	(949,578)	(110,726)	19,000	(1,041,304)
Vehicles	(316,000)	(20,000)	38,000	(298,000)
Totals accumulated depreciation	(30,575,738)	(1,071,508)	57,000	(31,590,246)
Total Capital Assets, being depreciated, net	28,932,002	(1,066,614)		27,865,388
Governmental Activities Capital Assets, Net	$ 36,434,702	$ (664,156)	$ 0	$ 35,770,546

Depreciation expense in the amount of $1,071,508 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	$ 19,345
Plant Operations and Maintenance	20,138
Transportation	20,000
Administration	65,824
Unallocated	946,201
Total depreciation expense	$ 1,071,508

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding July 1, 2009	Additions	Reductions	Principal Outstanding June 30, 2010	Due Within One Year
Compensated Absences	$ 681,609	$ 7,626		$ 689,235	
General Obligation Bonds	18,985,000		$ 770,000	18,215,000	$ 810,000
	$ 19,666,609	$ 7,626	$ 770,000	$ 18,904,235	$ 810,000

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 $1,590,000 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 $6,925,000 due in annual installments through January 15, 2028, bearing interest rate of 4.00% to 4.25%.

2010 Refunding Bonds dated January 15, 2010 in the amount of $9,700,000 due in annual installments through January 15, 2028, bearing interest rate of 4.00% to 5.50%.

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	890,000	642,275	1,532,275
2015	920,000	604,450	1,524,450
2016-2020	4,800,000	2,417,800	7,217,800
2021-2025	5,630,000	1,372,600	7,002,600
2026-2030	3,440,000	275,000	3,715,000
	$ 18,215,000	$ 7,460,463	$ 25,675,463

As of June 30, 2010 the School District had no authorizations to issue additional bonded debt.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Capital Leases Payable

As of June 30, 2010 the School District had no capital leases.

7. OPERATING LEASES

At June 30, 2010, the School District had operating lease agreements in effect for copy machines. Rental payments under operating leases for the fiscal year ended June 30, 2010 were $119,614.

Future minimum rental payments under operating lease agreements are as follows:

Fiscal Year Ending June 30,	Amount
2011	$ 92,016
2012	69,306
2013	60,156
2014	44,989
2015	4,358
Total future minimum lease payments	$ 270,825

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 cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. 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:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007 however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; 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 by the School District has been required over the several preceding fiscal years.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System 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. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2007 however, in accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

8. PENSION PLANS (Continued)

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

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 fiscal year, were as follows:

Fiscal Year	Normal Contribution	Accrued Liability	Non Contributory Life	Total Liability	Funded by Excess Pension Asset Credit	Paid by School District
2010	$ 121,813	$ 156,515	$ 38,598	$ 316,926		$ 316,926
2009	111,969	129,506	30,016	271,491	*	150,753
2008	143,036	110,230		253,266	$ 50,653	202,613

* In accordance with P.L.2010, C.19 (S-21) school districts had the option to defer 50% of their regular PERS contribution due on April 1, 2010. The Rutherford School District chose to defer $120,737 and will repay this amount plus interest over a 15 year period beginning April 1, 2012. The amount to be repaid will fluctuate each year based on the pension system investment earnings on the unfunded liability. Since the School District is permitted to pay off the deferred amount at any time, the deferred amount has not been recorded as a long-term liability and will be funded on a pay-as-you-go basis.

9. POST-RETIREMENT BENEFITS

Plan Description – The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provides medical, prescription-drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. 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.

Funding Policy – P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the 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. P.L. 2007, c. 103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009 there were 84,590 retirees eligible for postemployment 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.

The State's contribution rate is based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The State 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 $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were $60,323 and $1,132,943, respectively. In addition, the State of New Jersey reimbursed the School District $1,364,265 during the fiscal year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

11. 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.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Pool Joint Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, 51 Everett Drive, Suite B-40, West Windsor, New Jersey, 08550.

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 fiscal years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2009-2010	$ 136,500	$ 61,439	$ 210,403	$ 12,495
2008-2009	52	53,922	64,349	24,959
2007-2008	22,920	43,804	54,868	35,334

13. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted vacation and sick leave in varying amounts in accordance with the School District's personnel policies. Unused sick leave may be accumulated carried forward to the subsequent years. Employees who retire from the School District shall be paid 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 the employees. As of June 30, 2010, the liability for compensated absences in the governmental fund was $689,235.

14. 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.

15. ECONOMIC DEPENDENCY

The School District receives a substantial portion of its operating support from the federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the School District's programs and activities.

16. DEFICIT UNRESTRICTED NET ASSETS

As reflected on Exhibit A-1, Statement of Net Assets, a deficit in unrestricted net assets of $145,470 existed as of June 30, 2010 for governmental activities. The primary causes of this deficit are the School District not recognizing the receivable for the last two state aid payments 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.

17. 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:

Encumbrances – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. At June 30, 2010 $732,706 has been reserved for this purpose in the General Fund and $49,052 in the Special Revenue Fund.

Unreserved

General Fund – Of the $1,435,197 unreserved General Fund, fund balance at June 30, 2010, $372,648 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and $1,062,549 is undesignated.

Debt Service Fund – All of the $9,012 unreserved Debt Service Fund, fund balance at June 30, 2010, has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011.

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, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	$ 33,702,430		$ 33,702,430	$ 33,702,430	
Unrestricted misc. revenues	4,000		4,000	9,990	$ 5,990
Total local sources	33,706,430		33,706,430	33,712,420	5,990
State sources:					
Categorical special education aid	1,412,961		1,412,961	1,412,961	
Equalization aid	1,467,118	$ (266,203)	1,200,915	1,200,915	
Categorical security aid	185,280		185,280	128,513	(56,767)
Categorical transportation aid	155,714		155,714	101,214	(54,500)
Extraordinary aid				403,801	403,801
On-behalf TPAF pension contrib. (non-budgeted)				1,193,266	1,193,266
Reimbursed TPAF social security contribution (non-budgeted)				1,364,265	1,364,265
Total state sources	3,221,073	(266,203)	2,954,870	5,804,935	2,850,065
Federal sources:					
American Recovery and Reinvestment Act:					
Education Stabilization Funds		256,282	256,282	256,282	
Government Services Funds		9,921	9,921	9,921	
Total federal sources		266,203	266,203	266,203	
TOTAL REVENUES	36,927,503		36,927,503	39,783,558	2,856,055
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers:					
Preschool/Kindergarten	251,349	2,550	253,899	250,784	3,115
Grades 1-5	4,090,052	(219,096)	3,870,956	3,870,956	
Grades 6-8	2,992,698	56,622	3,049,320	3,047,583	1,737
Grades 9-12	4,777,694	(6,451)	4,771,243	4,770,183	1,060
Regular Programs - Home Instruction:					
Salaries of teachers	75,000	37,095	112,095	112,095	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	124,515	(7,689)	116,826	100,925	15,901
Other purchased services	123,708	(15,781)	107,927	99,013	8,914
General supplies	628,057	67,439	695,496	675,586	19,910
Textbooks	47,863	(10,129)	37,734	29,720	8,014
Total - Regular Programs - Instruction	13,110,936	(95,440)	13,015,496	12,956,845	58,651

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, 2010

(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	$ 409,910	$ 31,966	$ 441,876	$ 441,876	
Other salaries for instruction	296,066	33,081	329,147	329,146	$ 1
Purchased professional - educ services	320,550	19,882	340,432	340,432	
General supplies	5,000	(514)	4,486	1,810	2,676
Textbooks	4,000	(969)	3,031		3,031
Total learning and/or language disab.	1,035,526	83,446	1,118,972	1,113,264	5,708
Resource room/resource center:					
Salaries of teachers	1,393,226	12,000	1,405,226	1,405,226	
General supplies	8,000	1,745	9,745	9,745	
Textbooks	5,000	(632)	4,368	4,368	
Total resource room/resource center	1,406,226	13,113	1,419,339	1,419,339	
Total Special Education - Instruction	2,441,752	96,559	2,538,311	2,532,603	5,708
Basic Skills/Remedial - Instruction					
Salaries of teachers	395,087	(11,224)	383,863	371,632	12,231
Total basic skills/remedial - instruction	395,087	(11,224)	383,863	371,632	12,231
Bilingual Education - Instruction					
Salaries of teachers	49,113	(4,690)	44,423	44,423	
Total bilingual education - instruction	49,113	(4,690)	44,423	44,423	
School-Sponsored Cocurricular Act - Instruction:					
Salaries	113,549		113,549	110,673	2,876
Supplies and materials	1,050	30,170	31,220	29,730	1,490
Transfer to cover deficit	62,784		62,784	62,784	
Total school-sponsored cocurr. act. - instruc.	177,383	30,170	207,553	203,187	4,366
School-Sponsored Athletics - Instruction:					
Salaries	381,836	(1,358)	380,478	371,370	9,108
Supplies and materials	148,699	9,867	158,566	154,829	3,737
Total school-sponsored athletics - instruc.	530,535	8,509	539,044	526,199	12,845
Other Instructional Programs - Instruction					
Purchased services	10,000	(10,000)			
Total other instructional programs - instruc.	10,000	(10,000)			
Total Instruction	16,714,806	13,884	16,728,690	16,634,889	93,801

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, 2010

(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 - reg		$ 5,084	$ 5,084	$ 5,084	
Tuition to other LEAs within the state - spec	$ 916,831	(200,612)	716,219	604,952	$ 111,267
Tuition to county vocational school - reg	223,880	(11,018)	212,862	200,721	12,141
Tuition to county vocational school - spec	138,125	20,650	158,775	138,125	20,650
Tuition to CSSD & reg. day schools	245,972	2,177	248,149	248,149	
Tuition to priv. sch. for the disabled in state	1,434,659	(71,910)	1,362,749	1,362,749	
Tuition to priv. sch. for the disabled not in state	210,150	(114,944)	95,206	95,206	
Tuition - state facilities		4,500	4,500	4,500	
Tuition - other	50,000		50,000	37,243	12,757
Total undistributed expenditures - instruction	3,219,617	(366,073)	2,853,544	2,696,729	156,815
Attendance and Social Work:					
Salaries	62,587	4,471	67,058	62,885	4,173
Total attendance and social work	62,587	4,471	67,058	62,885	4,173
Health Services:					
Salaries	351,134	(5,595)	345,539	345,263	276
Supplies and materials	8,778	(52)	8,726	7,108	1,618
Total health services	359,912	(5,647)	354,265	352,371	1,894
Speech, OT, PT & Related Services:					
Salaries	206,786	3,648	210,434	201,677	8,757
Purchased professional - educ. services	3,700	(162)	3,538	3,128	410
Supplies and materials	4,000	531	4,531	4,531	
Total speech, ot, pt, & related services	214,486	4,017	218,503	209,336	9,167
Guidance:					
Salaries of other professional staff	692,499	(241,528)	450,971	450,939	32
Salaries of secretarial and clerical assistants	75,482		75,482	75,482	
Supplies and materials	7,770		7,770	3,105	4,665
Other objects	11,620	(2,649)	8,971	4,389	4,582
Total guidance	787,371	(244,177)	543,194	533,915	9,279
Child Study Teams:					
Salaries of other professional staff	954,346	(8,737)	945,609	945,609	
Salaries of secretarial and clerical assistants	46,174	(385)	45,789	45,789	
Miscellaneous purchased services	1,000	1,075	2,075	2,075	
Supplies and materials	5,000	1,388	6,388	6,024	364
Total child study teams	1,006,520	(6,659)	999,861	999,497	364
Improvement of Instructional Services:					
Other purchased services	11,700	(125)	11,575	4,629	6,946
Total improvement of instructional services	11,700	(125)	11,575	4,629	6,946

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, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	$ 412,957	$ 138,113	$ 551,070	$ 551,070	
Salaries of technology coordinators	131,598	(103,311)	28,287	26,709	$ 1,578
Supplies and materials	80,466	(1,370)	79,096	74,554	4,542
Other objects	12,196	60	12,256	12,240	16
Total educational media services/school library	637,217	33,492	670,709	664,573	6,136
Instructional Staff Training Services:					
Other salaries	8,500	(470)	8,030	8,030	
Other objects	5,000	470	5,470	4,516	954
Total instructional staff training services	13,500		13,500	12,546	954
Support Services - General Administration:					
Salaries	255,313	(7,401)	247,912	247,912	
Legal services	49,000	67,701	116,701	116,701	
Audit fees	30,000	(2,552)	27,448	27,448	
Architectural / engineering services	5,000	25,182	30,182	30,182	
Other purchased professional services	15,000	24,520	39,520	32,520	7,000
Communications / telephone	125,000	(5,339)	119,661	119,661	
Other purchased services	23,250	(989)	22,261	22,214	47
Supplies and materials	74,200	1,761	75,961	75,656	305
Misc. expenditures	10,500	(7,873)	2,627	2,301	326
BOE membership dues and fees	18,405	(33)	18,372	18,372	
Total support services - general administration	605,668	94,977	700,645	692,967	7,678
Support Services School Administration:					
Salaries of principals/assist. principals	1,033,281	94,090	1,127,371	1,127,370	1
Salaries of secretarial and clerical assistants	537,569	(2,411)	535,158	535,158	
Other purchased services	23,050	(4,075)	18,975	18,920	55
Supplies and materials	67,285	(4,444)	62,841	62,334	507
Other objects	70,935	24,393	95,328	85,280	10,048
Total support services - school administration	1,732,120	107,553	1,839,673	1,829,062	10,611
Central Services:					
Salaries	571,982	1,687	573,669	559,040	14,629
Purchased technical services	48,000	4,219	52,219	52,015	204
Misc. purchased services	5,400	(3,906)	1,494	1,086	408
Supplies and materials	16,000	7,000	23,000	22,541	459
Miscellaneous expenditures	2,500		2,500	1,736	764
Total central services	643,882	9,000	652,882	636,418	16,464
Admin. Info. Technology:					
Salaries	204,867	1,347	206,214	206,214	
Purchased technical services	14,000		14,000	6,660	7,340
Other purchased services	4,775	(1,423)	3,352	630	2,722
Other objects	55,325	(9,924)	45,401	45,401	
Total admin. info. technology	278,967	(10,000)	268,967	258,905	10,062

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, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Required Maintenance School Facilities:					
Salaries	$ 591,060	$ 19,248	$ 610,308	$ 610,308	
Cleaning, repair, and maintenance services	352,423	158,677	511,100	437,876	$ 73,224
General supplies	173,000	9,452	182,452	180,104	2,348
Other objects	2,300	(389)	1,911	1,911	
Total required maintenance school facilities	1,118,783	186,988	1,305,771	1,230,199	75,572
Other Operation & Maintenance of Plant:					
Salaries	1,153,019	78,328	1,231,347	1,221,292	10,055
Other purchased property services	39,592	7,044	46,636	46,636	
Insurance	132,750	(12,118)	120,632	120,632	
General supplies	92,000	9,587	101,587	101,587	
Energy (Electricity)	516,100	461,968	978,068	948,816	29,252
Salaries of non-instructional aides	156,380	(156,380)			
Energy (Natural Gas)	461,968	(461,968)			
Total other operations & maint. of plant	2,551,809	(73,539)	2,478,270	2,438,963	39,307
Care & Upkeep of Grounds:					
Cleaning, repair, and maintenance services	45,800	(16,360)	29,440	29,440	
Total care & upkeep of grounds	45,800	(16,360)	29,440	29,440	
Total operation & maint. of plant services	3,716,392	97,089	3,813,481	3,698,602	114,879
Student Transportation Services:					
Salaries of non-instructional aides	31,043	22,183	53,226	53,226	
Salaries for Pupil Trans (bet. home and school)-spec.	98,828	29,833	128,661	128,218	443
Salaries for Pupil Trans (not bet. home and school)	54,050	(16,822)	37,228	37,228	
Cleaning, Repair and Maintenance Services	24,000	3,119	27,119	27,119	
Contr. serv. (special ed. students.) - Vendors	641,350	(9,077)	632,273	629,845	2,428
Supplies and materials	27,100	(119)	26,981	18,711	8,270
Total student transportation services	876,371	29,117	905,488	894,347	11,141
Unallocated Benefits - Employee Benefits:					
Social security contributions	453,250	(66,663)	386,587	386,587	
Other retirement contributions - regular	296,471	20,455	316,926	316,926	
Unemployment compensation	60,000	76,500	136,500	136,500	
Workmen's compensation	178,380	(57,488)	120,892	120,892	
Health benefits	4,945,000	(178,378)	4,766,622	4,747,258	19,364
Tuition reimbursement	30,000		30,000	30,000	
Other employee benefits	175,000	(9,548)	165,452	154,518	10,934
Total unallocated benefits - employee benefits	6,138,101	(215,122)	5,922,979	5,892,681	30,298
On-behalf TPAF pension contr. (non-budgeted)				1,193,266	(1,193,266)
Reimbursed TPAF social security contr. (non-budgeted)				1,364,265	(1,364,265)
Total Undistributed Expenditures	20,304,411	(468,087)	19,836,324	21,996,994	(2,160,670)
Total General Current Expense	37,019,217	(454,203)	36,565,014	38,631,883	(2,066,869)

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, 2010

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12		$ 2,195	$ 2,195	$ 2,195	
Undist. expend - school administration		2,699	2,699	2,699	
Total Equipment		4,894	4,894	4,894	
Facilities Acquisition and Construction Services:					
Other purchased professional and tech services		99,778	99,778	94,458	$ 5,320
Construction services		935,350	935,350	308,000	627,350
Total Facilities Acquisition and Constr. Services		1,035,128	1,035,128	402,458	632,670
Total Capital Outlay		1,040,022	1,040,022	407,352	632,670
TOTAL EXPENDITURES	$ 37,019,217	585,819	37,605,036	39,039,235	(1,434,199)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(91,714)	(585,819)	(677,533)	744,323	1,421,856
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):	(91,714)	(585,819)	(677,533)	744,323	1,421,856
Fund Balance - July 1, 2009	1,423,580		1,423,580	1,423,580	
Fund Balance - June 30, 2010	$ 1,331,866	$ (585,819)	$ 746,047	$ 2,167,903	$ 1,421,856
Recapitulation:					
Reserve for Encumbrances				$ 732,706	
Excess Surplus					
Unreserved:					
Designated for Subsequent Year's Expenditures				372,648	
Undesignated Fund Balance				1,062,549	
				2,167,903	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(287,409)	
Fund Balance per Governmental Funds (GAAP)				$ 1,880,494	

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
American Recovery & Reinvestment Act - Education Stabilization Funds
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources:					
Education Stabilization Funds		$ 256,282	$ 256,282	$ 256,282	
Total Revenues		256,282	256,282	256,282	
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 9-12		256,282	256,282	256,282	
Total - Regular Programs - Instruction		256,282	256,282	256,282	
Total Expenditures		256,282	256,282	256,282	
Excess of revenues over expenditures	$ -	$ -	$ -	$ -	$ -

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
American Recovery & Reinvestment Act - Government Services Fund
General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources:					
Government Services Funds		$ 9,921	$ 9,921	$ 9,921	
Total Revenues		9,921	9,921	9,921	
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Grades 9-12		9,921	9,921	9,921	
Total - Regular Programs - Instruction		9,921	9,921	9,921	
Total Expenditures		9,921	9,921	9,921	
Excess of revenues over expenditures	$ -	$ -	$ -	$ -	$ -

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	$ 234,732		$ 234,732	$ 189,581	$ (45,151)
Federal sources	1,262,404		1,262,404	1,202,708	(59,696)
Total Revenues	1,497,136		1,497,136	1,392,289	(104,847)
EXPENDITURES:					
Instruction:					
Salaries of teachers	43,018		43,018	43,018	
Purchased professional - educ. services	159,915		159,915	122,714	37,201
Tuition	508,001		508,001	508,001	
General supplies	337,092		337,092	272,257	64,835
Textbooks	24,920		24,920	28,112	(3,192)
Total instruction	1,072,946		1,072,946	974,102	98,844
Support services:					
Salaries of other prof. staff	250,628		250,628	250,628	
Personal services - employee benefits	55,690		55,690	55,690	
Purchased professional - educ. services	108,358		108,358	108,358	
Other purchased services	9,514		9,514	3,511	6,003
Total support services	424,190		424,190	418,187	6,003
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acq. and const. services					
Total Expenditures	1,497,136		1,497,136	1,392,289	104,847
Total Outflows	1,497,136		1,497,136	1,392,289	104,847
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, 2010

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	$ 39,783,558	$ 1,392,289
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	260,790	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(287,409)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 39,756,939	$ 1,392,289
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	$ 39,039,235	$ 1,392,289
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.		
Prior Year		6,081
Current Year		(49,052)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 39,039,235	$ 1,349,318

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, 2010

	Nonpublic Comp. Ed.	Nonpublic Exam/ Classification	Nonpublic Speech	Nonpublic Supplemental Instruction	Nonpublic ESL	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Home Instruction	Carryforward From Exhibit E-1A	Total
REVENUES:										
State sources	$ 42,994	$ 18,776	$ 17,949	$ 16,685	$ 14,007	$ 28,112	$ 38,755	$ 12,303		$ 189,581
Federal sources									$ 1,202,708	1,202,708
Total Revenues	42,994	18,776	17,949	16,685	14,007	28,112	38,755	12,303	1,202,708	1,392,289
EXPENDITURES:										
Instruction:										
Salaries of teachers									43,018	43,018
Purchased prof. - educational serv.	42,994	18,776	17,949	16,685	14,007			12,303		122,714
Tuition									508,001	508,001
General supplies									272,257	272,257
Textbooks						28,112				28,112
Total instruction	42,994	18,776	17,949	16,685	14,007	28,112		12,303	823,276	974,102
Support services:										
Salaries of other prof. staff									250,628	250,628
Personal services - employee benefits									55,690	55,690
Purchased prof. - educ. serv.							38,755		69,603	108,358
Other purchased services									3,511	3,511
Total support services							38,755		379,432	418,187
Facilities acquisition and const. serv.:										
Instructional equipment										
Total facilities acq. and const. serv.										
Total Expenditures	42,994	18,776	17,949	16,685	14,007	28,112	38,755	12,303	1,202,708	1,392,289
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---	---

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Title II A	Title III	Title IV	IDEA Basic	IDEA Basic Carryover	IDEA Preschool	ARRA IDEA Basic	ARRA IDEA Preschool	Total
REVENUES:									
State sources									
Federal sources	$ 55,681	$ 6,704	$ 3,511	$ 523,795	$ 23,942	$ 19,771	$ 550,565	$ 18,739	$ 1,202,708
Total Revenues	55,681	6,704	3,511	523,795	23,942	19,771	550,565	18,739	1,202,708
EXPENDITURES:									
Instruction:									
Salaries of teachers	38,328	4,690							43,018
Tuition				488,724		19,277			508,001
General supplies		1,181					265,286	5,790	272,257
Total instruction	38,328	5,871		488,724		19,277	265,286	5,790	823,276
Support services:									
Salaries of other prof. staff							239,739	10,889	250,628
Personal services-employee benefits	7,257	833					45,540	2,060	55,690
Purchased prof. educ. services	10,096			35,071	23,942	494			69,603
Other purchased services			3,511						3,511
Total support services	17,353	833	3,511	35,071	23,942	494	285,279	12,949	379,432
Facilities acquisition and const. serv.:									
Instructional equipment									
Total facilities acq. and const. serv.									
Total Expenditures	55,681	6,704	3,511	523,795	23,942	19,771	550,565	18,739	1,202,708
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.

The School District does not maintain a capital projects fund.

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 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.

Summer Music Program Fund - This fund provides for the operation of the summer music services provided by the school district.

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2010

	Food Service Fund	Community Education Program	Summer Music Program	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 19,053	$ 40,491	$ 4,425	$ 63,969
Total Current Assets	19,053	40,491	4,425	63,969
Total Assets	19,053	40,491	4,425	63,969
LIABILITIES:				
Current Liabilities:				
Total Liabilities				
NET ASSETS:				
Unrestricted	19,053	40,491	4,425	63,969
Total Net Assets	$ 19,053	$ 40,491	$ 4,425	$ 63,969

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	Food Service Fund	Community Education Program	Summer Music Program	Total
OPERATING REVENUES:				
Charges for Services:				
Daily sales:				
Non-reimbursable programs	$ 80,890			$ 80,890
Program fees		$ 109,651	$ 6,630	116,281
Total Operating Revenues	80,890	109,651	6,630	197,171
OPERATING EXPENSES:				
Salaries and fringe benefits		77,559	3,500	81,059
Supplies and materials		1,920		1,920
Other costs	5,514	8,695		14,209
Other purchased services		742		742
Cost of sales	81,714	10,475		92,189
Total Operating Expenses	87,228	99,391	3,500	190,119
Operating Income (Loss)	(6,338)	10,260	3,130	7,052
Non-Operating Revenues:				
Local sources:				
Interest earned				
Total Non-Operating Revenues				
Income (Loss) before Contributions and Transfers	(6,338)	10,260	3,130	7,052
Operating Transfer Out				
Changes in Net Assets	(6,338)	10,260	3,130	7,052
Net Assets - July 1, 2009	25,391	30,231	1,295	56,917
Net Assets - June 30, 2010	$ 19,053	$ 40,491	$ 4,425	$ 63,969

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

	Food Service Fund	Community Education Program	Summer Music Program	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 80,890	$ 109,651	$ 6,630	$ 197,171
Cash payments to employees for services		(77,559)	(3,500)	(81,059)
Cash payments to suppliers for goods and services	(87,228)	(21,832)		(109,060)
Net cash used by operating activities	(6,338)	10,260	3,130	7,052
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				-
Net increase (decrease) in cash and cash equivalents	(6,338)	10,260	3,130	7,052
Cash and cash equivalents - July 1, 2009	25,391	30,231	1,295	56,917
Cash and cash equivalents - June 30, 2010	$ 19,053	$ 40,491	$ 4,425	$ 63,969
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:				
Operating Income (Loss)	$ (6,338)	$ 10,260	$ 3,130	$ 7,052
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	$ (6,338)	$ 10,260	$ 3,130	$ 7,052

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, 2010

	Trust Funds		Agency Funds		
	Unemployment Compensation	Scholarship Funds	Student Activity	Payroll	Totals
ASSETS:					
Cash and cash equivalents	$ 12,495	$ 161,034	$ 123,297	$ -	$ 296,826
Total Assets	12,495	161,034	$ 123,297	$ -	296,826
LIABILITIES:					
Due to student groups			$ 123,297		123,297
Payroll deductions and withholdings					
Total Liabilities			$ 123,297	$ -	123,297
NET ASSETS:					
Reserved for:					
Payment of unemployment claims	12,495				12,495
Scholarships		161,034			161,034
Total Net Assets	$ 12,495	$ 161,034			$ 173,529

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Scholarship Funds	Unemployment Compensation Insurance Trust Fund	Total
Additions:			
Interest on investments	$ 56		$ 56
Contributions	161,140	$ 136,500	297,640
Employee withholdings		59,028	59,028
Total Additions	161,196	195,528	356,724
Deductions:			
Unemployment compensation insurance claims		207,992	207,992
Scholarships	159,638		159,638
Total Deductions	159,638	207,992	367,630
Change in Net Assets	1,558	(12,464)	(10,906)
Net Assets - July 1, 2009	159,476	24,959	184,435
Net Assets - June 30, 2010	$ 161,034	$ 12,495	$ 173,529

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance June 30, 2009	Cash Receipts	Cash Disbursements	Accounts Payable	Balance June 30, 2010
Elementary Schools	$ 87,462	$ 96,042	$ 137,078		$ 46,426
General Activities	83,556	227,314	234,593		76,277
Athletics	1,792	48,015	49,213		594
Total all schools	$ 172,810	$ 371,371	$ 420,884	$ -	$ 123,297

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and cash equivalents	$ -	$ 25,266,851	$ 25,267,083	$ (232)
Total Assets	$ -	$ 25,266,851	$ 25,267,083	$ (232)
LIABILITIES:				
Net payroll		$ 14,605,507	$ 14,605,507	
Payroll deductions and withholdings		10,661,344	10,661,576	$ (232)
Total Liabilities	$ -	$ 25,266,851	$ 25,267,083	$ (232)

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, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2009	Issued	Retired	Balance June 30, 2010
School Renovations	01/15/03	$ 22,420,000	01/15/11	$ 780,000	4.375%	$ 2,330,000		$ 740,000	$ 1,590,000
			01/15/12	810,000	4.375%				
Refunding Bonds of 2006	12/15/06	7,100,000	01/15/11	15,000	4.000%	6,940,000		15,000	6,925,000
			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%				
Refunding Bonds of 2007	01/15/07	9,930,000	1/15/2011 - 12	15,000	4.000%	9,715,000		15,000	9,700,000
			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%				
						$ 18,985,000	$ -	$ 770,000	$ 18,215,000

RUTHERFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 1,555,463		$ 1,555,463	$ 1,555,463	
Accrued Int. on Temp. Note					
Total Revenues	1,555,463		1,555,463	1,555,463	
EXPENDITURES:					
Regular debt service:					
Interest	785,463		785,463	785,463	
Redemption of principal	770,000		770,000	770,000	
Total Expenditures	1,555,463		1,555,463	1,555,463	
Excess (Deficiency) of revenues and other financing source over (under) expenditures and other financing sources (uses):					
Fund Balance - July 1, 2009	9,012		9,012	9,012	
Fund Balance - June 30, 2010	$ 9,012	$ -	$ 9,012	$ 9,012	$ -
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	$ -	$ -	$ -	$ -	$ -

Statistical Section

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

J-1

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
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	$ 17,449,702	$ 17,555,546
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	9,012	9,012
Other purposes	350,006	2,205,617	1,829,183	1,029,873	1,048,481	631,197	400,602	1,154,406
Unrestricted	809,339	425,374	(377,087)	(398,829)	(280,299)	(631,987)	(153,471)	(145,470)
Total governmental activities net assets	$ 5,876,101	$ 13,858,848	$ 14,187,995	$ 18,865,378	$ 19,644,336	$ 17,801,553	$ 17,705,845	$ 18,573,494
Business-type activities:								
Invested in capital assets, net of related debt								
Unrestricted	$ 140,576	$ 163,563	$ 81,219	$ 38,208	$ 42,793	$ 52,132	$ 56,917	$ 63,969
Total business-type activities net assets	$ 140,576	$ 163,563	$ 81,219	$ 38,208	$ 42,793	$ 52,132	$ 56,917	$ 63,969
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	$ 17,449,702	$ 17,555,546
Restricted:								
Capital projects	20,948,706	6,737,078	5,381,518	853,886	602,133	11,358	-	-
Debt service					65,845	9,011	9,012	9,012
Other purposes	350,006	2,205,617	1,829,183	1,029,873	1,048,481	631,197	400,602	1,154,406
Unrestricted	949,915	588,937	(295,868)	(360,621)	(237,506)	(579,855)	(96,554)	(81,501)
Total district net assets	$ 6,016,677	$ 14,022,411	$ 14,269,214	$ 18,903,586	$ 19,687,129	$ 17,853,685	$ 17,762,762	$ 18,637,463

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:								
Governmental activities:								
Instruction:								
Regular	$ 13,212,070	$ 13,256,004	$ 15,244,331	$ 12,538,006	$ 12,809,364	$ 13,392,361	$ 13,474,144	$ 13,914,947
Special education	2,152,391	2,135,429	2,620,657	2,124,436	2,221,704	2,288,238	2,315,846	2,532,603
Other instruction	1,288,671	1,342,568	1,516,147	1,113,485	1,106,170	1,150,986	1,153,495	1,145,441
Support Services:								
Tuition	1,989,122	1,947,600	1,973,179	2,164,822	2,189,354	2,450,955	2,868,518	2,696,729
Student & instruction related services	3,023,272	3,262,511	3,392,917	2,800,111	2,805,003	2,906,348	2,951,122	3,257,939
School administrative services	1,666,545	1,762,958	1,824,808	1,607,418	1,653,610	1,904,280	1,826,436	1,829,062
General and business administrative services	572,610	565,803	1,541,646	1,483,354	1,514,107	1,602,084	1,548,748	1,654,114
Plant operations and maintenance	2,799,012	2,802,114	2,958,272	3,443,793	3,740,972	4,356,343	4,680,114	3,718,740
Pupil transportation	735,915	733,146	829,232	729,983	823,592	843,513	949,629	914,347
Business and other support services	584,151	611,360						
Unallocated employee benefits				6,518,802	8,062,647	8,343,687	7,311,980	8,450,212
Interest on long-term debt	97,350	1,167,100	1,532,987	992,625	1,489,902	885,231	801,362	768,676
Unallocated depreciation	88,591	6,079	8,032	22,501	628,947	1,077,118	968,120	954,232
Total governmental activities expenses	28,209,700	29,592,672	33,442,208	35,539,336	39,045,372	41,201,144	40,849,514	41,837,042
Business-type activities:								
Food service	90,119	76,243	72,063	76,605	80,835	82,827	91,206	87,228
Home after school program	295,768	285,443	315,345	13,065				
Summer music program					4,435	3,500	3,500	3,500
Adult school program	160,348	134,654	114,445	109,178	102,199	101,886	99,993	99,391
Total business-type activities expense	546,235	496,340	501,853	198,848	187,469	188,213	194,699	190,119
Total district expenses	$ 28,755,935	$ 30,089,012	$ 33,944,061	$ 35,738,184	$ 39,232,841	$ 41,389,357	$ 41,044,213	$ 42,027,161
Program Revenues:								
Governmental activities:								
Charges for services:								
Instruction (tuition)	$ 18,934	$ 13,309	$ 12,244	$ 20,482	$ 9,462	$ 1,320	$ 12,606	
Operating grants and contributions	2,371,575	2,528,737	2,812,164	3,162,372	4,328,160	4,513,860	3,322,330	$ 3,949,820
Total governmental activities program revenues	2,390,509	2,542,046	2,824,408	3,182,854	4,337,622	4,515,180	3,334,936	3,949,820

(Continued)

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

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:								
Charges for services:								
Food service	$ 82,779	$ 72,773	$ 62,886	$ 80,304	$ 77,701	$ 83,178	$ 89,210	$ 80,890
Home after school program	303,702	333,672	246,691					
Summer music program					4,180	4,205	4,345	6,630
Adult school program	151,558	107,642	102,476	107,082	108,699	108,509	105,876	109,651
Operating grants and contributions	4,406	3,582	5,390	5,718	493			
Capital grants and contributions								
Total business type activities program revenues	542,445	517,669	417,443	193,104	191,073	195,892	199,431	197,171
Total district program revenues	$ 2,932,954	$ 3,059,715	$ 3,241,851	$ 3,375,958	$ 4,528,695	$ 4,711,072	$ 3,534,367	$ 4,146,991
Net (Expense)/Revenue:								
Governmental activities	$ (25,819,191)	$ (27,050,626)	$ (30,617,800)	$ (32,356,482)	$ (34,707,750)	$ (36,685,964)	$ (37,514,578)	$ (37,887,222)
Business-type activities	(3,790)	21,329	(84,410)	(5,744)	3,604	7,679	4,732	7,052
Total district-wide net expense	$ (25,822,981)	$ (27,029,297)	$ (30,702,210)	$ (32,362,226)	$ (34,704,146)	$ (36,678,285)	$ (37,509,846)	$ (37,880,170)
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	$ 32,475,800	$ 33,702,430
Taxes levied for debt service	337,350	1,997,100	1,876,575	1,879,770	1,855,225	1,784,250	1,567,263	1,555,463
Unrestricted grants and contributions	2,405,783	2,791,267	2,879,747	2,917,899	2,913,745	3,023,542	3,348,104	3,486,988
State aid restricted for capital projects		5,805,144 a	496,433	1,657,052	95,309	75,735	4,120	
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	23,583	9,990
Transfers	(26,061)			38,659				
Total governmental activities	26,356,451	35,033,373	30,946,857	34,472,609	35,486,708	36,759,070	37,418,870	38,754,871
Business-type activities:								
Investment earnings	5,347	1,658	2,066	1,392	1,011	1,660	53	
Transfers	26,061			(38,659)				
Total business-type activities	31,408	1,658	2,066	(37,267)	1,011	1,660	53	-
Total district-wide	$ 26,387,859	$ 35,035,031	$ 30,948,923	$ 34,435,342	$ 35,487,719	$ 36,760,730	$ 37,418,923	$ 38,754,871
Change in Net Assets:								
Governmental activities	$ 537,260	$ 7,982,747	$ 329,057	$ 2,116,127	$ 778,958	$ 73,106	$ (95,708)	$ 867,649
Business-type activities	27,618	22,987	(82,344)	(43,011)	4,615	9,339	4,785	7,052
Total district-wide	$ 564,878	$ 8,005,734	$ 246,713	$ 2,073,116	$ 783,573	$ 82,445	$ (90,923)	$ 874,701

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 Eight Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:								
Reserved for:								
Encumbrances		$ 1,604,925	$ 1,301,533	$ 543,947	$ 583,921	$ 343,056	$ 203,512	$ 732,706
Capital reserve	$ 185,295	185,295	187,611	189,487	197,067			
Excess surplus		55,987	170,531	207,886	196,226	91,714	99,295	
Unreserved								
Undesignated	1,171,790	659,148	455,610	513,113	638,611	715,100	768,269	775,140
Designated for subsequent year's expenditures	350,000	544,705	357,113	170,531	268,334	196,226	91,714	372,648
Total general fund	$ 1,707,085	$ 3,050,060	$ 2,472,398	$ 1,624,964	$ 1,884,159	$ 1,346,096	$ 1,162,790	$ 1,880,494
All Other Governmental Funds								
Reserved:								
Encumbrances	$ 20,763,411	$ 6,551,783	$ 5,193,907			$ 201	$ 6,081	$ 49,052
Unreserved, reported in:								
Special revenue fund	(5,082)							
Capital projects fund				$ 664,399	$ 405,066	11,358		
Debt service fund	6	6	6	107,509	65,845	9,011	9,012	9,012
Total all other governmental funds	$ 20,758,335	$ 6,551,789	$ 5,193,913	$ 771,908	$ 470,911	$ 20,570	$ 15,093	$ 58,064

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

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Tax levy	$ 21,419,177	$ 22,933,108	$ 23,654,686	$ 26,168,483	$ 27,294,567	$ 29,554,252	$ 32,157,417	$ 33,505,635	$ 34,043,063	$ 35,257,893
Tuition charges	13,592	39,234	18,934	13,309	12,244	20,482	9,462	1,320	12,606	
Interest earnings	130,325	49,562	182,297	183,787	240,588	187,534	172,644	19,410		
Miscellaneous	159,621	193,121	117,637	84,692	35,522	124,423	163,295	134,748	23,583	9,990
State sources	4,420,331	3,769,484	4,348,714	10,661,297	5,685,439	7,192,303	6,781,769	7,007,845	6,037,213	5,967,897
Federal sources	267,339	517,384	428,644	463,844	512,473	538,239	555,445	605,292	637,880	1,468,911
Total revenue	26,410,385	27,501,893	28,750,912	37,575,412	33,780,833	37,617,233	39,840,032	41,274,250	40,754,345	42,704,691
Expenditures										
Instruction										
Regular Instruction	9,240,468	10,341,628	10,499,159	10,421,226	12,088,401	12,435,496	12,750,662	13,328,301	13,475,453	13,887,976
Special education instruction	1,545,046	1,872,872	1,752,577	1,698,304	2,086,698	2,124,436	2,221,704	2,288,238	2,315,846	2,532,603
Other special instruction	681,981	785,288	1,059,114	1,083,355	1,224,147	1,113,485	1,106,170	1,150,986	1,153,495	1,145,441
Other instruction	420,523	535,843								
Community services	92,539	125,655								
Support Services:										
Tuition	1,563,831	2,092,819	1,989,122	1,947,600	1,973,179	2,142,837	2,189,354	2,450,955	2,868,518	2,696,729
Student & instruction related services	2,155,008	2,433,495	2,490,403	2,581,028	2,602,539	2,763,976	2,770,791	2,906,348	2,951,122	3,257,939
School administrative services	1,408,259	1,459,890	1,374,637	1,414,220	1,450,370	1,591,281	1,633,400	1,804,555	1,728,701	1,829,062
General and business admin.services	494,524	1,098,233	993,678	993,424	1,304,789	1,443,603	1,475,715	1,602,084	1,548,748	1,588,290
Plant operations and maintenance	2,189,295	2,261,940	2,469,184	2,426,397	2,629,985	3,329,086	3,705,922	4,339,210	4,015,733	3,698,602
Pupil transportation	599,239	674,079	691,202	667,790	758,254	718,761	806,906	815,513	929,629	894,347
Other support services	4,015,094	3,538,443	4,487,875	5,028,861	5,681,563	6,518,802	8,062,647	8,343,687	7,311,980	8,450,212
Transfer to Charter School						21,985				
Capital outlay	401,774	402,255	1,935,545	20,179,678	3,139,871	6,841,883	1,431,895	1,372,283	1,076,641	407,352
Debt service:										
Principal	235,000	240,000	240,000	830,000	830,000	870,000	1,205,000	960,000	750,000	770,000
Interest and other charges	132,566	115,051	97,350	1,167,100	1,046,575	1,009,700	954,158	900,494	817,262	785,463
Total expenditures	25,175,147	27,977,491	30,079,846	50,438,983	36,816,371	42,925,331	40,314,324	42,262,654	40,943,128	41,944,016
Excess (Deficiency) of revenues over (under) expenditures	1,235,238	(475,598)	(1,328,934)	(12,863,571)	(3,035,538)	(5,308,098)	(474,292)	(988,404)	(188,783)	760,675
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	(59,153)		(230,467)	(183,787)	(238,272)	(185,658)	(149,363)	(19,410)		
Total other financing sources (uses)	(59,153)	-	22,416,048	-	1,100,000	38,659	432,490	-	-	-
Net change in fund balances	$ 1,176,085	$ (475,598)	$ 21,087,114	$(12,863,571)	$ (1,935,538)	$ (5,269,439)	$ (41,802)	$ (988,404)	$ (188,783)	$ 760,675
Debt service as a percentage of noncapital expenditures	1.48%	1.29%	1.20%	6.60%	5.57%	5.21%	5.55%	4.55%	3.93%	3.74%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Rutherford School District J-5
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Prior Year Refunds	Rentals	Miscellaneous Fees	Miscellaneous	Total
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
2009	13,150	12,606			8,467		1,966	36,189
2010	381				6,875		2,734	9,990
	$ 1,004,511	$ 141,183	$ 11,951	$ 366,589	$ 49,057	$ 148,588	$ 27,727	$ 1,749,606

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
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	363,844,100	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	1.175	2,988,726,393
2009		46,329,600	2,250,266,300	342,051,100	91,852,900	112,343,800	2,842,843,700	13,946,682	2,856,790,382	187,113,600	1.211	3,067,504,882
2010		46,865,400	2,245,176,100	338,377,300	91,445,600	112,343,800	2,834,208,200	14,247,620	2,848,455,820	189,405,800	1.256	Not available

Source:
Municipal Tax Assessor

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 of assessed valuation.

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

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	
2001		$ 1.861	$ 0.029	$ 1.890	$ 1.045	$ 0.273	$ 3.208
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		1.113	0.062	1.175	0.675	0.191	2.041
2009		1.153	0.060	1.213	0.688	0.206	2.107
2010	E	1.202	0.054	1.256	0.745	0.211	2.212

Source: Municipal Tax Collector

R Revaluation

E Estimate as determined by the Chief Financial Officer of the Borough of Rutherford. Final rate has not been determined as the Borough has not adopted it's budget as of 8/31/2010.

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

	2009-2010			2000-2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Meadows Office, LLC	$ 83,500,000	2.93%	CIN Meadows	$ 46,400,000	3.77%
Citi, Smith Barney	39,200,000	1.38%	Salomon Smith Barney	31,534,500	2.56%
Hasting Village	30,376,200	1.07%	Maurice M. Weill	15,778,600	1.28%
Frederick D. & Weill, J	27,000,000	0.95%	Rutherford Lodging	15,500,000	1.26%
Encap%Cherokee	19,905,300	0.70%	Hastings Village	14,000,000	1.14%
Moody National Meadowlands	18,239,600	0.64%	ESA 2509 Inc.	7,619,000	0.62%
Bell Atlantic Verizon	14,247,629	0.50%	Stryker Acquisitions	7,394,900	0.60%
Volvo of America, Corp.	13,000,000	0.46%	Volvo of America Corp.	6,950,000	0.56%
BRE/ESA Properties	12,382,500	0.43%	EGDC	4,198,000	0.34%
359 Veterans Boulevard	11,060,000	0.39%	Boiling Springs Park Service	3,276,000	0.27%
Total	$ 268,911,229	9.44%		$ 152,651,000	12.40%

Source: Municipal Chief Financial Officer

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

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	
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%	-
2009	34,043,063	34,043,063	100.00%	-
2010	35,257,893	35,257,893	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 Statutes, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Rutherford School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [b]
2001	$ 1,680,000				$ 1,680,000	0.18%	$ 93
2002	1,440,000				1,440,000	0.15%	80
2003	23,620,000				23,620,000	2.53%	1,315
2004	22,790,000				22,790,000	2.48%	1,274
2005	21,960,000	$1,012,072			22,972,072	2.35%	1,287
2006	21,090,000	1,075,252	$ 2,897,000		25,062,252	2.49%	1,417
2007	20,695,000	1,075,295	901,880		22,672,175	2.05%	1,294
2008	19,735,000	394,367	800,000		20,929,367	1.79%	1,198
2009	18,985,000				18,985,000	1.61%	1,090
2010	18,215,000				18,215,000	Unavailable	1,044

Sources:

a District Records

b Personal Income has been estimated based upon the municipal population and per capita personal income.

c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable [b]	Per Capita [b]
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding [a]		
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	1.92%	1,315
2004	22,790,000	-	22,790,000	1.84%	1,274
2005	21,960,000	-	21,960,000	1.76%	1,287
2006	21,090,000	-	21,090,000	1.68%	1,417
2007	20,695,000	-	20,695,000	0.72%	1,294
2008	19,735,000	-	19,735,000	0.69%	1,198
2009	18,985,000	-	18,985,000	0.66%	1,090
2010	18,215,000	-	18,215,000	0.64%	1,044

Sources:

a District Records
b Net Assessed Valuation provided by Anstract of Ratables, County Board of Taxation
c Per Capita Personal Inome Data provided by the NJ Dept. of Labor and Workforce.

Rutherford School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2009

Governmental Unit	Debt Outstanding		Estimated Percentage Applicable [a]		Estimated Share of Overlapping Debt
Debt repaid with property taxes:					
Borough of Rutherford	16,471,220	(1)	100.000%		$ 16,471,220
Bergen County General Obligation Debt	681,875,430	(1)	1.807%	(2)	12,321,489
Other debt:					
Bergen County Utility Authority - Water Pollution	277,341,594	(1)	1.360%	(3)	3,771,845
Passaic Valley Sewerage Commission	305,533,465	(1)	0.403%	(3)	1,230,335
Subtotal, overlapping debt					33,794,889
Rutherford School District Direct Debt					18,215,000
Total direct and overlapping debt					$ 52,009,889

Sources:

(1) Entity's Audit Report
(2) The County percentage is based upon a calculation reflecting the Borough's share of the 2009 Equalized Valuation. The source for this computation was the 2009 County Abstract of Ratables, provided by the County Board of Taxation.
(3) Share as determined by County Utility Authority and Sewerage Commission

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

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis (1)	
2009	$ 3,066,052,308
2008	3,050,352,003
2007	2,986,441,204
	$ 9,102,845,515
Average equalized valuation of taxable property	$ 3,034,281,838
Debt limit (4% of average equalized valuation) (2)	121,371,274
Net bonded school debt (3)	18,215,000
Legal debt margin	$ 103,156,274

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 50,466,173	$ 53,971,058	$ 59,465,971	$ 66,733,394	$ 75,426,463	$ 86,242,386	$ 98,434,864	$ 109,924,242	$ 117,902,558	$ 121,371,274
Total net debt applicable to limit (3)	1,680,000	1,440,000	23,620,000	22,790,000	21,960,000	21,090,000	20,695,000	19,735,000	18,985,000	18,215,000
Legal debt margin	$ 48,786,173	$ 52,531,058	$ 35,845,971	$ 43,943,394	$ 53,466,463	$ 65,152,386	$ 77,739,864	$ 90,189,242	$ 98,917,558	$ 103,156,274
Total net debt applicable to the limit as a percentage of debt limit	3.33%	2.67%	39.72%	34.15%	29.11%	24.45%	21.02%	17.95%	16.10%	15.01%

Sources:

(1) Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
(2) Limit set by NJSA 18A:24-19 for a K through 8 district.
(3) District Records

Rutherford School District
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2000	18,100	$ 931,552,700	$ 51,467	2.9%
2001	18,022	938,982,244	52,102	3.4%
2002	17,956	932,473,036	51,931	4.7%
2003	17,895	917,852,445	51,291	4.6%
2004	17,853	976,005,657	54,669	3.8%
2005	17,693	1,007,846,359	56,963	3.9%
2006	17,523	1,104,316,983	63,021	4.1%
2007	17,464	1,172,061,432	67,113	3.7%
2008	17,410	1,178,587,360	67,696	4.8%
2009	17,445	e	e	8.6%

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 provided by the NJ Dept. of Labor and Workforce Development.

[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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	155	153	147	160	160	164	169	169	170	169
Special education	47	49	48	49	49	49	53	52	52	52
Support Services:										
Student & instruction related services	30	41	38	34	33	38	37	42	42	42
School administrative services	6	7	21	21	21	22	22	21	21	21
General and business administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	28	26	50	46	47	47	51	51	51	51
Pupil transportation	6	6	6	7	7	6	9	9	9	9
Business and other support services	18	18	12	11	11	11	12	12	12	12
Total	292	302	324	330	330	339	355	358	359	358

Source:
District Personnel Records

Rutherford School District
Operating Statistics,
Last Ten Fiscal Years

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				
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%	95.62%
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%
2009	2,532	38,299,225	15,126.08	-2.69%	242	1:15	1:13	1:11	2,463.80	2,355.50	0.60%	95.60%
2010	2,487	39,981,201	16,076.08	6.28%	241	1:15	1:13	1:11	2,433.90	2,330.30	-1.21%	95.74%

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures 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

District Building	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
Washington Elementary (1982)										
Square Feet	15,800	15,800	15,800	15,800	15,800	50,000	45,100	45,100	45,100	45,100
Capacity (students)	137	137	137	137	137	338	304	304	304	304
Enrollment	129	131	133	131	134	321	322	331	341	324
Lincoln (1954)										
Square Feet	15,800	15,800	15,800	15,800	15,800	50,000	46,700	46,700	46,700	46,700
Capacity (students)	117	117	117	117	117	324	350	350	350	350
Enrollment [a]	143	149	122	124	115	348	357	333	357	352
Middle School										
Union Middle School (1960)										
Square Feet	62,500	62,500	62,500	62,500	62,500	84,000	70,700	70,700	70,700	70,700
Capacity (students)	335	335	335	335	335	482	530	530	530	530
Enrollment	594	593	633	639	675	478	471	484	489	481
Pierrepont Middle School (1960)										
Square Feet	59,595	59,595	59,595	59,595	59,595	59,595	72,500	72,500	72,500	72,500
Capacity (students)	433	433	433	433	433	493	533	533	533	533
Enrollment	581	562	564	563	573	479	489	496	501	490
High School										
Rutherford High School (1950)										
Square Feet	142,300	142,300	142,300	142,300	142,300	160,000	148,600	148,600	148,600	148,600
Capacity (students)	455	455	455	455	455	659	775	775	775	775
Enrollment	632	701	717	766	760	784	817	803	782	778

Number of Schools at June 30, 2010
- Elementary = 2
- Middle School = 2
- Senior High School = 1

Source: District Facilities Office

Rutherford School District
Schedule of Required Maintenance
Last Ten Fiscal Years

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
2009	622,263	294,207	274,261	125,722	129,046	65,581	1,511,080
2010	537,117	253,825	236,617	108,466	111,334	56,578	1,303,937
Total School Facilities	$ 4,947,302	$ 2,338,797	$ 2,180,216	$ 998,861	$ 1,026,189	$ 521,295	$ 12,012,660

* 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 J-20
Insurance Schedule
June 30, 2010

	Coverage	Self-insured Retention	Deductible
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of Liability per Occurrence	$ 82,382,578		$ 1,000
Boiler and Machinery	100,000,000		1,000
Flood	10,000,000		
Earthquake	25,000,000		
General Liability	5,000,000		1,000
Automobile Liability	5,000,000		1,000
Employers Liability	5,000,000		
Crime Coverage	500,000		1,000
School Board Legal Liability (4)	5,000,000		
Environmental Impairment Liability (2)	1,000,000		
Surety Bonds (3)			
Treasurer	300,000		
Board Secretary	300,000		

(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

Certified Public Accountants
Registered Municipal Accountants

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

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 (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, 2010. The School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 School District's management. Our responsibility is to express an opinion on the 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 and 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 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 School District's compliance with those requirements.

In our opinion, the Board of Education of the Rutherford School District, in the County of Bergen, State of New Jersey, 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, 2010.

Internal Control Over Compliance

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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, 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 School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 20, 2010

RUTHERFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2010

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, 2009 (Accounts Receivable)	Balance June 30, 2009 Deferred Revenue	Balance June 30, 2009 Due to Grantor	Adjustments	Carryovers	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2010 (Accounts Receivable)	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
American Recovery and Reinvestment Act:															
Government Services	84.397	N/A	$ 9,921	9/1/09 - 6/30/10						$ 9,921	$ (9,921)				
Education Stabilization	84.394	N/A	256,282	9/1/09 - 6/30/10						256,282	(256,282)				
Special Revenue Fund:															
Title II A:															
Fiscal Year 2010	84.367A	NCLB460010	56,929	9/1/09 - 8/31/10						38,138	(55,681)		$ (18,791)	$ 1,248	
Fiscal Year 2009	84.367A	NCLB460009	56,707	9/1/08 - 8/31/09	$ (14,862)					14,862					
Title III:															
Fiscal Year 2010	84.365A	NCLB460010	11,459	9/1/09 - 8/31/10						3,491	(6,704)		(7,968)	4,755	
Fiscal Year 2009	84.365A	NCLB460009	6,575	9/1/08 - 8/31/09	(2,886)			$ 210		2,886				210	
Title IV:															
Fiscal Year 2010	84.186A	NCLB460010	3,958	9/1/09 - 8/31/10						3,511	(3,511)		(447)	447	
Fiscal Year 2009	84.186A	NCLB460009	4,442	9/1/08 - 8/31/09	(706)			(18)		734				10	
I.D.E.A. Part B - Basic:															
Fiscal Year 2009	84.027	FT460007	525,442	9/1/08 - 8/31/09	(21,935)					45,877	(23,942)				
Fiscal Year 2010	84.027	FT460010	523,795	9/1/09 - 8/31/10						494,042	(523,795)		(29,753)		
ARRA - I.D.E.A. - Basic	84.391	N/A	611,557	9/1/09 - 8/31/10						550,591	(550,565)		(60,966)	60,992	
I.D.E.A. Part B - Preschool:															
Fiscal Year 2009	84.173	PS460009	19,782	9/1/08 - 8/31/09	(2,399)					2,399					
Fiscal Year 2010	84.173	PS460010	19,771	9/1/09 - 8/31/10						19,771	(19,771)				
ARRA - I.D.E.A. - Preschool	84.392	N/A	22,135	9/1/09 - 8/31/10						18,739	(18,739)		(3,396)	3,396	
Total U.S. Department of Education					(42,788)			192		1,461,244	(1,468,911)		(121,321)	71,058	
Total Federal Awards					$ (42,788)	$ -	$ -	$ 192	$ -	$ 1,461,244	$ (1,468,911)	$ -	$ (121,321)	$ 71,058	$ -

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, 2010

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2009 (Accounts Receivable)	Balance June 30, 2009 Deferred Revenue	Balance June 30, 2009 Due to Grantor	Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2010 (Accounts Receivable)	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor
State Department of Education													
General Fund:													
Special Education Categorical Aid	10-495-034-5120-089	$ 1,412,961	7/1/09- 6/30/10					$ 1,412,961	$ (1,412,961)				
Equalization Aid	09-495-034-5120-078	1,543,853	7/1/08- 6/30/09	$ (260,790)				260,790					
Equalization Aid	10-495-034-5120-078	1,487,118	7/1/09- 6/30/10					913,506	(1,200,915)		$ (287,409)		
Security Aid	10-495-034-5120-084	185,280	7/1/09- 6/30/10					128,513	(128,513)				
Transportation Aid	10-495-034-5120-014	155,714	7/1/09- 6/30/10					101,214	(101,214)				
Extraordinary Special Education Costs Aid	10-495-034-5120-044	403,801	7/1/09- 6/30/10						(403,801)		(403,801)		
Extraordinary Special Education Costs Aid	09-495-034-5120-044	382,307	7/1/08- 6/30/09	(382,307)				382,307					
On-behalf TPAF Pension Contribution	10-495-034-5095-001	1,193,266	7/1/09- 6/30/10					1,193,266	(1,193,266)				
Reimbursed TPAF Social Security Contr.	10-495-034-5095-002	1,364,265	7/1/09- 6/30/10					1,364,265	(1,364,265)				
Total General Fund				(643,097)				5,756,822	(5,804,935)		(691,210)		
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid	09-100-034-5120-064	29,453	7/1/08- 6/30/09			$ 149				$ (149)			
Textbook Aid	10-100-034-5120-064	32,681	7/1/09- 6/30/10					32,681	(28,112)				$ 4,569
Nursing Aid	10-100-034-5120-070	38,755	7/1/09- 6/30/10					38,755	(38,755)				
Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	42,994	7/1/09- 6/30/10					42,994	(42,994)				
Compensatory Education	09-100-034-5120-067	50,961	7/1/08- 6/30/09			5,873				(5,873)			
English as a Second Language	09-100-034-5120-067	20,300	7/1/08- 6/30/09			5,481				(5,481)			
English as a Second Language	10-100-034-5120-067	18,595	7/1/09- 6/30/10					18,595	(14,007)				4,588
Home Instruction	10-100-034-5120-067	12,303	7/1/09- 6/30/10						(12,303)		(12,303)		
Home Instruction	09-100-034-5120-067	2,213	7/1/08- 6/30/09	(2,213)				2,213					
Handicapped Services:													
Supplemental Instruction	09-100-034-5120-066	27,753	7/1/08- 6/30/09			5,121				(5,121)			
Supplemental Instruction	10-100-034-5120-066	26,282	7/1/09- 6/30/10					26,282	(16,685)				9,597
Examination & Classification	09-100-034-5120-066	34,511	7/1/08- 6/30/09			1,140				(1,140)			
Examination & Classification	10-100-034-5120-066	39,116	7/1/09- 6/30/10					39,116	(18,776)				20,340
Corrective Speech	09-100-034-5120-066	16,833	7/1/08- 6/30/09			6,510				(6,510)			
Corrective Speech	10-100-034-5120-066	20,625	7/1/09- 6/30/10					20,625	(17,949)				2,676
Technology Initiative	09-100-034-5120-373	20,600	7/1/08- 6/30/09			480				(480)			
Total Special Revenue Fund				(2,213)		24,754		221,261	(189,581)	(24,754)	(12,303)		41,770
Total State Financial Assistance				$ (645,310)	$ -	$ 24,754	$ -	$ 5,978,083	$ (5,994,516)	$ (24,754)	$ (703,513)	$ -	$ 41,770

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, 2010

I. 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 ($26,619) 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:

	Federal	State	Total
General Fund	$ 266,203	$ 5,778,316	$ 6,044,519
Special Revenue Fund	1,202,708	189,581	1,392,289
Total Awards & Financial Assistance	$ 1,468,911	$ 5,967,897	$ 7,436,808

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, 2010. 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, 2010.

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:

	Federal
Prior Year Encumbrances Canceled	$ 192

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A. - Basic
84.391	ARRA - I.D.E.A. - Basic
84.392	ARRA - I.D.E.A. - Preschool
84.394	ARRA - Education Stabilization Funds
84.397	ARRA - Government Services Funds

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

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

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section 1 -- Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:			$300,000	
Auditee qualified as low-risk auditee?	X	yes		no
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 N.J. OMB Circular 04-04?		yes	X	no

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
10-495-034-5120-078	Equalization Aid
10-495-034-5120-089	Special Education Categorical Aid
10-100-034-5095-001	TPAF Pension and Annuity Fund
10-100-034-5095-002	TPAF Reimbursed Social Security
10-495-034-5120-044	Extraordinary Special Education Costs Aid

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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, 2010

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

No findings and/or questioned costs identified.

RUTHERFORD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2010

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.