SCHOOL DISTRICT OF

RUTHERFORD

Rutherford Board of Education
Rutherford, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Comprehensive Annual Financial Report

of the

Rutherford Board of Education

Rutherford, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by
Rutherford Board of Education
Finance Department

RUTHERFORD SCHOOL DISTRICT

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Introductory Section

Rutherford Board of Education

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Rutherford, New Jersey 07070-2310

Robert R. Brown
School Business Administrator/Board Secretary

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

August 19, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Rutherford School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

   The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters.The District completed the 2009-2010 fiscal year with an enrollment of 2,433.9 students, which is 30 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2010-2011	2433.8	0
2009-2010	2433.9	(.012)
2008-2009	2,463.8	.006
2007-2008	2,449.1	.001
2006-2007	2,447.3	.020
2005-2006	2,399.8	(.006)
2004-2005	2,413.9	017
2003-2004	2,374.3	.027
2002-2003	2,311.9	.013
2001-2002	2,283.3	(.011)

2. **ECONOMIC CONDITION AND OUTLOOK**:

The Rutherford area is a mature community that has little space for future development in its core area. Various proposals regarding land east of Rt. 17 are under study. The recycling of existing homes has a minor impact on pupil enrollment. Enrollment is expected to remain stable over the next several years. Property taxes pertaining to the operation of the school district have been 3% or less for the past 3 years, with the most current year being less than 1 %.

3. **MAJOR INITIATIVES**:

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

Students continue to score above the state average on the statewide assessments, and at or above the average for similar districts around the state. On the HSPA11, passing scores were achieved by 94.5% of the general education students in math, and 99.4% of the general education students in language arts literacy. The average SAT combined verbal, math and writing score was 1560.

Over ninety-six percent of the 2010 graduates went on to some form of further education, with 94% going to college. Inclusion efforts of atypical pupils continue at both the elementary and secondary levels. The dropout rate for high school pupils was again under one percent for the 2010-2011 school year.

4. **INTERNAL ACCOUNTING CONTROLS**:

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

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

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

5. **BUDGETARY CONTROLS**:
In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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

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

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

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

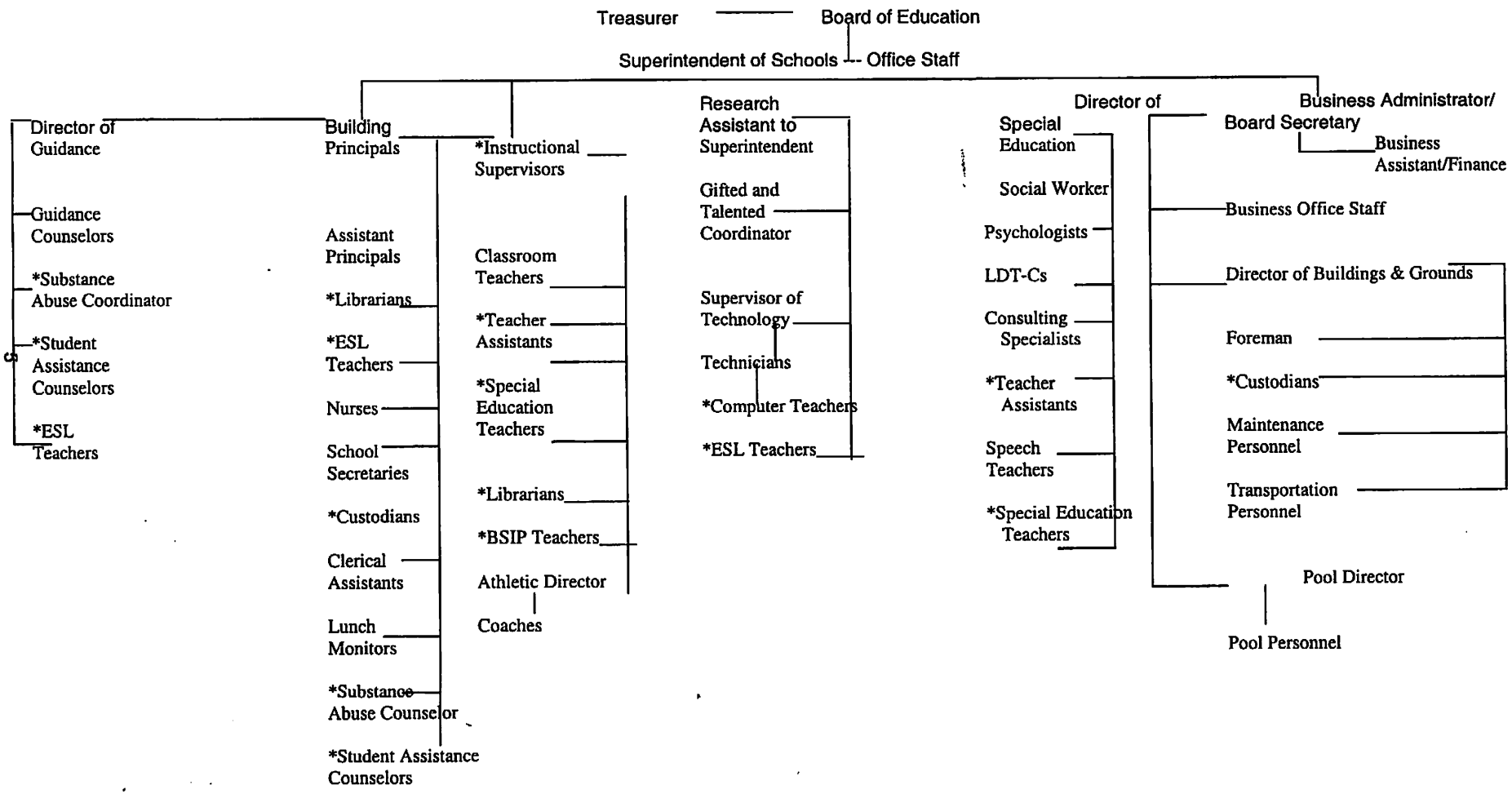
10. **ACKNOWLEDGEMENTS**:
We would like to express our appreciation to the members of the Rutherford School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,

Ms. Elaine Baldwin
Interim Superintendent of Schools

Mr. Robert R. Brown
School Business Administrator

Line of Authority



- * = Under the supervision of 2 administrators.
- Adopted: December 10, 1984
- Revised: February 13, 1995
  Revised: November 11, 1996
  Revised: July 9, 2001
  Revised: May, 2002
  Revised November, 2008

RUTHERFORD SCHOOL DISTRICT

Roster of Officials
June 30, 2011

Members of the Board of Education:	**Term Expires**
Thom Casadonte, President	2014
Thomas Griggs, Vice President	2012
Shelly Ahmed	2012
Dr. Alfred Fiume	2012
Diane Jones	2014
Mary Lanni	2013
Kevin McLean	2013
Gary Novosielski	2014
Patrick Tully	2013

Other Officials:

Ms. Elaine Baldwin, Interim Superintendent
Robert Brown, CPA, Business Administrator/Board Secretary
Edward Cortright, CPA, Treasurer
Rodney T. Hara, Esq. Solicitor

RUTHERFORD SCHOOL DISTRICT
Consultants and Advisors

Audit Firm

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

Attorney

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

Architect

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

Official Depository

Wachovia Bank
190 River Road
Summit, NJ 07901

Financial Section

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Certified Public Accountants
Registered Municipal Accountants

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rutherford School District, in the County of Bergen, State of New Jersey (School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Rutherford School District, in the County of Bergen, State of New Jersey, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2011 on our consideration of the Rutherford School District, in the County of Bergen, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rutherford School District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule 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 also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
August 18, 2011

INVERSO & STEWART, LLC

Certified Public Accountants
Registered Municipal Accountants

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New Jersey Society of CPAs

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Rutherford School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Rutherford School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated August 18, 2011.

This report is intended solely for the information and use of the management, the Board of Education, others within the School District, the Division of Finance, Department of Education, State of New Jersey, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert A. Stewart
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
August 18, 2011

Required Supplementary Information - Part I

Management's Discussion and Analysis

Rutherford School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

As management of the Board of Education of the Borough of Rutherford, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by $19,302,382 *(net assets)*.
- Governmental activities have unrestricted net assets of $381,578. The accounting treatments in the governmental funds for compensated absences payable, accrued interest payable and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net assets of the School District increased by $664,919, or a 3.56% increase from the prior fiscal year-end balance. Payment of long-term serial bond obligations is the main reason for the increase.
- Fund balance of the School District's governmental funds increased by $754,575 resulting in an ending fund balance of $2,693,133. The majority of the increase is attributable to the School Districts increase in year-end encumbrances by $414,739 when compared to the prior year.
- Business-type activities have unrestricted net assets of $25,374, which may be used to meet the School District's ongoing obligations of the enterprise-related activities.
- The School District's long-term obligations decreased by $810,000 which is the result of current year payments on existing debt obligations.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2011. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2011.

The assets of the primary government activities exceeded liabilities by $19,277,008 with an unrestricted balance of $381,578. As mentioned earlier, the unrestricted net assets balance is reduced due to the accounting treatment for compensated absences payable, accrued interest payable and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance.

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

A net investment of $17,366,325 in land, improvements, buildings, equipment and vehicles which provide the services to the School District's public school students, represents 90.08% of the School District's net assets. Net assets of $1,529,105 have been restricted as follows:

Reserve for Encumbrances	$ 1,147,445
2011/12 Budget Appropriation	$ 381,660

Rutherford School District
Comparative Summary of Net Assets
As of June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	$ 2,868,914	$ 2,206,296	$ 25,374	$ 63,969	$ 2,894,288	$ 2,270,265
Capital assets	34,771,325	35,770,546			34,771,325	35,770,546
Total assets	37,640,239	37,976,842	25,374	63,969	37,665,613	38,040,811
Liabilities:						
Current Liabilities	1,237,524	1,309,113			1,237,524	1,309,113
Noncurrent Liabilities	17,125,707	18,094,235			17,125,707	18,094,235
Total liabilities	18,363,231	19,403,348			18,363,231	19,403,348
Net assets	$ 19,277,008	$ 18,573,494	$ 25,374	$ 63,969	$ 19,302,382	$ 18,637,463
Net assets consist of:						
Invested in capital Assets	$ 17,366,325	$ 17,555,546		$	$ 17,366,325	$ 17,555,546
Restricted net assets	1,529,105	1,163,418			1,529,105	1,163,418
Unrestricted net assets	381,578	(145,470)	$ 25,374	63,969	406,952	(81,501)
Net assets	$ 19,277,008	$ 18,573,494	$ 25,374	$ 63,969	$ 19,302,382	$ 18,637,463

Governmental Activities

Governmental activities increased the net assets of the School District by $703,514 during the current fiscal year, thereby accounting for all of the total increase in the net assets of the School District. Key elements of the increase in net assets for governmental activities are as follows:

- Repayment of long-term debt obligations in the amount of $810,000 were paid during the year.

Business-type Activities

Business-type activities decreased the School District's net assets by $38,595. Key elements of the decrease in net assets for governmental activities are as follows:

- The community education program had an operating loss of $38,335.

Rutherford School District
Comparative Schedule of Changes in Net Assets
As of and for the Fiscal Year Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for services			$ 174,345	$ 197,171	$ 174,345	$ 197,171
Operating grants and Contributions	$ 3,434,722	$ 3,949,820			3,434,722	3,949,820
General Revenues:						
Property Taxes	36,280,558	35,257,893			36,280,558	35,257,893
Unrestricted State Aid	2,110,407	3,486,988			2,110,407	3,486,988
Tuition	30,986				30,986	
Other Revenues	41,604	9,990			41,604	9,990
Total Revenues	41,898,277	42,704,691	174,345	197,171	42,072,622	42,901,862
Expenses:						
Governmental Activities:						
Instruction	16,999,142	17,592,991			16,999,142	17,592,991
Tuition	3,140,892	2,696,729			3,140,892	2,696,729
Related Services	3,190,355	3,257,939			3,190,355	3,257,939
Administrative Services	3,142,113	3,483,176			3,142,113	3,483,176
Operations and Maintenance	4,106,156	3,718,740			4,106,156	3,718,740
Transportation	897,608	914,347			897,608	914,347
Unallocated benefits	8,024,863	8,450,212			8,024,863	8,450,212
Interest on long-term Debt	734,225	768,676			734,225	768,676
Other	959,409	954,232			959,409	954,232
Business-Type Activities:						
Food Service Operations			83,046	87,228	83,046	87,228
Community Education			129,894	99,391	129,894	99,391
Other				3,500		3,500
Total Expenses	41,194,763	41,837,042	212,940	190,119	41,407,703	42,027,161
Increase in net assets Before transfers	703,514	867,649	(38,595)	7,052	664,919	874,701
Prior year adjustment						
Changes in net assets	703,514	867,649	(38,595)	7,052	664,919	874,701
Net assets, July 1,	18,573,494	17,705,845	63,969	56,917	18,637,463	17,762,762
Net assets, June 30,	$ 19,277,008	$ 18,573,494	$ 25,374	$ 63,969	$ 19,302,382	$ 18,637,463

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of $2,693,133, an increase of $754,575 in comparison with the prior year. Most of this increase is the result of the recording $1,147,445 as encumbrances at year end, an increase of $365,687 when compared to prior year.

The unassigned fund balance for the School District at the end of the fiscal year is $1,164,028. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows: 1) appropriated as a revenue source in the subsequent year's budget ($381,660), or 2) reserved for encumbrances ($1,147,445).

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

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $1,129,610, or an increase of 3.09 %. The increase to the budget represents prior year encumbrances rolled over to the current year in the amount of $732,706 and tuition revenue ($18,887) and additional surplus ($378,017) appropriated during the year. The additional surplus appropriated during the year was for the replacement of boilers at 3 schools and was approved by the County Executive Director.

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was $1,253,928, while total fund balance (budgetary basis) was $2,771,681. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to $38,626,159. Unreserved fund balance (budgetary basis) represents 3.24% of expenditures while total fund balance (budgetary basis) represents 7.17% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totaled $34,771,325 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was $999,221, or a 2.79% decrease. The decrease is primarily due to depreciation expense.

Rutherford School District
Capital Asset (net of accumulated depreciation)
June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		District-Wide	
	2011	2010	2011	2010	2011	2010
Land	$ 7,502,700	$ 7,502,700			$ 7,502,700	$ 7,502,700
Construction in Progress		402,458				402,458
Site Improvements	64,821	72,447			64,821	72,447
Buildings and Building Improvements	26,870,356	27,406,489			26,870,356	27,406,489
Equipment	283,448	316,452			283,448	316,452
Vehicles	50,000	70,000	$ 0	$ 0	50,000	70,000
Net assets	$ 34,771,325	$ 35,770,546	$ 0	$ 0	$ 34,771,325	$ 35,770,546

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

Long-term debt – During the fiscal year ended June 30, 2011, the School District had $17,405,000 in serial bonds payable and $560,707 in compensated absences.

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

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

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was $119,588,739 and the legal debt margin was $102,183,739.

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2011-12 fiscal year.

- The only increases in budget lines were in the areas of salaries and health benefits. All other areas of spending were kept at the same level as the previous year or reduced to a lower amount.
- The School District only had a 1.4 cent tax rate increase for the 2011-2012 budget. This situation is due to the stabilization of costs. Also, recent legislation passed by the state has capped property tax increases at 2%, which the Rutherford School District has been fully compliant. State aid to the School District increased by $351,305 or a 25.2% increase for the 2011-12 school year. However, any future increases are questionable.

- The Rutherford School District has committed itself to strong financial controls. The School District spends a lot of time monitoring its budget, scrutinizing spending requests, and has been implementing even stronger internal controls. The School District commits itself to constantly reviewing the ways in which it conducts business, and making improvements whenever possible, in order to meet future challenges and maximize instructional spending.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

RUTHERFORD SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 2,123,847	$ 25,374	$ 2,149,221
Receivables, net	608,529		608,529
Deferred bond issuance costs - net	136,538		136,538
Capital assets, net (Note 4)	34,771,325		34,771,325
Total Assets	37,640,239	25,374	37,665,613
LIABILITIES:			
Intergovernmental payable:			
State	34,399		34,399
Deferred revenue	4,844		4,844
Accrued interest payable	358,281		358,281
Noncurrent liabilities (Note 5):			
Due within one year	840,000		840,000
Due beyond one year	17,125,707		17,125,707
Total Liabilities	18,363,231		18,363,231
NET ASSETS:			
Invested in capital assets, net of related debt	17,366,325		17,366,325
Restricted for:			
Debt service	9,012		9,012
Other purposes	1,520,093		1,520,093
Unrestricted	381,578	25,374	406,952
Total Net Assets	$ 19,277,008	$ 25,374	$ 19,302,382

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

RUTHERFORD SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
Instruction:							
Regular	$ 13,348,579		$ 792,813		$ (12,555,766)		$ (12,555,766)
Special Education	2,488,947				(2,488,947)		(2,488,947)
Other instruction	1,161,616				(1,161,616)		(1,161,616)
Support Services:							
Tuition	3,140,892				(3,140,892)		(3,140,892)
Student & instruction related services	3,190,355		116,130		(3,074,225)		(3,074,225)
General administrative services	1,505,194				(1,505,194)		(1,505,194)
School administrative services	1,636,919				(1,636,919)		(1,636,919)
Plant operations and maintenance	4,106,156				(4,106,156)		(4,106,156)
Pupil transportation	897,608				(897,608)		(897,608)
Unallocated employee benefits	8,024,863		2,525,779		(5,499,084)		(5,499,084)
Interest on long-term debt	734,225				(734,225)		(734,225)
Unallocated depreciation and amortization	959,409				(959,409)		(959,409)
Total Governmental Activities	41,194,763		3,434,722		(37,760,041)		(37,760,041)
Business-Type Activities:							
Food Service	83,046	$ 76,131				$ (6,915)	(6,915)
Summer Music Program		6,655				6,655	6,655
Adult School Program	129,894	91,559				(38,335)	(38,335)
Total Business-Type Activities	212,940	174,345				(38,595)	(38,595)
Total Primary Government	$ 41,407,703	$ 174,345	$ 3,434,722	$ -	(37,760,041)	(38,595)	(37,798,636)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					34,718,670		34,718,670
Taxes levied for debt service					1,561,888		1,561,888
Federal and State aid not restricted					2,110,407		2,110,407
Miscellaneous income					72,590		72,590
Total general revenues, special items, extraordinary items and transfers					38,463,555		38,463,555
Change in Net Assets					703,514	(38,595)	664,919
Net Assets - July 1, 2010					18,573,494	63,969	18,637,463
Net Assets - June 30, 2011					$ 19,277,008	$ 25,374	$ 19,302,382

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

Fund Financial Statements

RUTHERFORD SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 2,139,731	$ (24,896)		$ 9,012	$ 2,123,847
Receivables, net					
State aid	540,841	7,094			547,935
Federal aid		59,385			59,385
Other	1,209				1,209
Total Assets	$ 2,681,781	$ 41,583	$ -	$ 9,012	$ 2,732,376
LIABILITIES AND FUND BALANCES					
Liabilities:					
Intergovernmental payable:					
State		$ 34,399			$ 34,399
Deferred revenues		4,844			4,844
Total Liabilities		39,243			39,243
Fund Balances:					
Assigned to:					
Year-end encumbrances	$ 1,145,105	2,340			1,147,445
Subsequent year's budget	372,648			9,012	381,660
Unassigned	1,164,028				1,164,028
Total Fund Balances	2,681,781	2,340		9,012	2,693,133
Total Liabilities and Fund Balances	$ 2,681,781	$ 41,583	$ -	$ 9,012	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $67,399,878 and the accumulated depreciation is $32,628,553.		34,771,325
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.		136,538
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
General Obligation Bonds	$ (17,405,000)	
Compensated Absences Payable	(560,707)	
Accrued Interest Payable	(358,281)	
		(18,323,988)
Net Assets of Governmental Activities		$ 19,277,008

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

RUTHERFORD SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	$ 34,718,670			$ 1,561,888	$ 36,280,558
Tuition	30,986				30,986
Miscellaneous	41,604				41,604
Total local sources	34,791,260			1,561,888	36,353,148
State sources	4,636,186	$ 211,179			4,847,365
Federal sources		697,764			697,764
Total Revenues	39,427,446	908,943		1,561,888	41,898,277
EXPENDITURES:					
Current expense:					
Regular instruction	12,616,743	839,525			13,456,268
Special education instruction	2,488,947				2,488,947
Other instruction	1,161,616				1,161,616
Support services and undistributed costs:					
Tuition	3,140,892				3,140,892
Student & instruction related services	3,074,225	116,130			3,190,355
General administrative services	608,563				608,563
School administrative services	1,636,919				1,636,919
Central administrative services	869,149				869,149
Plant operations and maintenance	3,313,313				3,313,313
Pupil transportation	877,608				877,608
Unallocated employee benefits	8,024,863				8,024,863
Capital outlay	813,321				813,321
Debt service:					
Principal				810,000	810,000
Interest and other charges				751,888	751,888
Total Expenditures	38,626,159	955,655		1,561,888	41,143,702
Excess (deficiency) of revenues over (under) expenditures	801,287	(46,712)			754,575
Other Financing Sources (Uses):					
Transfers in					
Transfers out					
Total other financing sources (uses)	-				
Net Change in Fund Balance	801,287	(46,712)			754,575
Fund Balance - July 1, 2010	1,880,494	49,052		9,012	1,938,558
Fund Balance - June 30, 2011	$ 2,681,781	$ 2,340	$ -	$ 9,012	$ 2,693,133

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

RUTHERFORD SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2)		$ 754,575
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation expense	$ (1,038,307)	
Fixed assets additions	39,086	(999,221)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		810,000
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		(8,031)
Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.		17,663
In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)		128,528
Change in Net Assets of Governmental Activities		$ 703,514

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

RUTHERFORD SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 12,138	$ 2,156	$ 11,080	$ 25,374
Total Current Assets	12,138	2,156	11,080	25,374
Total Assets	12,138	2,156	11,080	25,374
LIABILITIES:				
Current Liabilities:				
Total Current Liabilities				
NET ASSETS:				
Invested in capital assets				
Unrestricted	12,138	2,156	11,080	25,374
Total Net Assets	$ 12,138	$ 2,156	$ 11,080	$ 25,374

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

RUTHERFORD SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	Totals
Operating Revenues:				
Charges for services:				
Daily sales:				
Non-reimbursable programs	$ 76,131			$ 76,131
Program fees		$ 91,559	$ 6,655	98,214
Total Operating Revenue	76,131	91,559	6,655	174,345
Operating Expenses:				
Salaries		87,607		87,607
Supplies and materials		1,166		1,166
Other costs	3,382	2,922		6,304
Purch. Prof. Ed Services		22,020		22,020
Cost of sales	79,664	16,179		95,843
Total Operating Expenses	83,046	129,894		212,940
Operating Income (Loss)	(6,915)	(38,335)	6,655	(38,595)
Non-Operating Revenues:				
Local sources:				
Interest earned				
Total Non-Operating Revenues				
Income (Loss) before Contributions and Transfers	(6,915)	(38,335)	6,655	(38,595)
Operating Transfer Out				
Changes in Net Assets	(6,915)	(38,335)	6,655	(38,595)
Net Assets - July 1, 2010	19,053	40,491	4,425	63,969
Net Assets - June 30, 2011	$ 12,138	$ 2,156	$ 11,080	$ 25,374

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

RUTHERFORD SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities Enterprise Funds			
	Food Service Fund	Community Education Program	Summer Music Program	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 76,131	$ 91,559	$ 6,655	$ 174,345
Cash payments to employees for services		(87,607)		(87,607)
Cash payments to suppliers for goods and services	(83,046)	(42,287)		(125,333)
Net cash used by operating activities	(6,915)	(38,335)	6,655	(38,595)
Cash Flows from Noncapital Financing Activities:				
Operating transfer in (out)				
Net cash provided by noncapital financing activities				
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents				
Net increase (decrease) in cash and cash equivalents	(6,915)	(38,335)	6,655	(38,595)
Cash and cash equivalents - July 1, 2010	19,053	40,491	4,425	63,969
Cash and cash equivalents - June 30, 2011	$ 12,138	$ 2,156	$ 11,080	$ 25,374
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (6,915)	$ (38,335)	$ 6,655	$ (38,595)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivables				
Net cash provided by (used for) operating activities	$ (6,915)	$ (38,335)	$ 6,655	$ (38,595)

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

RUTHERFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Trust Funds			
	Unemployment Compensation	Scholarship Funds	Agency Funds	Totals
ASSETS:				
Cash and cash equivalents	$ 54,342	$ 143,340	$ 152,867	$ 350,549
Total Assets	54,342	143,340	$ 152,867	350,549
LIABILITIES:				
Due to student groups			$ 151,940	151,940
Payroll deductions and withholdings			927	927
Total Liabilities			$ 152,867	152,867
NET ASSETS:				
Reserved for:				
Payment of unemployment claims	54,342			54,342
Scholarships		143,340		143,340
Total Net Assets	$ 54,342	$ 143,340		$ 197,682

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

RUTHERFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS:		
Contributions:		
Employee	$ 51,260	
Board	235,000	
Donations		$ 3,501
Total Contributions	286,260	3,501
Investment earnings:		
Interest		74
Net investment earnings		74
Total Additions	286,260	3,575
DEDUCTIONS:		
Unemployment claims	244,413	
Scholarships awarded		21,269
Total Deductions	244,413	21,269
Change in Net Assets	41,847	(17,694)
Net Assets - July 1, 2010	12,495	161,034
Net Assets - June 30, 2011	$ 54,342	$ 143,340

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Borough of Rutherford School District ("School District") is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 12. The Rutherford School District has an approximate enrollment at June 30, 2011 of 2,488 students.

Criteria for determining if other entities are potential component units which should be reported within the School District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the School District is financially accountable and other organizations that the nature and significance of their relationship with the School District are such that exclusion would cause the School District's basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units.

Basis of Presentation

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

The School District's basic financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

The School District's enterprise funds are:

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

Summer Music Program Fund - This fund accounts for the financial resources of the School District's summer music program. This program provides summer music lessons to students.

Community Education Fund - This fund accounts for the financial activity related to providing adult school activities within the School District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

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

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

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

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

Basis of Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-exchange Transactions (Continued) -Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

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

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

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

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

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

Encumbrances - 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 assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances (Continued) -Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

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

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

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

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2011 and 2010 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

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

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

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Description	Governmental Activities Estimated Lives	Business -Type Activities Estimated Lives
Land Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance – This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School District – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the School District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education and the Chief School Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the School District's policy to use externally restricted fund balances first, then unrestricted fund balance – committed, assigned, and unassigned – in order as needed.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program and tuition for the before and after school program. Non-operating revenues principally consist of interest income earned on various interest bearing accounts and federal and state subsidy reimbursements for the food service program.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses

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

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, state statutes requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Banks that qualify as public depositories under New Jersey statutes hold cash deposits, with bank balances totaling $3,514,838 at June 30, 2011. All deposits are insured by federal depository insurance and/or collateralized with securities held in New Jersey's multiple financial institution collateral pool as required by N.J.S.A. 17.9-41 et seq..

3. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2011 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Total
Intergovernmental			
State Aid	$ 540,841	$ 7,094	$ 547,935
Federal Aid		59,385	59,385
Other	1,209		1,209
Total Accounts Receivable	$ 542,050	$ 66,479	$ 608,529

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	$ 7,502,700			$ 7,502,700
Construction in progress	402,458	$ (402,458)		
Total capital assets, not being Depreciated	7,905,158	(402,458)		7,502,700
Capital Assets, being depreciated:				
Site Improvements	781,280			781,280
Building and Building Improvements	56,948,598	402,458		57,351,056
Equipment	1,357,756	39,086		1,396,842
Vehicles	368,000			368,000
Totals at historical cost	59,455,634	441,544		59,897,178
Less Accumulated Depreciation:				
Site Improvements	(708,833)	(7,626)		(716,459)
Building and Building Improvements	(29,542,109)	(938,591)		(30,480,700)
Equipment	(1,041,304)	(72,090)		(1,113,394)
Vehicles	(298,000)	(20,000)		(318,000)
Totals accumulated depreciation	(31,590,246)	(1,038,307)		(32,628,553)
Total Capital Assets, being depreciated, net	27,865,388	(596,763)		27,268,625
Governmental Activities Capital Assets, Net	$ 35,770,546	$ (999,221)		$ 34,771,325

4. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of $1,038,307 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	$ 20,839
Plant Operations and Maintenance	18,608
Transportation	20,000
Administration	27,482
Unallocated	951,378
Total depreciation expense	$ 1,038,307

5. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2011, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding July 1, 2010	Additions	Reductions	Principal Outstanding June 30, 2011	Due Within One Year
Compensated Absences	$ 689,235		$ 128,528	$ 560,707	
General Obligation Bonds	18,215,000		810,000	17,405,000	$ 840,000
	$ 18,904,235		$ 938,528	$ 17,965,707	$ 840,000

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

2003 General Obligation Bonds dated January 15, 2003 in the amount of $810,000 due in annual installments through January 15, 2028, bearing interest rate of 3.25% to 4.75%.

2006 Refunding Bonds dated December 15, 2006 in the amount of $6,910,000 due in annual installments through January 15, 2028, bearing interest rate of 4.00% to 4.25%.

2011 Refunding Bonds dated January 15, 2011 in the amount of $9,685,000 due in annual installments through January 15, 2028, bearing interest rate of 4.00% to 5.50%.

Principal and interest due on bonds outstanding is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$ 840,000	$ 716,563	$ 1,556,563
2013	885,000	679,887	1,564,887
2014	890,000	642,275	1,532,275
2015	920,000	604,450	1,524,450
2016	920,000	565,350	1,485,350
2017-2021	4,945,000	2,215,250	7,160,250
2022-2026	5,715,000	1,147,400	6,862,400
2027-2030	2,290,000	137,400	2,427,400
	$ 17,405,000	$ 6,708,575	$ 24,113,575

5. LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2011 the School District had no authorizations to issue additional bonded debt.

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

6. OPERATING LEASES

The School District has various non-cancelable operating lease agreements for copiers. Total costs for such leases were approximately $87,915 for the fiscal year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Amount
2012	$ 83,088
2013	82,680
2014	69,913
2015	29,282
2016	24,924
Total future minimum lease payments	$ 289,887

7. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

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

Public Employees' Retirement System (PERS)

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

7. PENSION PLANS (Continued)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions to the PERS, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Normal Contribution	Accrued Liability	Non Contributory Life	Total Liability	Total Paid by School District
2011	$ 145,625	$ 232,043	$ 28,684	$ 406,352	$ 406,352
2010	121,813	156,515	38,598	316,926	316,926
2009	111,969	129,506	30,016	271,491 *	150,753

* In accordance with P.L.2010, C.19 (S-21) school districts had the option to defer 50% of their regular PERS contribution due on April 1, 2009. The Rutherford School District chose to defer $120,738 and will repay this amount plus interest over a 15 year period beginning April 1, 2012. The amount to be repaid will fluctuate each year based on the pension system investment earnings on the unfunded liability. Since the School District is permitted to pay off the deferred amount at any time, the deferred amount has not been recorded as a long-term liability and will be funded on a pay-as-you-go basis.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists. In addition, to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions to the DCRP were as follows:

Year	Total Liability	Employee Contribution	Paid by School District
2011	$ 5,545	$ 3,588	$ 1,957
2010	0	0	0
2009	0	0	0

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the School District.

8. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010 there were 87,288 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State made post-retirement (PRM) contributions of $592.7 million for TPAF and $224.3 million for PERS in Fiscal Year 2009.

The state is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

9. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State of New Jersey for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement were $54,819 and $1,164,355, respectively. In addition, the State of New Jersey reimbursed the School District $1,306,605 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has also been included as a revenue and expenditure in the basic financial statements, and the combining and individual fund statements and schedules in accordance with GASB 24.

10. RISK MANAGEMENT

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

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

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Fund. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

The Fund publishes its own financial report which can be obtained by writing to: School Alliance Insurance Fund, c/o PEGAS, 51 Everett Drive, Lawrenceville, New Jersey, 08648.

10. RISK MANAGEMENT (Continued)

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

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

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010-2011	$ 235,000	$ 51,260	$ 244,413	$ 54,342
2009-2010	136,500	61,439	210,403	12,495
2008-2009	52	53,922	64,349	24,959

11. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, available to all permanent School District employees, permit them to defer a portion of their current salary to all future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore are not reflected on the financial statements of the School District..

12. COMPENSATED ABSENCES

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

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policy. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with the School District's agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2011, the liability for compensated absences in the governmental activities fund type was $560,707.

13. CONTINGENCIES

The School District 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 School District may be required to reimburse the grantor government.

At June 30, 2011, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

14. FUND BALANCES

The School District has classified its fund balances with the following hierarchy:

Nonspendable – The School District does not have any nonspendable funds.

Spendable – The School District has classified the spendable fund balances as *Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as *Restricted* or *Committed*.

Assigned:

Year-end Encumbrances – At June 30, 2011 a total of $1,147,445 is committed to meet contractual obligations. The School District has purchase orders outstanding with vendors in this amount and expects the vendors to deliver the goods and services in the upcoming year. The amounts are $1,145,105 in the General Fund and $2,340 in the Special Revenue Fund.

Designated for Subsequent Year's Expenditures – The School District has assigned a total of $381,660 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in the upcoming 2011-2012 budget. The amounts are $372,648 in the General Fund and $9,012 in the Debt Service Fund.

Unassigned items - Represents the remainder of the School District's equity in governmental fund type balances. The balance at June 30, 2011 is $1,253,928.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	$ 34,718,670		$ 34,718,670	$ 34,718,670	
Tuition			18,887	30,986	$ 12,099
Unrestricted misc. revenues	1,000		1,000	41,604	40,604
Total local sources	34,719,670		34,738,557	34,791,260	52,703
State sources:					
Categorical special education aid	252,068	$ 1,120,265	1,372,333	1,372,333	
Equalization aid	1,120,265	(1,120,265)			
Extraordinary aid				540,565	540,565
On-behalf TPAF pension contrib. (non-budgeted)				1,219,174	1,219,174
Reimbursed TPAF social security contribution (non-budgeted)				1,306,605	1,306,605
Total state sources	1,372,333		1,372,333	4,438,677	3,066,344
TOTAL REVENUES	36,092,003	-	36,110,890	39,229,937	3,119,047
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers:					
Preschool/Kindergarten	260,737		260,737	241,312	19,425
Grades 1-5	4,112,291	(194,859)	3,917,432	3,917,432	
Grades 6-8	3,117,526	(258,522)	2,859,004	2,859,004	
Grades 9-12	4,786,680	(87,839)	4,698,841	4,698,841	
Regular Programs - Home Instruction:					
Salaries of teachers	85,000	11,126	96,126	96,126	
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	154,673	(47,441)	107,232	107,232	
Other purchased services	112,283	(2,120)	110,163	89,176	20,987
General supplies	561,062	15,859	576,921	561,290	15,631
Textbooks	38,499	9,172	47,671	46,330	1,341
Total - Regular Programs - Instruction	13,228,751	(554,624)	12,674,127	12,616,743	57,384

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

(CONTINUED TO NEXT PAGE)

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Learning and/or Language Disabilities:					
Salaries of teachers	$ 425,380	$ (30,165)	$ 395,215	$ 395,215	
Other salaries for instruction	343,793	40,368	384,161	381,304	$ 2,857
Purchased professional - educ services	250,550	73,820	324,370	324,240	130
General supplies	3,500	(545)	2,955	1,025	1,930
Textbooks	3,000		3,000	494	2,506
Total learning and/or language disab.	1,026,223	83,478	1,109,701	1,102,278	7,423
Resource room/resource center:					
Salaries of teachers	1,401,626	(56,514)	1,345,112	1,325,379	19,733
General supplies	7,000		7,000	2,784	4,216
Textbooks	4,500		4,500	331	4,169
Total resource room/resource center	1,413,126	(56,514)	1,356,612	1,328,494	28,118
Total Special Education - Instruction	2,439,349	26,964	2,466,313	2,430,772	35,541
Basic Skills/Remedial - Instruction					
Salaries of teachers	401,446	10,252	411,698	411,698	
Total basic skills/remedial - instruction	401,446	10,252	411,698	411,698	
Bilingual Education - Instruction					
Salaries of teachers	50,965	3,720	54,685	54,566	119
Total bilingual education - instruction	50,965	3,720	54,685	54,566	119
School-Sponsored Cocurricular Act - Instruction:					
Salaries	117,832		117,832	114,104	3,728
Transfer to cover deficit	54,034		54,034	51,055	2,979
Total school-sponsored cocurr. act. - instruc.	171,866		171,866	165,159	6,707
School-Sponsored Athletics - Instruction:					
Salaries	396,242		396,242	389,842	6,400
Purchased services		53,000	53,000	53,000	
Supplies and materials	133,808	(39,493)	94,315	87,351	6,964
Total school-sponsored athletics - instruc.	530,050	13,507	543,557	530,193	13,364
Other Instructional Programs - Instruction					
Purchased services	10,000	(10,000)			
Total other instructional programs - instruc.	10,000	(10,000)			
Total Instruction	16,832,427	(510,181)	16,322,246	16,209,131	113,115

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

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RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - spec	$ 905,758	133,943	$ 1,039,701	$ 1,013,702	$ 25,999
Tuition to county vocational school - reg	230,550		230,550	207,575	22,975
Tuition to county vocational school - spec	90,320		90,320	64,450	25,870
Tuition to CSSD & reg. day schools	315,989	5,614	321,603	321,603	
Tuition to priv. sch. for the disabled in state	1,334,239	53,958	1,388,197	1,388,197	
Tuition to priv. sch. for the disabled not in state	124,432	15,443	139,875	139,875	
Tuition - other	50,000	(44,510)	5,490	5,490	
Total undistributed expenditures - instruction	3,051,288	164,448	3,215,736	3,140,892	74,844
Attendance and Social Work:					
Salaries	64,891	(10,189)	54,702	54,702	
Total attendance and social work	64,891	(10,189)	54,702	54,702	
Health Services:					
Salaries	363,984	(713)	363,271	363,271	
Supplies and materials	9,298	1,385	10,683	10,683	
Total health services	373,282	672	373,954	373,954	
Speech, OT, PT & Related Services:					
Salaries	216,857	(100)	216,757	214,112	2,645
Purchased professional - educ. services	3,700	(300)	3,400	3,400	
Supplies and materials	4,000	400	4,400	4,072	328
Total speech, ot, pt, & related services	224,557		224,557	221,584	2,973
Special Education - Extraordinary Services:					
Purchased professional - educ. services		58,175	58,175	58,175	
Total special education - extra. services		58,175	58,175	58,175	
Guidance:					
Salaries of other professional staff	658,748	(45,897)	612,851	612,851	
Salaries of secretarial and clerical assistants	78,330	354	78,684	78,684	
Supplies and materials	5,944	1,785	7,729	6,649	1,080
Other objects	8,820	554	9,374	7,472	1,902
Total guidance	751,842	(43,204)	708,638	705,656	2,982
Child Study Teams:					
Salaries of other professional staff	974,676	6,523	981,199	977,779	3,420
Salaries of secretarial and clerical assistants	47,916	137	48,053	48,053	
Miscellaneous purchased services	1,000	(156)	844	505	339
Supplies and materials	5,000	1,743	6,743	6,743	
Total child study teams	1,028,592	8,247	1,036,839	1,033,080	3,759
Improvement of Instructional Services:					
Other purchased services	9,250		9,250	1,349	7,901
Total improvement of instructional services	9,250		9,250	1,349	7,901

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

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RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	$ 422,716	$ 47,643	$ 470,359	$ 470,359	
Salaries of technology coordinators	128,509	9,877	138,386	138,386	
Supplies and materials	66,435	(1,885)	64,550	55,896	$ 8,654
Other objects	13,242	520	13,762	6,641	7,121
Total educational media services/school library	630,902	56,155	687,057	671,282	15,775
Instructional Staff Training Services:					
Other salaries	9,500	175	9,675	9,675	
Other objects	4,000	(175)	3,825	2,943	882
Total instructional staff training services	13,500		13,500	12,618	882
Support Services - General Administration:					
Salaries	257,775	(14,351)	243,424	243,424	
Legal services	51,000	(7,053)	43,947	43,947	
Audit fees	30,000		30,000	30,000	
Architectural / engineering services	10,000	5,959	15,959	15,959	
Other purchased professional services	10,000	50,950	60,950	53,150	7,800
Communications / telephone	130,000	(12,528)	117,472	115,569	1,903
Other purchased services	21,250	(4,482)	16,768	9,194	7,574
Supplies and materials	73,700	(13,449)	60,251	53,410	6,841
Judgements against the district		20,000	20,000	20,000	
Misc. expenditures	10,500		10,500	6,020	4,480
BOE membership dues and fees	18,605		18,605	17,890	715
Total support services - general administration	612,830	25,046	637,876	608,563	29,313
Support Services School Administration:					
Salaries of principals/assist. principals	1,015,468	(20,000)	995,468	985,444	10,024
Salaries of secretarial and clerical assistants	510,414	(1)	510,413	505,625	4,788
Other purchased services	19,635	10,000	29,635	21,372	8,263
Supplies and materials	59,375	(6,442)	52,933	41,404	11,529
Other objects	68,515	19,070	87,585	83,074	4,511
Total support services - school administration	1,673,407	2,627	1,676,034	1,636,919	39,115
Central Services:					
Salaries	591,386	(43,140)	548,246	548,246	
Purchased technical services	49,000	56,479	105,479	101,617	3,862
Misc. purchased services	5,400		5,400	1,508	3,892
Supplies and materials	16,000	(22)	15,978	12,753	3,225
Miscellaneous expenditures	2,500	22	2,522	2,521	1
Total central services	664,286	13,339	677,625	666,645	10,980
Admin. Info. Technology:					
Salaries	141,387		141,387	141,006	381
Purchased technical services	13,250		13,250	5,223	8,027
Other purchased services	4,750		4,750	1,030	3,720
Other objects	67,950	(10,000)	57,950	55,245	2,705
Total admin. info. technology	227,337	(10,000)	217,337	202,504	14,833

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

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RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		$ 7,218	$ 7,218	$ 7,218	
Undist. expend - support services - student - spec		7,418	7,418	7,418	
Undist. expend - school administration			25,783	25,783	
Total Equipment		14,636	40,419	40,419	
Facilities Acquisition and Construction Services:					
Other purchased professional and tech services		131,084	131,084	107,984	$ 23,100
Construction services		1,645,221	1,645,221	575,023	1,070,198
Other objects	89,895		89,895	89,895	
Total Facilities Acquisition and Constr. Services	89,895	1,776,305	1,866,200	772,902	1,093,298
Total Capital Outlay	89,895	1,790,941	1,906,619	813,321	1,093,298
TOTAL EXPENDITURES	$ 36,464,651	1,129,610	37,620,044	38,626,159	(1,006,115)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(372,648)	(1,129,610)	(1,509,154)	603,778	2,112,932
Other Financing Sources:					
Operating transfers in					
Total other financing sources	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(372,648)	(1,129,610)	(1,509,154)	603,778	2,112,932
Fund Balance - July 1, 2010	2,167,903		2,167,903	2,167,903	
Fund Balance - June 30, 2011	$ 1,795,255	$ (1,129,610)	$ 658,749	$ 2,771,681	$ 2,112,932
Recapitulation of Fund Balance:					
Assigned Fund Balance:					
Year-end encumbrances				$ 1,145,105	
Designated for subsequent year's expenditures				372,648	
Unassigned Fund Balance:				1,253,928	
				2,771,681	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(89,900)	
Fund Balance per Governmental Funds (GAAP)				$ 2,681,781	

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

RUTHERFORD SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	$ 245,579		$ 245,579	$ 211,179	$ (34,400)
Federal sources	704,858		704,858	697,764	(7,094)
Total Revenues	950,437		950,437	908,943	(41,494)
EXPENDITURES:					
Instruction:					
Salaries of teachers	40,701		40,701	40,701	
Purchased professional - educ. services	179,259		179,259	148,709	30,550
Tuition	500,173		500,173	500,173	
General supplies	82,867		82,867	76,194	6,673
Textbooks	30,353		30,353	26,504	3,849
Other objects	535		535	532	3
Total instruction	833,888		833,888	792,813	41,075
Support services:					
Personal services - employee benefits	15,316		15,316	15,316	
Purchased professional - educ. services	95,046		95,046	94,676	370
Other purchased services	6,187		6,187	6,138	49
Total support services	116,549		116,549	116,130	419
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acq. and const. services					
Total Expenditures	950,437		950,437	908,943	41,494
Total Outflows	950,437		950,437	908,943	41,494
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---

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

RUTHERFORD SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2011

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	$ 39,229,937	$ 908,943
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	287,409	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(89,900)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 39,427,446	$ 908,943
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	$ 38,626,159	$ 908,943
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year		49,052
Current Year		(2,340)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 38,626,159	$ 955,655

Other Supplementary Information

Special Revenue Fund

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Nonpublic Comp. Ed.	Nonpublic Exam/ Classification	Nonpublic Speech	Nonpublic Supplemental Instruction	Nonpublic ESL	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Home Instruction	Carryforward From Exhibit E-1A	Total
REVENUES:										
State sources	$ 50,665	$ 42,111	$ 20,810	$ 21,540	$ 6,489	$ 26,504	$ 35,966	$ 7,094		$ 211,179
Federal sources									$ 697,764	697,764
Total Revenues	50,665	42,111	20,810	21,540	6,489	26,504	35,966	7,094	697,764	908,943
EXPENDITURES:										
Instruction:										
Salaries of teachers									40,701	40,701
Purchased prof. - educational serv.	50,665	42,111	20,810	21,540	6,489			7,094		148,709
Tuition									500,173	500,173
General supplies									76,194	76,194
Textbooks						26,504				26,504
Other objects									532	532
Total instruction	50,665	42,111	20,810	21,540	6,489	26,504		7,094	617,600	792,813
Support services:										
Personal services - employee benefits									15,316	15,316
Purchased prof. - educ. serv.							35,966		58,710	94,676
Other purchased services									6,138	6,138
Total support services							35,966		80,164	116,130
Facilities acquisition and const. serv.:										
Instructional equipment										
Total facilities acq. and const. serv.										
Total Expenditures	50,665	42,111	20,810	21,540	6,489	26,504	35,966	7,094	697,764	908,943
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---	---

RUTHERFORD SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Title II A	Title II A Carryover	Title III	Title III Carryover	Title III Emergent Immigrant	Title IV Carryover	IDEA Basic	IDEA Preschool	ARRA IDEA Basic	ARRA IDEA Preschool	Total
REVENUES:											
State sources											
Federal sources	$ 55,861	$ 1,248	$ 12,628	$ 4,755	$ 9,282	$ 350	$ 530,286	$ 20,691	$ 59,267	$ 3,396	$ 697,764
Total Revenues	55,861	1,248	12,628	4,755	9,282	350	530,286	20,691	59,267	3,396	697,764
EXPENDITURES:											
Instruction:											
Salaries of teachers	35,632		5,069								40,701
Tuition							483,487	16,686			500,173
General supplies			6,016		8,750	350			59,267	1,811	76,194
Other objects					532						532
Total instruction	35,632		11,085		9,282	350	483,487	16,686	59,267	1,811	617,600
Support services:											
Personal services-employee benefits	12,323		1,408							1,585	15,316
Purchased prof. educ. services	7,906						46,799	4,005			58,710
Other purchased services		1,248	135	4,755							6,138
Total support services	20,229	1,248	1,543	4,755			46,799	4,005		1,585	80,164
Facilities acquisition and const. serv.:											
Instructional equipment											
Total facilities acq. and const. serv.											
Total Expenditures	55,861	1,248	12,628	4,755	9,282	350	530,286	20,691	59,267	3,396	697,764
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	---	---	---	---	---	---	---	---	---	---	---

Capital Projects Fund

The School District does not maintain a capital projects fund.

Proprietary Funds

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Net Assets
June 30, 2011

	Food Service Fund	Community Education Program	Summer Music Program	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 12,138	$ 2,156	$ 11,080	$ 25,374
Total Current Assets	12,138	2,156	11,080	25,374
Total Assets	12,138	2,156	11,080	25,374
LIABILITIES:				
Current Liabilities:				
Total Liabilities				
NET ASSETS:				
Unrestricted	12,138	2,156	11,080	25,374
Total Net Assets	$ 12,138	$ 2,156	$ 11,080	$ 25,374

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2011

	Food Service Fund	Community Education Program	Summer Music Program	Total
OPERATING REVENUES:				
Charges for Services:				
Daily sales:				
Non-reimbursable programs	$ 76,131			$ 76,131
Program fees		$ 91,559	$ 6,655	98,214
Total Operating Revenues	76,131	91,559	6,655	174,345
OPERATING EXPENSES:				
Salaries and fringe benefits		87,607		87,607
Supplies and materials		1,166		1,166
Other costs	3,382	2,922		6,304
Other purchased services		22,020		22,020
Cost of sales	79,664	16,179		95,843
Total Operating Expenses	83,046	129,894		212,940
Operating Income (Loss)	(6,915)	(38,335)	6,655	(38,595)
Non-Operating Revenues:				
Local sources:				
Interest earned				
Total Non-Operating Revenues				
Income (Loss) before Contributions and Transfers	(6,915)	(38,335)	6,655	(38,595)
Operating Transfer Out				
Changes in Net Assets	(6,915)	(38,335)	6,655	(38,595)
Net Assets - July 1, 2010	19,053	40,491	4,425	63,969
Net Assets - June 30, 2011	$ 12,138	$ 2,156	$ 11,080	$ 25,374

RUTHERFORD SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

	Food Service Fund	Community Education Program	Summer Music Program	Total
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 76,131	$ 91,559	$ 6,655	$ 174,345
Cash payments to employees for services		(87,607)		(87,607)
Cash payments to suppliers for goods and services	(83,046)	(42,287)		(125,333)
Net cash used by operating activities	(6,915)	(38,335)	6,655	(38,595)
Cash Flows from Noncapital Financing Activities:				
Operating transfer in (out)				
Net cash provided by noncapital financing activities				
Cash Flow Provided by Investing Activities:				
Interest on cash equivalents				-
Net increase (decrease) in cash and cash equivalents	(6,915)	(38,335)	6,655	(38,595)
Cash and cash equivalents - July 1, 2010	19,053	40,491	4,425	63,969
Cash and cash equivalents - June 30, 2011	$ 12,138	$ 2,156	$ 11,080	$ 25,374
Reconciliation of Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:				
Operating Income (Loss)	$ (6,915)	$ (38,335)	$ 6,655	$ (38,595)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable				
Net Cash Provided by (used for) Operating Activities	$ (6,915)	$ (38,335)	$ 6,655	$ (38,595)

Fiduciary Funds

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Trust Funds		Agency Funds		
	Unemployment Compensation	Scholarship Funds	Student Activity	Payroll	Totals
ASSETS:					
Cash and cash equivalents	$ 54,342	$ 143,340	$ 151,940	$ 927	$ 350,549
Total Assets	54,342	143,340	$ 151,940	$ 927	350,549
LIABILITIES:					
Due to student groups			$ 151,940		151,940
Payroll deductions and withholdings				$ 927	927
Total Liabilities			$ 151,940	$ 927	152,867
NET ASSETS:					
Reserved for:					
Payment of unemployment claims	54,342				54,342
Scholarships		143,340			143,340
Total Net Assets	$ 54,342	$ 143,340			$ 197,682

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Scholarship Funds	Unemployment Compensation Insurance Trust Fund	Total
Additions:			
Interest on investments	$ 74		$ 74
Contributions	3,501	$ 235,000	238,501
Employee withholdings		51,260	51,260
Total Additions	3,575	286,260	289,835
Deductions:			
Unemployment compensation insurance claims		244,413	244,413
Scholarships	21,269		21,269
Total Deductions	21,269	244,413	265,682
Change in Net Assets	(17,694)	41,847	24,153
Net Assets - July 1, 2010	161,034	12,495	173,529
Net Assets - June 30, 2011	$ 143,340	$ 54,342	$ 197,682

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Cash Receipts	Cash Disbursements	Accounts Payable	Balance June 30, 2011
Elementary Schools	$ 46,426	$ 116,638	$ 102,657		$ 60,407
General Activities	76,277	215,290	201,860		89,707
Athletics	594	53,000	51,768		1,826
Total all schools	$ 123,297	$ 384,928	$ 356,285	$ -	$ 151,940

RUTHERFORD SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Cash and cash equivalents	$ (232)	$ 24,133,872	$ 24,132,713	$ 927
Total Assets	$ (232)	$ 24,133,872	$ 24,132,713	$ 927
LIABILITIES:				
Net payroll		$ 14,000,716	$ 14,000,716	
Payroll deductions and withholdings	(232)	10,133,156	10,131,997	$ 927
Total Liabilities	$ (232)	$ 24,133,872	$ 24,132,713	$ 927

Long-Term Debt Schedules

RUTHERFORD SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
School Renovations	01/15/03	$ 22,420,000	01/15/12	$ 810,000	4.375%	$ 1,590,000		$ 780,000	$ 810,000
Refunding Bonds of 2006	12/15/06	7,100,000	01/15/12	15,000	4.250%	6,925,000		15,000	6,910,000
			01/15/13	365,000	4.250%				
			01/15/14	370,000	4.250%				
			01/15/15	385,000	4.250%				
			01/15/16	385,000	4.250%				
			01/15/17	390,000	4.000%				
			01/15/18	395,000	4.000%				
			01/15/19	410,000	4.000%				
			01/15/20	420,000	4.000%				
			01/15/21	445,000	4.000%				
			01/15/22	460,000	4.000%				
			01/15/23	480,000	4.000%				
			01/15/24	485,000	4.000%				
			01/15/25	480,000	4.000%				
			01/15/26	475,000	4.000%				
			01/15/27	475,000	4.000%				
			01/15/28	475,000	4.000%				
Refunding Bonds of 2007	01/15/07	9,930,000	01/15/12	15,000	4.000%	9,700,000		15,000	9,685,000
			01/15/13	520,000	4.250%				
			01/15/14	520,000	4.250%				
			01/15/15	535,000	4.250%				
			01/15/16	535,000	4.250%				
			01/15/17	550,000	5.500%				
			01/15/18	555,000	4.000%				
			01/15/19	565,000	4.000%				
			01/15/20	595,000	4.000%				
			01/15/21	620,000	4.000%				
			01/15/22	645,000	4.000%				
			01/15/23	670,000	4.000%				
			01/15/24	675,000	4.000%				
			01/15/25	670,000	4.000%				
			01/15/26	675,000	4.000%				
			01/15/27	670,000	4.000%				
			01/15/28	670,000	4.000%				
						$ 18,215,000	$ -	$ 810,000	$ 17,405,000

RUTHERFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	$ 1,561,888		$ 1,561,888	$ 1,561,888	
Total Revenues	1,561,888		1,561,888	1,561,888	
EXPENDITURES:					
Regular debt service:					
Interest	760,900		760,900	751,888	$ 9,012
Redemption of principal	810,000		810,000	810,000	
Total Expenditures	1,570,900		1,570,900	1,561,888	9,012
Excess (Deficiency) of revenues and other financing source over (under) expenditures and other financing sources (uses):	(9,012)		(9,012)		9,012
Fund Balance - July 1, 2010	9,012		9,012	9,012	
Fund Balance - June 30, 2011	$ -	$ -	$ -	$ 9,012	$ 9,012
Recapitulation of Excess (Deficiency) or revenues over (under) expenditures					
Budgeted Fund Balance	$ (9,012)	$ -	$ (9,012)	$ -	$ 9,012

Statistical Section

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	$ (16,231,950)	$ 4,490,779	$ 7,354,381	$ 17,380,448	$ 18,208,176	$ 17,781,974	$ 17,449,702	$ 17,555,546	$ 17,366,325
Restricted for:									
Capital projects	20,948,706	6,737,078	5,381,518	853,886	602,133	11,358			
Debt service					65,845	9,011	9,012	9,012	9,012
Other purposes	350,006	2,205,617	1,829,183	1,029,873	1,048,481	631,197	400,602	1,154,406	1,520,093
Unrestricted	809,339	425,374	(377,087)	(398,829)	(280,299)	(631,987)	(153,471)	(145,470)	381,578
Total governmental activities net assets	$ 5,876,101	$ 13,858,848	$ 14,187,995	$ 18,865,378	$ 19,644,336	$ 17,801,553	$ 17,705,845	$ 18,573,494	$ 19,277,008
Business-type activities:									
Invested in capital assets, net of related debt									
Unrestricted	$ 140,576	$ 163,563	$ 81,219	$ 38,208	$ 42,793	$ 52,132	$ 56,917	$ 63,969	$ 25,374
Total business-type activities net assets	$ 140,576	$ 163,563	$ 81,219	$ 38,208	$ 42,793	$ 52,132	$ 56,917	$ 63,969	$ 25,374
District-wide:									
Invested in capital assets, net of related debt	$ (16,231,950)	$ 4,490,779	$ 7,354,381	$ 17,380,448	$ 18,208,176	$ 17,781,974	$ 17,449,702	$ 17,555,546	$ 17,366,325
Restricted:									
Capital projects	20,948,706	6,737,078	5,381,518	853,886	602,133	11,358	-	-	-
Debt service					65,845	9,011	9,012	9,012	9,012
Other purposes	350,006	2,205,617	1,829,183	1,029,873	1,048,481	631,197	400,602	1,154,406	1,520,093
Unrestricted	949,915	588,937	(295,868)	(360,621)	(237,506)	(579,855)	(96,554)	(81,501)	406,952
Total district net assets	$ 6,016,677	$ 14,022,411	$ 14,269,214	$ 18,903,586	$ 19,687,129	$ 17,853,685	$ 17,762,762	$ 18,637,463	$ 19,302,382

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
Instruction:									
Regular	$ 13,212,070	$ 13,256,004	$ 15,244,331	$ 12,538,006	$ 12,809,364	$ 13,392,361	$ 13,474,144	$ 13,914,947	$ 13,348,579
Special education	2,152,391	2,135,429	2,620,657	2,124,436	2,221,704	2,288,238	2,315,846	2,532,603	2,488,947
Other instruction	1,288,671	1,342,568	1,516,147	1,113,485	1,106,170	1,150,986	1,153,495	1,145,441	1,161,616
Support Services:									
Tuition	1,989,122	1,947,600	1,973,179	2,164,822	2,189,354	2,450,955	2,868,518	2,696,729	3,140,892
Student & instruction related services	3,023,272	3,262,511	3,392,917	2,800,111	2,805,003	2,906,348	2,951,122	3,257,939	3,190,355
School administrative services	1,666,545	1,762,958	1,824,808	1,607,418	1,653,610	1,904,280	1,826,436	1,829,062	1,636,919
General and business administrative services	572,610	565,803	1,541,646	1,483,354	1,514,107	1,602,084	1,548,748	1,654,114	1,505,194
Plant operations and maintenance	2,799,012	2,802,114	2,958,272	3,443,793	3,740,972	4,356,343	4,680,114	3,718,740	4,106,156
Pupil transportation	735,915	733,146	829,232	729,983	823,592	843,513	949,629	914,347	897,608
Business and other support services	584,151	611,360							
Unallocated employee benefits				6,518,802	8,062,647	8,343,687	7,311,980	8,450,212	8,024,863
Interest on long-term debt	97,350	1,167,100	1,532,987	992,625	1,489,902	885,231	801,362	768,676	734,225
Unallocated depreciation	88,591	6,079	8,032	22,501	628,947	1,077,118	968,120	954,232	959,409
Total governmental activities expenses	28,209,700	29,592,672	33,442,208	35,539,336	39,045,372	41,201,144	40,849,514	41,837,042	41,194,763
Business-type activities:									
Food service	90,119	76,243	72,063	76,605	80,835	82,827	91,206	87,228	83,046
Home after school program	295,768	285,443	315,345	13,065					
Summer music program					4,435	3,500	3,500	3,500	
Adult school program	160,348	134,654	114,445	109,178	102,199	101,886	99,993	99,391	129,894
Total business-type activities expense	546,235	496,340	501,853	198,848	187,469	188,213	194,699	190,119	212,940
Total district expenses	$ 28,755,935	$ 30,089,012	$ 33,944,061	$ 35,738,184	$ 39,232,841	$ 41,389,357	$ 41,044,213	$ 42,027,161	$ 41,407,703
Program Revenues:									
Governmental activities:									
Charges for services:									
Instruction (tuition)	$ 18,934	$ 13,309	$ 12,244	$ 20,482	$ 9,462	$ 1,320	$ 12,606		
Operating grants and contributions	2,371,575	2,528,737	2,812,164	3,162,372	4,328,160	4,513,860	3,322,330	$ 3,949,820	$ 3,434,722
Total governmental activities program revenues	2,390,509	2,542,046	2,824,408	3,182,854	4,337,622	4,515,180	3,334,936	3,949,820	3,434,722

(Continued)

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Food service	$ 82,779	$ 72,773	$ 62,886	$ 80,304	$ 77,701	$ 83,178	$ 89,210	$ 80,890	$ 76,131
Home after school program	303,702	333,672	246,691						
Summer music program					4,180	4,205	4,345	6,630	6,655
Adult school program	151,558	107,642	102,476	107,082	108,699	108,509	105,876	109,651	91,559
Operating grants and contributions	4,406	3,582	5,390	5,718	493				
Capital grants and contributions									
Total business type activities program revenues	542,445	517,669	417,443	193,104	191,073	195,892	199,431	197,171	174,345
Total district program revenues	$ 2,932,954	$ 3,059,715	$ 3,241,851	$ 3,375,958	$ 4,528,695	$ 4,711,072	$ 3,534,367	$ 4,146,991	$ 3,609,067
Net (Expense)/Revenue:									
Governmental activities	$ (25,819,191)	$ (27,050,626)	$ (30,617,800)	$ (32,356,482)	$ (34,707,750)	$ (36,685,964)	$ (37,514,578)	$ (37,887,222)	$ (37,760,041)
Business-type activities	(3,790)	21,329	(84,410)	(5,744)	3,604	7,679	4,732	7,052	(38,595)
Total district-wide net expense	$ (25,822,981)	$ (27,029,297)	$ (30,702,210)	$ (32,362,226)	$ (34,704,146)	$ (36,678,285)	$ (37,509,846)	$ (37,880,170)	$ (37,798,636)
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes levied for general purposes, net	$ 23,317,336	$ 24,171,383	$ 25,417,992	$ 27,674,482	$ 30,302,192	$ 31,721,385	$ 32,475,800	$ 33,702,430	$ 34,718,670
Taxes levied for debt service	337,350	1,997,100	1,876,575	1,879,770	1,855,225	1,784,250	1,567,263	1,555,463	1,561,888
Unrestricted grants and contributions	2,405,783	2,791,267	2,879,747	2,917,899	2,913,745	3,023,542	3,348,104	3,486,988	2,110,407
State aid restricted for capital projects		5,805,144	496,433	1,657,052	95,309	75,735	4,120		
Investment earnings	204,406	183,787	240,588	187,534	156,942	19,410			
Miscellaneous income	117,637	84,692	35,522	117,213	163,295	134,748	23,583	9,990	72,590
Transfers	(26,061)			38,659					
Total governmental activities	26,356,451	35,033,373	30,946,857	34,472,609	35,486,708	36,759,070	37,418,870	38,754,871	38,463,555
Business-type activities:									
Investment earnings	5,347	1,658	2,066	1,392	1,011	1,660	53		
Transfers	26,061			(38,659)					
Total business-type activities	31,408	1,658	2,066	(37,267)	1,011	1,660	53	-	-
Total district-wide	$ 26,387,859	$ 35,035,031	$ 30,948,923	$ 34,435,342	$ 35,487,719	$ 36,760,730	$ 37,418,923	$ 38,754,871	$ 38,463,555
Change in Net Assets:									
Governmental activities	$ 537,260	$ 7,982,747	$ 329,057	$ 2,116,127	$ 778,958	$ 73,106	$ (95,708)	$ 867,649	$ 703,514
Business-type activities	27,618	22,987	(82,344)	(43,011)	4,615	9,339	4,785	7,052	(38,595)
Total district-wide	$ 564,878	$ 8,005,734	$ 246,713	$ 2,073,116	$ 783,573	$ 82,445	$ (90,923)	$ 874,701	$ 664,919

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Restricted for:									
Capital reserve	$ 185,295	$ 185,295	$ 187,611	$ 189,487	$ 197,067				
Excess surplus		55,987	170,531	207,886	196,226	$ 91,714	$ 99,295		
Assigned:									
Year-end encumbrances		1,604,925	1,301,533	543,947	583,921	343,056	203,512	$ 732,706	$ 1,145,105
Designated for subsequent year's expenditures	350,000	544,705	357,113	170,531	268,334	196,226	91,714	372,648	372,648
Unassigned	1,171,790	659,148	455,610	513,113	638,611	715,100	768,269	775,140	1,164,028
Total general fund	$ 1,707,085	$ 3,050,060	$ 2,472,398	$ 1,624,964	$ 1,884,159	$1,346,096	$ 1,162,790	$1,880,494	$ 2,681,781
All Other Governmental Funds									
Assigned:									
Year-end encumbrances	$ 20,763,411	$ 6,551,783	$ 5,193,907			$ 201	$ 6,081	$ 49,052	$ 2,340
Unreserved, reported in:									
Special revenue fund	(5,082)								
Capital projects fund				$ 664,399	$ 405,066	11,358			
Debt service fund	6	6	6	107,509	65,845	9,011	9,012	9,012	9,012
Total all other governmental funds	$ 20,758,335	$ 6,551,789	$ 5,193,913	$ 771,908	$ 470,911	$ 20,570	$ 15,093	$ 58,064	$ 11,352

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

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	$ 22,933,108	$ 23,654,686	$ 26,168,483	$ 27,294,567	$ 29,554,252	$ 32,157,417	$ 33,505,635	$ 34,043,063	$ 35,257,893	$ 36,280,558
Tuition charges	39,234	18,934	13,309	12,244	20,482	9,462	1,320	12,606		30,986
Interest earnings	49,562	182,297	183,787	240,588	187,534	172,644	19,410			
Miscellaneous	193,121	117,637	84,692	35,522	124,423	163,295	134,748	23,583	9,990	41,604
State sources	3,769,484	4,348,714	10,661,297	5,685,439	7,192,303	6,781,769	7,007,845	6,037,213	5,967,897	4,847,365
Federal sources	517,384	428,644	463,844	512,473	538,239	555,445	605,292	637,880	1,468,911	697,764
Total revenue	27,501,893	28,750,912	37,575,412	33,780,833	37,617,233	39,840,032	41,274,250	40,754,345	42,704,691	41,898,277
Expenditures										
Instruction										
Regular Instruction	10,341,628	10,499,159	10,421,226	12,088,401	12,435,496	12,750,662	13,328,301	13,475,453	13,887,976	13,456,268
Special education instruction	1,872,872	1,752,577	1,698,304	2,086,698	2,124,436	2,221,704	2,288,238	2,315,846	2,532,603	2,488,947
Other special instruction	785,288	1,059,114	1,083,355	1,224,147	1,113,485	1,106,170	1,150,986	1,153,495	1,145,441	1,161,616
Other instruction	535,843									
Community services	125,655									
Support Services:										
Tuition	2,092,819	1,989,122	1,947,600	1,973,179	2,142,837	2,189,354	2,450,955	2,868,518	2,696,729	3,140,892
Student & instruction related services	2,433,495	2,490,403	2,581,028	2,602,539	2,763,976	2,770,791	2,906,348	2,951,122	3,257,939	3,190,355
School administrative services	1,459,890	1,374,637	1,414,220	1,450,370	1,591,281	1,633,400	1,804,555	1,728,701	1,829,062	1,636,919
General and business admin.services	1,098,233	993,678	993,424	1,304,789	1,443,603	1,475,715	1,602,084	1,548,748	1,588,290	1,477,712
Plant operations and maintenance	2,261,940	2,469,184	2,426,397	2,629,985	3,329,086	3,705,922	4,339,210	4,015,733	3,698,602	3,313,313
Pupil transportation	674,079	691,202	667,790	758,254	718,761	806,906	815,513	929,629	894,347	877,608
Other support services	3,538,443	4,487,875	5,028,861	5,681,563	6,518,802	8,062,647	8,343,687	7,311,980	8,450,212	8,024,863
Transfer to Charter School					21,985					
Capital outlay	402,255	1,935,545	20,179,678	3,139,871	6,841,883	1,431,895	1,372,283	1,076,641	407,352	813,321
Debt service:										
Principal	240,000	240,000	830,000	830,000	870,000	1,205,000	960,000	750,000	770,000	810,000
Interest and other charges	115,051	97,350	1,167,100	1,046,575	1,009,700	954,158	900,494	817,262	785,463	751,888
Total expenditures	27,977,491	30,079,846	50,438,983	36,816,371	42,925,331	40,314,324	42,262,654	40,943,128	41,944,016	41,143,702
Excess (Deficiency) of revenues over (under) expenditures	(475,598)	(1,328,934)	(12,863,571)	(3,035,538)	(5,308,098)	(474,292)	(988,404)	(188,783)	760,675	754,575
Other Financing sources (uses)										
Proceeds from borrowing		22,420,000		1,100,000						
Net proceeds from refinancing						213,110				
Capital lease						219,380				
Accrued interest on sale of bonds		22,109								
Transfers in		204,406	183,787	238,272	224,317	149,363	19,410			
Transfers out		(230,467)	(183,787)	(238,272)	(185,658)	(149,363)	(19,410)			
Total other financing sources (uses)	-	22,416,048	-	1,100,000	38,659	432,490	-	-	-	-
Net change in fund balances	$ (475,598)	$ 21,087,114	$ (12,863,571)	$ (1,935,538)	$ (5,269,439)	$ (41,802)	$ (988,404)	$ (188,783)	$ 760,675	$ 754,575
Debt service as a percentage of noncapital expenditures	1.29%	1.20%	6.60%	5.57%	5.21%	5.55%	4.55%	3.93%	3.74%	3.87%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Prior Year Refunds	Rentals	Miscellaneous Fees	Miscellaneous	Total
2002	$ 49,562	$ 39,234		$ 119,027		$ 67,566	$ 6,528	$ 281,917
2003	15,910	18,934	$ 9,215	86,502	$ 5,405		605	136,571
2004	10,735	13,309		65,037	8,920			98,001
2005	29,165	12,244	2,736	4,977	960			50,082
2006	285,697	20,482		2,519	10,220		13,521	332,439
2007	327,757	9,462			6,653		1,529	345,401
2008	141,829	1,320		9,928	1,557		844	155,478
2009	13,150	12,606			8,467		1,966	36,189
2010	381				6,875		2,734	9,990
2011	731	30,986		31,234	7,699		1,940	72,590
	$ 874,917	$ 158,577	$ 11,951	$ 319,224	$ 56,756	$ 67,566	$ 29,667	$ 1,518,658

Source: District records

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

Fiscal Year Ended June 30,		Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2002		$ 11,526,500	$ 917,525,700	$ 193,525,200	$ 51,794,100	$ 47,356,300	$ 1,221,727,800	$ 10,750,702	$1,232,478,502	$ 114,005,100	$ 1.890	$ 1,487,422,764
2003		16,730,400	920,195,300	192,029,000	51,794,100	47,756,300	1,228,505,100	10,958,452	1,239,463,552	115,905,400	2.078	1,664,603,212
2004		17,225,100	924,059,300	198,425,000	50,194,100	47,756,300	1,237,659,800	10,004,665	1,247,664,465	116,574,000	2.138	1,920,961,455
2005		25,678,300	931,416,700	185,037,700	53,181,400	47,838,900	1,243,153,000	8,951,081	1,252,104,081	108,130,900	2.271	2,149,534,903
2006	R	52,346,500	2,244,648,000	363,844,100	94,642,100	110,744,800	2,866,225,500	13,300,888	2,879,526,388	187,583,900	1.054	2,504,671,619
2007		51,284,700	2,243,829,900	366,602,200	94,820,600	110,744,800	2,867,282,200	13,727,387	2,881,009,587	186,791,200	1.140	2,829,621,532
2008		45,949,700	2,251,611,300	344,226,000	95,127,200	111,504,500	2,848,418,700	12,936,070	2,861,354,770	186,793,400	1.175	2,988,726,393
2009		46,329,600	2,250,266,300	342,051,100	91,852,900	112,343,800	2,842,843,700	13,946,682	2,856,790,382	187,113,600	1.211	3,067,504,882
2010		46,865,400	2,245,176,100	338,377,300	91,445,600	112,343,800	2,834,208,200	14,247,620	2,848,455,820	189,405,800	1.256	3,080,070,898
2011		22,338,300	2,234,824,900	337,769,700	91,330,600	110,672,400	2,796,935,900	14,520,120	2,811,456,020	214,396,000	1.270	Not available

Source:
Municipal Tax Assessor

Note:
Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100 of assessed valuation.

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

Fiscal Year Ended June 30,		Rutherford School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
		Basic Rate	General Obligation Debt Service	Total Direct	Borough of Rutherford	Library	Bergen County	
2002		$ 1.862	$ 0.028	$ 1.890	$ 1.045		$ 0.285	$ 3.220
2003		2.051	0.027	2.078	1.046		0.286	3.410
2004		1.978	0.160	2.138	1.065		0.317	3.520
2005		2.122	0.149	2.271	1.103		0.336	3.710
2006	R	0.904	0.150	1.054	0.555		0.161	1.770
2007		1.078	0.062	1.140	0.642		0.178	1.960
2008		1.113	0.062	1.175	0.673		0.193	2.041
2009		1.153	0.060	1.213	0.688		0.206	2.107
2010		1.202	0.054	1.256	0.744		0.212	2.212
2011		1.215	0.055	1.270	0.753	$ 0.034	0.210	2.267

Source: Municipal Tax Collector

R Revaluation

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

Taxpayer	2010-2011 Taxable Assessed Value	2010-2011 % of Total District Net Assessed Value	Taxpayer	2001-2002 Taxable Assessed Value	2001-2002 % of Total District Net Assessed Value
Meadows Office, LLC	$ 83,500,000	2.97%	CIN Meadows	$ 46,400,000	3.76%
Citi, Smith Barney	39,200,000	1.39%	Salomon Smith Barney	31,534,500	2.56%
Hasting Village	30,376,200	1.08%	Maurice M. Weill	15,778,600	1.28%
Frederick D. & Weill, J	27,000,000	0.96%	Rutherford Lodging	15,500,000	1.26%
Bell Atlantic Verizon	18,270,124	0.65%	Hastings Village	14,000,000	1.14%
Moody National Meadowlands	18,239,600	0.65%	ESA 2509 Inc.	7,619,000	0.62%
Volvo of America, Corp.	13,000,000	0.46%	Stryker Acquisitions	7,394,900	0.60%
BRE/ESA Properties	12,382,500	0.44%	Volvo of America Corp.	6,950,000	0.56%
359 Veterans Boulevard	11,600,000	0.41%	EGDC	4,198,400	0.34%
Linque-HC Partners LLC	8,998,800	0.32%	Boiling Springs Park Service	3,276,000	0.27%
Total	$ 262,567,224	9.34%		$ 152,651,400	12.39%

Source: Municipal Chief Financial Officer

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

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy [a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	$ 22,933,108	$ 22,933,108	100.00%	-
2003	23,654,686	23,654,686	100.00%	-
2004	26,168,483	26,168,483	100.00%	-
2005	27,294,567	27,294,567	100.00%	-
2006	29,554,252	29,554,252	100.00%	-
2007	32,157,417	32,157,417	100.00%	-
2008	33,505,635	33,505,635	100.00%	-
2009	34,043,063	34,043,063	100.00%	-
2010	35,257,893	35,257,893	100.00%	-
2011	36,280,558	36,280,558	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income [a]	Per Capita [b]
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2002	$ 1,440,000				$ 1,440,000	0.15%	$ 80
2003	23,620,000				23,620,000	2.53%	1,315
2004	22,790,000				22,790,000	2.48%	1,274
2005	21,960,000	$1,012,072			22,972,072	2.35%	1,287
2006	21,090,000	1,075,252	$ 2,897,000		25,062,252	2.49%	1,417
2007	20,695,000	1,075,295	901,880		22,672,175	2.05%	1,294
2008	19,735,000	394,367	800,000		20,929,367	1.79%	1,198
2009	18,985,000				18,985,000	1.59%	1,090
2010	18,215,000				18,215,000	1.62%	1,044
2011	17,405,000				17,405,000	Unavailable	998

Sources:

a District Records

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable [b]	Per Capita [b]
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding [a]		
2002	$ 1,440,000	-	$ 1,440,000	0.12%	$ 80
2003	23,620,000	-	23,620,000	1.92%	1,315
2004	22,790,000	-	22,790,000	1.85%	1,274
2005	21,960,000	-	21,960,000	1.77%	1,287
2006	21,090,000	-	21,090,000	1.69%	1,417
2007	20,695,000	-	20,695,000	1.65%	1,294
2008	19,735,000	-	19,735,000	0.69%	1,198
2009	18,985,000	-	18,985,000	0.66%	1,090
2010	18,215,000	-	18,215,000	0.64%	1,044
2011	17,405,000	-	17,405,000	0.61%	998

Sources:

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

Rutherford School District
Ratios of Overlapping Governmental Activities Debt
As of December 31, 2010

Governmental Unit	Debt Outstanding		Estimated Percentage Applicable		Estimated Share of Overlapping Debt
Debt repaid with property taxes:					
Borough of Rutherford	15,154,724	(1)	100.000%		$ 15,154,724
Bergen County General Obligation Debt	730,825,490	(1)	1.807%	(2)	13,206,017
Subtotal, overlapping debt					28,360,741
Rutherford School District Direct Debt					17,405,000
Total direct and overlapping debt					$ 45,765,741

Sources:

(1) Entity's Audit Report
(2) The County percentage is based upon a calculation reflecting the Borough's share of the 2010 Equalized Valuation. The source for this computation was the 2010 County Abstract of Ratables, provided by the County Board of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis (1)	
2010	$ 2,852,751,082
2009	3,066,052,308
2008	3,050,352,003
	$ 8,969,155,393
Average equalized valuation of taxable property	$ 2,989,718,464
Debt limit (4% of average equalized valuation) (2)	119,588,739
Net bonded school debt (3)	17,405,000
Legal debt margin	$ 102,183,739

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010
Debt limit	$ 53,971,058	$ 59,465,971	$ 66,733,394	$ 75,426,463	$ 86,242,386	$ 98,434,864	$ 109,924,242	$ 117,902,558	$ 121,371,274	$ 119,588,739
Total net debt applicable to limit (3)	1,440,000	23,620,000	22,790,000	21,960,000	21,090,000	20,695,000	19,735,000	18,985,000	18,215,000	17,405,000
Legal debt margin	$ 52,531,058	$ 35,845,971	$ 43,943,394	$ 53,466,463	$ 65,152,386	$ 77,739,864	$ 90,189,242	$ 98,917,558	$ 103,156,274	$ 102,183,739
Total net debt applicable to the limit as a percentage of debt limit	2.67%	39.72%	34.15%	29.11%	24.45%	21.02%	17.95%	16.10%	15.01%	14.55%

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

Rutherford School District
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population [a]	Personal Income [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2001	18,022	$ 938,982,244	$ 52,102	3.4%
2002	17,956	932,473,036	51,931	4.7%
2003	17,895	917,852,445	51,291	4.6%
2004	17,853	976,005,657	54,669	3.8%
2005	17,693	1,007,846,359	56,963	3.9%
2006	17,523	1,104,316,983	63,021	4.1%
2007	17,464	1,172,061,432	67,113	3.7%
2008	17,410	1,193,298,810	68,541	4.8%
2009	17,445	1,123,248,660	64,388	8.6%
2010	17,445	e	e	8.8%

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development

[b] Personal income has been established based upon the municipal population and per capita personal income presented.

[c] Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.

[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

[e] Information not available

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	153	147	160	160	164	169	169	170	169	168
Special education	49	48	49	49	49	53	52	52	52	52
Support Services:										
Student & instruction related services	41	38	34	33	38	37	42	42	42	42
School administrative services	7	21	21	21	22	22	21	21	21	20
General and business administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	26	50	46	47	47	51	51	51	51	49
Pupil transportation	6	6	7	7	6	9	9	9	9	9
Business and other support services	18	12	11	11	11	12	12	12	12	11
Total	302	324	330	330	339	355	358	359	358	353

Source:
District Personnel Records

Rutherford School District
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	2,337	$ 27,220,185	$ 11,647.49	10.10%	218	1:12	1:11	1:09	2,283.30	2,193.90	1.37%	96.08%
2003	2,362	27,806,951	11,772.63	1.07%	223	1:12	1:11	1:09	2,311.90	2,217.80	1.25%	95.93%
2004	2,416	28,262,205	11,697.93	-0.63%	225	1:12	1:11	1:09	2,374.30	2,273.90	2.70%	95.77%
2005	2,485	31,799,925	12,796.75	9.39%	226	1:10	1:12	1:13	2,413.90	2,306.70	1.67%	95.56%
2006	2,399	34,203,748	14,257.50	11.42%	224	1:15	1:13	1:11	2,399.80	2,294.80	-0.58%	95.62%
2007	2,513	36,723,271	14,613.32	2.50%	245	1:15	1:13	1:11	2,447.30	2,344.10	1.98%	95.78%
2008	2,511	39,029,877	15,543.56	6.37%	241	1:15	1:13	1:11	2,449.10	2,345.70	0.07%	95.78%
2009	2,532	38,299,225	15,126.08	-2.69%	242	1:15	1:13	1:11	2,463.80	2,355.50	0.60%	95.60%
2010	2,487	39,981,201	16,076.08	6.28%	241	1:15	1:13	1:11	2,433.90	2,330.30	-1.21%	95.74%
2011	2,488	38,768,493	15,582.19	-3.07%	240	1:15	1:13	1:11	2,433.80	2,328.30	0.00%	95.67%

Sources: District records

Note: Enrollment based on annual October district count.

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

Rutherford School District
School Building Information
Last Ten Fiscal Years

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary										
Washington Elementary (1982)										
Square Feet	15,800	15,800	15,800	15,800	50,000	45,100	45,100	45,100	45,100	45,100
Capacity (students)	137	137	137	137	338	304	304	304	304	304
Enrollment	131	133	131	134	321	322	331	341	324	335
Lincoln (1954)										
Square Feet	15,800	15,800	15,800	15,800	50,000	46,700	46,700	46,700	46,700	46,700
Capacity (students)	117	117	117	117	324	350	350	350	350	350
Enrollment [a]	149	122	124	115	348	357	333	357	352	355
Middle School										
Union Middle School (1960)										
Square Feet	62,500	62,500	62,500	62,500	84,000	70,700	70,700	70,700	70,700	70,700
Capacity (students)	335	335	335	335	482	530	530	530	530	530
Enrollment	593	633	639	675	478	471	484	489	481	493
Pierrepont Middle School (1960)										
Square Feet	59,595	59,595	59,595	59,595	59,595	72,500	72,500	72,500	72,500	72,500
Capacity (students)	433	433	433	433	493	533	533	533	533	533
Enrollment	562	564	563	573	479	489	496	501	490	486
High School										
Rutherford High School (1950)										
Square Feet	142,300	142,300	142,300	142,300	160,000	148,600	148,600	148,600	148,600	148,600
Capacity (students)	455	455	455	455	659	775	775	775	775	775
Enrollment	701	717	766	760	784	817	803	782	778	741

Number of Schools at June 30, 2011
Elementary = 2
Middle School = 2
Senior High School = 1

Source: District Facilities Office

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

* School Facilities Project # (s)	High School	Union	Pierrepont	Washington	Lincoln	Sylvan	Total
2002	$ 395,891	$ 170,071	$ 175,991	$ 46,383	$ 46,383	$ 45,764	$ 880,483
2003	415,156	178,399	184,493	48,663	48,663	48,016	923,390
2004	423,412	190,005	196,495	51,828	51,828	51,140	964,708
2005	430,976	185,252	191,971	50,872	50,872	49,914	959,857
2006	507,077	198,077	188,870	158,462	158,461	49,757	1,260,704
2007	514,063	362,403	210,802	143,864	157,204	40,635	1,428,971
2008	728,119	346,222	354,800	220,873	228,670	70,765	1,949,449
2009	622,263	294,207	274,261	125,722	129,046	65,581	1,511,080
2010	537,117	253,825	236,617	108,466	111,334	56,578	1,303,937
2011	462,754	218,683	203,857	93,449	95,919	48,747	1,123,409
Total School Facilities	$ 5,036,828	$ 2,397,144	$ 2,218,157	$ 1,048,582	$ 1,078,380	$ 526,897	$ 12,305,988

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

Source: District records

Rutherford School District **J-20**
Insurance Schedule
June 30, 2011

	Coverage	Self-insured Retention	Deductible
School Package Policy (1)			
Building and Contents (All Locations)			
Limits of Liability per Occurrence	$ 84,849,376		$ 1,000
Boiler and Machinery	100,000,000		1,000
Flood	10,000,000		
Earthquake	25,000,000		
General Liability	5,000,000		1,000
Automobile Liability	5,000,000		1,000
Employers Liability	5,000,000		
Crime Coverage	500,000		1,000
School Board Legal Liability (4)	5,000,000		
Environmental Impairment Liability (2)	1,000,000		
Surety Bonds (3)			
Treasurer	300,000		
Board Secretary	300,000		

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

Source: District records

Single Audit Section

INVERSO & STEWART, LLC

Certified Public Accountants
Registered Municipal Accountants

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited Rutherford School District (School District), in the County of Bergen, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement,* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2011. The School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Rutherford School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Rutherford School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

This report is intended solely for the information and use of the management, the Board of Education, others within the School District, the Division of Finance, Department of Education, State of New Jersey, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

Robert A. Stewart
Public School Accountant

Marlton, New Jersey
August 18, 2011

RUTHERFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2010 (Accounts Receivable)	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor	Adjustments	Carryovers	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011 (Accounts Receivable)	Balance June 30, 2011 Deferred Revenue	Balance June 30, 2011 Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title II A:															
Fiscal Year 2010	84.367A	NCLB460010	$ 56,929	9/1/09 - 8/31/10	$ (18,791)	$ 1,248				$ 18,791	$ (1,248)				
Fiscal Year 2011	84.367A	NCLB460011	55,910	9/1/10 - 8/31/11						38,893	(55,861)		$ (17,017)	$ 49	
Title III:															
Fiscal Year 2010	84.365A	NCLB460010	11,459	9/1/09 - 8/31/10	(7,968)	4,755				7,968	(4,755)				
Fiscal Year 2011	84.365A	NCLB460011	26,763	9/1/10 - 8/31/11						5,147	(21,910)		(21,616)	4,853	
Fiscal Year 2009	84.365A	NCLB460009	6,575	9/1/08 - 8/31/09		210		$ (210)							
Title IV:															
Fiscal Year 2010	84.186A	NCLB460010	3,958	9/1/09 - 8/31/10	(447)	447		97			(350)		(350)	97	
Fiscal Year 2009	84.186A	NCLB460009	4,442	9/1/08 - 8/31/09		10		(10)							
I.D.E.A. Part B - Basic:															
Fiscal Year 2011	84.027	FT460011	530,656	9/1/10 - 8/31/11						504,884	(530,286)		(25,772)	370	
Fiscal Year 2010	84.027	FT460010	523,795	9/1/09 - 8/31/10	(29,753)					29,753					
ARRA - I.D.E.A. - Basic	84.391	N/A	611,557	9/1/09 - 8/31/11	(60,966)	60,992				59,241	(59,267)		(1,725)	1,725	
I.D.E.A. Part B - Preschool:															
Fiscal Year 2011	84.173	PS460011	20,691	9/1/10 - 8/31/11						20,691	(20,691)				
ARRA - I.D.E.A. - Preschool	84.392	N/A	22,135	9/1/09 - 8/31/11	(3,396)	3,396				3,396	(3,396)				
Total U.S. Department of Education					(121,321)	71,058		(123)		688,764	(697,764)		(66,480)	7,094	
Total Federal Awards					$ (121,321)	$ 71,058	$ -	$ (123)	$ -	$ 688,764	$ (697,764)	$ -	$ (66,480)	$ 7,094	$ -

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

RUTHERFORD SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year ended June 30, 2011

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From - To	Balance June 30, 2010 (Accounts Receivable)	Balance June 30, 2010 Deferred Revenue	Balance June 30, 2010 Due to Grantor	Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2011 (Accounts Receivable)	Balance June 30, 2011 Deferred Revenue	Balance June 30, 2011 Due to Grantor
State Department of Education													
General Fund:													
Special Education Categorical Aid	11-495-034-5120-089	$ 1,372,333	7/1/10- 6/30/11					$ 1,282,433	$ (1,372,333)		$ (89,900)		
Equalization Aid	10-495-034-5120-078	1,467,118	7/1/09- 6/30/10	$ (287,409)				287,409					
Extraordinary Special Education Costs Aid	10-495-034-5120-044	403,801	7/1/09- 6/30/10	(403,801)				403,801					
Extraordinary Special Education Costs Aid	11-100-034-5120-473	540,565	7/1/10- 6/30/11						(540,565)		(540,565)		
On-behalf TPAF Pension Contribution	11-495-034-5095-001	1,219,174	7/1/10- 6/30/11					1,219,174	(1,219,174)				
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	1,306,605	7/1/10- 6/30/11					1,306,329	(1,306,605)		(276)		
Total General Fund				(691,210)				4,499,146	(4,438,677)		(630,741)		
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid	11-100-034-5120-064	30,353	7/1/10- 6/30/11					30,353	(26,504)				$ 3,849
Textbook Aid	10-100-034-5120-064	32,681	7/1/09- 6/30/10			$ 4,569				$ (4,569)			
Nursing Aid	11-100-034-5120-070	35,966	7/1/10- 6/30/11					35,966	(35,966)				
Auxiliary Services:													
Compensatory Education	11-100-034-5120-067	56,265	7/1/10- 6/30/11					56,265	(50,665)				5,600
English as a Second Language	11-100-034-5120-067	17,930	7/1/10- 6/30/11					17,930	(6,489)				11,441
English as a Second Language	10-100-034-5120-067	18,595	7/1/09- 6/30/10			4,588				(4,588)			
Home Instruction	10-100-034-5120-067	12,303	7/1/09- 6/30/10	(12,303)				12,303					
Home Instruction	11-100-034-5120-067	7,094	7/1/10- 6/30/11						(7,094)		(7,094)		
Handicapped Services:													
Supplemental Instruction	11-100-034-5120-066	27,654	7/1/10- 6/30/11					27,654	(21,540)				6,114
Supplemental Instruction	10-100-034-5120-066	26,282	7/1/09- 6/30/10			9,597				(9,597)			
Examination & Classification	11-100-034-5120-066	44,029	7/1/10- 6/30/11					44,029	(42,111)				1,918
Examination & Classification	10-100-034-5120-066	39,116	7/1/09- 6/30/10			20,340				(20,340)			
Corrective Speech	11-100-034-5120-066	26,287	7/1/10- 6/30/11					26,287	(20,810)				5,477
Corrective Speech	10-100-034-5120-066	20,625	7/1/09- 6/30/10			2,676				(2,676)			
Total Special Revenue Fund				(12,303)		41,770		250,787	(211,179)	(41,770)	(7,094)		34,399
Total State Financial Assistance				$ (703,513)	$ -	$ 41,770	$ -	$ 4,749,933	$ (4,649,856)	$ (41,770)	$ (637,835)	$ -	$ 34,399

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

Rutherford School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2011

I. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when the expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $197,509 for the general fund and $0 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		$ 4,636,186	$ 4,636,186
Special Revenue Fund	$ 697,764	211,179	908,943
Total Awards & Financial Assistance	$ 697,764	$ 4,847,365	$ 5,545,129

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

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

	Federal
Reclassifications of Prior Year Balances	$ 123

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: UNQUALIFIED

Internal control over financial reporting:

1) Material weakness(es) identified? ____ yes __X__ no

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

Noncompliance material to general purpose financial statements noted? ____ yes __X__ no

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? ____ yes __X__ no

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A. - Basic
84.391	ARRA - I.D.E.A. - Basic

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

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

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

State Awards

Dollar threshold used to distinguish between type A and type B programs:			$300,000	
Auditee qualified as low-risk auditee?	X	yes		no
Internal Control over major programs:				
1) Material weakness(es) identified?		yes	X	no
2) Significant deficiencies identified that are not considered to be a material weakness?		yes	X	none reported
Type of auditor's report on compliance for major programs:	UNQUALIFIED			
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?		yes	X	no

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
11-100-034-5120-473	Extraordinary Special Education Costs Aid
11-495-034-5120-089	Special Education Categorical Aid
11-100-034-5095-002	TPAF Reimbursed Social Security

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

RUTHERFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

No findings and/or questioned costs identified.

RUTHERFORD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENED JUNE 30, 2011

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 and State of NJOMB Circular 04-04.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

No findings and/or questioned costs identified.

STATE AWARDS

No findings and/or questioned costs identified.