

**SCHOOL DISTRICT OF THE
BOROUGH OF RINGWOOD
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**BOARD OF EDUCATION
BOROUGH OF RINGWOOD
STATE OF NEW JERSEY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

PREPARED BY

**WARREN MITCHELL
BUSINESS ADMINISTRATOR, BOARD SECRETARY**

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INTRODUCTORY SECTION

RINGWOOD BOARD OF EDUCATION

WARREN C. MITCHELL
BUSINESS ADMINISTRATOR
BOARD SECRETARY



121 CARLETONDALE ROAD
RINGWOOD, NJ 07456
973-962-7029

October 24, 2011

Ringwood Board of Education
Ringwood Public Schools
121 Carletondale Road
Ringwood, New Jersey 07456

Dear Board Member:

The comprehensive annual financial report of the Ringwood Public Schools 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 aspects 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 and the District's 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 provision of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133 "Audits of State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORT ENTITY AND ITS SERVICES:** Ringwood 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 Ringwood 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 8. These include regular as well as special education for handicapped youngsters. The District completed the 2010-11 fiscal year with an average daily enrollment of 1281 students, which is a decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2010-11	1,281	(2.65%)
2009-10	1,316	(3.80%)
2008-09	1,368	(.29%)
2007-08	1,372	(2.8%)
2006-07	1,412	(1.3%)
2005-06	1,431	.9%
2004-05	1,418	(3.50%)
2003-04	1,468	0%
2002-03	1,468	.20%
2001-02	1,465	2.45%

2. ECONOMIC CONDITION AND OUTLOOK:

The community appears to have maintained the same level of development as in the previous year.

3. MAJOR INITIATIVES:

- 1) During the 2010-11 school year, the district was successful at passing a construction referendum for Hewitt Intermediate School. The \$11.2 million project will see the school receive a state of the art media center, music rehearsal space, classrooms, upgraded bathroom facilities that are ADA compliant, an elevator that will assist students with special needs, as well as, upgrades to energy efficient windows and utility systems.
- 2) Curriculum committees were restructured to have building administrators supervise the committees in each of the four content areas (language arts, mathematics, science, and social studies). The committees are comprised of teacher representatives from each building as well as a member of the BOE. Committees meet throughout the year during the regular school day and have set agendas to direct focus on content specific information/topics.
- 3) The district began to take steps to implement the new Harassment, Intimidation and Bullying Legislation by forming School Climate Committees and training members serving on those committees in the newest strategies to address and report instances of HIB. The district prepared a system of documenting investigations and gathering supporting information to assist in investigating allegations of HIB. Anti-Bullying Specialists were trained and turn-keyed their insights to members of the teaching staff, parents, non-teaching staff members and students.
- 4) The Houghton Mifflin Journeys Language Arts Series was piloted and began implementation in all Language Arts Literacy classes in Grades K-5. Teachers received in depth training in the instructional methodologies needed to support the flow and sequence of this new curriculum. Alignment between the Common Core State Standards and the new series were established. Technology is a key factor in the successful implementation of the series and more classrooms were outfitted with Smartboard Technology to help support the instructional presentation aspects and the interactive components of the new series.
- 5) School Safety Plans were design and implemented in alignment with NJ State Department of Education mandates requiring a variety of school based drills to ensure the safety of all students in a variety of emergency situations. Non- public Schools and the local police and fire departments collaborated with the Ringwood Public schools in sharing the responsibility for the creation and implementation stages of this plan.
- 6) Student in second grade were given the CogAT Assessment to determine cognitive ability. The assessment was used as an important data component in planning for the instructional needs of students across the academic spectrum. Parents reports were distributed to explain the significance of the assessment results which documented student ability level.
- 7) The district moved towards the adoption of the "Six+1 Traits of Writing" program across all grade levels. This program was designed to help address deficiencies noted in the area of writing as documented on NJASK assessment results.

8) Laptop Computers, document projection devices, and Smartboard Technology systems were purchased through ARRA funding to address the learning needs of students with Special Needs.

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, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

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".

7. **DEBT ADMINISTRATION:** As of June 30, 2011 the Ringwood Board of Education had outstanding qualifying Debt Service, in the amount of \$1,180,000. The Board had authorized but not issued debt of \$11,195,000.

8. **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.

9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, pollution, flood, and fire insurance on property and contents, and fidelity bonds. The district continues to closely monitor insurance premiums and works collaboratively with carriers to reduce exposure in workers' compensation claims and promote a return to work program of light duty. Insurance premiums have remained stable and the district has been spared any significant increases.

10. **OTHER INFORMATION:** A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva was selected by the Board's finance committee. 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 of 1984 and the related OMB Circular A-133 and State

Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Ringwood 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 operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

12. **SERVICE EFFORTS AND ACCOMPLISHMENTS:** Tri-District Board of Education Committees composed of members from the Ringwood, Lakeland Regional High School, and Wanaque Boards of Education again, during the 2010-11 school year, held several collaborative meetings in which the districts continued to identify areas of common needs and goals. The districts are continuing their efforts along the lines of curriculum articulation and organizing common professional development experiences for the staff of the three districts.

An offshoot of transportation shared services has been the district's Transportation Efficiency Rating which is first in Passaic County. Revenue from classroom rentals has remained steady. The transportation revenue is down over prior years as the high school district is handling more of their athletics trips. The districts of Ringwood, Lakeland Regional, and Wanaque continue to share a Tri-District Director of Special Services.

Practice drills at each school location to ensure preparedness for "emergency situations" such as fire drills in the school were continued. Close communication with the Ringwood Police Department and Ringwood Fire Department was maintained.

13. **MAJOR OPERATIONS OR FINANCIAL CONCERNS:** The district Facilities Committee examined the options for long range facilities needs and continues to work with the Board and community.

Respectfully submitted,



Hugh E. Beattie
Superintendent



Warren C. Mitchell
Business Administrator
Board Secretary

RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

ROSTER OF OFFICIALS

June 30, 2011

Members of the Board of Education

Term Expires

Cindy Tassitano, President	2014
Janet Citranglo, Trustee	2014
Gina Goffredo Donatien, Trustee	2013
Melissa Griegel, Trustee	2013
Lynne Klosowski, Trustee	2012
Mary Kunert, Trustee	2014
Katy McKeever, Vice-President	2012
Sam Nastory, Jr., Trustee	2013
Richard Schaefer, Trustee	2012

Other Officials

Hugh E. Beattie, Superintendent

Warren C. Mitchell, School Business Administrator/Board Secretary

Gail Bado, Treasurer

RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkocz, Cerullo & Cuva
401 Wanaque Avenue
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Attorney

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Porzio, Bromberg & Newman, P.C.
Counsellors At Law
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Morristown, NJ 07962-1997

Official Depository

TD Bank
1100 Lake Street
Ramsey, NJ 07446

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
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Fax 973-835-6631

Newton Office
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Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Ringwood School District
County of Passaic, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ringwood Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, and each major fund, and the aggregate remaining fund information of the Ringwood Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Honorable President and
Members of the Board of Education
Page 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2011 on our consideration of the Ringwood Board of Education'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. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. 766

Ferraioli, Wielkotz, Cerullo & Cuva P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 21, 2011



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)

As management of the Ringwood Board of Education (the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the Ringwood Board of Education for the fiscal year ended June 30, 2011.

The Management's Discussion and Analysis is provided at the beginning of the audit to provide in layman's terms the past and current position of the School District's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Fund, and Enterprise Fund. The NJ Department of Education has elected to require districts to treat each governmental fund as a major fund.

FINANCIAL HIGHLIGHTS

- In total, net assets decreased \$216,144, net assets of governmental activities decreased \$222,733 while net assets of business-type activity increased by \$6,589.
- General revenues accounted for \$21,161,061 in revenue or 95 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,018,940 or 5 percent of total revenues of \$22,180,001.
- Total assets of governmental activities decreased by \$299,807 as cash and cash equivalents increased by \$193,974, receivables decreased by \$108,938, and capital assets decreased by \$384,843.
- The School District had \$22,830,281 in expenses; only \$1,452,293 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$21,161,844 were adequate to provide for these programs.

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This discussion and analysis is intended to serve as an introduction to the Ringwood Board of Education's basic financial statements. The Ringwood Board of Education's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

These statements are designed to provide readers with a broad overview of the Ringwood Board of Education's finances, in a manner similar to a private-sector business. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net assets presents information on all of the Ringwood Board of Education's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Ringwood Board of Education is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The causes of change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Program revenues are revenues generated by an activity's fees and charges or are received as operating or capital grants specifically for a certain function. Most of the General Revenues are property taxes and unrestricted aid from other governments –i.e., Equalization Aid, Transportation Aid, Special Education Aid, Security Aid, Adjustment Aid, etc.

Both of the government-wide financial statements distinguish functions of the Ringwood Board of Education that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Ringwood Board of Education include instruction and support services, operations and maintenance of plant facilities, pupil transportation and extracurricular activities. The business-type activities of the School District are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Safety Town enterprise funds are reported as business activities.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), (continued)

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Ringwood Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses many funds to account for a multitude of financial transactions. All of these governmental funds of the School District can be divided into five categories: General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Permanent Fund.

Governmental Funds

The District's activities are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The Ringwood Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund, which are all considered to be major funds.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), (continued)

Enterprise Funds

The Ringwood Board of Education maintains two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the District-wide financial statements. The Ringwood Board of Education uses the enterprise fund to account for its food service program and its safety town program.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the District's major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The School District's net assets were \$1,147,880 at June 30, 2011. Of this amount \$(93,873) was unrestricted balances. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis on the next page focuses on the net assets (Table 1) and change in net assets (Table 2) of the School District. Table 1 provides a summary of the School District's net assets for 2011 and 2010.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 1

Net Assets
June 30, 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	1,408,390	1,323,354	88,843	112,311	1,497,233	1,435,665
Capital Assets	<u>1,716,574</u>	<u>2,101,417</u>	<u>7,827</u>	<u>4,200</u>	<u>1,724,401</u>	<u>2,105,617</u>
Total Assets	<u>3,124,964</u>	<u>3,424,771</u>	<u>96,670</u>	<u>116,511</u>	<u>3,221,634</u>	<u>3,541,282</u>
Current Liabilities	65,574	130,886	8,406	34,836	73,980	165,722
Noncurrent Liabilities						
Bonds Payable	1,180,000	1,255,000			1,180,000	1,255,000
Obligations Under Capital Leases	393,543	275,446			393,543	275,446
Claims and Judgments Payable		17,262				17,262
Deferred PERS Contributions	100,793	100,793			100,793	100,793
Compensated Absences Payable	<u>325,438</u>	<u>363,035</u>	<u>—</u>	<u>—</u>	<u>325,438</u>	<u>363,035</u>
Total Liabilities	<u>2,065,348</u>	<u>2,142,422</u>	<u>8,406</u>	<u>34,836</u>	<u>2,073,754</u>	<u>2,177,258</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	143,031	570,971	7,827	4,200	150,858	575,171
Restricted	1,090,895	936,290			1,090,895	936,290
Unrestricted	<u>(174,310)</u>	<u>(224,912)</u>	<u>80,437</u>	<u>77,475</u>	<u>(93,873)</u>	<u>(147,437)</u>
Total Net Assets	<u>1,059,616</u>	<u>1,282,349</u>	<u>88,264</u>	<u>81,675</u>	<u>1,147,880</u>	<u>1,364,024</u>

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 2 below show the changes in net assets for the fiscal year 2011 and 2010.

Table 2

Changes in Net Assets
Year Ended June 30, 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
<u>Program Revenues:</u>						
Charges for Services & Sales			333,969	354,173	333,969	354,173
Operating Grants & Contributions	1,018,940	757,939	99,384	88,587	1,118,324	846,526
<u>General Revenues:</u>						
<u>Taxes:</u>						
Local Property Taxes	15,629,602	15,282,478			15,629,602	15,282,478
Federal & State Aid Not Restricted	4,050,113	4,778,732			4,050,113	4,778,732
Investment Earnings	24,459	22,118	783	794	25,242	22,912
Miscellaneous Income	<u>1,456,887</u>	<u>1,281,043</u>			<u>1,456,887</u>	<u>1,281,043</u>
Total Revenues & Transfers	<u>22,180,001</u>	<u>22,122,310</u>	<u>434,136</u>	<u>443,554</u>	<u>22,614,137</u>	<u>22,565,864</u>

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Functions/Program Expenses						
<u>Instruction:</u>						
Regular	7,599,176	6,853,405			7,599,176	6,853,405
Special Education	3,042,314	2,655,082			3,042,314	2,655,082
Other Special Instruction	278,732	186,475			278,732	186,475
Other Instruction	33,088	29,509			33,088	29,509
<u>Support Services:</u>						
Student and Instruction Related Services	2,885,658	2,537,614			2,885,658	2,537,614
School Administrative Services	1,031,395	826,100			1,031,395	826,100
General Administrative Services	445,715	401,918			445,715	401,918
Central Services	392,527	316,567			392,527	316,567
Admin. Info. Tech.		36,000				36,000
Plant Operations and Maintenance	1,796,831	1,564,299			1,796,831	1,564,299
Pupil Transportation	1,911,477	1,487,826			1,911,477	1,487,826
Unallocated Benefits	2,198,759	1,690,346			2,198,759	1,690,346
Indirect Expense		2,893,675				2,893,675
Unallocated Depreciation	706,780	323,491			706,780	323,491
Interest on Long-Term Debt	52,603	55,724			52,603	55,724
Capital Outlay - Non- Depreciable	27,679				27,679	
Food Services			<u>427,547</u>	<u>436,754</u>	<u>427,547</u>	<u>436,754</u>
Total Expenses	<u>22,402,734</u>	<u>21,858,031</u>	<u>427,547</u>	<u>436,754</u>	<u>22,830,281</u>	<u>22,294,785</u>
Increase or (Decrease) in Net Assets	<u>(222,733)</u>	<u>(82,378)</u>	<u>6,589</u>	<u>6,800</u>	<u>(216,144)</u>	<u>271,079</u>

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$22,830,281.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Business-Type Activities

Revenues for the District's business type activities (food service and safety town programs) were comprised of charges for services and federal and state reimbursements.

- Food service revenues exceeded expenditures by \$6,589 (profit). This increase in profit is particularly significant since the district opted to abide by the new guidelines for child nutrition and wellness ahead of the requirement.
- Charges for services represent \$333,969 of revenue. This represents the amounts paid by patrons for daily food service, and amounts charged to attend the District's Safety Town Program.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and free milk, and donated commodities was \$99,384.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund and the special revenue fund.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2011</u>	<u>Net Cost of Services 2010</u>
Instruction	10,953,310	11,637,792	10,365,851	11,137,865
Support Services:				
Pupils and Instructional Staff	2,885,658	2,817,886	2,568,814	2,622,938
General Administration, School Administration, Business Operation and Maintenance of Facilities	3,666,468	3,602,338	3,666,468	3,602,338
Pupil Transportation	1,911,477	1,730,454	1,911,477	1,730,454
Other	<u>2,985,821</u>	<u>2,069,561</u>	<u>2,871,184</u>	<u>2,006,497</u>
Total Expenses	<u><u>22,402,734</u></u>	<u><u>21,858,031</u></u>	<u><u>21,383,794</u></u>	<u><u>21,100,092</u></u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business includes expenses associated with administrative and financial supervision of the District.

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition and in compliance with NJDEP, PEOSH and all applicable statutes.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

“Other” includes special schools and unallocated depreciation.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Extraordinary Aid is state aid for special education students whose individual program costs exceed \$40,000 per year. Although additional Extraordinary Aid was ultimately awarded in the amount of \$165,031, as of the writing of this report, the funds were not yet received. More than likely, the grant will be used to increase the special education tuition budget to offset unanticipated out-of-district placements.
- Reimbursement of Nonpublic School Transportation costs in the amount of \$8,595 was received.
- TPAF, which is the state’s contribution to the pension fund, is neither a revenue item nor an expenditure item to the district, but is required to be reflected in the financial statements.
- Staff members who retired from the district were replaced with staff members at lower salary levels. The breakage from salaries funded a number of accounts which had been under-budgeted, such as contracted transportation and paraprofessionals.

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011 the School District had \$8,810,713 invested in sites, buildings, and equipment. Of this amount \$7,424,079 in depreciation has been taken over the years. We currently have a net book value of \$1,716,574. Total additions for the year were \$321,937, the majority of which was for the purchase of school buses. Table 3 shows fiscal year 2011 balances compared to 2010.

Table 3

**Capital Assets at June 30, 2011
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land, Buildings and Improvements	428,106	1,431,621			428,106	1,431,621
Furniture, Equipment and Vehicles	<u>1,288,468</u>	<u>669,796</u>	<u>7,827</u>	<u>4,200</u>	<u>1,296,295</u>	<u>673,996</u>
Total Net Assets	<u>1,716,574</u>	<u>2,101,417</u>	<u>7,827</u>	<u>4,200</u>	<u>1,724,401</u>	<u>2,105,617</u>

Debt Administration

At June 30, 2011, the District had \$1,999,774 in outstanding debt. Of this amount, \$325,438 is for compensated absences, \$100,793 is for deferred PERS pension contributions, \$393,543 is for capital lease obligations and \$1,180,000 is serial bonds payable. The District has authorized but not issued debt of \$11,195,000 as of June 30, 2011.

Table 4

Outstanding Serial Bonds at June 30, 2011

	<u>2011</u>	<u>2010</u>
School Bonds - Series 2008	<u>1,180,000</u>	<u>1,255,000</u>

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)

ECONOMIC FACTORS AND NEXT YEARS' BUDGETS

The State of New Jersey's revenue picture still remains cloudy. The District's State Aid funding for the 2010-2011 school year was \$2,502,917. The District's State Aid funding decreased by 23% from the prior year. Seven veteran teachers and two bus drivers retired at the end of the 2010-2011 school year. The State did restore some of the aid lost in the 2010-2011 school year. The District's State Aid for the 2011-2012 school year is \$2,906,086. The District was successful in passing an \$11.2 million bond referendum for renovation/alteration work for the E.G. Hewitt School. Work is scheduled to begin in the summer of 2013. The District will not be receiving debt service aid from the State on this project. Teachers, administrators and the custodial/maintenance unions contract ends June 30, 2012. The 2012-2013 school year is shaping up to be very challenging. The District will continue to look at alternate means to reduce it's expenses and increase revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mr. Warren Mitchell
School Business Administrator/BS
Ringwood Board of Education
121 Carletondale Road
Ringwood, NJ 07456

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 234,515	\$ 76,400	\$ 310,915
Receivables, net	394,824	7,901	402,725
Inventory		4,542	4,542
Restricted assets:			
Cash and cash equivalents	83,126		83,126
Capital reserve account - cash	695,925		695,925
Capital assets, net	1,716,574	7,827	1,724,401
Total Assets	<u>3,124,964</u>	<u>96,670</u>	<u>3,221,634</u>
LIABILITIES			
Accounts payable and accrued liabilities	11,562	6,184	17,746
Due to other funds		2,222	2,222
Payable to state government	46,549		46,549
Deferred revenue	7,463		7,463
Noncurrent liabilities:			
Due within one year	196,931		196,931
Due beyond one year	1,802,843		1,802,843
Total liabilities	<u>2,065,348</u>	<u>8,406</u>	<u>2,073,754</u>
NET ASSETS			
Invested in capital assets, net of related debt	143,031	7,827	150,858
Restricted for:			
Capital projects	695,925		695,925
Other purposes	394,970		394,970
Unrestricted	(174,310)	80,437	(93,873)
Total net assets	<u>\$ 1,059,616</u>	<u>\$ 88,264</u>	<u>\$ 1,147,880</u>

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 7,599,176		\$ 587,459		(7,011,717)		(7,011,717)
Special education	3,042,314				(3,042,314)		(3,042,314)
Other special instruction	278,732				(278,732)		(278,732)
Other instruction	53,088				(53,088)		(53,088)
Support services:							
Tuition	764,547				(764,547)		(764,547)
Student & instruction related services	2,121,111		316,844		(1,804,267)		(1,804,267)
School administrative services	1,031,395				(1,031,395)		(1,031,395)
General and business administrative services	445,715				(445,715)		(445,715)
Central Services	392,527				(392,527)		(392,527)
Admin. Info. Tech.							
Plant operations and maintenance	1,796,831				(1,796,831)		(1,796,831)
Pupil transportation	1,911,477				(1,911,477)		(1,911,477)
Unallocated Benefits	2,198,759				(2,198,759)		(2,198,759)
Capital Outlay - non-depreciable	27,679		71,002		43,323		43,323
Interest on long-term debt	52,603		43,635		(8,968)		(8,968)
Unallocated depreciation	706,780				(706,780)		(706,780)
Total governmental activities	22,402,734		1,018,940		(21,383,794)		(21,383,794)
Business-type activities:							
Food Service	423,811		329,075		4,648		4,648
Safety Town	3,736		4,894		1,158		1,158
Total business-type activities	427,547		333,969		5,806		5,806
Total primary government	\$22,830,281	\$0	\$ 1,352,909	\$ 1,118,324	\$ (21,383,794)	\$ 5,806	\$ (21,377,988)

General revenues:

Taxes:

Property taxes, levied for general purposes, net	15,629,602
Tuition Received	992,864
Federal and State aid not restricted	4,050,113
Investment Earnings	24,459
Miscellaneous Income	75,875
Transportation Fees	388,148
Transfers	

Total general revenues, special items, extraordinary items and transfers
Change in Net Assets

	21,161,061	783	21,161,844
	(222,733)	6,589	(216,144)
Net Assets—beginning	1,282,349	81,675	1,364,024
Net Assets—ending	\$ 1,059,616	\$ 88,264	\$ 1,147,880

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

FUND FINANCIAL STATEMENTS

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 306,997	\$ (72,482)	\$ 83,126	\$ -	\$ 317,641
Due from other funds	4,452			6,644	11,096
Receivables from other governments	263,878	126,187			390,065
Receivables - Other		307			307
Restricted cash and cash equivalents	695,925				695,925
Total assets	<u>\$ 1,271,252</u>	<u>\$ 54,012</u>	<u>\$ 83,126</u>	<u>\$ 6,644</u>	<u>\$ 1,415,034</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable					-
Due to other funds			6,644		6,644
Payable to state government		46,549			46,549
Deferred revenue		7,463			7,463
Total liabilities	<u>-</u>	<u>54,012</u>	<u>6,644</u>	<u>-</u>	<u>60,656</u>
Fund Balances:					
Restricted for:					
Excess Surplus - current year	165,651				165,651
Excess surplus - prior year - designated for subsequent year's expenditures	147,806				147,806
Capital reserve	695,925				695,925
Debt service					-
Capital projects					-
Committed to:					
Other purposes	81,513				81,513
Assigned to:					
Debt service				6,644	6,644
Capital projects			76,482		76,482
Unassigned:					
General fund	180,357				180,357
Total Fund balances	<u>1,271,252</u>	<u>-</u>	<u>76,482</u>	<u>6,644</u>	<u>1,354,378</u>
Total liabilities and fund balances	<u>\$ 1,271,252</u>	<u>\$ 54,012</u>	<u>\$ 83,126</u>	<u>\$ 6,644</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,140,653 and the accumulated depreciation is \$7,424,079.

1,716,574

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.

(11,562)

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.

(1,999,774)

Net assets of governmental activities

\$ 1,059,616

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the 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	\$ 15,629,602	\$ -	\$ -	\$ -	\$ 15,629,602
Miscellaneous	1,480,471	2,209	875		1,483,555
Total - Local Sources	17,110,073	2,209	875	-	17,113,157
State sources	4,050,113	236,054		43,635	4,329,802
Federal sources	-	737,042			737,042
Total revenues	21,160,186	975,305	875	43,635	22,180,001
EXPENDITURES					
Current:					
Regular instruction	\$ 7,011,717	\$ 587,459			\$ 7,599,176
Special education instruction	3,042,314				3,042,314
Other special instruction	278,732				278,732
Other instruction	33,088				33,088
Support services and undistributed costs:					
Tuition	764,547				764,547
Student & instruction related services	1,804,267	316,844			2,121,111
School administrative services	1,031,395				1,031,395
Other administrative services	462,977				462,977
Central Services	392,527				392,527
Admin. Info. Tech.	-				-
Plant operations and maintenance	1,796,831				1,796,831
Pupil transportation	2,071,994				2,071,994
Unallocated benefits	2,236,356				2,236,356
Facilities Acquisition and Construction Services:					
Instructional Equipment		71,002			71,002
Debt Service:					
Principal				75,000	75,000
Interest and other charges				53,338	53,338
Capital outlay	278,614				278,614
Total expenditures	21,205,359	975,305	-	128,338	22,309,002
Excess (Deficiency) of revenues over expenditures	(45,173)	-	875	(84,703)	(129,001)
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	278,614				278,614
Transfers in				85,577	85,577
Transfers out	(35,202)		(50,375)		(85,577)
Total other financing sources and uses	243,412	-	(50,375)	85,577	278,614
Net change in fund balances	198,239	-	(49,500)	874	149,613
Fund balance—July 1	1,073,013	-	125,982	5,770	1,204,765
Fund balance—June 30	\$ 1,271,252	\$ -	\$ 76,482	\$ 6,644	\$ 1,354,378

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2) **\$ 149,613**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds 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 period.

Depreciation expense	\$ (706,780)	
Depreciable Capital outlays	<u>321,937</u>	(384,843)

Repayment of long-term debt is reported as 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. In the current year, these amounts consist of:

Principal payments on judgments payable	17,262
Principal payments on bonds payable	75,000
Capital lease principal	160,517

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt	-
Deferred PERS pension contributions	-
Capital lease proceeds	(278,614)

In the statement of activities, 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. The accrued interest change is an adjustment to the reconciliation.

735

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in compensated absences payable	37,597
--	--------

Change in net assets of governmental activities **\$ (222,733)**

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	Safety Town	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 71,324	\$ 5,076	\$ 76,400
Accounts receivable:			
State	851		851
Federal	6,660		6,660
Other receivables		390	390
Inventories	4,542	-	4,542
Total current assets	83,377	5,466	88,843
Noncurrent assets:			
Furniture, machinery & equipment	103,842		103,842
Less accumulated depreciation	(96,015)		(96,015)
Total noncurrent assets	7,827	-	7,827
Total assets	91,204	5,466	96,670
LIABILITIES			
Current liabilities:			
Accounts payable	3,327	2,857	6,184
Interfund payables	2,222		2,222
Total current liabilities	5,549	2,857	8,406
Total liabilities	5,549	2,857	8,406
NET ASSETS			
Invested in capital assets net of related debt	7,827	-	7,827
Unrestricted	77,828	2,609	80,437
Total net assets	\$ 85,655	\$ 2,609	\$ 88,264

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund		
	Food Service	Safety Town	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 327,378	\$ -	\$ 327,378
Special functions	1,697	-	1,697
Miscellaneous	-	4,894	4,894
Total operating revenues	<u>329,075</u>	<u>4,894</u>	<u>333,969</u>
Operating expenses:			
Cost of sales	184,402	-	184,402
Salaries	136,537	3,736	140,273
Employee benefits	48,148	-	48,148
Cleaning, repair and maintenance services	3,451	-	3,451
Purchased services	26,499	-	26,499
Miscellaneous Expense	10,156	-	10,156
General supplies	13,260	-	13,260
Depreciation	1,358	-	1,358
Total Operating Expenses	<u>423,811</u>	<u>3,736</u>	<u>427,547</u>
Operating income (loss)	<u>(94,736)</u>	<u>1,158</u>	<u>(93,578)</u>
Non-operating revenues (expenses):			
State sources:			
State school lunch program	6,018	-	6,018
Federal sources:			
National school lunch program	73,943	-	73,943
Special milk program	1,692	-	1,692
Food distribution program	17,731	-	17,731
Interest and investment revenue	767	16	783
Total non-operating revenues (expenses)	<u>100,151</u>	<u>16</u>	<u>100,167</u>
Income (loss) before contributions & transfers	<u>5,415</u>	<u>1,174</u>	<u>6,589</u>
Capital contributions	-	-	-
Transfers in (out)	-	-	-
Change in net assets	<u>5,415</u>	<u>1,174</u>	<u>6,589</u>
Total net assets—beginning	<u>80,240</u>	<u>1,435</u>	<u>81,675</u>
Total net assets—ending	<u>\$ 85,655</u>	<u>\$ 2,609</u>	<u>\$ 88,264</u>

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	Safety Town	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 329,075	\$ 4,764	\$ 333,839
Payments to employees	(136,537)	(3,749)	(140,286)
Payments for employee benefits	(48,148)	-	(48,148)
Payments to suppliers	(264,480)	-	(264,480)
Net cash provided by (used for) operating activities	<u>(120,090)</u>	<u>1,015</u>	<u>(119,075)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	5,746	-	5,746
Federal sources	93,162	-	93,162
Net cash provided by (used for) non-capital financing activities	<u>98,908</u>	<u>-</u>	<u>98,908</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(4,985)	-	(4,985)
Net cash provided by (used for) capital and related financing activities	<u>(4,985)</u>	<u>-</u>	<u>(4,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	767	16	783
Net cash provided by (used for) investing activities	<u>767</u>	<u>16</u>	<u>783</u>
Net increase (decrease) in cash and cash equivalents	(25,400)	1,031	(24,369)
Balances—beginning of year	96,724	4,045	100,769
Balances—end of year	<u>\$ 71,324</u>	<u>\$ 5,076</u>	<u>\$ 76,400</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (94,736)	\$ 1,158	\$ (93,578)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	1,358	-	1,358
(Increase) decrease in accounts receivable, net	-	(130)	(130)
(Increase) decrease in inventories	(295)	-	(295)
Increase (decrease) in accounts payable	(26,417)	(13)	(26,430)
Total adjustments	<u>(25,354)</u>	<u>(143)</u>	<u>(25,497)</u>
Net cash provided by (used for) operating activities	<u>\$ (120,090)</u>	<u>\$ 1,015</u>	<u>\$ (119,075)</u>

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 21,424	\$ 131,791
Total assets	<u>21,424</u>	<u>131,791</u>
LIABILITIES		
Accounts payable	3,672	798
Interfunds payable		2,229
Payable to student groups		23,043
Payroll deductions and withholdings		105,721
Total liabilities	<u>3,672</u>	<u>\$ 131,791</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>\$ 17,752</u>	

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ 34,774
Other	35,000
Total Contributions	69,774
Investment earnings:	
Interest	111
Net investment earnings	111
Total additions	69,885
DEDUCTIONS	
Quarterly contribution reports	13,782
Unemployment Claims	51,914
Total deductions	65,696
Change in net assets	4,189
Net assets—beginning of the year	13,563
Net assets—end of the year	\$ 17,752

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education ("Board") of the Borough of Ringwood School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Ringwood School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Ringwood 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 Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

A. Basis of Presentation:

The Board's basic financial statements consist of District-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.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board 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 Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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. Revenues which are not classified as program revenues are presented as general revenues of the Board, 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 Board.

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. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board 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 Board's governmental funds:

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

GOVERNMENTAL FUNDS, (continued)

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

As required by the New Jersey State Department of Education, the Board 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 that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board 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 Board's Enterprise Funds are comprised of the Food Service Fund and the Safety Town Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets.

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the Board holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund 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 District-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 District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified 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. 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.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

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 year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of 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 the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Open encumbrances in the special revenue fund, for which the Board 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.

F. Cash, Cash Equivalents and Investments:

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

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board has adopted a cash management plan that 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.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks 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.

G. Tuition Expenses/Payables:

Tuition charges were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Capital Assets:

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

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Deferred Revenue:

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

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide 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 judgements, 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 due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Fund Balances: (continued)

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. 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 balances 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 Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, \$-0- of the District's bank balance of \$1,644,253 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2011, the District had \$5,238 on deposit with the New Jersey Cash Management Fund.

NOTE 4. RECEIVABLES

Receivables at June 30, 2011, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
State Aid	\$239,531	\$851	\$240,382
Federal Aid	126,187	6,660	132,847
Accounts Receivable	24,654	390	25,044
Interfunds	<u>4,452</u>	<u> </u>	<u>4,452</u>
Gross Receivables	394,824	7,901	402,725
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u>\$394,824</u>	<u>\$7,901</u>	<u>\$402,725</u>

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

As of June 30, 2011, the District had the following interfund balances:

\$2,229	Due to the General Fund from the Agency Fund for accumulated interest earned.
2,222	Due to the General Fund from the Enterprise Fund for reimbursement of expenditures.

Interfund transfer for the year ended June 30, 2011 consisted of the following:

\$74,143	From the General Fund to the Enterprise Fund for Federal and State lunch subsidy.
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NOTE 6. CAPITAL ASSETS

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

	Balance 6/30/10	Additions	Deductions	Adjustment to Appraisal Report	Balance 6/30/11
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ _____	\$ _____	\$ _____	\$329,940	\$329,940
Capital Assets Being Depreciated					
Buildings and Improvements	5,748,455			(751,852)	4,996,603
Furniture, Equipment and Vehicles	<u>3,674,872</u>	<u>321,937</u>	_____	<u>(182,699)</u>	<u>3,814,110</u>
Total Capital Assets, Being Depreciated	<u>9,423,327</u>	<u>321,937</u>	=====	<u>(934,551)</u>	<u>8,810,713</u>
Less Accumulated Depreciation:					
Buildings and Improvements	4,316,834	58,964		522,639	4,898,437
Furniture, Equipment and Vehicles	<u>3,005,076</u>	<u>267,648</u>	_____	<u>(747,082)</u>	<u>2,525,642</u>
Total Accumulated Depreciation	<u>7,321,910</u>	<u>326,612</u>	_____	<u>(224,443)</u>	<u>7,424,079</u>
Total Capital Assets, Being Depreciated, Net	<u>2,101,417</u>	<u>(4,675)</u>	_____	<u>(710,108)</u>	<u>1,386,634</u>
Governmental Activities Capital Assets, Net	<u>\$2,101,417</u>	<u>(\$4,675)</u>	\$ _____	<u>(\$380,168)</u>	<u>\$1,716,574</u>

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 6. CAPITAL ASSETS, (continued)

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/10</u>
Business-Type Activity				
Furniture and Equipment	\$98,856	\$4,985	\$ -0-	\$103,841
Totals	<u>98,856</u>	<u>4,985</u>	<u>-0-</u>	<u>103,841</u>
Less Accumulated Depreciation				
Furniture and Equipment	94,656	1,358	-0-	96,014
Total Accumulated Depreciation	<u>94,656</u>	<u>1,358</u>	<u>-0-</u>	<u>96,014</u>
Business-Type Activity Capital Assets, Net	<u>\$4,200</u>	<u>\$3,627</u>	<u>\$ -0-</u>	<u>\$7,827</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated depreciation".

NOTE 7. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the fiscal year ended June 30, 2011 were as follows:

	<u>Balance June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Bonds Payable	\$1,255,000	\$	\$75,000	\$1,180,000	\$80,000
Deferred PERS Pension					
Contributions	100,793			100,793	
Capital Leases Payable	275,446	278,614	160,517	393,543	116,931
Claims and Judgments Payable	17,262		17,262	0	
Compensated Absences Payable	<u>363,035</u>	<u>17,590</u>	<u>55,187</u>	<u>325,438</u>	
	<u>\$2,011,536</u>	<u>\$296,204</u>	<u>\$307,966</u>	<u>\$1,999,774</u>	<u>\$196,931</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATIONS, (continued)

Outstanding bonds payable at June 30, 2011 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2011</u>
School Bonds Series 2008	07/15/08	4.250%	01/15/23	<u>\$1,180,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$80,000	\$50,150	\$130,150
2013	80,000	46,750	126,750
2014	85,000	43,350	128,350
2015	90,000	39,737	129,737
2016	90,000	35,913	125,913
2017-2021	520,000	117,937	637,937
2022-2023	<u>235,000</u>	<u>15,088</u>	<u>250,088</u>
	<u>\$1,180,000</u>	<u>\$348,925</u>	<u>\$1,528,925</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had \$11,195,000 of authorized bonds.

C. Capital Leases Payable:

The District is leasing transportation equipment under capital leases. All capital leases are for terms of three to eight years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$116,931	\$15,822	\$132,753
2013	83,879	10,849	94,728
2014	87,271	7,457	94,728
2015	56,537	3,925	60,462
2016	<u>48,925</u>	<u>1,798</u>	<u>50,723</u>
Total Minimum Lease Payments	<u>\$393,543</u>	<u>\$39,851</u>	<u>\$433,394</u>

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 8. OPERATING LEASES

The District has commitments to lease copiers under operating leases that expire in 2013. Total operating lease payments made during the year ended June 30, 2011 were \$44,988. Future minimum lease payments are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2013	<u>\$11,247</u>
Total Future Minimum Lease Payments	<u>\$11,247</u>

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 9. PENSION PLANS, (continued)

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

During the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

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

Year Ending	
6/30/11	\$359,236
6/30/10	273,018
6/30/09	126,385

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

Year Ending	Pension Contributions	Post-Retirement Medical Contributions	NCGI Premium
6/30/11	\$	\$611,275	\$28,779
6/30/10		580,729	30,921
6/30/09		533,420	27,961

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$640,054 to the TPAF for NCGI Premium contributions and post-retirement benefits on behalf of the District, \$28,779 was for NCGI Premium contributions and \$611,275 was for post-retirement medical benefits. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$652,729 during the 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 been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension 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 eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Valic
Lincoln

Metropolitan
Equitable

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The 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.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 12. RISK MANAGEMENT, (continued)

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

<u>Fiscal Year</u>	<u>Interest Earnings/</u>		<u>Amount Reimbursed</u>	<u>Ending Balance</u>
	<u>District Contributions</u>	<u>Employee Contributions</u>		
2010-2011	\$35,111	\$34,774	\$65,696	\$17,752
2009-2010	183	37,748	74,988	13,563
2008-2009	466	35,037	16,000	50,620

The District is also a member of the School Alliance Insurance Fund (the “Fund”). The Fund provides their members with Liability, Property and Workers’ Compensation and both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund is elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Ringwood Board of Education by inclusion of \$1.00 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 13. CAPITAL RESERVE ACCOUNT, (continued)

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$528,719
Transfer by Board Resolution, June 27, 2011	200,000
Interest earnings	2,408
Withdrawals:	
Board Resolution, June 28, 2010	(17,601)
Board Resolution, January 24, 2011	(17,601)
Ending balance, June 30, 2011	<u>\$695,925</u>

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,271,252 General Fund fund balance at June 30, 2011, \$81,513 is reserved for encumbrances; \$313,457 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$147,806 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$695,925 has been reserved in the Capital Reserve Account; \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and \$180,357 is unreserved and undesignated.

Debt Service Fund - Of the Debt Service Fund fund balance at June 30, 2011, \$6,644 is unreserved and undesignated.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$165,651.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$3,148
Supplies	<u>1,394</u>
	<u>\$4,542</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 17. COMPENSATED ABSENCES

The 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The 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 District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 18. CLAIMS AND JUDGMENTS

The District has been assessed a penalty from the Department of Environmental Protection for violations of the Clear Water Standards Act. As a result of this litigation, the District is required to pay a fine of \$259,000 over fifteen (15) years. This amount has been recorded in the General Long-Term Debt Account Group. The balance of the penalty as of June 30, 2011 is \$-0-.

NOTE 19. CONTINGENT LIABILITIES

The Board attorney advises us that there is no potential claims against the District that would have a material affect on the financial statements.

NOTE 20. SUBSEQUENT EVENTS

On September 13, 2011, the District issued \$11,195,000 in School Bonds to finance a school facilities renovation and expansion project at the Hewitt School and to pay the costs of issuance associated with the bonds. The bonds have been authorized by a proposal adopted by the Board on March 21, 2011 and approved by the affirmative vote of a majority of the legal voters present and voting at the annual school district election held on April 27, 2011. The bonds will bear interest at rates varying from 2.250% to 4.000%, payable semiannually on the first day of September and March of each year. Principal on the bonds will be payable on September 1 of each year with a final maturity of September 1, 2031.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 15,629,602	\$ -	\$ 15,629,602	\$ 15,629,602	\$ -
Tuition	760,966	-	760,966	992,864	231,898
Transportation Fees	382,226	-	382,226	388,148	5,922
Interest Earned on Capital Reserve Funds	3,000	-	3,000	2,409	(591)
Interest on Investments	17,435	-	17,435	22,050	4,615
Miscellaneous	142,337	-	142,337	75,000	(67,337)
Total - Local Sources	16,935,566	-	16,935,566	17,110,073	174,507
State Sources:					
Equalization Aid	1,374,423	-	1,374,423	1,374,423	-
Transportation Aid	336,663	-	336,663	336,663	-
Special Education Categorical Aid	693,587	-	693,587	693,587	-
Security Aid	98,244	-	98,244	98,244	-
Extraordinary Aid	148,325	-	148,325	165,031	16,706
Other State Aid - Reimburse Nonpublic Transportation				8,595	8,595
On-behalf TPAF NCGI Premium (non-budgeted)				28,779	28,779
On-behalf TPAF Post Retirement Medical (non-budgeted)				611,275	611,275
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				652,729	652,729
Total State Sources	2,651,242	-	2,651,242	3,969,326	1,318,084
Total Revenues	19,586,808	-	19,586,808	21,079,399	1,492,591

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 299,525	\$ 27,488	\$ 327,013	\$ 326,848	\$ 165
Grades 1-5 - Salaries of Teachers	3,261,928	(137,845)	3,124,083	3,124,083	-
Grades 6-8 - Salaries of Teachers	1,873,995	(197,057)	1,676,938	1,676,938	-
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	(15,812)	9,188	9,188	-
Purchased Professional-Educational Services	-	(4,551)	(4,551)	-	(4,551)
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	428,257	(43,291)	384,966	384,916	50
Purchased Technical Services	66,879	(13,913)	52,966	45,166	7,800
Other Purchased Services (400-500 series)	1,000	81,659	82,659	79,164	3,495
General Supplies	42,409	191,453	233,862	220,598	13,264
Textbooks	147,488	8,475	155,963	154,547	1,416
Other Objects	1,440	1,440	1,440	1,440	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,146,481	(101,954)	6,044,527	6,022,888	21,639
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	444,860	4,772	449,632	449,632	-
General Supplies	1,400	(168)	1,232	1,219	13
Total Learning and/or Language Disabilities	446,260	4,604	450,864	450,851	13
Multiple Disabilities:					
Salaries of Teachers	62,525	26,700	89,225	89,225	-
General Supplies	400	(84)	316	-	316
Total Multiple Disabilities	62,925	26,616	89,541	89,225	316
Resource Room/Resource Center:					
Salaries of Teachers	620,235	106,259	726,494	726,494	-
General Supplies	6,000	(4,863)	1,137	1,137	-
Total Resource Room/Resource Center	626,235	101,396	727,631	727,631	-

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund

Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Autism:					
Salaries of Teachers	304,810	37,945	342,755	342,755	-
Other Salaries for Instruction	595,731	138,624	734,355	734,346	9
Purchased Professional-Educational Services	229,055	(51,427)	177,628	176,807	821
Other Purchased Services (400-500 series)	7,000	(1,767)	5,233	3,724	1,509
General Supplies	34,000	(26,828)	7,172	5,899	1,273
Other Objects	1,500	(1,500)	-	-	-
Total Autism	1,172,096	95,047	1,267,143	1,263,531	3,612
Preschool Disabilities - Part-Time:					
Salaries of Teachers	54,600	5,820	60,420	60,420	-
Other Salaries for Instruction	17,404	3,527	20,931	20,931	-
General Supplies	2,500	(1,329)	1,171	795	376
Total Preschool Disabilities - Part-Time	74,504	8,018	82,522	82,146	376
Home Instruction:					
Salaries of Teachers	25,000	1,005	26,005	24,570	1,435
Total Home Instruction	25,000	1,005	26,005	24,570	1,435
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,407,020	236,686	2,643,706	2,637,954	5,752
Basic Skills/Remedial - Instruction					
Salaries of Teachers	231,463	2,616	234,079	234,079	-
General Supplies	-	326	326	326	-
Total Basic Skills/Remedial - Instruction	231,463	2,942	234,405	234,405	-
Bilingual Education - Instruction:					
Salaries of Teachers	20,077	24,250	44,327	44,327	-
Total Bilingual Education - Instruction	20,077	24,250	44,327	44,327	-
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	30,585	1,048	31,633	31,633	-
Other Objects	2,000	(545)	1,455	1,455	-
Total School-Spon. Cocurricular Actvts. - Inst.	32,585	503	33,088	33,088	-
TOTAL INSTRUCTION	8,837,626	162,427	9,000,053	8,972,662	27,391

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund

Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	-	7,123	7,123	7,123	-
Tuition to CSSD & Regional Day Schools	219,740	-	219,740	219,740	-
Tuition to Private Schools for the Disabled - Within State	552,070	(73,754)	478,316	478,316	-
Tuition to Private Schools for the Disabled - Outside State	-	59,368	59,368	59,368	-
Total Undistributed Expenditures - Instruction:	<u>771,810</u>	<u>(7,263)</u>	<u>764,547</u>	<u>764,547</u>	<u>-</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	14,792	(2,792)	12,000	12,000	-
Total Undistributed Expend. - Attend. & Social Work	<u>14,792</u>	<u>(2,792)</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Undist. Expend. - Health Services					
Salaries	340,455	7,575	348,030	348,030	-
Purchased Professional and Technical Services	5,800	90	5,890	5,890	-
Supplies and Materials	6,535	(730)	5,805	5,416	389
Other Objects	-	340	340	340	-
Total Undistributed Expenditures - Health Services	<u>352,790</u>	<u>7,275</u>	<u>360,065</u>	<u>359,676</u>	<u>389</u>
Undist. Expend. - Speech, OT, PT & Related Serv.					
Salaries	212,663	17,251	229,914	229,914	-
Purchased Professional - Educational Services	3,000	32,192	35,192	32,681	2,511
Supplies and Materials	1,800	(1,504)	296	296	-
Total Undist. Expend. - Speech, OT, PT & Related Serv.	<u>217,463</u>	<u>47,939</u>	<u>265,402</u>	<u>262,891</u>	<u>2,511</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	57,300	-	57,300	57,300	-
Salaries of Secretarial and Clerical Assistants	12,775	(2,775)	10,000	10,000	-
Purchased Professional - Educational Services	4,500	1,130	5,630	5,630	-
Total Undist. Expend. - Other Supp. Serv. Students - Reg.	<u>74,575</u>	<u>(1,645)</u>	<u>72,930</u>	<u>72,930</u>	<u>-</u>
Undist. Expend. Child Study Teams					
Salaries of Other Professional Staff	423,666	8,154	431,820	431,648	172
Salaries of Secretarial and Clerical Assistants	46,440	603	47,043	47,043	-
Purchased Professional - Educational Services	139,630	32,157	171,787	170,987	800
Other Purchased Prof. and Tech. Services	16,500	(12,944)	3,556	3,556	-
Misc. Purchased Services (400-500 series Other Than Residential)	4,600	(1,840)	2,760	2,742	18
Supplies and Materials	4,500	5,019	9,519	9,427	92
Other Objects	4,500	485	4,985	4,985	-
Total Undist. Expend. - Other Supp. Serv. Students - Spec.	<u>639,836</u>	<u>31,634</u>	<u>671,470</u>	<u>670,388</u>	<u>1,082</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund

Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	211,635	6,610	218,245	218,245	-
Supplies and Materials	14,400	(496)	13,904	13,745	159
Total Undist. Expend. - Edu. Media Serv./Sch. Library	226,035	6,114	232,149	231,990	159
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Services (400-500 series)	11,000	1,320	12,320	12,320	-
Other Objects	-	-	-	-	-
Total Undist. Expend. - Instructional Staff Training Serv.	11,000	1,320	12,320	12,320	-
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	246,539	3,487	250,026	250,026	-
Legal Services	21,700	506	22,206	22,206	-
Audit Fees	19,200	2,350	21,550	21,550	-
Architectural/Engineering Services	15,000	8,613	23,613	23,613	-
Other Purchased Professional Services	35,940	6,625	42,565	42,565	-
Purchased Technical Services	5,126	(5,126)	-	-	-
Communications/Telephone	18,935	5,201	24,136	23,863	273
BOE Other Purchased Services	6,485	11,839	18,324	17,938	386
General Supplies	7,200	(5,561)	1,639	1,544	95
Judgements Against the School District	17,267	-	17,267	17,267	-
Miscellaneous Expenditures	12,280	(7,558)	4,722	4,722	-
BOE Membership Dues and Fees	12,300	(1,354)	10,946	10,946	-
Total Undist. Expend. - Supp. Serv. - General Admin.	417,972	19,022	436,994	436,240	754
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	435,867	143,314	579,181	579,181	-
Salaries of Secretarial and Clerical Assistants	228,850	10,840	239,690	239,690	-
Purchased Professional and Technical Services	-	5,754	5,754	5,754	-
Other Purchased Services (400-500 series)	24,253	(1,790)	22,463	22,199	264
Supplies and Materials	17,643	(4,966)	12,677	12,368	309
Other Objects	5,475	588	6,063	5,892	171
Total Undist. Expend. - Support Serv. - School Admin.	712,088	153,740	865,828	865,084	744

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Central Services					
Salaries	247,645	37,293	284,938	284,938	-
Purchased Technical Services	-	7,463	7,463	7,463	-
Supplies and Materials	13,000	(1,364)	11,636	11,636	-
Miscellaneous Expenditures	3,000	(1,382)	1,618	1,618	-
Total Undistributed Expenditures - Central Services	263,645	42,010	305,655	305,655	-
Undist. Expend. - Required Maintenance for School Facilities					
Salaries	315,233	(13,009)	302,224	302,224	-
Cleaning, Repair, and Maintenance Services	194,848	(42,258)	152,590	134,019	18,571
General Supplies	49,610	6,583	56,193	52,787	3,406
Other Objects	-	1,550	1,550	775	775
Total Undist. Expend. - Required Maintenance for School Facilities	559,691	(47,134)	512,557	489,805	22,752
Undist. Expend. - Custodial Services					
Salaries	438,890	8,535	447,425	447,425	-
Purchased Professional and Technical Services	-	6,144	6,144	-	6,144
Cleaning, Repair and Maintenance Services	14,170	29	14,199	8,926	5,273
Other Purchased Property Services	12,500	-	12,500	7,358	5,142
Insurance	106,065	(106,065)	-	-	-
Miscellaneous Purchased Services	13,520	(734)	12,786	10,775	2,011
General Supplies	53,448	(16,972)	36,476	33,737	2,739
Energy (Natural Gas)	203,525	(39,444)	164,081	161,592	2,489
Energy (Electricity)	255,730	(22,500)	233,230	226,447	6,783
Energy (Oil)	14,100	12,463	26,563	26,563	-
Energy (Gasoline)	10,500	132,264	142,764	141,387	1,377
Other Objects	-	820	820	480	340
Total Undist. Expend. - Custodial Services	1,122,448	(25,460)	1,096,988	1,064,690	32,298
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	7,500	(7,500)	-	-	-
Total Undist. Expend. - Care & Upkeep of Grounds	7,500	(7,500)	-	-	-
Total Undist. Expend. - Oper. & Maint. Of Plant	1,689,639	(80,094)	1,609,545	1,554,495	55,050

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund

Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	-	1,084,477	1,084,477	1,079,434	5,043
Sal. For Pup. Trans. (Bet. Home and School) - Regular	683,394	(683,394)	-	-	-
Sal. For Pup. Trans. (Bet. Home and School) - Special	239,967	(239,967)	-	-	-
Sal. For Pup. Trans. (Other than Bet. Home and School)	34,000	(34,000)	-	-	-
Sal. For Pup. Trans. (Bet. Home and School) Non-Public	92,000	(92,000)	-	-	-
Cleaning, Repair and Maintenance Services	60,000	(17,836)	42,164	40,725	1,439
Lease Purchase Payments - School Buses	169,831	32,296	202,127	173,054	29,073
Contract Services - (Between Home and School) - Vendors	100,000	(26,636)	73,364	73,070	294
Contract Services - Aid in Lieu Payments - Non Public	24,100	(6,208)	17,892	17,061	831
Misc. Purchased Serv. - Transportation	23,600	(5,438)	18,162	11,186	6,976
General Supplies	240,165	(5,153)	235,012	216,529	18,483
Transportation Supplies	54,000	(54,000)	-	-	-
Other Objects	12,000	1,600	13,600	11,683	1,917
	<u>1,733,057</u>	<u>(46,259)</u>	<u>1,686,798</u>	<u>1,622,742</u>	<u>64,056</u>
Total Undist. Expend. - Student Transportation Serv.					
ALLOCATED BENEFITS:					
Regular Programs-Instruction					
Health Benefits	1,129,258	(118,554)	1,010,704	988,829	21,875
	<u>1,129,258</u>	<u>(118,554)</u>	<u>1,010,704</u>	<u>988,829</u>	<u>21,875</u>
Total Regular Programs-Instruction					
Special Programs-Instruction	456,238	(42,532)	413,706	404,360	9,346
Health Benefits	456,238	(42,532)	413,706	404,360	9,346
Total Special Programs-Instruction					
Health Services	77,744	(7,285)	70,459	68,845	1,614
Health Benefits	77,744	(7,285)	70,459	68,845	1,614
Total Health Services					
Other Support Services-Speech, OT, PT Related Services	9,111	(822)	8,289	8,120	169
Health Benefits	9,111	(822)	8,289	8,120	169
Total Other Support Services-Speech, OT, PT Related Services					
Other Support Services-Guidance	9,396	(850)	8,546	8,369	177
Health Benefits	9,396	(850)	8,546	8,369	177
Total Other Support Services-Guidance					
Other Support Services-Child Study Teams	98,739	(9,242)	89,497	87,489	2,008
Health Benefits	98,739	(9,242)	89,497	87,489	2,008
Total Other Support Services-Child Study Teams					

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund

Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Educational Media Services-School Library					
Health Benefits	10,315	(888)	9,427	9,249	178
Total Educational Media Services-School Library	10,315	(888)	9,427	9,249	178
Support Services-General Administration					
Health Benefits	30,051	(2,758)	27,293	26,737	556
Total Support Services-General Administration	30,051	(2,758)	27,293	26,737	556
Support Services-School Administration					
Health Benefits	178,417	(8,197)	170,220	166,311	3,909
Total Support Services-School Administration	178,417	(8,197)	170,220	166,311	3,909
Support Services-Central Services					
Health Benefits	98,119	(9,202)	88,917	86,872	2,045
Total Support Services-Central Services	98,119	(9,202)	88,917	86,872	2,045
Operation and Maintenance of Plant Services					
Health Benefits	253,237	(5,213)	248,024	242,336	5,688
Total Operation and Maintenance of Plant Services	253,237	(5,213)	248,024	242,336	5,688
Transportation Services					
Health Benefits	497,014	(37,611)	459,403	449,252	10,151
Total Transportation Services	497,014	(37,611)	459,403	449,252	10,151
TOTAL ALLOCATED BENEFITS	2,847,639	(243,154)	2,604,485	2,546,769	57,716
UNALLOCATED BENEFITS					
Group Insurance	-	399	399	399	-
Social Security Contributions	353,000	(12,215)	340,785	331,251	9,534
Other Retirement Contributions - Regular	307,147	59,952	367,099	365,936	1,163
Unemployment Compensation	35,000	-	35,000	35,000	-
Workmen's Compensation	193,754	(2,385)	191,369	191,369	-
Health Benefits	-	(55,085)	(55,085)	-	(55,085)
Tuition Reimbursement	57,000	(4,243)	52,757	19,618	33,139
Other Employee Benefits		36,630	36,630	36,630	
TOTAL UNALLOCATED BENEFITS	945,901	23,053	968,954	943,573	25,381
On-behalf TPAF NCGI Premium (non-budgeted)		-	28,779	28,779	
On-behalf TPAF Post Retirement Medical (non-budgeted)		-	611,275	611,275	
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	652,729	652,729	
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,292,783	(1,292,783)

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,793,540	(220,101)	3,573,439	4,783,125	(1,209,686)
TOTAL UNDISTRIBUTED EXPENDITURES	10,918,242	(49,100)	10,869,142	11,954,083	(1,084,941)
TOTAL GENERAL CURRENT EXPENSE	19,755,868	113,327	19,869,195	20,926,745	(1,057,550)
CAPITAL OUTLAY					
Increase in Capital Reserve	3,000	-	3,000		
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
Student Transportation	-	-	-	278,614	(278,614)
Assets Acquired Under Capital Leases (non-budgeted)	-	-	-	278,614	(278,614)
TOTAL CAPITAL OUTLAY	3,000	-	3,000	278,614	(278,614)
TOTAL EXPENDITURES	19,758,868	113,327	19,872,195	21,205,359	(1,336,164)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,060)	(113,327)	(285,387)	(125,960)	159,427
Other Financing Sources (Uses):					
Operating Transfer Out:					
Capital Reserve - Transfer to Debt Service Fund			-	(35,202)	(35,202)
Capital Leases (non-budgeted)			-	278,614	278,614
Total Other Financing Sources (Uses):				243,412	243,412
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(172,060)	(113,327)	(285,387)	117,452	402,839
Fund Balance, July 1	1,391,423		1,391,423	1,391,423	-
Fund Balance, June 30	\$ 1,219,363	\$ (113,327)	\$ 1,106,036	\$ 1,508,875	\$ 402,839

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Adjustment for prior year encumbrances		(113,327)	(113,327)	(113,327)	
Budgeted Fund Balance	(172,060)		(172,060)	230,779	402,839
Total	<u>(172,060)</u>	<u>(113,327)</u>	<u>(285,387)</u>	<u>117,452</u>	<u>402,839</u>

Recapitulation:

Restricted Fund Balance:

Capital Reserve	695,925
Excess Surplus - Designated for Subsequent Year's Expenditures	147,806
Excess Surplus - Current Year	165,651
Committed Fund Balance:	
Year End Encumbrances	81,513

Assigned Fund Balance:

Designated for Subsequent Year's Expenditures	-
Unassigned Fund Balance	<u>417,980</u>
	<u>1,508,875</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not recognized on GAAP basis	<u>(237,623)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,271,252</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ -	\$ 6,595	\$ 6,595	\$ 2,942	\$ (3,653)
State Sources	266,210	14,101	280,311	233,762	(46,549)
Federal Sources	411,175	250,310	661,485	655,771	(5,714)
Total Revenues	677,385	271,006	948,391	892,475	(55,916)
EXPENDITURES:					
Instruction					
Salaries of Teachers	55,000	(5,628)	49,372	49,372	-
Other Salaries for Instruction	20,000	4,970	24,970	24,970	-
Purchased Professional - Educational Services	1,000	1,000	2,000	-	2,000
Other Purchased Professional Services	212,710	22,147	234,857	188,423	46,434
Tuition	209,500	47,717	257,217	257,217	-
General Supplies	13,725	30,977	44,702	40,461	4,241
Textbooks	23,500	(2,696)	20,804	20,804	-
Total Instruction	535,435	98,487	633,922	583,247	50,675
Support Services					
Salaries of Other Professional Staff		21,954	21,954	21,954	-
Personal Services - Employee Benefits	8,250	3,523	11,773	11,773	-
Purchased Professional - Educational Services	128,700	68,120	196,820	195,114	1,706
Other Purchased Professional Services		-	-	-	-
General Supplies	5,000	2,776	7,776	7,776	-
Total Support Services	141,950	96,373	238,323	236,617	1,706
Facilities Acquisition and Construction Services:					
Instructional Equipment		76,146	76,146	72,611	3,535
Total Facilities Acquisition and Construction Services	-	76,146	76,146	72,611	3,535
Total Expenditures	677,385	271,006	948,391	892,475	55,916
Excess (Deficiency) of Revenues Over (Under)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

**Note A - 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 schedule	[C-1]&[C-2]	\$ 21,079,399	\$ 892,475
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			86,640
Less Current Year Encumbrances			(3,810)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		318,410	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(237,623)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 21,160,186	\$ 975,305
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	\$ 21,205,359	\$ 892,475
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			86,640
Less Current Year Encumbrances			(3,810)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 21,205,359	\$ 975,305

SPECIAL REVENUE FUND

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1a)	Title I 2010-2011	Title I Carryover	Title I, ARRA Carryover	Title II, Part A 2010-2011	Totals 2011
REVENUES						
Local Sources	\$ 2,942	\$ -	\$ -	\$ -	\$ -	\$ 2,942
State Sources	233,762					233,762
Federal Sources	577,593	33,411	1,000	11,181	32,586	655,771
Total Revenues	814,297	33,411	1,000	11,181	32,586	892,475
EXPENDITURES:						
Instruction:						
Salaries of Teachers	21,872	27,500				49,372
Other Salaries for Instruction	-				24,970	24,970
Purchased Professional - Educational Services	188,423				2,000	188,423
Other Purchased Professional Services	257,217					257,217
Tuition	37,963	411		1,181	906	40,461
General Supplies	20,804					20,804
Textbooks						
Total instruction	526,279	27,911	-	1,181	27,876	583,247
Support services:						
Salaries of Other Professional Staff	21,954					21,954
Personal Services - Employee Benefits	4,363	5,500			1,910	11,773
Purchased Professional - Educational Services	181,314		1,000	10,000	2,800	195,114
Other Purchased Professional Services	-					-
Travel	-					-
General Supplies	7,776					7,776
Textbooks	-					-
Indirect Costs	-					-
Total support services	215,407	5,500	1,000	10,000	4,710	236,617
Facilities acquisition and const. serv.:						
Buildings	-					-
Instructional Equipment	72,611					72,611
Non-instructional Equipment	-					-
Total facilities acquisition and const. serv.	72,611	-	-	-	-	72,611
Total Expenditures	814,297	33,411	1,000	11,181	32,586	892,475
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1b)	Title II, Part A Carryover	Title II, Part D Carryover	Title IV Carryover	I.D.E.A. Preschool ARRA Carryover	Total Carried Forward
REVENUES						
Local Sources	\$ 2,942	\$ -	\$ -	\$ -	\$ -	\$ 2,942
State Sources	233,762					233,762
Federal Sources	562,417	1,849	60	400	12,867	577,593
Total Revenues	799,121	1,849	60	400	12,867	814,297
EXPENDITURES:						
Instruction:						
Salaries of Teachers	21,872					21,872
Other Salaries for Instruction	-					-
Purchased Professional - Educational Services	188,423				12,867	188,423
Other Purchased Professional Services	244,350					257,217
Tuition	37,963					37,963
General Supplies	20,804					20,804
Textbooks						
Total Instruction	513,412	-	-	-	12,867	526,279
Support services:						
Salaries of Other Professional Staff	21,954					21,954
Personal Services - Employee Benefits	4,363					4,363
Purchased Professional - Educational Services	179,005	1,849	60	400		181,314
Other Purchased Professional Services	-					-
Travel	-					-
General Supplies	7,776					7,776
Textbooks	-					-
Indirect Costs	-					-
Total support services	213,098	1,849	60	400	-	215,407
Facilities acquisition and const. serv.:						
Buildings	-					-
Instructional Equipment	72,611					72,611
Noninstructional Equipment	-					-
Total facilities acquisition and const. serv.	72,611	-	-	-	-	72,611
Total Expenditures	799,121	1,849	60	400	12,867	814,297
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1c)	I.D.E.A., Part B Basic		I.D.E.A., Preschool Carryover	I.D.E.A., Part B, Basic ARRA Carryover	Total Carried Forward
		2010-2011	Carryover			
REVENUES						
Local Sources	2,942	-	-	-	-	2,942
State Sources	233,762	-	-	-	-	233,762
Federal Sources	-	326,375	26,497	1,207	193,890	562,417
Total Revenues	236,704	326,375	26,497	1,207	193,890	799,121
EXPENDITURES						
Instruction:						
Salaries of Teachers	21,872	-	-	-	-	21,872
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional - Educational Services	188,423	-	-	-	-	188,423
Other Purchased Professional Services	-	190,407	3,614	1,207	35,472	244,350
Tuition	5,605	10,000	12,600	-	10,358	37,963
General Supplies	20,804	-	-	-	-	20,804
Textbooks	-	-	-	-	-	-
Total Instruction	236,704	200,407	15,614	1,207	45,830	513,412
Support services:						
Salaries of Other Professional Staff	-	-	-	-	21,954	21,954
Personal Services - Employee Benefits	-	-	-	-	4,363	4,363
Purchased Professional - Educational Services	-	120,968	8,107	798	49,132	179,005
Other Purchased Professional Services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
General Supplies	-	5,000	2,776	-	-	7,776
Textbooks	-	-	-	-	-	-
Indirect Costs	-	-	-	-	-	-
Total support services	-	125,968	10,883	798	75,449	213,098
Facilities acquisition and const. serv.:						
Building	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	72,611	72,611
Noninstructional Equipment	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	72,611	72,611
Total Expenditures	236,704	326,375	26,497	1,207	193,890	799,121
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis (Cont'd.)
 For the Fiscal Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1d)	N.J. Nonpublic Supplemental Instruction	Examination & Classification	N.J. Nonpublic Corrective Speech	N.J. Nonpublic Textbook Aid	Total Carried Forward
REVENUES						
Local Sources	\$ 2,942	\$ -	\$ -	\$ -	\$ -	\$ 2,942
State Sources	114,965	35,228	42,268	20,497	20,804	233,762
Federal Sources	-	-	-	-	-	-
Total Revenues	117,907	35,228	42,268	20,497	20,804	236,704
EXPENDITURES						
Instruction:						
Salaries of Teachers	21,872	-	-	-	-	21,872
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional - Educational Services	90,430	35,228	42,268	20,497	-	188,423
Other Purchased Professional Services	-	-	-	-	-	-
Tuition	5,605	-	-	-	20,804	5,605
General Supplies	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Total Instruction	117,907	35,228	42,268	20,497	20,804	236,704
Support services:						
Salaries of Other Professional Staff	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-	-
Other Purchased Professional Services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Indirect Costs	-	-	-	-	-	-
Total support services	-	-	-	-	-	-
Facilities acquisition and const. serv.:						
Building	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	117,907	35,228	42,268	20,497	20,804	236,704
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis (Cont'd.)
 For the Fiscal Year Ended June 30, 2011

	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Auxiliary Services Chapter 192			Learn Through Gardening	Ryerson Math Grant	Total Carried Forward
		Comp. Ed.	Transportation				
REVENUES							
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ 483	\$ 2,942	
State Sources	24,535	70,498	19,932			114,965	
Federal Sources							
Total Revenues	24,535	70,498	19,932	2,459	483	117,907	
EXPENDITURES							
Instruction:							
Salaries of Teachers	21,872					21,872	
Other Salaries for Instruction							
Purchased Professional - Educational Services		70,498	19,932			90,430	
Other Purchased Professional Services							
Tuition				2,459	483	5,605	
General Supplies							
Textbooks							
Total Instruction	24,535	70,498	19,932	2,459	483	117,907	
Support services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional - Educational Services							
Other Purchased Professional Services							
Travel							
General Supplies							
Textbooks							
Indirect Costs							
Total support services							
Facilities acquisition and const. serv.:							
Building							
Instructional Equipment							
Noninstructional Equipment							
Total facilities acquisition and const. serv.							
Total Expenditures	24,535	70,498	19,932	2,459	483	117,907	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUND

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2011

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations June 30, 2011
			Prior Years	Expenditures to Date Current Year	
Roof Replacement - M.J. Ryerson Middle School	4/15/2008	1,328,000	1,202,018	49,500	76,482
Totals		\$ 1,328,000	\$ 1,202,018	\$ 49,500	\$ 76,482

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budgetary Basis
Capital Projects Fund
For the Year Ended June 30, 2011

Revenues and Other Financing Sources:

Local Sources:

Interest Income	\$ 875
Total Revenues	875

Expenditures and Other Financing Uses:

Other Financing Uses:

Transferred to Debt Service Fund	50,375
Total Expenditures	50,375

Excess (Deficiency) of revenues over (under) expenditures	(49,500)
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Fund Balance - Beginning	125,982
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Fund Balance - Ending	\$ 76,482
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BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Roof Replacement - M.J. Ryerson Middle School
From Inception and for the Year Ended June 30, 2011

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$ 1,328,000		\$ 1,328,000	\$ 1,328,000
Transfer from capital reserve	-		-	-
Transfer from capital outlay	-		-	-
Total Revenues	<u>1,328,000</u>	<u>-</u>	<u>1,328,000</u>	<u>1,328,000</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	97,480		97,480	97,480
Construction services	1,067,353		1,067,353	1,067,353
Other Objects	37,185		37,185	37,185
Transfer to Debt Service Fund	-	49,500	49,500	49,500
Total Expenditures	<u>1,202,018</u>	<u>49,500</u>	<u>1,251,518</u>	<u>1,251,518</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 125,982</u>	<u>\$ (49,500)</u>	<u>\$ 76,482</u>	<u>\$ 76,482</u>

Additional Project Information:

Project Number	4400-053-08-1000
Grant Date/Letter of Notification	N/A
Bond Authorization/Referendum Date	4/15/2008
Bonds Authorized	\$1,328,000
Bonds Issued	\$1,328,000
Original Project Authorized Cost	\$1,328,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$1,328,000
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100%

PROPRIETARY FUNDS

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Net Assets
Enterprise Funds
June 30, 2011

	Food Service	Safety Town	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 71,324	\$ 5,076	\$ 76,400
Accounts receivable			
State	851	-	851
Federal	6,660	-	6,660
Other receivables		390	390
Inventories	4,542	-	4,542
Total current assets	83,377	5,466	88,843
Noncurrent assets:			
Furniture, machinery & equipment	103,842	-	103,842
Less accumulated depreciation	(96,015)	-	(96,015)
Total noncurrent assets	7,827	-	7,827
Total assets	91,204	5,466	96,670
LIABILITIES			
Current liabilities:			
Accounts payable	3,327	2,857	6,184
Interfund payables	2,222	-	2,222
Total current liabilities	5,549	2,857	8,406
Total liabilities	5,549	2,857	8,406
NET ASSETS			
Invested in capital assets net of related debt	7,827	-	7,827
Unrestricted	77,828	2,609	80,437
Total net assets	\$ 85,655	\$ 2,609	\$ 88,264

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended June 30, 2011

	<u>Food Service</u>	<u>Safety Town</u>	<u>Total Enterprise</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$ 327,378	\$ -	\$ 327,378
Special functions	1,697	-	1,697
Miscellaneous	-	4,894	4,894
Total operating revenues	<u>329,075</u>	<u>4,894</u>	<u>333,969</u>
Operating expenses:			
Cost of sales	184,402	-	184,402
Salaries	136,537	3,736	140,273
Employee benefits	48,148	-	48,148
Cleaning, repair and maintenance services	3,451	-	3,451
Purchased services	26,499	-	26,499
Miscellaneous Expense	10,156	-	10,156
General supplies	13,260	-	13,260
Depreciation	1,358	-	1,358
Total Operating Expenses	<u>423,811</u>	<u>3,736</u>	<u>427,547</u>
Operating income (loss)	<u>(94,736)</u>	<u>1,158</u>	<u>(93,578)</u>
Non-operating revenues (expenses):			
State sources:			
State school lunch program	6,018	-	6,018
Federal sources:			
National school lunch program	73,943	-	73,943
Special milk program	1,692	-	1,692
Food distribution program	17,731	-	17,731
Interest and investment revenue	767	16	783
Total non-operating revenues (expenses)	<u>100,151</u>	<u>16</u>	<u>100,167</u>
Income (loss) before contributions & transfers	5,415	1,174	6,589
Capital contributions	-	-	-
Transfers in (out)	-	-	-
Change in net assets	<u>5,415</u>	<u>1,174</u>	<u>6,589</u>
Total net assets—beginning	80,240	1,435	81,675
Total net assets—ending	<u>\$ 85,655</u>	<u>\$ 2,609</u>	<u>\$ 88,264</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2011

	<u>Food Service</u>	<u>Safety Town</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and other funds	\$ 329,075	\$ 4,764	\$ 333,839
Payments to employees	(136,537)	(3,749)	(140,286)
Payments for employee benefits	(48,148)	-	(48,148)
Payments to suppliers	(264,480)	-	(264,480)
Net cash provided by (used for) operating activities	<u>(120,090)</u>	<u>1,015</u>	<u>(119,075)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State sources	5,746	-	5,746
Federal sources	93,162	-	93,162
Net cash provided by (used for) non-capital financing activities	<u>98,908</u>	<u>-</u>	<u>98,908</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(4,985)	-	(4,985)
Net cash provided by (used for) capital and related financing activities	<u>(4,985)</u>	<u>-</u>	<u>(4,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	767	16	783
Net cash provided by (used for) investing activities	<u>767</u>	<u>16</u>	<u>783</u>
Net increase (decrease) in cash and cash equivalents	(25,400)	1,031	(24,369)
Balances—beginning of year	96,724	4,045	100,769
Balances—end of year	<u>\$ 71,324</u>	<u>\$ 5,076</u>	<u>\$ 76,400</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (94,736)	\$ 1,158	\$ (93,578)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	1,358	-	1,358
(Increase) decrease in accounts receivable, net	-	(130)	(130)
(Increase) decrease in inventories	(295)	-	(295)
Increase (decrease) in accounts payable	(26,417)	(13)	(26,430)
Total adjustments	<u>(25,354)</u>	<u>(143)</u>	<u>(25,497)</u>
Net cash provided by (used for) operating activities	<u>\$ (120,090)</u>	<u>\$ 1,015</u>	<u>\$ (119,075)</u>

FIDUCIARY FUND

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Fiduciary Net Assets
Trust and Agency Funds
June 30, 2011

	Trust		Agency		
	Unemployment Compensation	Total Trust Fund	Student Activity	Payroll	Total Agency Fund
Assets					
Cash and cash equivalents	\$ 21,424	\$ 21,424	\$ 23,841	\$ 107,950	\$ 131,791
Total assets	<u>21,424</u>	<u>21,424</u>	<u>23,841</u>	<u>107,950</u>	<u>131,791</u>
Liabilities					
Accounts payable	3,672	3,672	798		798
Interfund payables		-		2,229	2,229
Payable to student groups		-	23,043		23,043
Payroll deductions and withholdings		-		105,721	105,721
Total liabilities	<u>3,672</u>	<u>3,672</u>	<u>\$ 23,841</u>	<u>\$ 107,950</u>	<u>\$ 131,791</u>
Net Assets					
Reserved	17,752	17,752			
Total net assets	<u>\$ 17,752</u>	<u>\$ 17,752</u>			

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Assets
Trust Funds
For the Year Ended June 30, 2011

	Unemployment Compensation Trust	Total Trusts
ADDITIONS		
Contributions:		
Plan member	\$ 34,774	\$ 34,774
Other	35,000	35,000
Total Contributions	69,774	69,774
Investment earnings:		
Interest	111	111
Net investment earnings	111	111
Total additions	69,885	69,885
DEDUCTIONS		
Quarterly contribution reports	13,782	13,782
Unemployment claims	51,914	51,914
Total deductions	65,696	65,696
Change in net assets	4,189	4,189
Net assets—beginning of the year	13,563	13,563
Net assets—end of the year	\$ 17,752	\$ 17,752

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Accounts Payable June 30, 2011</u>	<u>Balance June 30, 2011</u>
Elementary Schools	\$ 2,803	18,695	17,882		\$ 3,616
Middle School	9,616	108,478	97,869	798	19,427
Total Elementary Schools	<u>\$ 12,419</u>	<u>\$ 127,173</u>	<u>\$ 115,751</u>	<u>\$ 798</u>	<u>\$ 23,043</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Net Payroll	\$ -	\$ 8,340,700	\$ 8,340,700	\$ -
Payroll deductions and withholdings	21,419	5,628,762	5,544,460	105,721
Interfund payable	1,242	987		2,229
Totals	<u>\$ 22,661</u>	<u>\$ 13,970,449</u>	<u>\$ 13,885,160</u>	<u>\$ 107,950</u>

LONG-TERM DEBT

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
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 District Bonds	July 15, 2008	1,328,000	1/15/2012	80,000	4.25%				
			1/15/2013	80,000	4.25%				
			1/15/2014	85,000	4.25%				
			1/15/2015	90,000	4.25%				
			1/15/2016	90,000	4.25%				
			1/15/2017	95,000	4.25%				
			1/15/2018	100,000	4.25%				
			1/15/2019	105,000	4.25%				
			1/15/2020	110,000	4.25%				
			1/15/2021	110,000	4.25%				
			1/15/2022	115,000	4.25%				
			1/15/2023	120,000	3.80%				
						\$ 1,255,000	\$ -	\$ 75,000	\$ 1,180,000

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2011

Series	Interest Rate	Amount of Orig. Issue	Amount Outstanding July 1, 2010	Issued	Retired	Amount Outstanding June 30, 2011
Acquisition of School Bus	4.65%	69,964	12,446		12,446	-
Acquisition of School Bus	4.65%	69,964	12,446		12,446	-
Acquisition of School Bus	4.88%	76,158	13,589		13,589	-
Acquisition of School Buses		203,922	70,983		34,673	36,310
Acquisition of School Bus	4.97%	72,637	48,330		11,218	37,112
Acquisition of School Bus	4.69%	55,208	36,741		8,564	28,177
Acquisition of School Bus	3.78%	56,763	37,798		8,930	28,868
Acquisition of School Bus	4.20%	52,852	43,113		7,928	35,185
Acquisition of School Buses	3.88%	195,714		195,714	35,796	159,918
Acquisition of School Bus	3.20%	82,900		82,900	14,927	67,973
			<u>\$ 275,446</u>	<u>\$ 278,614</u>	<u>\$ 160,517</u>	<u>\$ 393,543</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Miscellaneous		\$ -			\$ -
State Sources:					
Debt Service Aid Type II	43,635	-	43,635	43,635	-
Total - State Sources	43,635	-	43,635	43,635	-
Total Revenues	43,635	-	43,635	43,635	-
EXPENDITURES:					
Regular Debt Service:					
Interest	53,338	-	53,338	53,338	-
Redemption of Principal	75,000	-	75,000	75,000	-
Total expenditures	128,338	-	128,338	128,338	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,703)	-	(84,703)	(84,703)	-
Other Financing Sources:					
Operating Transfers In:					
Interest earned in Capital Projects Fund		-		875	875
Transfer from Capital Projects Fund-					
Local share of debt service		-		49,500	49,500
Transfer from Capital Reserve-					
Local share of debt service	84,703	-	84,703	35,202	(49,501)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	874	874
Fund Balance, July 1		-		5,770	5,770
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 6,644	\$ 6,644

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets by Component
- J-2 Changes in Net Assets
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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Demographic and Economic Information

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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.	

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Net Assets by Component
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	1,671,974	1,493,073	1,191,497	1,074,734	985,778	1,002,124	703,541	570,971	143,031
Restricted	100,261	485,955	1,009,860	1,444,597	1,110,343	524,326	578,176	936,290	1,090,895
Unrestricted	32,466	(65,668)	287,527	(28,438)	(118,375)	(426,002)	(263,647)	(224,912)	(174,310)
Total Governmental Activities Net Assets	1,804,701	1,913,360	2,488,884	2,490,893	1,977,746	1,100,448	1,018,070	1,282,349	1,059,616
Business-type Activities									
Invested in Capital Assets, Net of Related Debt	2,395	2,156	6,426	7,971	7,028	6,086	5,143	4,200	7,827
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	21,923	37,553	41,588	48,827	54,923	61,097	69,732	77,475	80,437
Total Business-type Activities Net Assets	24,318	39,709	48,014	56,798	61,951	67,183	74,875	81,675	88,264
District-wide									
Invested in Capital Assets, Net of Related Debt	1,674,369	1,495,229	1,197,923	1,082,705	992,806	1,008,210	708,684	575,171	150,858
Restricted	100,261	485,955	1,009,860	1,444,597	1,110,343	524,326	578,176	936,290	1,090,895
Unrestricted	54,389	(28,115)	329,115	20,389	(63,452)	(364,905)	(193,915)	(147,437)	(93,873)
Total District Net Assets	1,829,019	1,953,069	2,536,898	2,547,691	2,039,697	1,167,631	1,092,945	1,364,024	1,147,880

* GASB requires that ten years of financial data be presented. However since fiscal year 2003 was the first year of GASB #34 presentation, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Changes in Net Assets
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Expenses										
Governmental Activities:										
Instruction:										
Regular	5,722,299	6,984,983	7,260,736	7,338,224	8,017,286	8,457,445	8,358,243	8,206,764	7,599,176	
Special Education	886,811	1,510,673	1,545,870	2,007,384	2,531,784	2,661,336	2,898,870	3,168,413	3,042,314	
Other Special Instruction	381,692	396,895	471,478	258,364	219,566	246,678	239,041	233,106	278,732	
Other Instruction	29,632	41,932	36,290	39,928	40,133	44,816	39,943	29,509	33,088	
Support Services:										
Tuition	659,086	898,274	897,713	718,693	800,445	843,078	907,833	829,591	764,547	
Student & Instruction Related Services	1,410,260	1,664,122	1,599,936	1,727,776	1,760,116	1,821,888	1,850,606	1,988,295	2,121,111	
School Administrative Services	768,803	864,090	889,748	873,473	929,285	915,344	951,541	995,970	1,031,395	
General Administrative Services	486,814	530,973	491,434	570,037	527,585	568,839	609,626	456,310	445,715	
Central Services & Admin. Info. Technology	-	-	374,238	431,898	470,813	439,360	401,564	417,761	392,527	
Plant Operations and Maintenance	1,433,434	1,674,896	1,641,335	1,794,687	1,831,750	1,830,897	1,707,840	1,732,297	1,796,831	
Pupil Transportation	1,294,053	1,583,873	1,676,608	1,724,747	1,836,210	1,846,766	1,734,370	1,730,454	1,911,477	
Business and Other Support Services	293,015	367,990	-	-	-	-	-	-	-	
Unallocated Benefits	3,123,545	1,432,156	1,603,135	2,107,808	2,337,371	2,734,595	1,591,583	1,690,346	2,198,759	
Capital outlay-undepreciable	10,951	2,815	141,416	-	-	-	-	-	27,679	
Interest on Long-term Debt	-	-	-	-	-	-	41,233	55,724	52,603	
Unallocated Depreciation	955,559	406,685	363,449	311,507	310,032	298,107	318,807	323,491	706,780	
Total Governmental Activities Expenses	17,475,954	18,360,357	18,993,386	19,904,526	21,612,376	22,709,149	21,650,900	21,858,031	22,402,734	
Business-type Activities:										
Food Service	395,520	396,109	388,161	389,512	427,374	422,685	430,614	432,803	423,811	
Safety Town	-	-	-	-	-	-	-	3,951	3,736	
Total Business-type Activities Expenses	395,520	396,109	388,161	389,512	427,374	422,685	430,614	436,754	427,547	
Total District Expenses	17,871,474	18,756,466	19,381,547	20,294,038	22,039,750	23,131,834	22,081,514	22,294,785	22,830,281	
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	515,488	578,908	720,623	649,929	718,679	671,830	660,714	757,939	1,018,940	
Total Governmental Activities Program Revenues	515,488	578,908	720,623	649,929	718,679	671,830	660,714	757,939	1,018,940	

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Changes in Net Assets
Last Ten Fiscal Years*
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type Activities:									
Charges for Services:									
Food Service	330,675	330,838	319,894	322,034	354,714	352,018	355,717	349,948	329,075
Safety Town	80,162	80,173	76,866	76,262	77,813	75,899	82,589	4,225	4,894
Operating Grants and Contributions	410,837	411,011	396,760	398,296	432,527	427,917	438,306	88,587	99,384
Total Business-type Activities Program Revenues	926,325	989,919	1,117,383	1,048,225	1,151,206	1,099,747	1,099,020	442,760	433,353
Total District Program Revenues								1,200,699	1,452,293
Net (Expense)/Revenue									
Governmental Activities	(16,960,466)	(17,781,449)	(18,272,763)	(19,254,597)	(20,893,697)	(22,037,319)	(20,990,186)	(21,100,092)	(21,383,794)
Business-type Activities	15,317	14,902	8,599	8,784	5,153	5,232	7,692	6,006	5,806
Total District-wide Net Expense	(16,945,149)	(17,766,547)	(18,264,164)	(19,245,813)	(20,888,544)	(22,032,087)	(20,982,494)	(21,094,086)	(21,377,988)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied for General Purposes	11,875,526	12,565,218	13,173,749	13,300,243	13,567,275	14,152,624	15,029,689	15,282,478	15,629,602
Unrestricted Federal and State Aid	3,947,372	4,626,711	4,676,022	4,909,820	5,613,014	5,698,821	4,660,088	4,778,732	4,050,113
Tuition Received	-	163,652	401,359	338,956	610,794	754,211	685,381	760,966	992,864
Interest on Investments	14,555	26,691	39,509	97,635	133,993	70,176	13,716	22,118	24,459
Miscellaneous Income	115,000	88,294	104,773	111,186	109,680	143,437	80,360	79,405	75,875
Transportation Fees	444,470	385,831	452,581	498,766	345,795	340,752	438,574	440,672	388,148
Federal and State Aid - Capital Outlay	38,400	-	-	-	-	-	-	-	-
Donated Assets	-	34,200	-	-	-	-	-	-	-
Transfers	(1,081)	(489)	294	-	-	-	-	-	-
Total Governmental Activities	16,434,242	17,890,108	18,848,287	19,256,606	20,380,551	21,160,021	20,907,808	21,364,371	21,161,061
Business-type Activities:									
Interest on Investments	1,081	489	(294)	-	-	-	-	794	783
Transfers	-	-	-	-	-	-	-	-	-
Total Business-type Activities	1,081	489	(294)	-	-	-	-	794	783
Total District-wide	16,435,323	17,890,597	18,847,993	19,256,606	20,380,551	21,160,021	20,907,808	21,365,165	21,161,844
Change in Net Assets									
Governmental Activities	(526,224)	108,659	575,524	2,009	(513,146)	(877,298)	(82,378)	264,279	(222,733)
Business-type Activities	16,398	15,391	8,305	8,784	5,153	5,232	7,692	6,800	6,589
Total District	(509,826)	124,050	583,829	10,793	(507,993)	(872,066)	(74,686)	271,079	(216,144)

* GASB requires that ten years of financial data be presented. However since fiscal year 2003 was the first year of GASB #34 presentation, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Fund Balances Governmental Funds

Last Ten Fiscal Years*

(modified accrual basis of accounting)

Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	100,261	485,955	1,009,860	1,444,597	1,110,343	524,326	578,176	936,290	1,090,895
Unreserved	773,350	561,151	758,784	434,303	298,743	(8,636)	94,726	136,723	180,357
Total General fund	873,611	1,047,106	1,768,644	1,878,900	1,409,086	515,690	672,902	1,073,013	1,271,252
All Other Governmental Funds									
Reserved	-	-	-	-	-	-	-	-	-
Unreserved, Reported in:									
Special Revenue Fund	(3,216)	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-	-	125,982	125,982	76,482
Debt Service Fund	-	-	-	-	-	-	4,720	5,770	6,644
Total All Other Governmental Funds	(3,216)	-	-	-	-	-	130,702	131,752	83,126

* GASB requires that ten years of financial data be presented. However since fiscal year 2003 was the first year of GASB #34 presentation, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax Levy	10,859,158	11,875,526	12,565,218	13,173,749	13,300,243	13,567,275	14,152,624	15,029,689	15,282,478	15,629,602
Other Local Revenue	387,596	574,025	664,468	998,222	1,046,543	1,200,262	1,308,376	1,218,031	1,303,161	1,483,555
State Sources	3,746,787	4,158,788	4,832,747	4,932,253	5,130,618	5,892,277	5,945,899	4,894,869	4,759,718	4,329,802
Federal Sources	317,754	342,472	372,872	464,392	429,131	439,416	424,952	425,933	776,953	737,042
Total Revenues	15,311,295	16,950,811	18,435,305	19,568,616	19,906,535	21,099,230	21,831,851	21,568,522	22,122,310	22,180,001
Expenditures										
Instruction:										
Regular	5,654,862	5,722,299	5,861,746	6,074,111	6,167,515	6,504,184	7,172,429	7,072,550	6,853,405	7,599,176
Special	847,474	886,811	1,263,399	1,288,386	1,689,095	2,062,112	2,259,313	2,464,620	2,655,082	3,042,314
Other Special Instruction	369,293	381,692	328,165	387,241	214,126	174,391	205,675	193,650	186,475	278,732
Other Instruction	51,597	29,632	35,570	30,017	34,030	32,470	37,930	34,034	29,509	33,088
Support Services:										
Tuition	977,349	659,086	898,274	897,713	718,693	800,445	843,078	907,833	829,591	764,547
Student & inst. related services	1,400,306	1,410,260	1,424,830	1,372,657	1,487,437	1,473,219	1,571,481	1,605,415	1,708,023	2,121,111
General administration	528,085	629,081	627,145	582,778	544,781	490,941	520,069	576,685	419,185	462,977
School administrative services	729,132	794,547	750,822	788,138	780,113	795,042	769,869	801,327	826,100	1,031,395
Central services				281,683	314,165	344,549	338,843	311,735	316,567	392,527
Admin. information technology				34,037	52,460	39,611	36,246	30,085	36,000	
Plant operations and maintenance	1,315,797	1,453,434	1,507,032	1,471,321	1,633,156	1,638,386	1,680,587	1,552,789	1,564,299	1,796,831
Pupil transportation	1,440,513	1,451,018	1,532,315	1,608,018	1,648,057	1,694,317	1,757,165	1,650,275	1,605,747	2,071,994
Other support services	284,036	293,015	312,634							
Employee benefits	2,538,079	3,101,740	3,688,659	4,015,994	4,512,651	5,500,017	5,375,348	4,165,744	4,561,726	2,236,356
Capital Outlay	245,522	365,045	92,871	271,044	216,086	219,482	279,059	1,270,409	52,852	349,616
Debt Service:										
Principal									73,000	75,000
Interest and Other Charges									56,440	53,338
Total Governmental Fund Expenditures	16,402,045	17,177,660	18,323,462	19,103,138	20,012,365	21,772,966	22,853,092	22,665,371	21,774,001	22,309,002
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,090,750)	(226,849)	111,843	465,478	(105,830)	(673,736)	(1,021,241)	(1,096,849)	348,309	(129,001)
Other Financing Sources (Uses)										
Operating Transfers In				294					32,940	85,577
Operating Transfers Out	(3,925)	(1,081)	(489)						(67,426)	(85,577)
Proceeds from Borrowing									1,328,000	
Funding of Temporary Notes										
Capital Leases (non-budgeted)	131,005	252,206	65,357	255,766	216,086	203,922	127,845	56,763	52,852	278,614
Total Other Financing Sources (Uses)	127,080	251,125	64,868	256,060	216,086	203,922	127,845	1,384,763	52,852	278,614
Net Changes in Fund Balance	(963,670)	24,276	176,711	721,538	110,256	(469,814)	(893,396)	287,914	401,161	149,613
Debt Service as a percentage of noncapital expenditures								0.13%	0.60%	0.58%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u>	<u>Transportation</u>		<u>Tuition</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
	<u>Income</u>	<u>Fees</u>					
2002	30,473	298,008			25,000	34,115	387,596
2003	14,555	444,470			75,000	40,000	574,025
2004	26,692	385,830	163,652		50,000	38,294	664,468
2005	39,509	452,581	401,359		55,000	49,773	998,222
2006	97,635	498,766	338,956		55,000	56,186	1,046,543
2007	133,993	345,795	610,794		55,000	54,680	1,200,262
2008	70,176	340,752	754,211		100,000	43,237	1,308,376
2009	13,716	438,574	685,381		75,000	5,360	1,218,031
2010	22,118	440,672	760,966		75,000	4,405	1,303,161
2011	25,334	388,148	992,864		75,000	2,209	1,483,555

Source: District records.

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Total Assessed Value					Less: Tax Exempt Property	Public Utilities	Net Assessed Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Qfarm	Commercial	Industrial					
2001	45,322,400	713,991,560	2,739,230	26,689,000	15,158,600	0	2,043,602	805,944,392	1,030,707,441	1.348
2002	42,717,900	727,131,710	3,300,230	26,948,100	15,741,800	0	1,963,132	817,802,872	1,154,604,754	1.453
2003	42,389,000	756,406,210	3,220,830	27,423,100	15,741,800	0	1,927,100	827,108,040	1,301,629,521	1.520
2004	44,012,000	746,783,660	3,240,030	28,407,800	16,220,000	0	1,652,700	840,316,190	1,493,140,322	1.569
2005	43,162,200	766,121,860	3,127,830	28,564,000	16,224,300	0	1,459,861	858,640,051	1,671,744,206	1.550
2006	36,491,500	776,476,460	2,735,230	27,927,400	17,687,900	0	1,179,728	862,498,218	1,827,554,813	1.574
2007	34,966,500	784,304,460	2,853,430	26,239,900	17,824,100	0	1,129,473	867,317,663	1,838,700,889	1.632
2008	34,544,900	787,768,560	2,853,730	26,299,900	17,824,100	0	1,084,483	870,375,673	1,986,231,254	1.727
2009	78,944,500	1,538,576,800	4,820,700	67,758,300	33,800,900	0	2,638,490	1,756,539,690	1,969,028,284	0.885
2010	77,893,500	1,534,609,500	5,638,700	65,443,100	33,014,800	0	2,386,377	1,718,985,777	1,849,100,408	0.909

Source: Passaic County, Abstract of Rates and 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 County Board of Taxation requests Treasury to order a reassessment.

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

b Tax rates are per \$100 of assessed value.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Ringwood School District Direct Rate				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate		Lakeland Regional School District		Borough of Ringwood	County of Passaic	
2001	1.348	-	1.348	0.766	0.766	0.766	0.700	3.580	
2002	1.453	-	1.453	0.785	0.785	0.801	0.781	3.820	
2003	1.520	-	1.520	0.834	0.797	0.819	0.819	3.970	
2004	1.569	-	1.569	0.887	0.831	0.873	0.935	4.160	
2005	1.550	-	1.550	0.983	0.852	0.852	0.935	4.320	
2006	1.574	-	1.574	1.024	0.894	0.977	1.018	4.510	
2007	1.632	-	1.632	1.005	1.024	1.024	1.046	4.660	
2008	1.727	-	1.727	1.020	1.024	1.024	1.152	4.923	
2009	0.885	-	0.885	0.531	0.539	0.539	0.574	2.529	
2010	0.909	-	0.909	0.537	0.586	0.586	0.578	2.610	

Source: Municipal Tax Collector

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

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Ten Years Ago
Unaudited

	2010			2000		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
North Jersey District Water Supply	\$ 59,146,200	1	3.44%	\$ 23,179,000	1	2.97%
Ringwood Plaza, Ltd. Partnership	12,456,000	2	0.73%	5,673,600	2	0.73%
Pitts (Daret)				4,138,800	3	0.53%
Serler, LLC	5,375,100	5	0.32%			
Ringwood Associates (c/o Berger)	5,802,000	3	0.34%	2,858,100	5	0.37%
Cheese Works, 16-81 Inc.	5,686,700	4	0.33%			
New Jersey Bell				3,107,911	4	0.40%
Public Service Electric & Gas Co. Individual Taxpayer	3,428,100	7	0.20%	1,904,900	8	0.24%
Verizon New Jersey				2,004,400	7	0.26%
Saddle Mountain, LP				2,262,600	6	0.29%
Ringwood Commons, LLC	3,208,200	8	0.19%			
Ponderosa Group, LLC	3,535,900	6	0.21%			
Remy Associates	2,749,900	10	0.16%	1,753,900	9	0.22%
Spring Lake Land, LLC	3,045,100	9	0.18%			
Tennessee Gas Transmission				1,434,100	10	0.18%
Total	\$ 104,433,200		6.10%	\$ 48,317,311		6.19%

Source: Municipal Tax Assessor

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	10,859,158	10,859,158	100.00%	-
2003	11,875,526	11,875,526	100.00%	-
2004	12,565,218	12,565,218	100.00%	-
2005	13,173,749	13,173,749	100.00%	-
2006	13,300,243	13,300,243	100.00%	-
2007	13,567,275	13,567,275	100.00%	-
2008	14,152,624	14,152,624	100.00%	-
2009	15,029,689	15,029,689	100.00%	-
2010	15,282,478	15,282,478	100.00%	-
2011	15,629,602	15,629,602	100.00%	-

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

^a

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	-	-	394,532	-	-	394,532	2.52%	31.60
2003	-	-	464,029	-	-	464,029	2.91%	37.04
2004	-	-	360,502	-	-	360,502	2.23%	28.75
2005	-	-	428,257	-	-	428,257	2.59%	34.24
2006	-	-	449,600	-	-	449,600	2.57%	35.84
2007	-	-	453,724	-	-	453,724	2.42%	36.14
2008	-	-	418,330	-	-	418,330	2.10%	33.30
2009	1,328,000	-	340,515	-	-	1,668,515	8.07%	132.40
2010	1,255,000	-	275,446	-	-	1,530,446	7.70%	120.39
2011	1,180,000	-	393,543	-	-	1,573,543	Not Available	Not Available

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	1,328,000	-	1,328,000	0.15%	104.47
2010	1,255,000	-	1,255,000	0.07%	98.45
2011	1,180,000	-	1,180,000	0.07%	Not Available

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

^a See Exhibit J-6 for property tax data.

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Ringwood	\$ 9,458,709	100.000%	\$ 9,458,709
County of Passaic	373,881,844	3.364%	12,577,385
Other debt			-
Subtotal, overlapping debt			<u>22,036,094</u>
Borough of Ringwood School District Direct Debt:			
Authorized but Not Issued			11,195,000
Issued and Outstanding			<u>1,180,000</u>
Total direct and overlapping debt			<u><u>\$ 34,411,094</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.
Debt outstanding data provided by each governmental unit.

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

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (County) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2001	12,484	15,637,125	31,746	2.90%
2002	12,529	15,932,154	32,313	3.80%
2003	12,541	16,149,596	32,807	4.00%
2004	12,508	16,540,912	33,721	3.30%
2005	12,546	17,464,260	35,699	3.70%
2006	12,555	18,717,948	38,392	3.80%
2007	12,561	19,894,085	40,845	2.80%
2008	12,602	20,684,200	41,756	4.60%
2009	12,712	19,885,653	40,436	8.80%
2010	12,747	Not Available	Not Available	9.20%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development. Estimates as of July 1, 1997-99, Census 4/1/2000, estimates as of July 1, 2001-09.

^b Personal Income by county information provided by the NJ Dept of Labor and Workforce Development. (thousands of dollars).

^c Per capita personal income by county estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Principal Employers,
Current Year and Ten Years Ago
Unaudited

Employer	2010		2000		Percentage of Total Municipal Employment
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	
	-		0.00%		0.00%

Information Not Available

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	90	87	100	69	84	88	85	84	80	72
Special Education	16	16	15	17	22	22	21	22	22	24
Other Special Instruction	3	3	2	4	4	4	4	4	4	5
Other Instruction	9	9	10	9	10	10	-	-	-	-
Support Services:										
Student & Instruction Related Services	6	6	5	7	6	5	8	13	16	9
School Administrative Services	5	5	5	5	5	5	12	11	11	11
General Administrative Services	2	2	2	2	2	2	3	3	3	3
Central Services & Adm. Info. Technology	-	-	-	-	-	-	-	-	-	-
Plant Operations and Maintenance	14	14	13	13	14	15	15	15	15	13
Pupil Transportation	29	29	30	30	30	30	32	30	30	31
Business and Other Support Services	-	-	-	-	-	-	6	6	6	6
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	174	171	182	156	177	181	186	188	187	174

Source: District Personnel Records

BOROUGH OF RINGWOOD SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years
 Unaudited

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	High School				
2002	1,470	16,156,523	10,991	-2.38%	121.00	14.3:1	11.4:1	1465	1,391	2.45%	94.95%	
2003	1,460	16,812,615	11,515	4.77%	128.00	13:01	12:01	1468	1,409	0.20%	95.98%	
2004	1,467	18,230,591	12,427	7.92%	126.00	13:01	12:01	1468	1,373	0.00%	93.53%	
2005	1,419	18,832,094	13,271	6.79%	122.00	13:01	10:01	1418	1,350	-3.41%	95.20%	
2006	1,440	19,796,279	13,747	3.59%	126.00	15:01	11:01	1431	1,371	0.92%	95.81%	
2007	1,412	21,553,484	15,265	8.88%	130.00	13:01	12:01	1412	1,375	-1.33%	97.38%	
2008	1,369	22,574,033	16,489	4.73%	129.00	10:01	12:01	1372	1,315	-2.83%	95.85%	
2009	1,360	21,366,742	15,711	-5.35%	123.00	12:01	13:01	1368	1,310	-0.29%	95.76%	
2010	1,320	21,591,709	16,357	1.05%	125.00	13:01	12:01	1316	1,258	-3.80%	95.59%	
2011	1,287	20,608,892	16,013	-4.55%	122.00	12:01	12:01	1281	1,221	-2.66%	95.32%	

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).

BOROUGH OF RINGWOOD SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary										
E.G. Hewitt School (1937)										
Square Feet	40,911	40,911	40,911	40,911	40,911	40,911	40,911	40,911	40,911	40,911
Capacity (students)	270	270	268	270	268	268	270	270	270	270
Enrollment	313	337	332	335	313	330	310	308	308	290
Robert Erskine School (1960)										
Square Feet	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700
Capacity (students)	219	219	219	219	212	212	219	219	219	219
Enrollment a	273	318	319	321	316	297	267	267	267	246
Peter Cooper School (1963)										
Square Feet	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213
Capacity (students)	291	291	291	291	277	277	291	291	291	291
Enrollment	297	315	305	313	304	276	303	284	284	292
Middle School										
Martin J. Ryerson (1970)										
Square Feet	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306
Capacity (students)	483	483	483	483	509	509	483	483	483	483
Enrollment	453	478	509	478	491	509	489	501	501	459
Other										
Administration Building										
Square Feet	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240
Transportation Office and Garage										
Square Feet	492	492	492	492	492	492	492	492	492	492

Number of Schools at June 30, 2011

- Elementary = 3
- Middle School = 1
- Other = 2

Source: District Facilities Office, ASSA, Long Range Facilities Plan

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

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

School Facilities	Project #'s	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Martin J. Ryerson Middle School	N/A	168,345	173,100	131,157	135,250	240,547	222,000	195,628	192,555	202,008	197,835
E.G. Hewitt Intermediate School	N/A	74,664	66,597	69,068	83,375	113,101	104,381	91,981	90,536	94,981	92,817
Robert Erskine Elementary School	N/A	139,063	133,820	143,332	92,950	87,171	80,449	70,893	69,779	73,205	71,919
Peter Cooper Elementary School	N/A	107,058	104,624	120,753	133,671	110,894	102,344	90,186	88,769	93,128	91,233
Total School Facilities		489,130	478,141	464,310	445,246	551,713	509,174	448,688	441,639	463,322	453,804

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy (1)		
Blanket Building and Contents, Limits of Liability per Occurrence	\$ 39,744,797	\$ 1,000
Crime Coverage		
Faithful Performance	\$ 500,000	\$ 1,000
Comprehensive General Liability	\$ 5,000,000	\$ 1,000
General Automobile Liability	\$ 5,000,000	\$ 1,000
Boiler and Machinery (1)	\$ 39,744,797	\$ 1,000
School Board Legal Liability (2)	\$ 1,000,000	\$ 10,000
Workers' Compensation (3)	Statutory	
Student Accident Insurance (4)	\$ 500,000	
Surety Bonds (5)		
Treasurer	200,000	N/A
Board Secretary	50,000	N/A

- (1) School Alliance Insurance Fund
- (2) ACE American Ins. Co.
- (3) New Jersey Intergovernmental Insurance Fund
- (4) AIG Life Insurance Company
- (5) Hartford Insurance Company

Source: District Records

SINGLE AUDIT SECTION

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

Honorable President and
Members of the Board of Education
Borough of Ringwood School District
County of Passaic, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Ringwood School District in the County of Passaic as of and for the fiscal year ended June 30, 2011 which collectively comprise the basic financial statements of the Board of Education of the Borough of Ringwood School District in the County of Passaic, and have issued our report thereon dated October 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

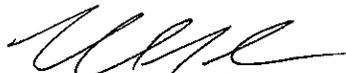
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 Borough of Ringwood School District Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of management, the Borough of Ringwood Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. 766



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 21, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Borough of Ringwood School District
County of Passaic, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Borough of Ringwood School District in the County of Passaic, New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* 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. Borough of Ringwood School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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 Borough of Ringwood School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Ringwood School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions the New Jersey State Treasury Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards, and OMB Circular A-133 and N.J. OMB 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ringwood School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Ringwood School District Board of Education's compliance with those requirements.



In our opinion, the Borough of Ringwood School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Borough of Ringwood School District Board of Education 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 Borough of Ringwood School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ringwood School District Board of Education's internal control over compliance.

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

Our consideration of the 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 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 of the management, the Borough of Ringwood Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. 766

Ferraioli, Wielkocz, Cerullo & Cuva P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 21, 2011

BOROUGH OF RINGWOOD 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		Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO Cumulative Total Expenditures
				From	To							(Accounts Receivable)	Due to Grantor	
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
Title I														
84.010A	NCLB440011		34,875	9/1/10	8/31/11	(31,148)	(31,148)	53,650	(34,411)			(11,939)		34,411
84.010A	NCLB440010		50,316	9/1/09	8/31/10	(31,148)	31,148							49,160
84.389	ARRA-Title I, Part A		16,812	9/1/09	8/31/10			10,543	(11,181)			(638)		16,767
84.367A	NCLB440011		32,586	9/1/10	8/31/11	(26,686)	(26,686)	48,652	(34,435)			(12,469)		34,435
84.367A	NCLB440010		33,197	9/1/09	8/31/10									31,348
84.318X	NCLB440010		5.15	9/1/10	8/31/11	(444)	(444)	33	(60)			(471)		60
84.318X	NCLB440010			9/1/09	8/31/10	(444)	444							444
84.186A	NCLB440010		2,980	9/1/10	8/31/11	(1,183)	(1,183)	1,185	(400)			(400)		400
84.027	IDEA440010		326,375	9/1/10	8/31/11	(107,036)	(107,036)	399,196	(32,872)			(60,712)		352,872
84.027	IDEA440011		330,373	9/1/09	8/31/10	(82,831)	(82,831)	238,765	(193,890)	373		(37,583)		331,578
84.391	IDEA440010		355,724	7/1/09	8/31/11	(11,024)	(11,024)	24,674	(15,655)			(2,005)		351,815
84.173	IDEA440011		14,453	9/1/10	8/31/11	(11,024)	(11,024)	12,867	(12,867)					15,655
84.173	IDEA440010		14,039	9/1/09	8/31/10									12,832
84.392	ARRA-Preschool Grants		12,867	7/1/09	8/31/11	(260,352)		789,563	(655,711)	373		(126,187)		12,867
Total Special Revenue Fund													1,247,220	
U.S. Department of Agriculture														
Passed-through State Department of Education														
Enterprise Fund:														
10.550	N/A		16,162	7/1/10	6/30/11			16,162	(13,719)			2,443		13,719
10.550	N/A		15,309	7/1/09	6/30/10	4,012			(4,012)					15,309
10.555	N/A		73,943	7/1/10	6/30/11	(6,283)		67,465	(73,943)			(6,478)		73,943
10.555	N/A		67,436	7/1/09	6/30/10			6,285						67,436
10.556	N/A		1,692	7/1/10	6/30/11	(173)		1,510	(1,692)			(182)		1,692
10.556	N/A		1,564	7/1/09	6/30/10			173						1,564
Total Enterprise Fund													173,663	
Total Federal Financial Awards													1,420,883	

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Schedule 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	Grant Period To	Balance at June 30, 2010		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Reapportionment of Prior Years' Balances	Balance at June 30, 2011		MEMO Cumulative Total Expenditures	
					Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue		
State Department of Education														
General Fund:														
Equalization Aid	11-495-034-5120-078	\$ 1,374,423	7/01/10	6/30/11				1,374,423	(1,374,423)				1,374,423	
Transportation Aid	11-495-034-5120-014	336,663	7/01/10	6/30/11				336,663	(336,663)				336,663	
Special Education Categorical Aid	11-495-034-5120-089	693,587	7/01/10	6/30/11				693,587	(693,587)				693,587	
Security Aid	11-495-034-5120-084	98,244	7/01/10	6/30/11				98,244	(98,244)				98,244	
Extraordinary Aid	11-100-034-5120-473	165,031	7/01/10	6/30/11					(165,031)				165,031	
Non-Public Transportation Aid	10-100-034-5120-473	181,420	7/01/09	6/30/10		(181,420)		181,420					181,420	
Non-Public Transportation Aid	11-495-034-5120-014	8,595	7/01/10	6/30/11					(8,595)				8,595	
On-Behalf TPAF NCGI Premium	10-495-034-5120-014	4,025	7/01/09	6/30/10		(4,025)		4,025					4,025	
On-Behalf TPAF Postretirement Contrib.	11-495-034-5095-007	28,779	7/01/10	6/30/11				28,779	(28,779)				28,779	
Reimbursed TPAF Social Security Contrib.	11-495-034-5095-001	611,275	7/01/10	6/30/11				611,275	(611,275)				611,275	
Reimbursed TPAF Social Security Contrib.	10-495-034-5095-002	703,449	7/01/09	6/30/10		(34,839)		586,824	(652,729)	(66,905)			652,729	
								34,839						
								3,950,079	(3,969,326)		(239,531)		237,623	3,969,326
Total General Fund														
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	11-100-034-5120-064	20,804	7/01/10	6/30/11				20,804	(20,804)	(1,818)			20,804	
Textbook Aid	10-100-034-5120-064	22,916	7/01/09	6/30/10										
Auxiliary Services:														
Compensatory Education	11-100-034-5120-067	96,705	7/01/10	6/30/11				96,705	(70,498)	(1,151)	26,207		70,498	
Compensatory Education	10-100-034-5120-067	46,449	7/01/09	6/30/10										
English as a Second Language	11-100-034-5120-067	1,708	7/01/10	6/30/11				1,708		(2,936)	1,708		1,708	
English as a Second Language	10-100-034-5120-067	3,915	7/01/09	6/30/10										
Transportation	11-100-034-5120-067	19,932	7/01/10	6/30/11				19,932	(19,932)				19,932	
Handicapped Services:														
Supplemental Instruction	11-100-034-5120-066	39,953	7/01/10	6/30/11				39,953	(35,238)	(7,966)	4,725		35,238	
Supplemental Instruction	10-100-034-5120-066	35,043	7/01/09	6/30/10										
Examination & Classification	11-100-034-5120-066	52,307	7/01/10	6/30/11				52,307	(42,268)	(6,220)	10,039		42,268	
Examination & Classification	10-100-034-5120-066	56,657	7/01/09	6/30/10										
Corrective Speech	11-100-034-5120-066	24,252	7/01/10	6/30/11				24,252	(20,497)	(8,519)	3,755		20,497	
Corrective Speech	10-100-034-5120-066	27,798	7/01/09	6/30/10										
Nursing Services	11-100-034-5120-070	24,650	7/01/10	6/30/11				24,650	(24,535)	(1,744)	115		24,535	
Nursing Services	10-100-034-5120-070	21,174	7/01/09	6/30/10										
								280,311	(233,762)	(30,354)	46,549		233,762	
Total Special Revenue Fund														
Debt Service Fund:														
Debt Service Aid	11-495-034-5120-017		7/01/10	6/30/11				43,565	(43,565)				43,565	
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	11-100-010-3350-023	6,018	7/01/10	6/30/11				5,167	(6,018)	(851)			6,018	
State School Lunch Program	10-100-010-3350-023	6,292	7/01/09	6/30/10		(579)		579						
								5,746	(6,018)	(851)			6,018	
Total Enterprise Fund														
								4,279,501	(4,252,471)	(30,354)	46,549		237,623	4,252,471
Total State Financial Assistance														

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

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education, Borough of Ringwood 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 and state awards passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules 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 Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on 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:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$80,787 for the general fund and \$82,830 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$4,050,113	\$4,050,113
Special Revenue Fund	737,042	236,054	973,096
Debt Service Fund		43,635	43,635
Food Service Fund	<u>93,366</u>	<u>6,018</u>	<u>99,384</u>
Total Financial Awards	<u>\$830,408</u>	<u>\$4,335,820</u>	<u>\$5,166,228</u>

NOTE 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.

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. 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.

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

Section I - Summary of Auditor's Results

Financial Statements

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 material weaknesses? _____ yes X none reported

Noncompliance material to basic 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 material weaknesses? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027; 84.173;</u> <u>84.391; 84.392</u>	<u>IDEA Cluster</u>

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

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

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section I - Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

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

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circular Letter 04-04? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>		<u>Name of State Program</u>
<u>11-495-034-5120-078</u>	(A)	<u>Equalization Aid</u>
<u>11-495-034-5120-089</u>	(A)	<u>Special Education Categorical Aid</u>
<u>11-495-034-5095-002</u>	(A)	<u>Social Security Tax</u>
<u>11-495-034-5120-014</u>		<u>Transportation Aid</u>
<u>11-495-034-5095-001</u>		<u>TPAF Post Retirement Medical</u>

Note: (A) Tested as Major Type A Program.

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

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

None

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

No matters were reported.