

**RIVERDALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Riverdale, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Riverdale Board of Education**

**Riverdale, New Jersey**

**For The Fiscal Year Ended June 30, 2008**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

# RIVERDALE PUBLIC SCHOOL DISTRICT

52 Newark Pompton Turnpike • Riverdale, New Jersey 07457-1419

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Interim Principal  
973-839-1300 Ext. 100  
Fax 973-839-1024

**BETTY ANN WYKS, Ed.D.**

Superintendent  
973-839-1300 Ext. 102  
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**DAVID B. BLAKE**

Interim Business Administrator/  
Board Secretary  
973-839-1300 Ext. 103

Honorable President and  
Members of the School District  
Riverdale School District  
County of Morris, New Jersey

October 16, 2008

Dear Board Members:

The comprehensive annual financial report of the Riverdale School District (the "District") for the fiscal year ended June 30, 2008 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Riverdale School District. 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 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 basic financial statements and schedules, as well as the auditors' 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 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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:** The Riverdale School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Riverdale Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These services include regular, as well as special education for handicapped youngsters. The District completed the 2007/2008 fiscal year with an enrollment of 280 students, which is 4 students more than the previous year's enrollment.

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

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-2008	280	1.4%
2006-2007	276	4.5%
2005-2006	264	-5.4%
2004-2005	279	-1.06%
2003-2004	282	1.03%
2002-2003	274	1.0%
2001-2002	277	.7%
2000-2001	275	7.0%
1999-2000	257	-2.3%
1998-1999	263	-5.7%

In the 2000/01 school year, students in grades 9 through 12 began attending the Pompton Lakes School District and the Riverdale School District paid the Pompton Lakes School District tuition per a ten year sending/receiving agreement that will expire at the end of the 2010/2011 school year. The tuition charge per pupil is based on the most recent State Approved Tuition Rate.

2) ECONOMIC CONDITION AND OUTLOOK: A Demographic Study authorized by the Board of Education was completed in September 1997, updated in July 2002, and again in November 2007. After consultation with the school district's architect, the Board was satisfied that the school capacity is adequate for the near future.

3) MAJOR INITIATIVES: The Riverdale School District's goals reflect our belief that education is the best hope for the future. As a Pre-K-8 school District of 280 students, we have been able to personalize instruction by maintaining small class sizes, wherever possible, in an environment of high expectations for student achievement and excellence. Student performances on state and local assessments are clear examples of the district's effectiveness in attaining high levels of student achievement.

During the 2007/08 school year, teachers and administrators were committed to examining instructional methodologies in the following curricular areas: differentiated instruction, writing process, language arts literacy, mathematics, student wellness, inclusion and special education. Through the continued efforts of the District, professional development activities were aligned to instructional improvement. The curriculum reflects a focus in integration of critical thinking skills, research skill development, organizational strategies and writing instruction throughout all disciplines. These efforts optimize the learning experiences for our students.

Our five year curriculum review/revision cycle is one of our ongoing efforts to establish clear expectations, while increasing accountability and providing opportunities to work with parents in monitoring each child's educational goals. Each area of curriculum is reviewed to ensure the reflection of the most recent core curriculum content standard. Student activities embody the leadership theme and include: the Student Council, National Junior Honor Society, an interscholastic athletic program, drama productions, choral and band after school programs, visual arts presentations and a science fair. Each grade level attends a curriculum based field trip to provide additional meaning to their learning.

### 3) MAJOR INITIATIVES (Continued)

Responding to the New Jersey State mandate for professional growth, teachers, parents and administrators have provided input to guide professional development opportunities for our staff. As a result, the district has provided staff with training in diverse areas. District staff has received training in differentiated instruction, technology applications and everyday math implementation. The Social Decision Making/Problem Solving Program fosters a culture of responsibility among our students. Professional development opportunities are also included, but was not limited to, the following topics: authentic assessment tools and strategies, motivating and managing students, collaborative/team teaching, inclusion practices, literacy development, mathematical problem solving, and the writing process. In addition, all teachers and paraprofessionals meet the standards for the Highly Qualified Status.

The district's technology plan continues to provide support to our path to integrate technology into the curriculum. By incorporating technology across the full spectrum of each core content area and utilizing new equipment and software, including the Smart Board, Riverdale continues to be able to support students' needs. Students were afforded opportunities to refine research skills by conducting electronic searches. Internet access is available throughout the school, and is safeguarded through appropriate filters and an acceptable use policy.

Parent partnerships are well established at Riverdale Public School, as evidenced through the involvement of the PTA, various advisory committees, and the school planning team. Our school district has a cooperative working relationship with the Borough, who has assisted us in numerous facility projects, at a great tax saving to our community members.

Our SDL (self directed learners) program enables the students to tap and expand upon their individual strengths. The program seeks to develop positive attitudes towards learning, development of high level thinking skills and creativity through meaningful extensions to the curriculum.

Riverdale recently complete renovations and additions to the physical building. Since this was accomplished, we have broadened our programs to include a full day kindergarten, and a half day preschool program. A new media lab, language lab and art and music rooms have afforded Riverdale's youngsters the opportunity to learn in an environment physically designed to support these areas of instruction.

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 is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept 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 and the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements and are 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2008.

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

7) DEBT ADMINISTRATION: At June 30, 2008, the District had \$1,466,000 of outstanding obligation bonds. On December 10, 2002, the voters of the Borough of Riverdale authorized a bond issue in the amount of \$5,552,000 to construct an addition and renovation to the Riverdale School. In addition, the Borough of Riverdale has agreed to contribute \$1,000,000 to fund the cost thereof. To date, \$600,000 of this amount has been received by the District.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan, which requires it to deposit 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.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of Lerch, Vinci, & Higgins, LLP, CPAs. 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 as amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

  
Dr. Betty Ann Wyks  
Superintendent

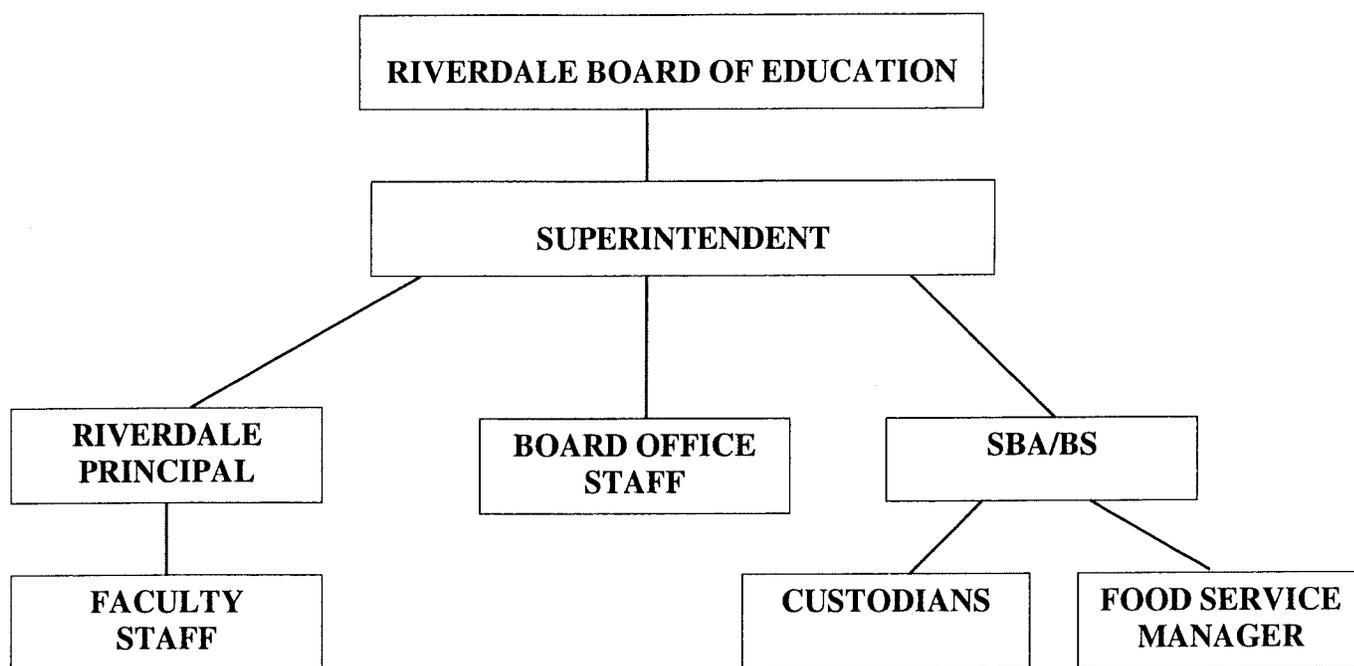
  
David B. Blake  
Interim Business Administrator/Board Secretary

# POLICY

## RIVERDALE BOARD OF EDUCATION

ADMINISTRATION  
1110/Page 1 of 1  
ORGANIZATIONAL CHART

### 1110—ORGANIZATIONAL CHART



Adopted: 29 May 2002

Revised: 9 July 2008

**RIVERDALE SCHOOL DISTRICT  
RIVERDALE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2008**

<b><u>Members of the School District</u></b>	<b><u>Term Expires</u></b>
Shawn Dougherty, President	2010
Stephen W. Revis, Vice President	2010
Colleen Tambuscio	2009
Susanna DeNude	2009
Charles Sheridan	2009
Theresa Pellegrini	2011
Robert Schrock	2011

**Other Officials**

Dr. Betty Ann Wyks, Superintendent

David B. Blake, Interim Board Secretary/School Business Administrator

Carol Talerico, Treasurer

Stephen R. Fogarty, Esq., Board Attorney

**RIVERDALE SCHOOL DISTRICT  
RIVERDALE, NEW JERSEY**

**Consultants and Advisors**

**Architect**

Spiezle Group, Inc.  
321 West State Street  
Media, PA 19063

**Audit Firm**

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

**Attorney**

Stephen R. Fogarty, Esq.  
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**Official Depository**

Lakeland Bank  
250 Oak Ridge Road  
Oak Ridge, New Jersey 07438

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

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CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Trustees  
Riverdale Board of Education  
Riverdale, 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 Riverdale Board of Education, as of and for the fiscal year ended June 30, 2008, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education'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 the 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 Riverdale Board of Education'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, assessing the accounting principles used and 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverdale Board of Education as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows 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 October 16, 2008 on our consideration of the Riverdale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally 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 Riverdale Board of Education's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance 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, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 16, 2008

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **Riverdale Board of Education**

## **Riverdale, New Jersey**

### **Management's Discussion and Analysis**

#### **Year Ended June 30, 2008**

This section of the Riverdale Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2007-08) and the prior year (2006-07) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2007-08 fiscal year are as follows:

- The assets of the Riverdale Board of Education exceeded its liabilities at the close of the fiscal year by \$4,343,206 (net assets).
- The District's total net assets increased \$362,203.
- Overall district revenues were \$6,935,559. General revenues accounted for \$5,964,433 or 86% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$971,126 or 14% of total revenues.
- The school district had \$6,498,318 in expenses for governmental activities; only \$893,962 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$5,964,433 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$605,056. Of this amount \$234,490 is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund),

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Riverdale Board of Education's overall financial status.

**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

- The remaining statements are fund financial statements that focus on individual parts of the Riverdale Board of Education's, reporting the Board's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	Statements	District-Wide Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses: Food Service
Required financial Statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

# Riverdale Board of Education Riverdale, New Jersey

## Management's Discussion and Analysis (continued) Year Ended June 30, 2008

### District-Wide Statements

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

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

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

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

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

### Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**Riverdale Board of Education**  
**Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)**  
**Year Ended June 30, 2008**

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as payroll and payroll agency funds, as well as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE RIVERDALE BOARD OF EDUCATION AS A WHOLE**

The district's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school district's net assets for 2008 and 2007.

**Net assets.** The district's combined net assets were \$4,343,206 on June 30, 2008. (See Table A-1).

**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

Table A-1  
Statement of Net Assets  
As of June 30, 2008 and 2007

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 1,413,559	\$ 1,306,996	\$ 16,854	\$ 10,946	\$ 1,430,413	\$ 1,317,942
Capital Assets	<u>5,256,638</u>	<u>5,365,879</u>	<u>-</u>	<u>-</u>	<u>5,256,638</u>	<u>5,365,879</u>
<b>Total Assets</b>	<u>6,670,197</u>	<u>6,672,875</u>	<u>16,854</u>	<u>10,946</u>	<u>6,687,051</u>	<u>6,683,821</u>
Long-Term Liabilities	1,514,572	1,773,991			1,514,572	1,773,991
Other Liabilities	<u>825,109</u>	<u>928,445</u>	<u>4,164</u>	<u>382</u>	<u>829,273</u>	<u>928,827</u>
<b>Total Liabilities</b>	<u>2,339,681</u>	<u>2,702,436</u>	<u>4,164</u>	<u>382</u>	<u>2,343,845</u>	<u>2,702,818</u>
Net Assets:						
Invested in capital assets, net of related debt	3,790,638	3,590,617			3,790,638	3,590,617
Restricted	150,662	158,000			150,662	158,000
Unrestricted	<u>389,216</u>	<u>221,822</u>	<u>12,690</u>	<u>10,564</u>	<u>401,906</u>	<u>232,386</u>
<b>Total Net Assets</b>	<u>\$ 4,330,516</u>	<u>\$ 3,970,439</u>	<u>\$ 12,690</u>	<u>\$ 10,564</u>	<u>\$ 4,343,206</u>	<u>\$ 3,981,003</u>

Table A-2 on the following page shows changes in net assets for fiscal year 2008 and 2007.

# Riverdale Board of Education Riverdale, New Jersey

## Management's Discussion and Analysis (continued) Year Ended June 30, 2008

Table A-2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2008 and 2007

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 33,077		\$ 64,410	\$ 60,283	\$ 97,487	\$ 60,283
Operating/Capital Grants and Contributions	860,885	\$ 851,041	12,754	11,477	873,639	862,518
General Revenues						
Property Taxes	5,847,010	5,138,915			5,847,010	5,138,915
State and Federal Aid	64,621	53,336			64,621	53,336
Miscellaneous	52,802	134,640	-	-	52,802	134,640
<u>Total Revenues</u>	<u>6,858,395</u>	<u>6,177,932</u>	<u>77,164</u>	<u>71,760</u>	<u>6,935,559</u>	<u>6,249,692</u>
<b>Expenses</b>						
Instruction						
Regular	3,089,022	2,850,563			3,089,022	2,850,563
Special Education	895,111	828,102			895,111	828,102
Other Instruction	103,937	137,296			103,937	137,296
School Sponsored Activities and Athletics	49,951	47,734			49,951	47,734
Support Services						
Student and Instruction Related Serv.	808,565	725,660			808,565	725,660
General Administrative Services	317,051	306,259			317,051	306,259
School Administrative Services	140,338	141,320			140,338	141,320
Plant Operations and Maintenance	605,354	544,961			605,354	544,961
Pupil Transportation	297,076	273,557			297,076	273,557
Central Services	116,044	167,664			116,044	167,664
Food Services			75,038	76,797	75,038	76,797
Interest on Long-Term Debt	75,869	90,917	-	-	75,869	90,917
<u>Total Expenses</u>	<u>6,498,318</u>	<u>6,114,033</u>	<u>75,038</u>	<u>76,797</u>	<u>6,573,356</u>	<u>6,190,830</u>
Transfers	-	(1,818)	-	1,818	-	-
Change in Net Assets	360,077	63,899	2,126	(5,037)	362,203	58,862
Net Assets, Beginning of Year	3,970,439	3,908,358	10,564	13,783	3,981,003	3,922,141
Net Assets, End of Year	<u>\$ 4,330,516</u>	<u>\$ 3,970,439</u>	<u>\$ 12,690</u>	<u>\$ 10,564</u>	<u>\$ 4,343,206</u>	<u>\$ 3,981,003</u>

# Riverdale Board of Education Riverdale, New Jersey

## Management's Discussion and Analysis (continued) Year Ended June 30, 2008

**Governmental Activities.** The District's total revenues were \$6,858,395. The local share of the revenues, that included property taxes, investment earnings, and miscellaneous revenue, amounted to \$5,932,889 or 86% of total revenues. Funding from state and federal sources amounted to \$925,506 or 14%. (See Figure A-2)

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$4,138,021 (64%) and student support services totaled \$808,565 (12%) of total expenditures. (See Figure A-3)

Figure A-2 Revenues by Sources – Governmental Activities  
For Fiscal Year 2008

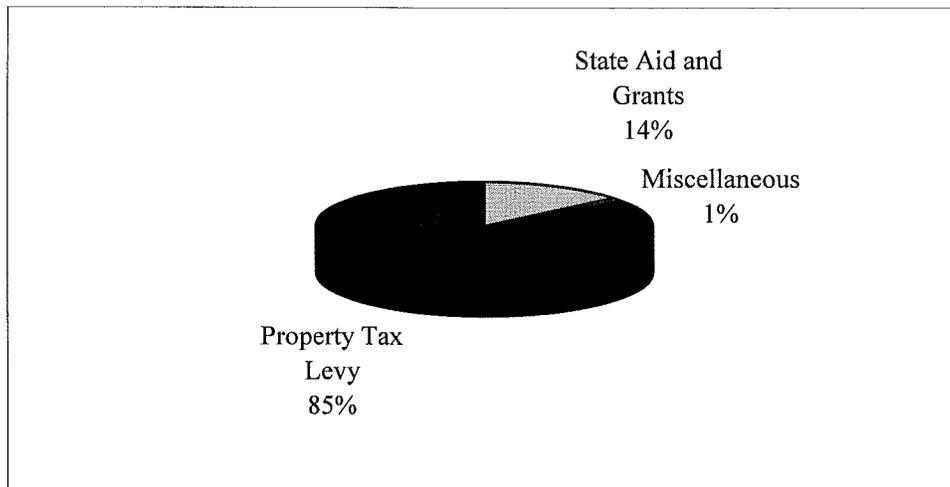
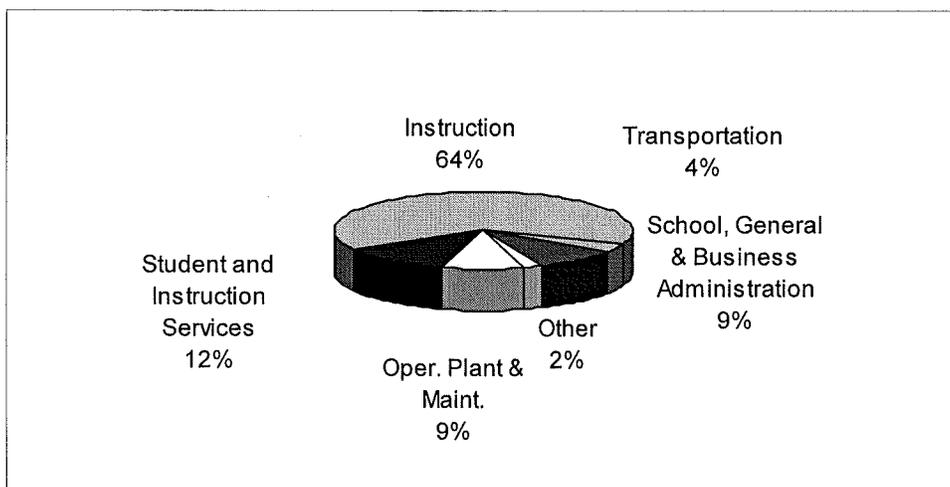


Figure A-3 Expenses by Function – Governmental Activities  
For Fiscal Year 2008



**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

Table A-3  
Cost and Net Cost of Services for Governmental Activities  
For the Fiscal Years Ended June 30, 2008 and 2007

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Governmental Activities				
Instruction				
Regular	\$ 3,089,022	\$ 2,850,563	\$ 2,861,679	\$ 2,629,724
Special Education	895,111	828,102	406,794	357,536
Other Instruction	103,937	137,296	90,562	118,920
School Sponsored Activities and Athletics	49,951	47,734	45,414	42,781
Support Services				
Student and Instruction Related Svcs.	808,565	725,660	700,298	652,150
General Administrative Services	317,051	306,259	286,988	273,671
School Administrative Services	140,338	141,320	123,160	124,389
Plant Operations and Maintenance	605,354	544,961	605,354	531,683
Pupil Transportation	297,076	273,557	292,194	273,557
Central Services	116,044	167,664	116,044	167,664
Interest on Long-Term Debt	75,869	90,917	75,869	90,917
	<u>\$ 6,498,318</u>	<u>\$ 6,114,033</u>	<u>\$ 5,604,356</u>	<u>\$ 5,262,992</u>
Total Governmental Activities				

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2008 was \$75,038. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2).

**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$605,056. At June 30, 2007, the fund balance was \$403,633.

Revenues for the District's governmental funds were \$6,858,395, while total expenditures were \$6,656,972. Included in the expenditures is \$344,345 of Debt Service Fund expenditures.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades K through 8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues at June 30, 2008 and 2007.

	<u>Year Ended</u> <u>6/30/2008</u>	<u>Year Ended</u> <u>6/30/2007</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 5,502,664	\$ 4,764,615	\$ 738,049	15.5%
Miscellaneous	85,879	90,033	(4,154)	(4.6)%
Intergovernmental				
State Sources	<u>834,166</u>	<u>793,442</u>	<u>40,724</u>	5.1%
 Total Revenues	 <u>\$ 6,422,709</u>	 <u>\$ 5,648,090</u>	 <u>\$ 774,619</u>	 13.7%

**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

**General Fund (Continued)**

The following schedule presents a summary of General Fund expenditures at June 30, 2008 and 2007.

	<u>Year Ended</u> <u>6/30/2008</u>	<u>Year Ended</u> <u>6/30/2007</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 4,081,717	\$ 3,773,790	\$ 307,927	8%
Support Services	2,066,937	1,984,057	82,880	4%
Capital Outlay	<u>72,633</u>	<u>-</u>	<u>72,633</u>	100%
 Total Expenditures	 <u>\$ 6,221,287</u>	 <u>\$ 5,757,847</u>	 <u>\$ 463,440</u>	 8%

Total General Fund expenditures increased by \$463,440 or 8% from the previous year.

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

Revenues of the Special Revenue Fund were \$91,340 for the year ended June 30, 2008. Federal sources accounted for all of Special Revenue Fund's revenue for the year.

Total Special Revenue Fund revenues decreased \$6,317 or 6% from the previous year.

Expenditures of the Special Revenue Fund were \$91,340. Instructional expenditures were \$55,175 or 60%.

**Capital Projects** – There was no activity in the Capital Projects Fund during 2007/08.

**Proprietary Funds**

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

**Enterprise Fund** - The District uses an Enterprise Fund to report activities related to the Food Services programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

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

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating surplus for significant unbudgeted costs.
- Increases in appropriations for the funding of capital projects approved in the Long-Range Facilities Plan.

**Capital Assets.** At the end of the fiscal year 2008, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

**Table A-6  
Capital Assets  
(net of depreciation) at June 30**

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 11,800	\$ 11,800			\$ 11,800	\$ 11,800
Buildings and Building Improvements	6,458,118	6,007,864			6,458,118	6,007,864
Machinery and Equipment	214,211	591,832	\$ 13,250	\$ 13,250	227,461	605,082
<b>Total</b>	<b>6,684,129</b>	<b>6,611,496</b>	<b>13,250</b>	<b>13,250</b>	<b>6,697,379</b>	<b>6,624,746</b>
Less: Accumulated Depreciation	(1,427,491)	(1,245,617)	(13,250)	(13,250)	(1,440,741)	(1,258,867)
<b>Total</b>	<b>\$ 5,256,638</b>	<b>\$ 5,365,879</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,256,638</b>	<b>\$ 5,365,879</b>

Additional information about the District's capital assets can be found in Note 3 of this report.

**Debt Administration.** As of June 30, 2008 the school district had long-term debt and outstanding long-term liabilities in the amount of \$1,514,572.

**Riverdale Board of Education  
Riverdale, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2008**

**Table A-7  
Long-Term Debt  
Outstanding Long-Term Liabilities**

	<u>2008</u>	<u>2007</u>
Serial Bonds Payable	\$ 1,466,000	\$ 1,726,000
Compensated Absences Payable	<u>48,572</u>	<u>47,991</u>
Total	<u>\$ 1,514,572</u>	<u>\$ 1,773,991</u>

Additional information about the District's long-term debt can be found in Note 3 of this report.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- ✓ Increases in the cost relating to the operation and maintenance of the plant.
- ✓ Increased costs in providing student transportation services.
- ✓ Shortfall in revenue caused by the state not remitting the final state aid payment to the district in June 2008.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the office of the Business Administrator, Riverdale Board of Education, 52 Newark Pompton Turnpike, Riverdale, New Jersey 07457.

**BASIC FINANCIAL STATEMENTS**

**RIVERDALE BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 487,568	\$ 14,879	\$ 502,447
Receivables, net			
Receivables from Other Governments	775,329	881	776,210
Inventory		1,094	1,094
Capital Assets, not being depreciated	11,800		11,800
Capital Assets, net of depreciation	5,244,838		5,244,838
Restricted Assets			
Cash and Cash Equivalents	150,662	-	150,662
Total Assets	<u>6,670,197</u>	<u>16,854</u>	<u>6,687,051</u>
<b>LIABILITIES</b>			
Accounts Payable	5,140	3,902	9,042
Accrued Interest Payable	16,606		16,606
Unearned Revenue	53,363	262	53,625
Notes Payable	750,000		750,000
Noncurrent Liabilities			
Due within one year	270,000		270,000
Due beyond one year	1,244,572	-	1,244,572
Total Liabilities	<u>2,339,681</u>	<u>4,164</u>	<u>2,343,845</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	3,790,638		3,790,638
Restricted for:			
Capital Projects	150,662		150,662
Unrestricted	389,216	12,690	401,906
Total Net Assets	<u>\$ 4,330,516</u>	<u>\$ 12,690</u>	<u>\$ 4,343,206</u>

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

**RIVERDALE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Instruction							
Regular	\$ 3,089,022	\$ 1,300	\$ 226,043		\$ (2,861,679)		\$ (2,861,679)
Special Education	895,111	31,777	456,540		(406,794)		(406,794)
Other Instruction	103,937		13,375		(90,562)		(90,562)
School Sponsored Activities and Athletics	49,951		4,537		(45,414)		(45,414)
Support Services							
Student and Instruction Related Services	808,565		108,267		(700,298)		(700,298)
General Administrative Services	317,051		30,063		(286,988)		(286,988)
School Administrative Services	140,338		17,178		(123,160)		(123,160)
Central Services	116,044				(116,044)		(116,044)
Plant Operations and Maintenance	605,354				(605,354)		(605,354)
Pupil Transportation	297,076		4,882		(292,194)		(292,194)
Interest on Debt	75,869				(75,869)		(75,869)
Total Governmental Activities	6,498,318	33,077	860,885	-	(5,604,356)	-	(5,604,356)
<b>Business-Type Activities</b>							
Food Service	75,038	64,410	12,754	-	-	\$ 2,126	2,126
Total Business-Type Activities	75,038	64,410	12,754	-	-	2,126	2,126
<b>Total Primary Government</b>	\$ 6,573,356	\$ 97,487	\$ 873,639	\$ -	(5,604,356)	2,126	(5,602,230)
<b>General Revenues</b>							
Property Taxes, Levied for General Purposes					5,502,664		5,502,664
Property Taxes, Levied for Debt Service					344,346		344,346
Investment Earnings					23,262		23,262
Miscellaneous Income					29,540		29,540
Unrestricted State & Federal Aid					64,621		64,621
Total General Revenues					5,964,433	-	5,964,433
Change in Net Assets					360,077	2,126	362,203
Net Assets, Beginning of Year					3,970,439	10,564	3,981,003
Net Assets, End of Year					\$ 4,330,516	\$ 12,690	\$ 4,343,206

**FUND FINANCIAL STATEMENTS**

**RIVERDALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2008**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 439,904		\$ 47,663	\$ 1	\$ 487,568
Receivables					
Intergovernmental	11,913		363,416		375,329
Interfunds Receivable	56,978				56,978
Municipal			400,000		400,000
Restricted Assets					
Cash - Capital Reserve	<u>150,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,662</u>
Total Assets	<u>\$ 659,457</u>	<u>\$ -</u>	<u>\$ 811,079</u>	<u>\$ 1</u>	<u>\$ 1,470,537</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Interfunds Payable			\$ 56,978		\$ 56,978
Accounts Payable	\$ 5,140				5,140
Notes Payable			750,000		750,000
Deferred Revenue	<u>-</u>	<u>-</u>	<u>53,363</u>	<u>-</u>	<u>53,363</u>
Total Liabilities	<u>5,140</u>	<u>-</u>	<u>860,341</u>	<u>-</u>	<u>865,481</u>
<b>Fund Balances</b>					
<b>Reserved for</b>					
Encumbrances	84,787				84,787
Capital Reserve	150,662				150,662
Excess Surplus	111,169				111,169
<b>Unreserved</b>					
Designated for Subsequent Year's Budget	73,209				73,209
Undesignated, Reported in General Fund	234,490				234,490
Capital Projects Fund (Deficit)			(49,262)		(49,262)
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1</u>	<u>1</u>
Total Fund Balances (Deficit)	<u>654,317</u>	<u>-</u>	<u>(49,262)</u>	<u>1</u>	<u>605,056</u>
Total Liabilities and Fund Balances	<u>\$ 659,457</u>	<u>\$ -</u>	<u>\$ 811,079</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,684,129 and the accumulated depreciation is \$1,427,491.

5,256,638

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

(16,606)

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

Serial Bonds Payable                   \$ (1,466,000)  
Compensated Absences                 (48,572)

(1,514,572)

Net assets of governmental activities

\$ 4,330,516

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

**RIVERDALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 5,502,664			\$ 344,346	\$ 5,847,010
Tuition	33,077				33,077
Interest Earned	23,262				23,262
Miscellaneous	29,540	-	-	-	29,540
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total - Local Sources	5,588,543	-	-	344,346	5,932,889
State Sources					
Federal Sources	834,166				834,166
	<hr/>	\$ 91,340	<hr/>	<hr/>	<hr/>
Total Revenues	<u>6,422,709</u>	<u>91,340</u>	<u>-</u>	<u>344,346</u>	<u>6,858,395</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	3,078,806	9,668			3,088,474
Special Education Instruction	849,604	45,507			895,111
Other Instruction	103,356				103,356
School-Sponsored Activities and Athletics	49,951				49,951
Support Services					
Student and Instruction Related Services	766,794	36,165			802,959
General Administrative Services	317,051				317,051
School Administrative Services	138,949				138,949
Central Services	116,044				116,044
Plant Operations and Maintenance	434,451				434,451
Pupil Transportation	293,648				293,648
Debt Service					
Principal				260,000	260,000
Interest and Other Charges				84,345	84,345
Capital Outlay	72,633	-	-	-	72,633
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>6,221,287</u>	<u>91,340</u>	<u>-</u>	<u>344,345</u>	<u>6,656,972</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	201,422	-	-	1	201,423
Fund Balance (Deficit), Beginning of Year					
	<hr/>	<hr/>	<u>(49,262)</u>	<hr/>	<hr/>
Fund Balance (Deficit), End of Year	<u>\$ 654,317</u>	<u>\$ -</u>	<u>\$ (49,262)</u>	<u>\$ 1</u>	<u>\$ 605,056</u>

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

**RIVERDALE BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 201,423

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

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

Capital Outlay	\$	72,633
Depreciation Expense		<u>(181,874)</u>

(109,241)

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

Compensated Absences	(581)
----------------------	-------

Repayment of bond purchase principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

260,000

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

Decrease in accrued interest	<u>8,476</u>
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Change in net assets of governmental activities (Exhibit A-2)	<u>\$ 360,077</u>
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**RIVERDALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2008**

	<b>Other Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 14,879
Intergovernmental Receivable	
State	89
Federal	792
Inventories	<u>1,094</u>
Total Current Assets	<u>16,854</u>
Capital Assets	
Equipment	13,250
Less: Accumulated Depreciation	<u>(13,250)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>16,854</u>
<b>LIABILITIES</b>	
Accounts Payable	3,902
Unearned Revenue	<u>262</u>
Total Liabilities	<u>4,164</u>
<b>NET ASSETS</b>	
Unrestricted	<u>12,690</u>
Total Net Assets	<u>\$ 12,690</u>

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

**RIVERDALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Other Non-Major Enterprise Fund Totals</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 64,410
	64,410
Total Operating Revenues	64,410
<b>OPERATING EXPENSES</b>	
Salaries & Wages	26,374
Insurance	2,958
Purchased Services	7,800
Supplies & Materials	124
Cost of Sales	37,782
	75,038
Total Operating Expenses	75,038
Operating Loss	(10,628)
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	1,081
Federal Sources	
National Lunch Program	11,673
	12,754
Total Nonoperating Revenues	12,754
Net Income	2,126
Net Assets, Beginning of Year	10,564
Net Assets, End of Year	\$ 12,690

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

**RIVERDALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Other Non-Major Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 64,410
Cash Payments for Employees - Salaries & Benefits	(26,374)
Cash Payments to Suppliers for Goods and Services	<u>(42,904)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(4,868)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>10,439</u>
Net Cash Provided by Noncapital Financing Activities	<u>10,439</u>
Net Increase in Cash and Cash Equivalents	5,571
Cash and Cash Equivalents, Beginning of Year	<u>9,308</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,879</u>
<b>Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities</b>	
Operating Income (Loss)	<u>\$ (10,628)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Non-Cash Federal Assistance-USDA Commodity Program	2,269
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(291)
Increase/(Decrease) in Accounts Payable	3,902
Increase/(Decrease) in Deferred Revenue	<u>(120)</u>
Total Adjustments	<u>5,760</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,868)</u>

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

**RIVERDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2008**

	<b>Unemployment Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 13,144	\$ 12,280
Due from Other Funds	<u>-</u>	<u>1,971</u>
Total Assets	<u>13,144</u>	<u>\$ 14,251</u>
<b>LIABILITIES</b>		
Due to Student Groups		\$ 11,342
Due to Other Funds	1,971	
Payroll Deductions Payable		2,909
Accounts Payable	<u>8,552</u>	<u>-</u>
Total Liabilities	<u>10,523</u>	<u>\$ 14,251</u>
<b>NET ASSETS</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 2,621</u>	

**RIVERDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Contributions	
Employees	\$ 6,260
District	14,554
Interest Earnings	<u>33</u>
Total Additions	<u>20,847</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>20,018</u>
Total Deductions	<u>20,018</u>
Change in Net Assets	829
Net Assets, Beginning of Year	<u>1,792</u>
Net Assets, End of Year	<u>\$ 2,621</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Additionally, the government reports the following fund types:

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

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

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

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

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

**D. Assets, Liabilities and Net Assets or Equity**

**1. *Deposits and Investments***

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

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

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

***2. Receivables and Payables***

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

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

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2006-2007 and 2007-2008 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

***3. Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

***4. Restricted Assets***

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**5. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

**6. *Compensated Absences***

It is the District's policy to permit certain employees to accumulate earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations.

**7. *Long-term obligations***

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**8. *Fund Equity***

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**Reserved for Encumbrances** - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**D. ts, Liabilities and Net Assets or Equity (Continued)**

**8. Fund Equity (Continued)**

**Reserved for Excess Surplus** – This reserve was created to represent the June 30, 2008 audited excess surplus that is required to be appropriated in the 2009/2010 original budget certified for taxes.

**Reserved for Capital Reserve Account** – This reserve was created by the District to fund future capital expenditures.

Designations of fund balance represent tentative management plans that are subject to change.

**Designated for Subsequent Year's Budget** – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2008/09 District budget certified for taxes.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2007/2008. During 2007/2008, the Board increased the original budget by \$12,183. The increase was funded by additional revenues appropriated.

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

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

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**B. Deficit Fund Equity**

The District has an accumulated deficit of \$49,262 in the Capital Projects Fund as of June 30, 2008. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the District permanently finances these appropriations the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

**C. Capital Reserve Account**

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2008 is as follows:

Balance, July 1, 2007		\$ 158,000
Increases		
Interest Earnings	\$ 662	
Deposits Approved by Board Resolution	<u>68,000</u>	
Withdrawals		68,662
Approved by Voters in District Budget		<u>(76,000)</u>
Balance, June 30, 2008		<u>\$ 150,662</u>

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2008 is \$111,169. This amount will be appropriated in the 2009/2010 original budget certified for taxes.

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At June 30, 2008, the book value of the Board's deposits was \$678,533 and bank balances of the Board's cash and deposits amounted to \$778,397. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>778,397</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2008 the Board's bank balance of \$778,397 was not exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2008, the Board had no outstanding investments.

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**B. Receivables**

Receivables as of year-end for the district's individual major funds, nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Municipal		\$ 400,000		\$ 400,000
Intergovernmental-Other	\$ 11,913	363,416	\$ 881	376,210
Gross Receivables	11,913	763,416	881	776,210
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 11,913</u>	<u>\$ 763,416</u>	<u>\$ 881</u>	<u>\$ 776,210</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Capital Projects Fund	<u>Unearned</u>
Unrealized School Facility Grants	<u>\$53,363</u>

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**C. Capital Assets**

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

	<u>Balance, July 1, 2007</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance, June 30, 2008</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,800	-	-	\$ 11,800
Total capital assets, not being depreciated	<u>11,800</u>	<u>-</u>	<u>-</u>	<u>11,800</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	6,007,864	\$ 69,120	\$ 381,134	6,458,118
Machinery and equipment	591,832	3,513	(381,134)	214,211
Total capital assets being depreciated	<u>6,599,696</u>	<u>72,633</u>	<u>-</u>	<u>6,672,329</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(1,052,582)	(170,200)	(14,420)	(1,208,362)
Machinery and equipment	(193,035)	(11,674)	14,420	(219,129)
Total accumulated depreciation	<u>(1,245,617)</u>	<u>(181,874)</u>	<u>-</u>	<u>(1,427,491)</u>
Total capital assets, being depreciated, net	<u>5,365,879</u>	<u>(109,241)</u>	<u>-</u>	<u>5,256,638</u>
Government activities capital assets, net	<u>\$ 5,365,879</u>	<u>\$ (109,241)</u>	<u>\$ -</u>	<u>\$ 5,256,638</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 13,250	-	-	\$ 13,250
Total capital assets being depreciated	<u>13,250</u>	<u>-</u>	<u>-</u>	<u>13,250</u>
Less accumulated depreciation for:				
Machinery and equipment	(13,250)	-	-	(13,250)
Total accumulated depreciation	<u>(13,250)</u>	<u>-</u>	<u>-</u>	<u>(13,250)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**C. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction	
Regular	\$ <u>548</u>
Total Instruction	<u>548</u>
Support Services	
Support Services-Students	5,606
School Administration	1,389
Operations and Maintenance of Plant	170,903
Student Transportation	<u>3,428</u>
Total Support Services	<u>181,326</u>
Total depreciation expense - governmental activities	<u>\$ 181,874</u>

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

The composition of interfund balances as of June 30, 2008, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 56,978
Agency Fund	Unemployment Trust Fund	<u>1,971</u>
		<u>\$ 58,949</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position. The above interfund balances will be liquidated during the 2008/09 school year.

**E. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2008 are comprised of the following issue:

\$2,686,000, 2003 Bonds, due in annual installments of \$270,000 to \$316,000 through April 1, 2013, interest at 3.05%	<u>\$1,466,000</u>
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**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**E. Long-Term Debt**

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

**Governmental Activities:**

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 270,000	\$ 44,713	\$ 314,713
2010	280,000	36,478	316,478
2011	295,000	27,938	322,938
2012	305,000	18,940	323,940
2013	316,000	9,638	325,638
	<u>\$ 1,466,000</u>	<u>\$ 137,707</u>	<u>\$ 1,603,707</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2008 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 21,460,632
Less: Net Debt	<u>1,468,432</u>
Remaining Borrowing Power	<u>\$ 19,992,200</u>

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Balance,</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2008</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 1,726,000		\$ 260,000	\$ 1,466,000	\$ 270,000
Compensated absences payable	<u>47,991</u>	<u>\$ 581</u>	<u>-</u>	<u>48,572</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 1,773,991</u>	<u>\$ 581</u>	<u>\$ 260,000</u>	<u>\$ 1,514,572</u>	<u>\$ 270,000</u>

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

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**F. Short-Term Debt**

**Project Notes**

The Board issues Project Notes to interim finance Capital Projects. The Board has also financed \$400,000, the amount anticipated from the Borough of Riverdale as a municipal contribution. The Board's short-term debt activity for the year ended June 30, 2008 was as follows:

<u>Purpose</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Project Anticipation Notes	<u>\$ 850,000</u>	<u>\$ 750,000</u>	<u>\$ 850,000</u>	<u>\$ 750,000</u>

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the Pooled Insurance Program of New Jersey. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2008	\$ 14,554	\$ 6,260	\$ 20,018	\$ 2,621
2007	24,800	6,188	29,196	1,792
2006		20,641	20,641	None

**B. Contingent Liabilities**

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

The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2008, the District had no estimated arbitrage earnings due to the IRS.

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

**Other Pension Funds**

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**Basis of Accounting**

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

**Investment Valuation**

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

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation (Continued)**

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and TPAF, effective July 12, 2002.

**Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.0% for TPAF of the employee's annual compensation, as defined through June 30, 2008. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF.

During the year ended June 30, 2008 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

**RIVERDALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Contribution Requirements (Continued)**

During the years ended June 30, 2008, 2007 and 2006 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension contributions the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2008	\$ 14,466	\$ 124,118
2007	8,426	118,878
2006	4,558	123,938

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$141,158 during the year ended June 30, 2008 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost-sharing multiple employer-defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a fund (Health Benefits Program Fund - State). The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as a separate fund (Health Benefits Program Fund -Local) in the State's CAFR. The health benefit programs had a total of 454 state and local participating employers and contributing entities for Fiscal Year 2007.

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 OTHER INFORMATION (Continued)**

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above trusts. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of Treasury, Division of Investment, issues publicly available financial reports. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 2909, Trenton, New Jersey 08625-0290.

**Funding Policy**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

PERS and TPAF retirees health benefits coverage is funded through each of their respective pension fund systems via an annual appropriation. The State made post-retirement medical (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2007.

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

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 OTHER INFORMATION (Continued)**

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

The State will set the contribution rate based on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2008, 2007 and 2006 were \$144,181, \$144,852 and \$123,938, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

The State made post-retirement (PRM) contributions of \$555.3 million for TPAF and \$211.5 million for PERS in fiscal year 2006.

The State is also responsible for the cost attributable to Ch. 126, P.L. 1992, which provides for health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$100.7 million toward Chapter 126 benefits for 10,777 eligible retired members in fiscal year 2006.

**F. Recent Accounting Pronouncements**

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". This statement will become effective for governmental entities on a phased in basis beginning with fiscal years beginning after December 15, 2007. The effective date of this statement for the Board is the fiscal year beginning July 1, 2009. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the District's financial position or results of operations of this GASB Statement can not be readily determined at this time.

**BUDGETARY COMPARISON SCHEDULES**

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 5,502,664		\$ 5,502,664	\$ 5,502,664	
Tuition	20,000		20,000	33,077	\$ 13,077
Unrestricted Miscellaneous Revenue	15,000	\$ 15,500	30,500	52,802	22,302
<b>Total Local Sources</b>	<u>5,537,664</u>	<u>15,500</u>	<u>5,553,164</u>	<u>5,588,543</u>	<u>35,379</u>
State Sources					
Special Education Aid	342,625		342,625	342,625	
Consolidated Aid	41,803		41,803	41,803	
Additional Formula Aid	23,412		23,412	23,412	
Additional Nonpublic Transportation Aid				4,882	4,882
Extraordinary Aid				13,280	13,280
On-behalf TPAF Pension Contribution (Non-Budget)				124,118	124,118
On-behalf TPAF Post Retirement Contribution (Non-Budget)				144,181	144,181
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	141,158	141,158
<b>Total State Sources</b>	<u>407,840</u>	<u>-</u>	<u>407,840</u>	<u>835,459</u>	<u>427,619</u>
<b>Total Revenues</b>	<u>5,945,504</u>	<u>15,500</u>	<u>5,961,004</u>	<u>6,424,002</u>	<u>462,998</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction					
Regular Programs					
Salaries of Teachers					
Preschool	45,788	24,790	70,578	67,022	3,556
Kindergarten	108,606	(3,668)	104,938	104,938	
Grades 1-5	621,170	43,052	664,222	664,222	
Grades 6-8	368,102	(19,745)	348,357	347,295	1,062
<b>Regular Program - Home Instruction</b>					
Salaries of Teachers	2,700	(251)	2,449	1,260	1,189
Purchased Professional-Educational Services		1,378	1,378	1,378	
<b>Regular Programs - Undistributed Instruction</b>					
Other Purchased Services	64,191	(5,805)	58,386	53,726	4,660
General Supplies	51,659	8,880	60,539	51,718	8,821
Textbooks	25,500	(19,642)	5,858	5,744	114
Other Objects	7,500	-	7,500	7,438	62
<b>Total Regular Programs</b>	<u>1,295,216</u>	<u>28,989</u>	<u>1,324,205</u>	<u>1,304,741</u>	<u>19,464</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	129,330	10,400	139,730	139,730	
Other Salaries for Instruction	42,900	(42,687)	213	213	
General Supplies	1,450	(100)	1,350	1,272	78
<b>Total Learning and/or Language Disabilities</b>	<u>173,680</u>	<u>(32,387)</u>	<u>141,293</u>	<u>141,215</u>	<u>78</u>

Continued

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 217,002	\$ (47,615)	\$ 169,387	\$ 165,937	\$ 3,450
General Supplies	1,127	410	1,537	1,533	4
Textbooks	1,700	214	1,914	1,634	280
	<u>219,829</u>	<u>(46,991)</u>	<u>172,838</u>	<u>169,104</u>	<u>3,734</u>
Total Resource Room/Resource Center					
Home Instruction					
Purchased Professional-Educational Services	-	251	251	251	-
	<u>-</u>	<u>251</u>	<u>251</u>	<u>251</u>	<u>-</u>
Total Home Instruction					
	<u>-</u>	<u>251</u>	<u>251</u>	<u>251</u>	<u>-</u>
Total Special Education - Instruction	<u>393,509</u>	<u>(79,127)</u>	<u>314,382</u>	<u>310,570</u>	<u>3,812</u>
Basic Skills/Remedial Instruction					
Salaries of Teachers	94,153	(19,270)	74,883	73,229	1,654
Textbooks	1,000		1,000		1,000
General Supplies	135	-	135	80	55
	<u>95,288</u>	<u>(19,270)</u>	<u>76,018</u>	<u>73,309</u>	<u>2,709</u>
School Sponsored Cocurricular Activities					
Salaries	9,154	3,181	12,335	12,335	
Purchased Services		1,705	1,705	1,705	
Supplies and Materials	1,100	275	1,375	1,375	
Other Objects	4,656	(1,148)	3,508	3,508	-
	<u>14,910</u>	<u>4,013</u>	<u>18,923</u>	<u>18,923</u>	<u>-</u>
Total School Sponsored Cocurricular Activities					
School Sponsored Athletics					
Salaries	13,078		13,078	12,505	573
Supplies and Materials	2,344	2,512	4,856	4,856	
Other Objects	4,635	(422)	4,213	3,475	738
	<u>20,057</u>	<u>2,090</u>	<u>22,147</u>	<u>20,836</u>	<u>1,311</u>
Total School Sponsored Athletics					
Total Instruction	<u>1,818,980</u>	<u>(63,305)</u>	<u>1,755,675</u>	<u>1,728,379</u>	<u>27,296</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	1,187,901	(30,000)	1,157,901	1,150,335	7,566
Tuition to Other LEAs Within the State-Special	127,850	85,146	212,996	212,791	205
Tuition to County Voc. School Dist-Regular	139,060	2,842	141,902	134,493	7,409
Tuition to Private Schools - Disabled - W/I State	264,918	(68,175)	196,743	192,527	4,216
Tuition to Private Schools - Disabled - Out of State	-	8,184	8,184	8,184	-
	<u>-</u>	<u>8,184</u>	<u>8,184</u>	<u>8,184</u>	<u>-</u>
Total Undistributed Expenditures - Instruction	<u>1,719,729</u>	<u>(2,003)</u>	<u>1,717,726</u>	<u>1,698,330</u>	<u>19,396</u>

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 56,139	\$ 1,301	\$ 57,440	\$ 57,275	\$ 165
Purchased Professional and Educational Services	4,500	(1,505)	2,995	1,653	1,342
Supplies and Materials	2,055	187	2,242	2,038	204
Other Objects	525	-	525	521	4
<b>Total Health Services</b>	<u>63,219</u>	<u>(17)</u>	<u>63,202</u>	<u>61,487</u>	<u>1,715</u>
Other Support Serv. Students - Related Serv.					
Salaries	57,647	1,682	59,329	59,329	
Purchased Professional-Educational Services		43,068	43,068	17,643	25,425
Supplies and Materials	250	100	350	278	72
<b>Total Other Support Serv. Students - Related Serv.</b>	<u>57,897</u>	<u>44,850</u>	<u>102,747</u>	<u>77,250</u>	<u>25,497</u>
Other Support Serv. Students - Extra. Svcs.					
Salaries	52,810	(9,000)	43,810	36,776	7,034
Purchased Professional-Educational Services	58,000	(48,080)	9,920	7,285	2,635
<b>Total Other Support Serv. Students - Extra. Svcs.</b>	<u>110,810</u>	<u>(57,080)</u>	<u>53,730</u>	<u>44,061</u>	<u>9,669</u>
Other Support Services-Students-Regular					
Salaries of Other Professional Staff	30,090	7,301	37,391	37,391	
Supplies and Materials	1,782	17	1,799	808	991
<b>Total Other Support Services - Students - Regular</b>	<u>31,872</u>	<u>7,318</u>	<u>39,190</u>	<u>38,199</u>	<u>991</u>
Other Support Services-Students-Special Services					
Salaries of Other Professional Staff	159,441	(6,408)	153,033	152,499	534
Salaries of Secretarial and Clerical Assistants	48,273	13,321	61,594	59,762	1,832
Other Purchased Professional and Tech. Services	11,500	(1,723)	9,777	2,160	7,617
Supplies and Materials	1,798	8	1,806	1,806	
Other Objects	2,200	-	2,200	493	1,707
<b>Total Other Support Services - Students - Special Services</b>	<u>223,212</u>	<u>5,198</u>	<u>228,410</u>	<u>216,720</u>	<u>11,690</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	52,551		52,551	52,540	11
Other Purchased Services	204	(150)	54	-	54
<b>Total Improvement of Instructional Services</b>	<u>52,755</u>	<u>(150)</u>	<u>52,605</u>	<u>52,540</u>	<u>65</u>

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 34,944	\$ 1,025	\$ 35,969	\$ 35,737	\$ 232
Purchased Professional/Educational Services	26,900	5,885	32,785	31,510	1,275
Supplies and Materials	9,982	(2,272)	7,710	7,321	389
Total Educational Media Serv./School Library	<u>71,826</u>	<u>4,638</u>	<u>76,464</u>	<u>74,568</u>	<u>1,896</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	7,000	1,273	8,273	8,273	-
Total Instructional Staff Training Services	<u>7,000</u>	<u>1,273</u>	<u>8,273</u>	<u>8,273</u>	<u>-</u>
Support Services General Administration					
Salaries	168,181	(3,495)	164,686	164,598	88
Legal Services	21,000	3,933	24,933	24,895	38
Audit Fees	16,500	530	17,030	17,030	
Other Purchased Professional Services	3,200	185	3,385	3,385	
Communications/Telephone	6,400	1,254	7,654	5,392	2,262
BOE Other Purchased Services	15,225	(2,569)	12,656	12,319	337
Other Purchased Services		3,192	3,192	3,192	
General Supplies	6,283	(1,850)	4,433	4,261	172
Miscellaneous Expenditures	13,799	820	14,619	14,442	177
Total Support Services General Administration	<u>250,588</u>	<u>2,000</u>	<u>252,588</u>	<u>249,514</u>	<u>3,074</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	94,122		94,122	94,050	72
Salaries of Other Professional Staff	14,000	(11,035)	2,965		2,965
Supplies and Materials	2,121	1,461	3,582	3,582	
Other Objects	4,307	(624)	3,683	2,726	957
Total Support Services School Administration	<u>114,550</u>	<u>(10,198)</u>	<u>104,352</u>	<u>100,358</u>	<u>3,994</u>
Central Services					
Salaries		11,856	11,856	11,694	162
Purchased Professional Services		95,606	95,606	95,606	
Miscellaneous Purchased Services		138	138	19	119
Supplies and Materials		2,376	2,376	2,376	
Other Objects	-	1,416	1,416	145	1,271
Total Central Services	<u>-</u>	<u>111,392</u>	<u>111,392</u>	<u>109,840</u>	<u>1,552</u>
Other Operation & Maint. Of Plant					
Salaries	109,173	4,732	113,905	113,304	601
Purchased Professional and Technical Serv.	9,900	(6,596)	3,304	3,304	
Cleaning, Repair and Maint. Serv.	17,000	22,189	39,189	13,503	25,686
Insurance	48,000	(10,774)	37,226	37,226	
General Supplies	17,510	1,422	18,932	17,647	1,285
Miscellaneous Purchased Services	1,650	(738)	912	912	
Other Objects	1,150	(143)	1,007	1,007	
Energy	108,000	-	108,000	101,985	6,015
Total Other Operation & Maint. Of Plant	<u>312,383</u>	<u>10,092</u>	<u>322,475</u>	<u>288,888</u>	<u>33,587</u>

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 41,681	5,785	\$ 47,466	\$ 47,466	
Cleaning, Repair and Maintenance	7,600	6,371	13,971	9,222	\$ 4,749
General Supplies	10,300	(6,306)	3,994	3,507	487
	<u>59,581</u>	<u>5,850</u>	<u>65,431</u>	<u>60,195</u>	<u>5,236</u>
Student Transportation Services					
Salaries for Pupil Transportation					
(Between Home and School) - Regular	6,500		6,500	6,420	80
Contracted Serv (Bet. Home and Sch.)-Vendors	165,362	10,301	175,663	168,343	7,320
Contracted Serv (Other than Bet Home & Sch)	9,100	4,123	13,223	13,223	
Contracted Serv (Bet. Home and Sch.)- Joint Agree	4,000	(4,000)			
Contracted Serv (Sp Ed Students)- Vendors	8,600	19,698	28,298	27,817	481
Contracted Serv (Sp Ed Students)- Joint Agree.	33,200	19,938	53,138	43,838	9,300
Contracted Serv.-Aid in Lieu of Payments	30,000	116	30,116	29,257	859
Supplies and Materials	1,751		1,751	1,247	504
Other Objects	1,500	(378)	1,122	96	1,026
	<u>260,013</u>	<u>49,798</u>	<u>309,811</u>	<u>290,241</u>	<u>19,570</u>
Other Support Services					
Salaries	121,806	(121,806)			
Miscellaneous Purchased Services	2,200	(2,200)			
Supplies and Materials	2,060	(2,060)			
Miscellaneous Expenditures	2,144	(2,144)	-	-	-
	<u>128,210</u>	<u>(128,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	39,963		39,963	39,963	
Unemployment Compensation	16,555		16,555	16,555	
Workmen's Compensation	19,938		19,938	19,938	
Health Benefits	491,277		491,277	491,277	
Tuition Reimbursement	5,000	-	5,000	1,238	3,762
	<u>572,733</u>	<u>-</u>	<u>572,733</u>	<u>568,971</u>	<u>3,762</u>
Operation and Maintenance of Plant Services - Employee Benefits					
Social Security Contributions	5,709		5,709	5,709	
Unemployment Compensation	2,365		2,365	2,365	
Workmen's Compensation	2,848		2,848	2,848	
Health Benefits	61,611	-	61,611	28,157	33,454
	<u>72,533</u>	<u>-</u>	<u>72,533</u>	<u>39,079</u>	<u>33,454</u>

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Unallocated Benefits-Employee Benefits					
Social Security Contributions	\$ 6,228	\$ 20,000	\$ 26,228	\$ 3,356	\$ 22,872
Other Retirement Contributions - Regular		23,376	23,376	23,376	
Unemployment Compensation	2,580		2,580	2,177	403
Workmen's Compensation	3,108		3,108	1,495	1,613
Health Benefits	67,212	(47,429)	19,783		19,783
Other Employee Benefits	-	1,900	1,900	1,900	-
	<u>79,128</u>	<u>(2,153)</u>	<u>76,975</u>	<u>32,304</u>	<u>44,671</u>
Undistributed Expenditures - Food Services					
Transfers to Cover Deficit (Enterprise Fund)	<u>2,550</u>	<u>(2,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>
On-behalf TPAF Pension Contribution					
(Non-Budget)				124,118	(124,118)
On-behalf TPAF Post Retirement Contribution					
(Non-Budget)				144,181	(144,181)
On-behalf TPAF Social Security Payments					
(Non-Budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,158</u>	<u>(141,158)</u>
Total Undistributed Expenditures	<u>4,190,589</u>	<u>40,048</u>	<u>4,230,637</u>	<u>4,420,275</u>	<u>(189,638)</u>
Total Expenditures - Current Expenditures	<u>6,009,569</u>	<u>(23,257)</u>	<u>5,986,312</u>	<u>6,148,654</u>	<u>(162,342)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Kindergarten		35,244	35,244		35,244
Undistributed Expenditures					
Operation and Maintenance	<u>-</u>	<u>3,513</u>	<u>3,513</u>	<u>3,513</u>	<u>-</u>
Total Equipment	<u>-</u>	<u>38,757</u>	<u>38,757</u>	<u>3,513</u>	<u>35,244</u>
Facilities Acquisition and Construction Services					
Construction Services	<u>76,000</u>	<u>-</u>	<u>76,000</u>	<u>69,120</u>	<u>6,880</u>
Total Facilities Acquisition and Construction Services	<u>76,000</u>	<u>-</u>	<u>76,000</u>	<u>69,120</u>	<u>6,880</u>
Total Capital Outlay	<u>76,000</u>	<u>38,757</u>	<u>114,757</u>	<u>72,633</u>	<u>42,124</u>
Total Expenditures	<u>6,085,569</u>	<u>15,500</u>	<u>6,101,069</u>	<u>6,221,287</u>	<u>(120,218)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(140,065)	-	(140,065)	202,715	342,780
Fund Balance, Beginning of Year	<u>485,274</u>	<u>-</u>	<u>485,274</u>	<u>485,274</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 345,209</u>	<u>\$ -</u>	<u>\$ 345,209</u>	<u>\$ 687,989</u>	<u>\$ 342,780</u>

**RIVERDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>Recapitulation of Fund Balance</b>					
Reserved for Encumbrances				\$ 84,787	
Capital Reserve				150,662	
Excess Surplus				111,169	
Unreserved, Designated for Subsequent Year's Budget				73,209	
Unreserved, Undesignated				<u>268,162</u>	
				687,989	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis					
Deferred State Aid Payment			\$ (20,392)		
Extraordinary Aid			<u>(13,280)</u>		
				<u>(33,672)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 654,317</u>	

**RIVERDALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Modified Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 94,657	\$ (3,317)	\$ 91,340	\$ 91,340	-
Total Revenues	<u>94,657</u>	<u>(3,317)</u>	<u>91,340</u>	<u>91,340</u>	<u>-</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries	2,500	(2,500)			
Purchased Professional/Technical Services	33,376	(25,830)	7,546	7,546	
Other Purchased Services	3,625	(3,625)			
Tuition	40,000	-	40,000	40,000	
General Supplies	10,358	(2,729)	7,629	7,629	-
Total Instruction	<u>89,859</u>	<u>(34,684)</u>	<u>55,175</u>	<u>55,175</u>	<u>-</u>
Support Services					
Purchased Professional/Educational Services	500	33,200	33,700	33,700	
Other Purchased Services	200	(200)			
General Supplies	848	1,617	2,465	2,465	-
Total Support Services	<u>1,548</u>	<u>34,617</u>	<u>36,165</u>	<u>36,165</u>	<u>-</u>
Facilities Acquisition and Construction					
Instructional Equipment	3,250	(3,250)	-	-	-
Total Facilities Acquisition and Construction Services	<u>3,250</u>	<u>(3,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>94,657</u>	<u>(3,317)</u>	<u>91,340</u>	<u>91,340</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 6,424,002	(C-2) \$ 91,340
Difference - Budget to GAAP:		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (prior year)	32,379	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (current year)	<u>(33,672)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>6,422,709</u>	(B-2) \$ <u>91,340</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 6,221,287	(C-2) \$ 91,340
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances , June 30, 2008	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>6,221,287</u>	(B-2) \$ <u>91,340</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**RIVERDALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>IDEA Part B Basic</b>	<b>IDEA Part B Preschool</b>	<b>NCLB Title I</b>	<b>NCLB Title II-A</b>	<b>NCLB Title II-D</b>	<b>NCLB Title IV</b>	<b>NCLB Title V</b>	<b>Total 2008</b>
<b>REVENUES</b>								
Intergovernmental Federal	\$ 71,403	\$ 3,269	\$ 8,154	\$ 7,487	\$ 59	\$ 665	\$ 303	\$ 91,340
Total Revenues	<u>\$ 71,403</u>	<u>\$ 3,269</u>	<u>\$ 8,154</u>	<u>\$ 7,487</u>	<u>\$ 59</u>	<u>\$ 665</u>	<u>\$ 303</u>	<u>\$ 91,340</u>
<b>EXPENDITURES</b>								
Instruction								
Purchased Prof. and Technical Services	\$ 40,000			\$ 7,487	\$ 59			\$ 7,546
Tuition	5,038	469	1,154	-	-	665	303	40,000
General Supplies								7,629
Total Instruction	<u>45,038</u>	<u>469</u>	<u>1,154</u>	<u>7,487</u>	<u>59</u>	<u>665</u>	<u>303</u>	<u>55,175</u>
Support Services								
Purchased Professional/Educational Services	25,700	1,000	7,000					33,700
General Supplies	665	1,800	-	-	-	-	-	2,465
Total Support Services	<u>26,365</u>	<u>2,800</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,165</u>
Total Expenditures	<u>\$ 71,403</u>	<u>\$ 3,269</u>	<u>\$ 8,154</u>	<u>\$ 7,487</u>	<u>\$ 59</u>	<u>\$ 665</u>	<u>\$ 303</u>	<u>\$ 91,340</u>

**EXHIBIT E-2**

**RIVERDALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF DEMONSTRABLY EFFECTIVE PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOT APPLICABLE**

**EXHIBIT E-3**

**SCHEDULE OF EARLY CHILDHOOD PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOT APPLICABLE**

**EXHIBIT E-4**

**SCHEDULE OF DISTANCE LEARNING NETWORK AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOT APPLICABLE**

**EXHIBIT E-5**

**SCHEDULE OF INSTRUCTIONAL SUPPLEMENT AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOT APPLICABLE**

**EXHIBIT E-6**

**SCHEDULE OF TARGETED AT-RISK (TARA) AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**RIVERDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Balance, June 30, 2008</u>
Construct an Addition to and to Renovate and Rehabilitate the Riverdale Public School and to Purchase School Equipment and Furniture	\$ <u>5,552,000</u>	\$ <u>5,545,467</u>	\$ <u>-</u>	\$ 6,533
				<u>(2,432)</u>
				4,101
				<u>(53,363)</u>
				<u>\$ (49,262)</u>

**RIVERDALE PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Revenues and Other Financing Sources**

State Sources- SCC Grant  
Interest on Investments

\_\_\_\_\_ -

Total Revenues and Other Financing Sources

\_\_\_\_\_ -

**Expenditures and Other Financing Uses**

Construction Services  
Transfer to General Fund

\_\_\_\_\_ -

Total Expenditures and Other Financing Uses

\_\_\_\_\_ -

Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures  
and Other Financing Uses

-

Fund Balance - Beginning of Year

\$ 4,101

Fund Balance- Ending of Year

\$ 4,101

**Reconciliation to Governmental Funds Statements (GAAP):**

Fund Balance - Budgetary Basis

\$ 4,101

Deferred Revenue - SCC Grant

\_\_\_\_\_ (53,363)

Fund Balance (Deficit) Per Governmental Funds (GAAP)

\$ (49,262)

**RIVERDALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ADDITION, RENOVATION AND REHABILITATION OF THE RIVERDALE PUBLIC SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 1,863,568		\$ 1,863,568	\$ 1,863,568
Municipal Contribution	1,000,000		1,000,000	1,000,000
Bond Proceeds	<u>2,686,000</u>	<u>-</u>	<u>2,686,000</u>	<u>2,688,432</u>
 Total Revenues	 <u>5,549,568</u>	 <u>-</u>	 <u>5,549,568</u>	 <u>5,552,000</u>
<b>Expenditures and Other Financing Uses</b>				
Unallocated	<u>5,545,467</u>	<u>-</u>	<u>5,545,467</u>	<u>5,552,000</u>
 Total Expenditures	 <u>5,545,467</u>	 <u>-</u>	 <u>5,545,467</u>	 <u>5,552,000</u>
 Excess of Revenue Over Expenditures	 <u>4,101</u>	 <u>\$ -</u>	 <u>4,101</u>	 <u>-</u>

<b>Additional Project Information:</b>	
Project Number	4440-050-02-1140
Grant Date	FY 2003
Bond Authorization Date	FY 2003
Bonds Authorized	\$ 2,686,000
Bonds Issued	4/1/2003
Original Authorized Cost	\$ 5,552,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 5,552,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	99.88%
Original Target Completion Date	Jun-07
Revised Target Completion Date	Jun-07

**ENTERPRISE FUND**

**EXHIBIT G-1**

**RIVERDALE BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**RIVERDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 11,342	\$ 938	\$ 12,280
Due from Other Funds	<u>-</u>	<u>1,971</u>	<u>1,971</u>
Total Assets	<u>\$ 11,342</u>	<u>\$ 2,909</u>	<u>\$ 14,251</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 2,909	\$ 2,909
Due to Student Groups	<u>\$ 11,342</u>	<u>-</u>	<u>11,342</u>
Total Liabilities	<u>\$ 11,342</u>	<u>\$ 2,909</u>	<u>\$ 14,251</u>

**RIVERDALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Balance, July 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2008</u>
Elementary School				
Programs and Activities	\$ 13,599	\$ 38,811	\$ 41,068	\$ 11,342
Athletics	<u>-</u>	<u>3,700</u>	<u>3,700</u>	<u>-</u>
 Total All Schools	 <u>\$ 13,599</u>	 <u>\$ 42,511</u>	 <u>\$ 44,768</u>	 <u>\$ 11,342</u>

**RIVERDALE BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<b>Balance, July 1, <u>2007</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2008</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings		\$ 1,066,313	\$ 1,063,404	\$ 2,909
Accrued Salaries and Wages		1,656,449	1,656,449	
Due from Other Funds	-	<u>7,276</u>	<u>9,247</u>	<u>(1,971)</u>
 Total	 <u>\$ -</u>	 <u>\$ 2,730,038</u>	 <u>\$ 2,729,100</u>	 <u>\$ 938</u>

**LONG-TERM DEBT**

RIVERDALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Purpose	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2007	Matured	Balance, June 30, 2008
			Date	Amount				
School Improvements	4/1/2003	\$ 2,686,000	4/1/2009	\$ 270,000	3.05%	\$ 1,726,000	\$ 260,000	\$ 1,466,000
			4/1/2010	280,000				
			4/1/2011	295,000				
			4/1/2012	305,000				
			4/1/2013	316,000				
						\$ 1,726,000	\$ 260,000	\$ 1,466,000
						\$ 1,726,000	\$ 260,000	\$ 1,466,000

**RIVERDALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOT APPLICABLE**

**RIVERDALE BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 344,346	-	\$ 344,346	\$ 344,346	-
Total Revenues	<u>344,346</u>	<u>-</u>	<u>344,346</u>	<u>344,346</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	260,000		260,000	260,000	
Interest	84,346	-	84,346	84,345	1
Total Expenditures	<u>344,346</u>	<u>-</u>	<u>344,346</u>	<u>344,345</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

**RIVERDALE BOARD OF EDUCATION  
NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Invested in capital assets, net of related debt		\$ 3,291,582	\$ 3,489,563	\$ 3,590,617	\$ 3,790,638
Restricted	2,704,080	20,966	17,120	158,000	150,662
Unrestricted	(527,901)	416,992	401,675	221,822	389,216
Total governmental activities net assets	<u>\$ 2,176,179</u>	<u>\$ 3,729,540</u>	<u>\$ 3,908,358</u>	<u>\$ 3,970,439</u>	<u>\$ 4,330,516</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt		\$ 7,045	\$ 13,783	\$ 10,564	\$ 12,690
Restricted	7,108	7,045	13,783	10,564	12,690
Unrestricted	7,108	7,045	13,783	10,564	12,690
Total business-type activities net assets	<u>\$ 7,108</u>	<u>\$ 7,045</u>	<u>\$ 13,783</u>	<u>\$ 10,564</u>	<u>\$ 12,690</u>
<b>District-wide</b>					
Invested in capital assets, net of related debt		\$ 3,291,582	\$ 3,489,563	\$ 3,590,617	\$ 3,790,638
Restricted	2,704,080	20,966	17,120	158,000	150,662
Unrestricted	(520,793)	424,037	415,458	232,386	401,906
Total district net assets	<u>\$ 2,183,287</u>	<u>\$ 3,736,585</u>	<u>\$ 3,922,141</u>	<u>\$ 3,981,003</u>	<u>\$ 4,343,206</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only five years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RIVERDALE BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
<b>Governmental activities</b>					
Instruction					
Regular	\$ 2,017,237	\$ 2,493,438	\$ 2,255,994	\$ 2,850,563	\$ 3,089,022
Special education	616,946	709,623	837,270	828,102	895,111
Other instruction	81,244	83,314	129,186	137,296	103,937
School Sponsored Activities and Athletics	56,039	51,531	46,687	47,734	49,951
Support Services:					
Student & instruction related services	679,431	732,438	692,852	725,660	808,565
School Administrative services	202,295	123,446	116,204	141,320	140,338
General administration	319,856	237,146	284,365	306,259	317,051
Central Services		135,289	127,041	167,664	116,044
Plant operations and maintenance	327,861	391,438	533,834	544,961	605,354
Pupil transportation	190,430	237,853	244,360	273,557	297,076
Other support services	196,251				
Interest on long-term debt	100,688	73,269	151,504	90,917	75,869
Total governmental activities expenses	<u>4,788,278</u>	<u>5,268,785</u>	<u>5,419,297</u>	<u>6,114,033</u>	<u>6,498,318</u>
<b>Business-type activities:</b>					
Food service	60,241	67,801	64,984	76,797	75,038
Total business-type activities expense	<u>60,241</u>	<u>67,801</u>	<u>64,984</u>	<u>76,797</u>	<u>75,038</u>
Total district expenses	<u>\$ 4,848,519</u>	<u>\$ 5,336,586</u>	<u>\$ 5,484,281</u>	<u>\$ 6,190,830</u>	<u>\$ 6,573,356</u>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for Services					\$ 33,077
Operating grants and contributions	\$ 662,500	\$ 666,262	\$ 721,222	\$ 837,763	860,885
Capital grants and contributions	-	1,267,799	21,190	13,278	-
Total governmental activities program revenues	<u>662,500</u>	<u>1,934,061</u>	<u>742,412</u>	<u>851,041</u>	<u>893,962</u>

**RIVERDALE BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
<b>Business-type activities:</b>					
Charges for services					
Food service	\$ 51,392	\$ 55,733	\$ 58,113	\$ 60,283	\$ 64,410
Operating grants and contributions	8,365	9,501	11,109	11,477	12,754
Total business type activities program revenues	<u>59,757</u>	<u>65,234</u>	<u>69,222</u>	<u>71,760</u>	<u>77,164</u>
Total district program revenues	<u>\$ 722,257</u>	<u>\$ 1,999,295</u>	<u>\$ 811,634</u>	<u>\$ 922,801</u>	<u>\$ 971,126</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (4,125,778)	\$ (3,334,724)	\$ (4,676,885)	\$ (5,262,992)	\$ (5,604,356)
Business-type activities	(484)	(2,567)	4,238	(5,037)	2,126
Total district-wide net expense	<u>\$ (4,126,262)</u>	<u>\$ (3,337,291)</u>	<u>\$ (4,672,647)</u>	<u>\$ (5,268,029)</u>	<u>\$ (5,602,230)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes levied for general purposes, net	\$ 4,576,848	\$ 4,528,995	\$ 4,732,704	\$ 5,138,915	\$ 5,847,010
Unrestricted state & federal aid	39,807	52,665	53,336	53,336	64,621
EDA grant revenue	410,108				
Investment earnings	47,354	25,119	3,536	24,087	23,262
Miscellaneous income	22,461	36,899	66,127	110,553	29,540
Transfers				(1,818)	-
Total governmental activities	<u>5,096,578</u>	<u>4,643,678</u>	<u>4,855,703</u>	<u>5,325,073</u>	<u>5,964,433</u>
Business-type activities:					
Transfers	1,205	2,504	2,500	1,818	-
Total business-type activities	<u>1,205</u>	<u>2,504</u>	<u>2,500</u>	<u>1,818</u>	<u>-</u>
Total district-wide	<u>\$ 5,097,783</u>	<u>\$ 4,646,182</u>	<u>\$ 4,858,203</u>	<u>\$ 5,326,891</u>	<u>\$ 5,964,433</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 970,800	\$ 1,308,954	\$ 178,818	\$ 62,081	\$ 360,077
Business-type activities	721	(63)	6,738	(3,219)	2,126
Total district	<u>\$ 971,521</u>	<u>\$ 1,308,891</u>	<u>\$ 185,556</u>	<u>\$ 58,862</u>	<u>\$ 362,203</u>

## Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only five years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-3

RIVERDALE BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST FIVE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	Fiscal Year Ending June 30, 2006	2007	2008
General Fund					
Reserved	\$ 609,477	\$ 366,907	\$ 278,484	\$ 222,065	\$ 346,618
Unreserved	113,109	257,214	261,899	230,830	307,699
Total general fund	<u>\$ 722,586</u>	<u>\$ 624,121</u>	<u>\$ 540,383</u>	<u>\$ 452,895</u>	<u>\$ 654,317</u>
All Other Governmental Funds					
Reserved	\$ 3,654,991				
Unreserved	(950,911)	\$ 20,966	\$ (82,368)	\$ (49,262)	\$ (49,261)
Total all other governmental funds	<u>\$ 2,704,080</u>	<u>\$ 20,966</u>	<u>\$ (82,368)</u>	<u>\$ (49,262)</u>	<u>\$ (49,261)</u>

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004, only five years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**RIVERDALE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Tax levy	\$ 4,576,848	\$ 4,528,995	\$ 4,732,704	\$ 5,138,915	\$ 5,847,010
Interest earnings	47,354	25,119	3,536	24,087	23,262
Miscellaneous	22,961	36,899	92,726	113,553	62,617
State sources	1,039,903	1,902,684	669,278	806,720	834,166
Federal sources	72,012	84,042	99,871	94,657	91,340
<b>Total revenue</b>	<b>5,759,078</b>	<b>6,577,739</b>	<b>5,598,115</b>	<b>6,177,932</b>	<b>6,858,395</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular Instruction	2,020,788	2,345,291	2,317,602	2,849,482	3,088,474
Special education instruction	615,202	708,218	851,162	828,102	895,111
Other instruction	80,663	83,314	130,746	137,441	103,356
School sponsored activities and athletics	56,039	51,531	46,687	47,734	49,951
<b>Support Services:</b>					
Student & inst. related services	684,086	728,103	701,349	719,854	802,959
General administration	311,270	283,934	285,065	306,259	317,051
School administrative services	202,295	119,441	138,052	139,931	138,949
Central services	126,723	126,723	138,005	167,664	116,044
Plant operations and maintenance	324,082	387,950	387,821	388,908	434,451
Pupil transportation	185,886	233,309	240,932	270,129	293,648
Other Support Services	190,013				
Capital outlay	1,270,447	3,978,939	146,894	39,052	72,633
<b>Debt service:</b>					
Principal	225,000	235,000	245,000	255,000	260,000
Interest and other charges	81,923	75,061	153,372	80,940	84,345
<b>Total expenditures</b>	<b>6,247,694</b>	<b>9,356,814</b>	<b>5,782,687</b>	<b>6,230,496</b>	<b>6,656,972</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(488,616)</b>	<b>(2,779,075)</b>	<b>(184,572)</b>	<b>(52,564)</b>	<b>201,423</b>

**RIVERDALE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**

(Unaudited)

*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
<b>Other Financing sources (uses)</b>					
Transfers in	\$ 37,287	\$ 29,355	\$ 3,536	\$ 24,087	
Transfers out	(38,492)	(31,859)	(6,036)	(25,905)	-
Total other financing sources (uses)	(1,205)	(2,504)	(2,500)	(1,818)	-
Net change in fund balances	<u>\$ (489,821)</u>	<u>\$ (2,781,579)</u>	<u>\$ (187,072)</u>	<u>\$ (54,382)</u>	<u>\$ 201,423</u>
Debt service as a percentage of noncapital expenditures	6.17%	5.77%	7.07%	5.70%	5.23%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004, only five years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

<u>Fiscal Year Ended June 30</u>	<u>Student Music Program</u>	<u>Prior Year Refunds</u>	<u>Tuition</u>	<u>Other</u>	<u>Interest</u>	<u>Total</u>
2008			\$ 33,077	\$ 29,540	\$ 23,262	\$ 85,879
2007			52,033	5,077	32,923	90,033
2006				66,127	26,599	92,726
2005				20,264	12,399	32,663
2004			13,180	9,281	10,067	32,528
2003			33,433	10,050	2,829	46,312
2002		\$ 20,000	24,405	4,305	6,085	54,795
2001				7,365	14,187	21,552
2000		13,449	1,345	28,222	21,800	64,816
1999				4,875	18,400	23,275

\* Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual Value (County Equalized)	Total Direct School Tax Rate <sup>a</sup>
1999	\$ 33,851,500	\$ 132,080,300			\$ 61,848,250	\$ 30,786,700	\$ 296,600	\$ 258,863,350	\$ 9,287,229	\$ 268,150,579	\$ 282,429,394	1.162
2000	32,327,500	135,219,000			92,721,250	30,601,200	296,600	291,365,550	5,474,948	296,840,498	306,445,002	1.096
2001	28,567,300	146,931,000			95,532,350	30,568,800	296,600	301,896,050	6,205,528	308,101,578	313,365,217	0.536
2002	25,232,700	157,251,400			96,839,550	30,568,800	296,600	310,189,050	6,267,517	316,456,567	359,323,909	1.164
2003	25,734,100	165,169,900			94,248,050	30,568,800	296,600	316,017,450	1,902,328	317,919,778	401,870,532	1.356
2004	31,048,500	179,910,400		\$ 3,800	89,395,550	30,568,800	296,600	331,223,650	5,345,508	336,569,158	488,768,591	1.338
2005	75,865,800	385,679,200		3,900	144,102,100	48,343,700	1,634,600	655,629,300	7,811,449	663,440,749	655,629,300	0.692
2006	68,703,400	421,375,250		3,900	144,650,900	48,243,700	1,646,700	684,623,850	7,811,449	692,435,299	657,921,748	0.705
2007	61,518,300	505,020,000		5,600	167,336,900	39,583,100	1,646,700	775,110,600	6,759,635	781,870,235	819,745,192	0.696
2008	44,919,300	532,729,300		5,600	211,390,000	43,368,700	1,646,700	834,683,800	6,751,957	841,435,797	890,190,256	0.702

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2008	1.44	0.702	0.479	0.259
2007	1.42	0.696	0.463	0.261
2006	1.29	0.705	0.351	0.237
2005 (1)	1.26	0.692	0.341	0.227
2004	2.42	1.338	0.673	0.409
2003	2.31	1.356	0.580	0.374
2002	2.04	1.164	0.538	0.338
2001	2.00	1.144	0.320	0.536
2000	1.95	1.096	0.534	0.321
1999	2.11	1.162	0.624	0.324

(1) Revaluation

Source: Tax Collector

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

Taxpayer	2008		1999	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Riverdale Crossing	\$ 48,155,500	5.72%	N/A	N/A
D.R. Horton	29,015,900	3.45%	N/A	N/A
Target Corp.	22,045,500	2.62%	N/A	N/A
Quarry	19,975,500	2.37%	N/A	N/A
Cresskill Hills	17,780,900	2.11%	N/A	N/A
Home Depot	14,433,800	1.72%	N/A	N/A
Riverdale Square	10,000,000	1.19%	N/A	N/A
Camfil Farr	7,666,300	.91%	N/A	N/A
Sava	7,438,500	.88%	N/A	N/A
Verizon	6,759,635	.81%	N/A	N/A
	<u>\$ 183,271,535</u>	<u>21.78%</u>	N/A	N/A

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	\$ 3,101,484	\$ 3,101,484	100.00%	-
2000	3,120,222	3,120,222	100.00%	-
2001	3,368,785	3,368,785	100.00%	-
2002	3,574,267	3,574,267	100.00%	-
2003	4,139,074	4,139,074	100.00%	-
2004	4,576,848	4,576,848	100.00%	-
2005	4,528,995	4,528,995	100.00%	-
2006	4,732,704	4,732,704	100.00%	-
2007	5,138,915	5,138,915	100.00%	-
2008	5,847,010	5,847,010	100.00%	-

**RIVERDALE BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST FOUR FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Project Anticipation Notes	Capital Leases	Total District	Population	
2005	2,226,000	N/A	N/A	2,500,000	N/A	4,726,000	2,608	1,812
2006	1,981,000	N/A	N/A	2,200,000	N/A	4,181,000	2,645	1,581
2007	1,726,000	N/A	N/A	850,000	N/A	2,576,000	2,870	898
2008	1,466,000	N/A	N/A	750,000	N/A	2,216,000	2,870 *	772

\* Estimated

Source: District records

Note:

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

**RIVERDALE BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST FOUR FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2005	\$ 2,226,000	-	\$ 2,226,000	0.34%	\$ 854
2006	1,981,000	-	1,981,000	0.30%	749
2007	1,726,000		1,726,000	0.21%	601
2008	1,466,000		1,466,000	0.16%	511

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

**RIVERDALE BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2007  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt			
Borough of Riverdale School District	\$ 2,576,000	\$ 2,576,000	
Borough of Riverdale	<u>14,387,250</u>	<u>7,938,572</u>	\$ 6,448,678
 Total Direct Debt	 <u>\$ 16,963,250</u>	 <u>\$ 10,514,572</u>	 6,448,678
Net Overlapping Debt of School District:			
County of Morris - Borough's Share			<u>2,215,367</u>
 Total Direct and Overlapping Debt			 <u>\$ 8,664,045</u>

Source: Borough of Riverdale School District Chief Financial Officer and Morris County Treasurer's Office

RIVERDALE BOARD OF EDUCATION  
 LEGAL DEBT MARTIN INFORMATION  
 LAST EIGHT FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2007

	Equalized valuation basis	
	2007	815,704,222
	2006	712,481,982
	2005	617,877,014
		<u>\$ 2,146,063,218</u>
Average equalized valuation of taxable property		\$ 715,354,406
Debt limit (3% of average equalization value)		21,460,632
Total Net Debt Applicable to Limit		<u>1,468,432</u>
Legal debt margin		<u>\$ 19,992,200</u>

	Fiscal Year							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	2008
Debt limit	\$ 8,223,154	\$ 9,091,834	\$ 10,643,240	\$ 11,920,245	\$ 13,590,436	\$ 15,848,221	\$ 18,401,691	\$ 21,460,632
Total net debt applicable to limit	<u>45,000</u>	<u>-</u>	<u>2,688,432</u>	<u>2,463,432</u>	<u>2,228,432</u>	<u>1,983,432</u>	<u>1,728,432</u>	<u>1,468,432</u>
Legal debt margin	<u>\$ 8,178,154</u>	<u>\$ 9,091,834</u>	<u>\$ 7,954,808</u>	<u>\$ 9,456,813</u>	<u>\$ 11,362,004</u>	<u>\$ 13,864,789</u>	<u>\$ 16,673,259</u>	<u>\$ 19,992,200</u>
Total net debt applicable to the limit as a percentage of debt limit	0.55%	0.00%	25.26%	20.67%	16.40%	12.52%	9.39%	6.84%

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

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

**RIVERDALE BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2007	4.3%	N/A	2,870
2006	4.8%	67,788	2,645
2005	4.6%	63,605	2,608
2004	5.0%	60,823	2,610
2003	6.3%	56,415	2,595
2002	4.4%	55,984	2,531
2001	4.2%	56,551	2,497
2000	3.3%	56,172	2,501
1999	4.0%	49,647	2,498
1998	4.0%	47,975	2,498

Source: State Department of Labor, Office of Demographic and Economic Analysis

N/A - Information not available

RIVERDALE BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

<u>Employer</u>	<u>2008</u>		<u>1999</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**RIVERDALE BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST THREE FISCAL YEAR**  
**(Unaudited)**

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction			
Regular	26.70	25.50	24.5
Special education	6		
Other special education			
Vocational			
Other instruction			
Nonpublic school programs			
Adult/continuing education programs			
Support Services:			
Student & instruction related services	7	9	9
General administration	2	2	2
School administrative services	1	2	2
Other administrative services	1	1	1
Central services	0.5	1	1
Administrative Information Technology	1	1	1
Plant operations and maintenance	3.5	4	3
Pupil transportation			
Other support services			
Special Schools			
Food Service			
Child Care			
Total	<u>48.7</u>	<u>45.5</u>	<u>43.0</u>

**Source:** District Personnel Records

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

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
1999	263.1	3,603,005	13,694	15.05%			N/A	N/A	263.1	254.5	-5.80%	96.73%
2000	259.3	3,573,773	13,782	0.64%			N/A	N/A	259.3	249.0	-1.44%	96.03%
2001	274.3	3,858,202	14,066	2.06%	32	1:1	N/A	N/A	274.3	263.7	5.78%	96.14%
2002	274.3	4,125,003	15,038	6.92%	32	1:1	N/A	N/A	274.3	264.6	0.00%	96.46%
2003	271.9	4,426,094	16,278	8.25%	29	1:9	N/A	N/A	271.9	262.5	-0.87%	96.54%
2004	279.2	4,660,414	16,692	2.54%	29	1:9	N/A	N/A	279.2	269.1	2.68%	96.38%
2005	279.0	4,844,542	17,364	4.03%	28	1:9	N/A	N/A	279.0	270.5	-0.07%	96.95%
2006	264.0	5,308,033	20,106	15.79%	29	1:9	N/A	N/A	264.0	264.0	-5.38%	100.00%
2007	276.0	5,855,504	21,215	5.51%	29	1:9	N/A	N/A	270.5	260.0	2.46%	96.12%
2008	280.1	6,584,339	23,507	10.80%	31.7	1:9	N/A	N/A	280.1	269.5	3.55%	96.60%

Sources: District records

RIVERDALE BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST THREE FISCAL YEARS  
(Unaudited)

	<u>2008</u>	<u>2007</u>	<u>1998</u>
<b><u>District Building</u></b>			
<u>Elementary</u>			
Square Feet	73,210	73,210	73,210
Capacity (students)	520	520	520
Enrollment	280	276	264
Number of Schools at June 30, 2008			
Elementary =	1	1	1

Source: District Records

RIVERDALE BOARD OF EDUCATION  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST EIGHT FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

School Facilities	Project #	2008	2007	2006	2005	2004	2003	2002	2001
Riverdale Public School	N/A	\$ 60,195	\$ 53,342	\$ 48,597	\$ 53,103	\$ 50,334	\$ 46,944	\$ 60,472	\$ 59,174

**RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2008  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - General Security - Pooled Insurance Limit		
Blanket Building & Contents per Statement of Values	\$ 25,527,000	\$ 5,000
Ordinance/Law Coverage	1,000,000	
Flood/Earthquake	25,527,000	25,000
	Per Occurrence	
Inland Marine:		
EDP Equipment	2,500,000	
Contractors Equipment	250,000	1000
Crime Coverage	500,000	500
Boiler & Machinery - Pooled Insurance Limit	1,000,000	1000
Comprehensive/Commercial General Liability:		
Zurich Ins. Co.		
General Aggregate Limit	2,000,000	1,000
Comprehensive Auto Liability	1,000,000	250
Catastrophe Liability	9,000,000	
Excess Liability in Excess of \$10m as a Group Shared Limit	50,000,000	
Public Official Bonds -		
Western Surety Company		
Treasurer of School Monies	175,000	
Business Administrator/Board Secretary	10,000	

Source: Riverdale School District records.

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

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

Honorable President and Members  
of the Board of Trustees  
Riverdale Board of Education  
Riverdale, 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 Riverdale Board of Education as of and for the fiscal year ended June 30, 2008, which collectively comprise the Riverdale Board of Education's basic financial statements and have issued our report thereon dated October 16, 2008. 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.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Riverdale Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Riverdale Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Riverdale Board of Education's internal control.

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

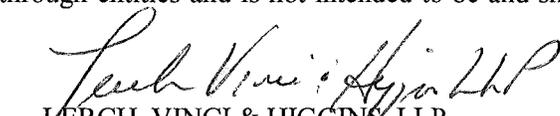
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Riverdale Board of Education'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 Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Riverdale Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 16, 2008.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other 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.



LERCH, VINCI & HIGGINS, LLP  
 Certified Public Accountants  
 Public School Accountants  
 Dieter P. Lerch  
 Public School Accountant  
 PSA Number CS00756

Fair Lawn, New Jersey  
 October 16, 2008

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

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

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

### Compliance

We have audited the compliance of the Riverdale Board of Education with the types of compliance requirements described in the "New Jersey State Aid/Grant Compliance Supplement" that are applicable to each of its major state programs for the fiscal year ended June 30, 2008. Riverdale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Riverdale Board of Education's management. Our responsibility is to express an opinion on Riverdale Board of Education'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; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Riverdale Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Riverdale Board of Education's compliance with those requirements.

In our opinion, Riverdale Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2008.

**Internal Control Over Compliance**

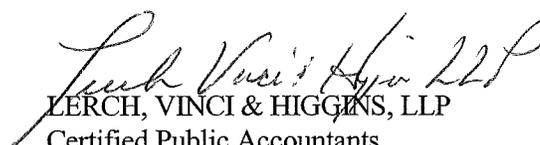
The management of Riverdale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Riverdale Board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

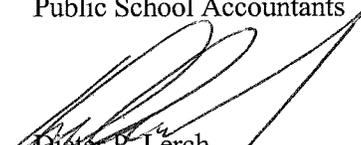
A control deficiency in the Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Board's internal control.

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

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

This report is intended solely for the information and use of the Board of Trustees, management, 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.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
October 16, 2008

**RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal CFDA Number	Federal/Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2007	Cash Received	Budgetary Expenditures	Deferred Revenue	Balance, June 30, 2008	
									(Accounts Receivable)	Due to Grantor
10.555	National School Lunch Program	N/A	7/1/06-6/30/07	\$ 8,475	\$ (748)	748				
	Cash Assistance		7/1/07-6/30/08	9,404		8,612	\$ 9,404		\$ (792)	
	Cash Assistance		7/1/07-6/30/08	2,269	382	2,149	2,269	\$ 262		
	Non-Cash Assistance									
	<b>Total U.S. Department of Agriculture</b>				<u>(366)</u>	<u>11,509</u>	<u>11,673</u>	<u>262</u>	<u>(792)</u>	<u>-</u>
	<b>U.S. Department of Education</b>									
	<b>Passed-through State Department of Education</b>									
84.010	NCLB Title I	NCLB444004	9/1/07-8/31/08	8,154		8,154	8,154			
84.367A	NCLB Title II Part A	NCLB444004	9/1/07-8/31/08	7,487		7,487	7,487			
84.318X	NCLB Title II Part D	NCLB444004	9/1/07-8/31/08	59		59	59			
84.184	NCLB Title IV	NCLB444004	9/1/07-8/31/08	665		665	665			
84.298A	NCLB Title V	NCLB444004	9/1/07-8/31/08	303		303	303			
84.027	I.D.E.A. Part B, Basic	NCLB444004	9/1/07-8/31/08	71,403		71,403	71,403			
84.173	I.D.E.A. Part B, Preschool	NCLB444004	9/1/07-8/31/08	3,269		3,269	3,269			
	<b>Total U.S. Department of Education</b>					<u>91,340</u>	<u>91,340</u>			
	<b>Total Federal Financial Assistance</b>				<u>(366)</u>	<u>102,849</u>	<u>103,013</u>	<u>\$ 262</u>	<u>\$ (792)</u>	<u>\$ -</u>

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

**RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2006	Cash Received	Budgetary Expenditures	Deferred Revenue	Balance, June 30, 2008		MEMO		
								(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>												
Special Education Aid	07-495-034-5120-011	7/1/06-6/30/07	\$ 342,625	\$ (17,132)	\$ 17,132							
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	342,625	(2,090)	325,494	\$ 342,625	\$ (17,131)				\$ 342,625	
Consolidated Aid	07-495-034-5120-057	7/1/06-6/30/07	41,803	(577)	2,090	41,803	(2,090)				41,803	
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	41,803	(2,900)	39,713	41,803	(2,090)					
Additional Formula Aid	07-495-034-5120-058	7/1/06-6/30/07	11,533	(2,900)	577	23,412	(1,171)				23,412	
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	23,412	(12,580)	22,241	4,882	(4,882)					4,882
Additional Nonpublic Transportation Aid	07-100-034-5120-068	7/1/06-6/30/07	2,900	(13,280)	2,900	13,280	(13,280)				13,280	
Additional Nonpublic Transportation Aid	08-100-034-5120-068	7/1/07-6/30/08	4,882	(144,181)	124,118	144,181	(144,181)				144,181	
Extraordinary Aid	07-100-034-5120-473	7/1/06-6/30/07	12,580	(141,158)	134,127	141,158	(7,031)				141,158	
Extraordinary Aid	08-100-034-5120-473	7/1/07-6/30/08	13,280	(825,153)	825,153	835,459	(45,585)					835,459
On-Behalf TPAF Pension Contributions	08-495-034-5095-006	7/1/07-6/30/08	124,118									
On Behalf TPAF Post Retirement Medical Benefits	08-495-034-5095-001	7/1/07-6/30/08	144,181									
Reimbursed TPAF Social Security Contributions	08-495-034-5095-002	7/1/07-6/30/08	141,158									
<b>Total General Fund State Aid</b>			<b>1,863,568</b>	<b>(35,279)</b>	<b>825,153</b>	<b>835,459</b>	<b>(45,585)</b>	<b>(11,913)</b>	<b>(11,913)</b>	<b>(363,416)</b>	<b>\$ (363,416)</b>	<b>\$ -</b>
<b>Capital Projects Fund</b>												
Educational Facilities Construction and Financing Act	4440-050-02-1140	7/1/02-6/30/03	1,863,568	(87)	-	-	-	992	1,081	(89)	(89)	992
<b>Enterprise Funds</b>												
National School Lunch Program (State Share)	07-100-010-3350-023	7/1/06-6/30/07	996	(87)	87							
National School Lunch Program (State Share)	08-100-010-3350-023	7/1/07-6/30/08	1,081	-	-	992	1,081	(89)			(89)	992
<b>Total Enterprise Fund</b>			<b>87</b>	<b>(87)</b>	<b>87</b>	<b>992</b>	<b>1,081</b>	<b>(89)</b>	<b>(89)</b>	<b>(89)</b>	<b>(89)</b>	<b>992</b>
<b>Total State Financial Assistance</b>			<b>825,240</b>	<b>(398,782)</b>	<b>825,240</b>	<b>836,451</b>	<b>1,081</b>	<b>(409,090)</b>	<b>(375,418)</b>	<b>(375,418)</b>	<b>(375,418)</b>	<b>836,451</b>
<b>Less:</b>												
State Financial Assistance Programs Not Included in Calculation for Single Audit and Major Program Determination												
On-Behalf TPAF Post Retirement Medical Benefits					(144,181)	(144,181)						(144,181)
On-Behalf TPAF Pension Contributions					(124,118)	(124,118)						(124,118)
<b>Total State Financial Assistance Amount Utilized for Calculation to Determine Single Audit and Major Programs</b>			<b>\$ 556,941</b>	<b>(398,782)</b>	<b>\$ 556,941</b>	<b>\$ 568,152</b>	<b>\$ 1,081</b>	<b>(409,090)</b>	<b>\$ (375,418)</b>	<b>(375,418)</b>	<b>\$ (375,418)</b>	<b>\$ 568,152</b>

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 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 expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,293 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 834,166	\$ 834,166
Special Revenue Fund	\$ 91,340		91,340
Food Service Fund	<u>11,673</u>	<u>1,081</u>	<u>12,754</u>
Total Financial Assistance	<u>\$ 103,013</u>	<u>\$ 835,247</u>	<u>\$ 938,260</u>

**RIVERDALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$141,158 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2008. The amount reported as TPAF Pension System Contributions in the amount of \$124,118 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$144,181 represents the amount paid by the State on behalf of the District for the year ended June 30, 2008.

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

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

RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Part 1 – Summary of Auditor’s Results

<u>Financial Statement Section</u>	<u>Description</u>
A) Type of auditors' report issued on financial statements	<u>Unqualified</u>
B) Internal control over financial reporting:	
(1) Material weakness(es) identified:	<u>    </u> Yes <u>  X  </u> No
(2) Significant deficiencies identified that are not considered to be material weaknesses?	<u>    </u> Yes <u>  X  </u> None reported
Noncompliance material to basic financial statements noted?	<u>    </u> Yes <u>  X  </u> No

Federal Awards

Not Applicable

RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

*Part I - Summary of Auditor's Results*

**State Awards Section**

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

\$ 300,000

Auditee qualified as low-risk auditee?

yes     no

Internal Control over major programs:

(1) Material weakness(es) identified?

yes     no

(2) Significant deficiencies identified that  
are not considered to be material weaknesses?

yes     none reported

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

Unqualified

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular Letter 04-04?

yes     no

Identification of major state programs:

State Grant/Project Number

08-495-034-5120-011

08-495-034-5120-057

08-495-034-5120-058

Name of State Program or Cluster

Special Education Aid

Consolidated Aid

Additional Formula Aid

**RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**RIVERDALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

*Part 3 – Schedule of Federal Awards and State Financial Assistance  
Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**RIVERDALE BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

*Part 3 – Schedule of Federal Awards and State Financial Assistance*  
*Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR STATE AWARDS**

There are none.

**RIVERDALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2007-1**

Budget appropriations and expenditures relating to the business office were misclassified in the District's budgetary reporting system.

**Current Status**

Corrective action has been taken.

**Finding 2007-2**

See Finding 2007-1.

**Current Status**

Corrective action has been taken.