

**SCHOOL DISTRICT
OF
THE BOROUGH OF GLEN RIDGE**

**Borough of Glen Ridge School District
Board of Education
Glen Ridge, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

**Borough of Glen Ridge School District
Board of Education**

Glen Ridge, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Borough of Glen Ridge School District
Board of Education**

Finance Department

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017

| | |
|---|----|
| INTRODUCTORY SECTION (UNAUDITED) | |
| Letter of Transmittal..... | 1 |
| Organizational Chart | 4 |
| Roster of Officials | 5 |
| Consultants and Advisors | 6 |
| FINANCIAL SECTION.....7 | |
| Independent Auditors' Report | 8 |
| Required Supplementary Information | 11 |
| Management's Discussion and Analysis (Unaudited) | 12 |
| Basic Financial Statements (Sections A. and B.) | 22 |
| A. District-Wide Financial Statements | 23 |
| A-1 Statement of Net Position..... | 24 |
| A-2 Statement of Activities | 25 |
| B. Fund Financial Statements | 27 |
| B-1 Balance Sheet – Governmental Funds | 28 |
| B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds | 29 |
| B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 31 |
| B-4 Statement of Net Position – Proprietary Funds..... | 32 |
| B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds..... | 33 |
| B-6 Statement of Cash Flows – Proprietary Funds | 34 |
| B-7 Statement of Fiduciary Net Position – Fiduciary Funds | 35 |
| B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds..... | 36 |
| Notes to the Basic Financial Statements | 37 |
| Required Supplementary Information (Unaudited) | 73 |
| L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited) | 74 |
| L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System | 74 |
| L-2 Schedule of District Contributions – Public Employees Retirement System..... | 75 |
| L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated – with the District Teachers' Pension and Annuity Fund | 76 |
| L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund..... | 77 |
| L-5 Schedule of District's Proportionate Share of the Net Pension Liability – Board of Education Employees' Pension Fund of Essex County | 78 |
| L-6 Schedule of District Contributions – Board of Education Employees' Pension Fund of Essex County | 79 |
| Notes to Required Supplementary Information | 80 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

FINANCIAL SECTION (Cont'd)

| | |
|---|----|
| C. Budgetary Comparison Schedules (Unaudited)..... | 82 |
| C-1 Budgetary Comparison Schedule – General Fund | 83 |
| C-2 Combining Budgetary Schedule – Special Revenue Fund..... | 94 |
| C-3 Budgetary Comparison Schedule- Note to Required Supplementary Information | 95 |

Other Supplementary Schedules (D. - I.)

| | |
|--|-----|
| D. School Level Schedules (Not Applicable)..... | 96 |
| E. Special Revenue Fund..... | 97 |
| E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis | 98 |
| E-2 Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable) | |
| F. Capital Projects Fund..... | 99 |
| F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance | 100 |
| F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - High School Windows and Door Project..... | 101 |
| F-1b Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Upgrades and Improvements to Forest Avenue School, Linden Avenue School - Ridgewood Avenue School and Glen Ridge High School and the Acquisition and Renovation of the Prior Central School | 102 |
| G. Proprietary Funds..... | 103 |
| Enterprise Funds: | |
| G-1 Combining Statement of Net Position..... | 104 |
| G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position | 105 |
| G-3 Combining Statement of Cash Flows..... | 106 |
| H. Fiduciary Funds | 107 |
| H-1 Combining Statement of Fiduciary Net Position | 108 |
| H-2 Statement of Changes in Fiduciary Net Position..... | 109 |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements..... | 110 |
| H-4 Student Activity Agency Fund Statement of Activity..... | 111 |
| H-5 Payroll Agency Fund Schedule of Receipts and Disbursements..... | 112 |
| I. Long-Term Debt | 113 |
| I-1 Schedule of Serial Bonds | 114 |
| I-2 Schedule of Obligations Under Capital Leases..... | 115 |
| I-3 Debt Service Fund Budgetary Comparison Schedule | 116 |

STATISTICAL SECTION

| | |
|---|-----|
| J. Statistical Section (Unaudited)..... | 117 |
| J-1 Net Position by Component | 118 |
| J-2 Changes in Net Position | 119 |
| J-3 Fund Balances- Governmental Funds | 122 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

STATISTICAL SECTION

J. Statistical Section (Unaudited) (Cont'd)

| | | |
|------|---|-----|
| J-4 | Changes in Fund Balances- Governmental Funds | 123 |
| J-5 | General Fund Other Local Revenue by Source | 125 |
| J-6 | Assessed Value and Actual Value of Taxable Property | 126 |
| J-7 | Direct and Overlapping Property Tax Rates | 127 |
| J-8 | Principal Property Taxpayers | 128 |
| J-9 | Property Tax Levies and Collections | 129 |
| J-10 | Ratios of Outstanding Debt by Type | 130 |
| J-11 | Ratios of Net General Bonded Debt Outstanding | 131 |
| J-12 | Ratios of Overlapping Governmental Activities Debt | 132 |
| J-13 | Legal Debt Margin Information | 133 |
| J-14 | Demographic and Economic Statistics | 134 |
| J-15 | Principal Employers | 135 |
| J-16 | Full-Time Equivalent District Employees by Function/Program | 136 |
| J-17 | Operating Statistics | 137 |
| J-18 | School Building Information | 138 |
| J-19 | Schedule of Required Maintenance for School Facilities | 139 |
| J-20 | Insurance Schedule | 140 |

| | | |
|-----|--|-----|
| K. | SINGLE AUDIT SECTION | 141 |
| K-1 | Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performance With <i>Government Auditing Standards</i> | 142 |
| K-2 | Independent Auditors' Report on Compliance For Each Major State Program and on Internal Control over Compliance | 144 |
| K-3 | Schedule of Expenditures of Federal Awards | 146 |
| K-4 | Schedule of Expenditures of State Awards | 147 |
| K-5 | Notes to the Schedules of Expenditures of Federal and State Awards | 148 |
| K-6 | Schedule of Findings and Questioned Costs | 150 |
| K-7 | Summary Schedule of Prior Audit Findings | 151 |

INTRODUCTORY SECTION



Glen Ridge Public Schools
BOARD OF EDUCATION

November 17, 2017

The Honorable President and Members of
the Board of Education
Borough of Glen Ridge School District
County of Essex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Glen Ridge School District (the "District") for the fiscal year ended June 30, 2017, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Glen Ridge School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Glen Ridge School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services are provided for regular, vocational and special education youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 1,906 students, which is twelve students above the previous year's average daily enrollment.

2) MAJOR INITIATIVES: The Glen Ridge School District continues to evolve as a District by finding unique opportunities to enhance student learning while working with the community groups to provide funding. This summer three media centers were renovated to transform the learning spaces. The majority of the funding came from the buildings' Home and School Associations. The updated media centers provide better instructional spaces and a more student-friendly space. The three elementary Home and School Associations also provided funding to create Maker Spaces. The Maker Spaces are designed to engage the students in hands-on creative problem solving. Students will integrate STEAM as they work independently or cooperatively in designing and building solutions to various problems.

The Glen Ridge Education Foundation partnered with the District in a one to one Chromebook initiative at the High School (grades 7 -12). Teachers are designing their lessons to integrate the new tool. Teachers are finding opportunities to be more creative in their instructional approach. Students and teachers have a greater ability to communicate and collaborate. As a result, the increased feedback to the students has led to better student outcomes. Additional professional development for the staff members has been a focal point for the District as they transitioned into a 21st-century learning environment.

3) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

4) 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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2017.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

6) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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.

7) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

The Board is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group and the Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance coverage for their respective members. Additional information on the Group and the Fund is included in Note 10 to the Basic Financial Statements.

8) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

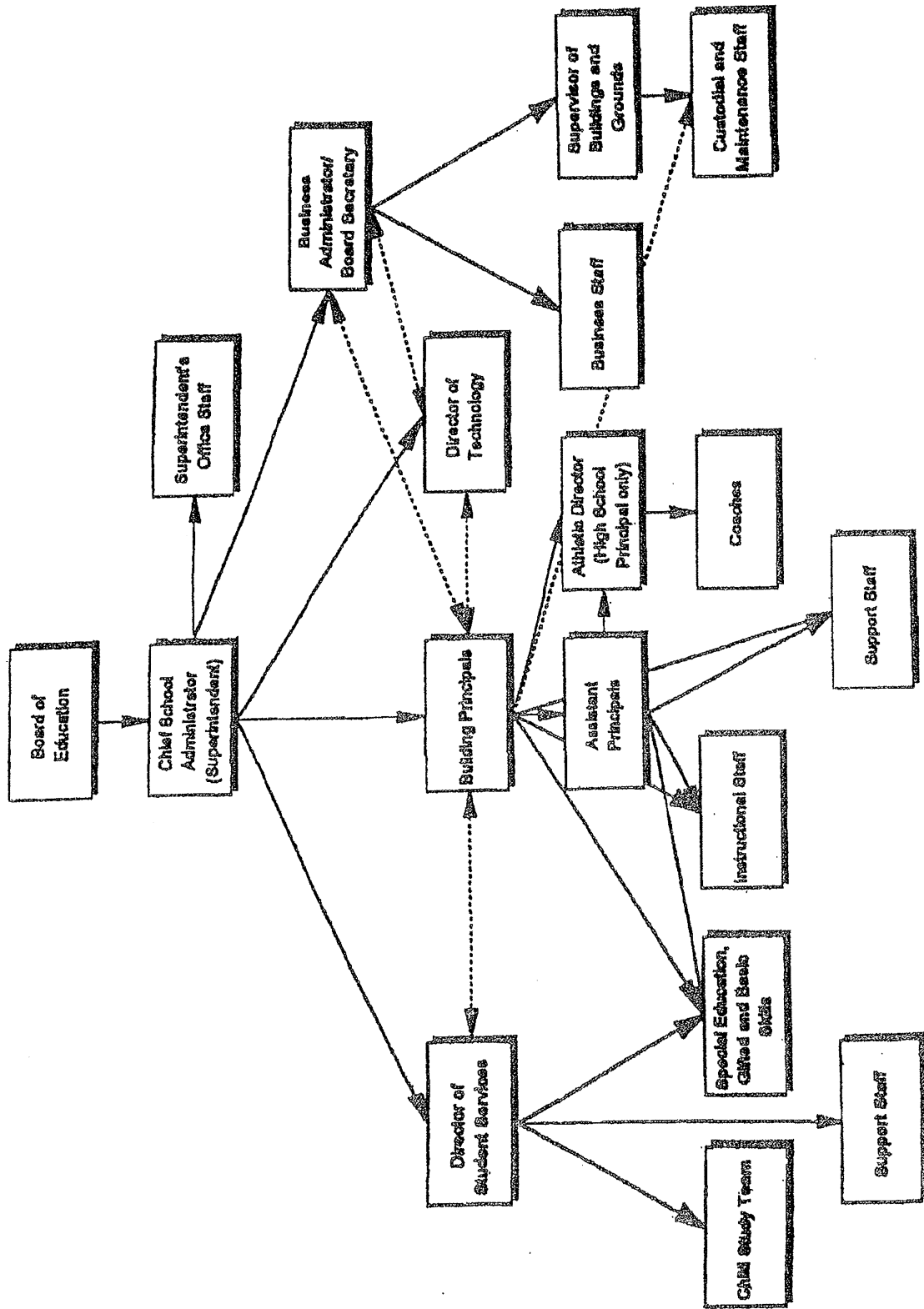


Dirk Phillips
Superintendent of Schools



Peter R. Caprio
Board Secretary/Business Administrator

GLEN RIDGE BOARD OF EDUCATION ORGANIZATIONAL CHART



**BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Mrs. Elisabeth Ginsburg, President | 2019 |
| Mr. Timothy Keppel, 1st Vice President | 2018 |
| Mr. Michael de Leeuw, 2nd Vice President | 2019 |
| Mr. David Campbell | 2018 |
| Ms. Alexandra Hilberth | 2018 |
| Ms. Alison Lang | 2017 |
| Mr. Paul Romano | 2017 |
| Ms. Tracey St. Auburn | 2017 |
| Dr. Heather Yaros-Ramos | 2019 |

Other Officials

Title

| | |
|-----------------|---|
| Dirk Phillips | Superintendent of Schools |
| Peter R. Caprio | School Business Administrator/Board Secretary |
| John Calavano | Treasurer of School Monies |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
Consultants and Advisors

Architects

Design Resource Group, Architects, AIA
371 Hoes Lane, Suite 301
Piscataway, NJ 08854

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Sciarrillo, Cornell, Merlino, McKeever and Osborne
238 St. Paul Street
Westfield, NJ 07090

Official Depository

Wells Fargo Bank NA
Bloomfield Avenue
Glen Ridge, NJ 07028

Investors Bank
Broad Street
Bloomfield, NJ 07003

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Glen Ridge School District
County of Essex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Glen Ridge School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 Office of School 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-6 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Borough of Glen Ridge School District
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 17, 2017

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

This section of Borough of Glen Ridge School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position increased by \$185,107 on a district-wide basis.
- Overall revenue was \$42.2 million and overall expenses were \$42.0 million.
- Enrollment in the District has increased in the current year and cost per pupil has increased.
- The District had an increase in outstanding long-term liabilities of 15.82 percent primarily due to the \$2,162,877 increase in net pension liability.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food service, after school and summer programs and the consortium.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the Borough of Glen Ridge School District's Financial Report

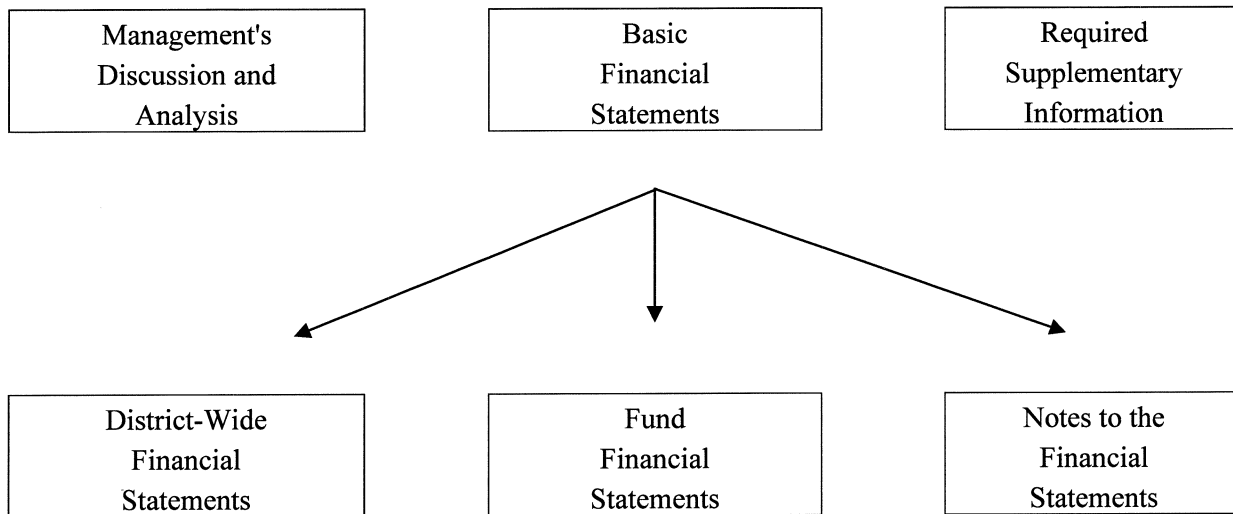


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

| | District-Wide Statements | Fund Financial Statements | | |
|--|--|--|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance | Activities the District operates similar to private businesses: food services, after school and summer programs, and the consortium | Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies. |
| Required Financial Statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of Asset/Liability Information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of Inflow/Outflow Information | All revenue and expenses during the year, regardless of when cash is received or paid | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenue and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

District-wide Statements

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

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

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, after school and summer programs and the consortium are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by 3.09%. Net position from governmental activities increased by \$165,025 and net position from business-type activities increased by \$20,082. Net investment in capital assets increased by \$210,645, restricted net position increased by \$440,495, and unrestricted net position decreased \$466,033.

Figure A-3
Condensed Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|-------------------------------------|-------------------------|--------------|--------------------------|------------|-----------------------|--------------|-------------------------------|
| | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 | 2016/2017 |
| Current and | | | | | | | |
| Other Assets | \$ 5,136,550 | \$ 4,408,867 | \$ 227,692 | \$ 208,578 | \$ 5,364,242 | \$ 4,617,445 | 16.17% |
| Capital Assets, Net | 12,676,973 | 12,648,064 | 23,327 | 18,799 | 12,700,300 | 12,666,863 | 0.26% |
| Total Assets | 17,813,523 | 17,056,931 | 251,019 | 227,377 | 18,064,542 | 17,284,308 | 4.51% |
| Deferred Outflows of Resources | 3,126,445 | 1,525,212 | | | 3,126,445 | 1,525,212 | 104.98% |
| Long-Term Liabilities | 13,891,433 | 11,994,109 | | | 13,891,433 | 11,994,109 | 15.82% |
| Other Liabilities | 894,623 | 668,672 | 35,779 | 32,219 | 930,402 | 700,891 | 32.75% |
| Total Liabilities | 14,786,056 | 12,662,781 | 35,779 | 32,219 | 14,821,835 | 12,695,000 | 16.75% |
| Deferred Inflows of Resources | 193,581 | 124,056 | | | 193,581 | 124,056 | 56.04% |
| Net Position: | | | | | | | |
| Net Investment in Capital Assets | 9,435,185 | 9,229,068 | 23,327 | 18,799 | 9,458,512 | 9,247,867 | 2.28% |
| Restricted | 3,891,683 | 3,451,188 | | | 3,891,683 | 3,451,188 | 12.76% |
| Unrestricted/(Deficit) | (7,366,537) | (6,884,950) | 191,913 | 176,359 | (7,174,624) | (6,708,591) | -6.95% |
| Total Net Position | \$ 5,960,331 | \$ 5,795,306 | \$ 215,240 | \$ 195,158 | \$ 6,175,571 | \$ 5,990,464 | 3.09% |

Changes in Net Position. The District's combined net position was \$6,175,571 on June 30, 2017, an increase of \$185,107 or 3.09% greater than the prior year (See Figure A-3). Net investment in capital assets increased \$210,645 due to \$730,548 of capital asset additions and the payment of \$540,000 in bond principal; offset by the net increase of \$343,287 of capital lease payable, \$683,075 in depreciation, \$14,036 in capital deletions net of accumulated

depreciation and the amortization of \$19,505 in deferred amount on the refunding. Restricted net position increased by \$440,495 due to an increase in excess surplus of \$635,585 offset by a decrease in capital reserve of \$195,090. Unrestricted net position decreased by \$466,033 primarily due to a decrease in compensated absences payable of \$53,097, a decrease in accrued interest payable of \$10,125, a decrease in unamortized bond premium of \$15,74, a net increase in deferred outflows and inflows related to pensions of \$1,544,956 and an increase in unrestricted net position in business-type activities of \$15,554; offset by an increase in net pension liability of \$2,162,877. (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|--------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-----------------------|-------------------|-------------------------------|
| | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 | 2016/2017 |
| Revenue: | | | | | | | |
| Program Revenue: | | | | | | | |
| Charges for Services | \$ 528,379 | \$ 574,555 | \$ 709,356 | \$ 653,392 | \$ 1,237,735 | \$ 1,227,947 | 0.80% |
| Grants and Contributions: | | | | | | | |
| Operating | 11,584,083 | 8,694,591 | | | 11,584,083 | 8,694,591 | 33.23% |
| General Revenue: | | | | | | | |
| Property Taxes | 29,042,089 | 28,384,732 | | | 29,042,089 | 28,384,732 | 2.32% |
| Federal and State Aid Not Restricted | 88,121 | 67,198 | | | 88,121 | 67,198 | 31.14% |
| Other | 214,900 | 209,887 | | | 214,900 | 209,887 | 2.39% |
| Total Revenue | <u>41,457,572</u> | <u>37,930,963</u> | <u>709,356</u> | <u>653,392</u> | <u>42,166,928</u> | <u>38,584,355</u> | 9.29% |
| Expenses: | | | | | | | |
| Instruction | 27,169,316 | 23,988,608 | | | 27,169,316 | 23,988,608 | 13.26% |
| Pupil and Instruction Services | 5,747,502 | 5,715,742 | | | 5,747,502 | 5,715,742 | 0.56% |
| Administrative and Business | 5,149,794 | 4,624,768 | | | 5,149,794 | 4,624,768 | 11.35% |
| Maintenance and Operations | 2,440,698 | 2,670,572 | | | 2,440,698 | 2,670,572 | -8.61% |
| Transportation | 660,513 | 625,130 | | | 660,513 | 625,130 | 5.66% |
| Other | 124,724 | 144,038 | 687,342 | 659,350 | 812,066 | 803,388 | 1.08% |
| Total Expenses | <u>41,292,547</u> | <u>37,768,858</u> | <u>687,342</u> | <u>659,350</u> | <u>41,979,889</u> | <u>38,428,208</u> | 9.24% |
| Disposal of Capital Assets, Net | | | (1,932) | | (1,932) | | 100.00% |
| Increase/(Decrease) in Net Position | <u>\$ 165,025</u> | <u>\$ 162,105</u> | <u>\$ 20,082</u> | <u>\$ (5,958)</u> | <u>\$ 185,107</u> | <u>\$ 156,147</u> | -18.55% |

Revenue Sources. The District's total revenue for the 2016/2017 school year was \$42,166,928. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$29,042,089 of the total, or 73.57 percent. (See Figure A-5). Another 22.71 percent came from state and federal aid and the remainder from miscellaneous sources and charges for services.

Figure A-5
Sources of Revenue for Fiscal Year 2017

| Sources of Income: | Amount | Percentage |
|------------------------------------|----------------------|----------------|
| Grants and Contributions | \$ 11,584,083 | 22.53% |
| Property Taxes | 29,042,089 | 73.57% |
| Unrestricted Federal and State Aid | 88,121 | 0.18% |
| Charges for Services | 1,237,735 | 3.18% |
| Other | 214,900 | 0.54% |
| | <u>\$ 42,166,928</u> | <u>100.00%</u> |

The total cost of all programs and services was \$41,979,889. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (78.92 percent) (See Figure A-6). The District's administrative and business activities accounted for 12.04 percent of total costs. It is important to note that depreciation of \$683,075 is included in expenses for the year.

Figure A-6
Expenses for Fiscal Year 2017

| Expense Category: | Amount | Percentage |
|--------------------------------|----------------------|----------------|
| Instruction | \$ 27,169,316 | 62.42% |
| Pupil and Instruction Services | 5,747,502 | 14.87% |
| Administrative and Business | 5,149,794 | 12.04% |
| Maintenance and Operations | 2,440,698 | 6.95% |
| Transportation | 660,513 | 1.63% |
| Other | 812,066 | 2.09% |
| | <u>\$ 41,979,889</u> | <u>100.00%</u> |

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because State aid has declined over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenses carefully, since any proposed increase to the School District budget will be funded entirely through property taxes.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7

Net Cost of Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|--------------------------------|------------------------|----------------------|----------------------|----------------------|
| | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 |
| Instruction | \$ 27,169,316 | \$ 23,988,608 | \$16,607,628 | \$16,131,260 |
| Pupil and Instruction Services | 5,747,502 | 5,715,742 | 5,041,200 | 4,963,224 |
| Administrative and Business | 5,149,794 | 4,624,768 | 4,339,478 | 3,995,929 |
| Maintenance and Operations | 2,440,698 | 2,670,572 | 2,440,698 | 2,670,572 |
| Transportation | 660,513 | 625,130 | 626,357 | 594,689 |
| Other | 124,724 | 144,038 | 124,724 | 144,038 |
| | <u>\$ 41,292,547</u> | <u>\$ 37,768,858</u> | <u>\$ 29,180,085</u> | <u>\$ 28,499,712</u> |

- The cost of all governmental activities this year was \$41,292,547.
- The federal and state governments subsidized certain programs with grants and contributions (\$11,584,083).
- Most of the District's costs, however, were financed by District taxpayers (\$29,042,089).
- A portion of governmental activities was financed with federal and state aid not restricted (\$88,121).
- The remainder of governmental activities funding came from private contributions, tuition, investment earnings, charges for services and miscellaneous revenue.

Business-Type Activities

Net position from the District's business-type activities increased by \$20,082. This is comprised of an increase in Food Service of \$8,440, an increase in After School and Summer Programs of \$13,574, offset by the disposal of \$1,932 of capital assets net of depreciation. (Refer to Figure A-4)

Financial Analysis of the District's Funds

The District's financial situation increased which has had a direct impact upon the District's revenue sources. Interest from investments increased and tuition revenue decreased as compared to years past. However, ratables of the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

As a result, to maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs and textbooks, and increased maintenance, and capital outlay expenditures, as well as legal and other professional services expenditures.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change 2016/2017 |
|---|-------------------------|----------------------|--------------------------|------------------|-----------------------|----------------------|-----------------------------------|
| | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 | 2016/2017 | 2015/2016 | |
| Sites (Land) | \$ 736,853 | \$ 736,853 | | | \$ 736,853 | \$ 736,853 | 0.00% |
| Construction in Progress | 645,687 | 555,446 | | | 645,687 | 555,446 | 16.25% |
| Site Improvements | 120,267 | 139,197 | | | 120,267 | 139,197 | -13.60% |
| Buildings and Building Improvements | 10,260,253 | 10,349,072 | | | 10,260,253 | 10,349,072 | -0.86% |
| Machinery and Equipment | 913,913 | 867,496 | \$ 23,327 | \$ 18,799 | 937,240 | 886,295 | 5.75% |
| Total Capital Assets (Net of Depreciation) | \$ 12,676,973 | \$ 12,648,064 | \$ 23,327 | \$ 18,799 | \$ 12,700,300 | \$ 12,666,863 | 0.26% |

The District’s overall capital assets (net of depreciation) increased by \$33,437 due to capital deletions of \$14,036, net of accumulated depreciation, and \$683,075 in depreciation; offset by capital additions of \$730,548.

Long-term Liabilities

At year-end, the District had \$2,990,000 in net general obligation bonds – a decrease of \$540,000 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the basic financial statements.)

Figure A-9

Long-Term Liabilities

| | Total School District | | Total Percentage Change 2016/2017 |
|--|-----------------------|----------------------|-----------------------------------|
| | 2016/2017 | 2015/2016 | |
| General Obligation Bonds, Net (Financed with Property Taxes) | \$ 2,990,000 | \$ 3,530,000 | -15.30% |
| Unamortized Bond Issuance Premium | 78,710 | 94,453 | -16.67% |
| Net Pension Liability | 10,110,528 | 7,947,651 | 27.21% |
| Other Long-term Liabilities | 712,195 | 422,005 | 68.76% |
| | \$ 13,891,433 | \$ 11,994,109 | 15.82% |

The District continued to pay down its debt, retiring \$540,000 of outstanding bonds and \$107,023 of outstanding capital leases payable. In fiscal year 2017, there was a net decrease of \$53,097 in compensated absences, a decrease of \$15,743 in unamortized bond issuance premium and an increase of \$2,162,877 in the net pension liability.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that could significantly affect its financial health in the future:

- Increases in the number of special education students continues to impact the financial resources of the school district through the employment of additional teaching and support staff and out of district special education tuition and transportation costs.
- The volatility of health costs continue to be a concern that could impact the District's financial resources.
- The volatility of State Aid continues to be a concern that could impact the District's financial resources and educational programs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 12 High Street, Glen Ridge, New Jersey 07028.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 3,772,700 | \$ 214,728 | \$ 3,987,428 |
| Internal Balances | 39,729 | (39,729) | |
| Interfund Receivable - Payroll Agency | 321,834 | | 321,834 |
| Receivables from State Government | 116,185 | | 116,185 |
| Receivables from Federal Government | 68,379 | | 68,379 |
| Other Receivables | 62,580 | 50,457 | 113,037 |
| Inventory | | 2,236 | 2,236 |
| Prepaid Expenses | 18,488 | | 18,488 |
| Restricted Assets: | | | |
| Capital Reserve Account - Cash and Cash Equivalents | 736,655 | | 736,655 |
| Capital Assets, Net: | | | |
| Sites (Land) and Construction in Progress | 1,382,540 | | 1,382,540 |
| Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment | 11,294,433 | 23,327 | 11,317,760 |
| Total Assets | <u>17,813,523</u> | <u>251,019</u> | <u>18,064,542</u> |
| <u>DEFERRED OUTFLOW OF RESOURCES</u> | | | |
| Deferred Amount on Refunding | 97,531 | | 97,531 |
| Changes in Assumptions - Pensions | 2,074,582 | | 2,074,582 |
| Changes in Proportion - Pensions | 50,466 | | 50,466 |
| Difference Between Expected and Actual Experience - Pensions | 186,249 | | 186,249 |
| Difference Between Projected and Actual Investment Earnings - Pensions | 398,871 | | 398,871 |
| District Contribution Subsequent to the Measurement Date - Pensions | 318,746 | | 318,746 |
| Total Deferred Outflows of Resources | <u>3,126,445</u> | | <u>3,126,445</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accrued Interest Payable | 44,495 | | 44,495 |
| Accounts Payable | 797,291 | 25,753 | 823,044 |
| Unearned Revenue | 52,837 | 10,026 | 62,863 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 733,367 | | 733,367 |
| Due Beyond One Year | 13,158,066 | | 13,158,066 |
| Total Liabilities | <u>14,786,056</u> | <u>35,779</u> | <u>14,821,835</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Changes in Proportion - Pensions | 193,581 | | 193,581 |
| Total Deferred Inflows of Resources | <u>193,581</u> | | <u>193,581</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 9,435,185 | 23,327 | 9,458,512 |
| Restricted for: | | | |
| Capital Projects | 736,655 | | 736,655 |
| Debt Service | 1 | | 1 |
| Excess Surplus | 3,155,027 | | 3,155,027 |
| Unrestricted/(Deficit) | <u>(7,366,537)</u> | <u>191,913</u> | <u>(7,174,624)</u> |
| Total Net Position | <u>\$ 5,960,331</u> | <u>\$ 215,240</u> | <u>\$ 6,175,571</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| Functions/Programs | Program Revenues | | | Net (Expenses)/Revenues and Changes in Net Position | | | |
|--|----------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 20,234,338 | \$ 528,379 | \$ 6,943,993 | | \$ (12,761,966) | | \$ (12,761,966) |
| Special Education | 4,953,818 | | 2,457,053 | | (2,496,765) | | (2,496,765) |
| Other Special Instruction | 578,737 | | 204,897 | | (373,840) | | (373,840) |
| School Sponsored/Other Instruction | 1,402,423 | | 427,366 | | (975,057) | | (975,057) |
| Support Services: | | | | | | | |
| Tuition | 1,521,161 | | 341,254 | | (1,179,907) | | (1,179,907) |
| Student & Instruction Related Services | 4,226,341 | | 365,048 | | (3,861,293) | | (3,861,293) |
| General Administrative Services | 1,298,154 | | | | (1,298,154) | | (1,298,154) |
| School Administrative Services | 2,852,837 | | 810,316 | | (2,042,521) | | (2,042,521) |
| Central Services | 638,095 | | | | (638,095) | | (638,095) |
| Administration Information Technology | 360,708 | | | | (360,708) | | (360,708) |
| Plant Operations and Maintenance | 2,440,698 | | | | (2,440,698) | | (2,440,698) |
| Pupil Transportation | 660,513 | | 34,156 | | (626,357) | | (626,357) |
| Interest on Long-Term Debt | 124,724 | | | | (124,724) | | (124,724) |
| Total Governmental Activities | 41,292,547 | 528,379 | 11,584,083 | | (29,180,085) | | (29,180,085) |
| Business-Type Activities: | | | | | | | |
| Food Service | 387,669 | 396,109 | | | | \$ 8,440 | 8,440 |
| After School and Summer Programs | 299,673 | 313,247 | | | | 13,574 | 13,574 |
| Total Business-Type Activities | 687,342 | 709,356 | | | | 22,014 | 22,014 |
| Total Primary Government | \$ 41,979,889 | \$ 1,237,735 | \$ 11,584,083 | \$ -0- | \$ (29,180,085) | \$ 22,014 | \$ (29,158,071) |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Net (Expenses)/Revenues and Changes in Net Position | | |
|--|--|-----------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| General Revenues: | | | |
| Taxes: | | | |
| Property Taxes, Levied for General Purposes, Net | \$ 28,371,002 | | \$ 28,371,002 |
| Taxes Levied for Debt Service | 671,087 | | 671,087 |
| Federal and State Aid Not Restricted | 88,121 | | 88,121 |
| Investment Earnings | 831 | | 831 |
| Disposal of Capital Assets, Net of Depreciation | | \$ (1,932) | (1,932) |
| Miscellaneous Income | 214,069 | | 214,069 |
| | 29,345,110 | (1,932) | 29,343,178 |
| Change in Net Position | 165,025 | 20,082 | 185,107 |
| Net Position - Beginning | 5,795,306 | 195,158 | 5,990,464 |
| Net Position - Ending | \$ 5,960,331 | \$ 215,240 | \$ 6,175,571 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,772,699 | | | \$ 1 | \$ 3,772,700 |
| Interfund Receivable | 617,638 | | | | 617,638 |
| Receivable from State Government | 116,185 | | | | 116,185 |
| Receivable from Federal Government | | \$ 68,379 | | | 68,379 |
| Other Receivables | 62,580 | | | | 62,580 |
| Prepaid Expenses | 18,488 | | | | 18,488 |
| Restricted Cash and Cash Equivalents | 736,655 | | | | 736,655 |
| Total Assets | <u>\$ 5,324,245</u> | <u>\$ 68,379</u> | <u>\$ -0-</u> | <u>\$ 1</u> | <u>\$ 5,392,625</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Interfund Payable | | \$ 18,496 | \$ 237,579 | | \$ 256,075 |
| Accounts Payable | \$ 464,499 | 14,046 | | | 478,545 |
| Unearned Revenue | 17,000 | 35,837 | | | 52,837 |
| Total Liabilities | <u>481,499</u> | <u>68,379</u> | <u>237,579</u> | | <u>787,457</u> |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Excess Surplus - 2018-2019 | 1,831,522 | | | | 1,831,522 |
| Excess Surplus - 2017-2018 | 1,323,505 | | | | 1,323,505 |
| Capital Reserve Account | 736,655 | | | | 736,655 |
| Debt Service | | | | \$ 1 | 1 |
| Assigned: | | | | | |
| Year-End Encumbrances | 227,954 | | | | 227,954 |
| Designated for Subsequent Year's Expenditures | 139,761 | | | | 139,761 |
| Unassigned / (Deficit) | 583,349 | | (237,579) | | 345,770 |
| Total Fund Balances/ (Deficit) | <u>4,842,746</u> | | <u>(237,579)</u> | <u>1</u> | <u>4,605,168</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,324,245</u> | <u>\$ 68,379</u> | <u>\$ -0-</u> | <u>\$ 1</u> | |
| Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (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 \$22,180,424 and the accumulated depreciation is \$9,503,451. | | | | | 12,676,973 |
| 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 (see Note 7). | | | | | (3,702,195) |
| Accrued Interest on Long-Term Liabilities, Including Bonds Payable, is not due and Payable in the Current Period and Therefore is not Reported as a Liability in the Funds. | | | | | (44,495) |
| Deferred Amount on Refunding is not Reported as Expenditure in the Governmental Funds in the Year of the Expenditure | | | | | 97,531 |
| Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$204,654 and the Accumulated Amortization is \$125,944. | | | | | (78,710) |
| The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds. | | | | | (10,110,528) |
| Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds: | | | | | |
| Deferred Outflows of Resources: | | | | | |
| Changes in Assumptions - Pensions | | | | | 2,074,582 |
| Changes in Proportions - Pensions | | | | | 50,466 |
| Difference Between Expected and Actual Experience - Pensions | | | | | 186,249 |
| Difference Between Projected and Actual Investment Earnings - Pensions | | | | | 398,871 |
| Deferred Inflows of Resources: | | | | | |
| Changes in Proportions - Pensions | | | | | (193,581) |
| Net Position of Governmental Activities | | | | | <u>\$ 5,960,331</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------|----------------------|-----------------------|-------------------|--------------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 28,371,002 | | | \$ 671,087 | \$ 29,042,089 |
| Tuition from Individuals | 521,811 | | | | 521,811 |
| Tuition from Other LEAs | 6,568 | | | | 6,568 |
| Miscellaneous | 214,900 | \$ 15,376 | | | 230,276 |
| Total - Local Sources | 29,114,281 | 15,376 | | 671,087 | 29,800,744 |
| State Sources | 4,628,708 | 457,162 | | | 4,628,708 |
| Federal Sources | | | | | 457,162 |
| Total Revenues | 33,742,989 | 472,538 | | 671,087 | 34,886,614 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular Instruction | 10,598,693 | 76,644 | | | 10,675,337 |
| Special Education Instruction | 2,496,079 | 12,085 | | | 2,508,164 |
| Other Special Instruction | 297,392 | | | | 297,392 |
| School-Sponsored/Other Instruction | 815,605 | | | | 815,605 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 1,179,907 | 341,254 | | | 1,521,161 |
| Student & Instruction Related Services | 2,877,615 | 42,555 | | | 2,920,170 |
| General Administrative Services | 1,008,324 | | | | 1,008,324 |
| School Administrative Services | 1,583,245 | | | | 1,583,245 |
| Central Services | 527,194 | | | | 527,194 |
| Administration Information Technology | 318,258 | | | | 318,258 |
| Plant Operations and Maintenance | 2,388,180 | | | | 2,388,180 |
| Pupil Transportation | 575,194 | | | | 575,194 |
| Unallocated Benefits | 8,050,391 | | | | 8,050,391 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---------------------------------------|--------------|----------------------|-----------------------|-------------------|--------------------------|
| EXPENDITURES | | | | | |
| Debt Service: | | | | | |
| Principal | | | | \$ 540,000 | \$ 540,000 |
| Interest and Other Charges | | | | 131,087 | 131,087 |
| Capital Outlay | \$ 889,117 | | \$ 90,241 | | 979,358 |
| Total Expenditures | 33,605,194 | \$ 472,538 | 90,241 | 671,087 | 34,839,060 |
| Excess of Revenues Over Expenditures | 137,795 | -0- | (90,241) | | 47,554 |
| OTHER FINANCING SOURCES/(USES) | | | | | |
| Capital Leases (non-budgeted) | 450,310 | | | | 450,310 |
| Total Other Financing Sources/(Uses) | 450,310 | -0- | | | 450,310 |
| Net Change in Fund Balances | 588,105 | | (90,241) | | 497,864 |
| Fund Balance/(Deficit)—July 1 | 4,254,641 | | (147,338) | 1 | 4,107,304 |
| Fund Balance/(Deficit)—June 30 | \$ 4,842,746 | \$ -0- | \$ (237,579) | \$ 1 | \$ 4,605,168 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | | |
|--|---|-----------------------|
| Total Net Change in Fund Balances - Governmental Funds (from B-2) | | \$ 497,864 |
| 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 depreciation and deletion of capital assets differs from capital outlays in the period. | | |
| | Depreciation expense | \$ (681,250) |
| | Deletion of Capital Assets, net of Accumulated Depreciation | (12,104) |
| | Capital outlays | <u>722,263</u> 28,909 |
| 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). | | |
| | | 53,097 |
| 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. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). | | |
| | | 10,125 |
| Also, the governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. | | |
| | | (19,505) |
| The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| | | 15,743 |
| Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) | | |
| | | 107,023 |
| Capital leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. | | |
| | | (450,310) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+) | | |
| | | 540,000 |
| The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds: | | |
| | Change in Net Pension Liability | (2,162,877) |
| | Change in Deferred Outflows: | |
| | Changes in Assumptions - Pensions | 1,230,755 |
| | Changes in Proportion - Pensions | (13,943) |
| | Difference Between Expected and Actual Experience - Pensions | (1,202) |
| | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 522,927 |
| | Change in Deferred Inflows: | |
| | Changes in Proportion | <u>(193,581)</u> |
| Change in Net Position of Governmental Activities (Exhibit A-2) | | <u>\$ 165,025</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|----------------------------------|--|----------------------------|-------------------|
| | <u>Major Fund</u> | | |
| | <u>Food Service</u> | <u>Non-Major Funds</u> | <u>Total</u> |
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | | \$ 214,728 | \$ 214,728 |
| Other Accounts Receivable | \$ 21,055 | 29,402 | 50,457 |
| Inventory | 2,236 | | 2,236 |
| Total Current Assets | <u>23,291</u> | <u>244,130</u> | <u>267,421</u> |
| Non-Current Assets: | | | |
| Capital Assets | 107,345 | | 107,345 |
| Less: Accumulated Depreciation | <u>(84,018)</u> | | <u>(84,018)</u> |
| Total Non-Current Assets | <u>23,327</u> | | <u>23,327</u> |
| Total Assets | <u>46,618</u> | <u>244,130</u> | <u>290,748</u> |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Interfund Payable - General Fund | 39,729 | | 39,729 |
| Accounts Payable | 25,753 | | 25,753 |
| Unearned Revenue | <u>9,676</u> | <u>350</u> | <u>10,026</u> |
| Total Current Liabilities | <u>75,158</u> | <u>350</u> | <u>75,508</u> |
| Total Liabilities | <u>75,158</u> | <u>350</u> | <u>75,508</u> |
| NET POSITION: | | | |
| Investment in Capital Assets | 23,327 | | 23,327 |
| Unrestricted/(Deficit) | <u>(51,867)</u> | <u>243,780</u> | <u>191,913</u> |
| Total Net Position | <u>\$ (28,540)</u> | <u>\$ 243,780</u> | <u>\$ 215,240</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|---|--|----------------------------|-------------------|
| | <u>Major Funds</u> | | <u>Totals</u> |
| | <u>Food Service</u> | <u>Non-Major Funds</u> | |
| Operating Revenue: | | | |
| Charges for Services: | | | |
| Daily Sales - Non-Reimbursable Programs | \$ 386,392 | | \$ 386,392 |
| Special Events | 9,717 | | 9,717 |
| Program Fees | | \$ 313,247 | 313,247 |
| Total Operating Revenue | <u>396,109</u> | <u>313,247</u> | <u>709,356</u> |
| Operating Expenses: | | | |
| Cost of Sales - Non-Reimbursable Programs | 142,123 | | 142,123 |
| Salaries | 158,145 | 239,901 | 398,046 |
| Payroll Taxes | | 18,352 | 18,352 |
| Employee Benefits | | 25,064 | 25,064 |
| Purchased Professional Services | 47,057 | | 47,057 |
| Supplies and Materials | 38,519 | 16,356 | 54,875 |
| Depreciation Expense | 1,825 | | 1,825 |
| Total Operating Expenses | <u>387,669</u> | <u>299,673</u> | <u>687,342</u> |
| Operating Income | 8,440 | 13,574 | 22,014 |
| Disposal of Capital Assets, Net of Depreciation | <u>(1,932)</u> | | <u>(1,932)</u> |
| Change in Net Position | 6,508 | 13,574 | 20,082 |
| Net Position/(Deficit) - Beginning of Year | <u>(35,048)</u> | <u>230,206</u> | <u>195,158</u> |
| Net Position/(Deficit) - End of Year | <u>\$ (28,540)</u> | <u>\$ 243,780</u> | <u>\$ 215,240</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|---|--|-----------------------|-------------------|
| | <u>Major Funds</u> | | |
| | <u>Food Service</u> | <u>Non-Major Fund</u> | <u>Totals</u> |
| Cash Flows from Operating Activities: | | | |
| Receipts from Customers | \$ 375,054 | \$ 269,405 | \$ 644,459 |
| Payments to Employees | | (239,901) | (239,901) |
| Payments to Food Service Vendor | (353,596) | | (353,596) |
| Payments to Suppliers | | (17,152) | (17,152) |
| Payments to Other Vendors | | (43,416) | (43,416) |
| Net Cash Provided by/(Used) for Operating Activities | <u>21,458</u> | <u>(31,064)</u> | <u>(9,606)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Interfund Advanced - General Fund | 39,729 | | 39,729 |
| Interfund Returned - General Fund | (52,902) | | (52,902) |
| Net Cash Used by Noncapital Financing Activities | <u>(13,173)</u> | | <u>(13,173)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Purchases of Capital Assets | (8,285) | | (8,285) |
| Net Cash Used by Capital and Related Financing Activities | <u>(8,285)</u> | | <u>(8,285)</u> |
| Net Decrease in Cash and Cash Equivalents | | (31,064) | (31,064) |
| Cash and Cash Equivalents, July 1 | | <u>245,792</u> | <u>245,792</u> |
| Cash and Cash Equivalents, June 30 | <u>\$ -0-</u> | <u>\$ 214,728</u> | <u>\$ 214,728</u> |
| Adjustment to Reconcile Operating Income | | | |
| Net Cash Provided by/(Used) for Operating Activities: | | | |
| Operating Income | \$ 8,440 | \$ 13,574 | \$ 22,014 |
| Depreciation | 1,825 | | 1,825 |
| Changes in Assets and Liabilities: | | | |
| (Increase) in Other Accounts Receivable | (21,055) | (18,305) | (39,360) |
| Increase/(Decrease) in Accounts Payable | 25,753 | (796) | 24,957 |
| Decrease in Inventory | 2,355 | | 2,355 |
| Increase/(Decrease) in Unearned Revenue | 4,140 | (25,537) | (21,397) |
| Net Cash Provided by/(Used) for Operating Activities | <u>\$ 21,458</u> | <u>\$ (31,064)</u> | <u>\$ (9,606)</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

| | <u>Agency</u> | <u>Unemployment Compensation Trust</u> |
|--|-----------------------------|--|
| ASSETS: | | |
| Cash and Cash Equivalents | \$ 847,132 | \$ 150,500 |
| Interfund Receivable - Agency | | 9,067 |
| | <u>847,132</u> | <u>159,567</u> |
| Total Assets | <u>847,132</u> | <u>159,567</u> |
| LIABILITIES: | | |
| Payroll Deductions and Withholdings | 338,952 | |
| Due to Student Groups | 177,279 | |
| Interfund Payable: | | |
| General Fund | 321,834 | |
| Unemployment Compensation Trust | 9,067 | |
| | <u>847,132</u> | <u> </u> |
| Total Liabilities | <u>847,132</u> | <u> </u> |
| NET POSITION: | | |
| Held in Trust for Unemployment Claims | | 159,567 |
| | <u> </u> | <u>159,567</u> |
| Total Net Position | <u>\$ -0-</u> | <u>\$ 159,567</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Unemployment Compensation Trust</u> |
|---|--|
| ADDITIONS: | |
| Contributions: | |
| Employee Contributions | <u>\$ 28,796</u> |
| Total Contributions | <u>28,796</u> |
| Total Additions | <u>28,796</u> |
| | |
| DEDUCTIONS: | |
| Quarterly Contribution Reports and Claims | <u>26,994</u> |
| Total Deductions | <u>26,994</u> |
| Change in Net Position | 1,802 |
| Net Position - Beginning of the Year | <u>157,765</u> |
| Net Position - End of the Year | <u><u>\$ 159,567</u></u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Borough of Glen Ridge School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes,

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. 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 governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported 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 NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. 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 expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service and After School and Summer Programs and Consortium) Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria, after school and summer programs, and consortium operations. The food service, after school and summer programs, and consortium funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements in the current year.

The Capital Projects Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of School Development Authority (SDA) grants revenue. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-------------------------|---|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 33,741,190 | \$ 472,538 |
| Difference - Budget to GAAP: | | |
| Current Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Purposes | (69,361) | |
| Prior Year State Aid Payments Recognized for Budgetary Purposes, Not Recognized for GAAP Statements | <u>71,160</u> | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 33,742,989</u> | <u>\$ 472,538</u> |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | <u>\$ 33,605,194</u> | <u>\$ 472,538</u> |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 33,605,194</u> | <u>\$ 472,538</u> |
| | | <u>Capital Projects Fund Fund Balance</u> |
| Amount per Summary Schedule of Revenue, Expenditures, and Charges in Fund Balance (Budgetary Basis) (per Exhibit F-1) | | \$ (15,401) |
| Reconciliation to Governmental Funds Statements (GAAP): | | |
| SDA Grant Revenue/Receivable not Recognized on GAAP Basis | | <u>(222,178)</u> |
| Deficit Fund Balance per Summary Schedule of Revenue, Expenditures, and Charges in Fund Balance - Governmental Funds (GAAP Basis) (per Exhibit B-2) | | <u>\$ (237,579)</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type 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. Additionally, the District 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. 17:9-41et 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

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

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

| | <u>Estimated Useful Life</u> |
|-------------------------------------|------------------------------|
| Buildings and Building Improvements | 40 years |
| Site Improvements | 15 to 30 years |
| Machinery and Equipment | 5 to 20 years |
| Computer and Related Technology | 5 years |
| Vehicles | 8 years |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2017.

N. 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 accumulate 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 Position*, 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.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$4,842,746 General Fund fund balance at June 30, 2017, \$227,954 is assigned for encumbrances; \$736,655 is restricted in the capital reserve account; \$1,831,522 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; \$1,323,505 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$139,761 is assigned fund balance and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018 and unassigned fund balance is \$583,349, which is \$69,361 less than the calculated maximum unassigned fund balance due to the final two State Aid payments that are not recognized on GAAP basis until the fiscal year ending June 30, 2018.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: The deficit fund balance of \$237,579 in the Capital Projects Fund at June 30, 2017 is unassigned. This deficit is primarily due to the difference in the recognition of the SDA grant receivable of \$222,178. The budgetary basis of accounting recognizes the grant revenue when the grant is awarded whereas the GAAP basis recognizes the SDA grant revenue when grant expenditures are submitted for reimbursement.

Debt Service Fund: The Debt Service Fund has a \$1 fund balance at June 30, 2017 that is restricted.

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 Restricted 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 restrict 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 year's budget. The District had excess surplus as defined on the previous page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$69,361 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Fund Balance/Net Position:

The District has a deficit in unrestricted net position of \$7,366,537 in governmental activities, which is primarily due to \$362,876 of compensated absences payable and the deferred inflows, deferred outflows and liabilities related to pensions. There is a deficit fund balance of \$237,579 in the Capital Projects Fund as of June 30, 2017 as reported in the fund statements (modified accrual basis) primarily due to the School Development Authority grant receivable in the amount of \$222,178 which is not recognized on a GAAP basis until these grant funds are expended and reported for reimbursement. The Food Service Enterprise Fund has a deficit in unrestricted net position of \$51,867 primarily due to operating deficits in the last four years.

The deficits in Governmental Activities net position and the Capital Projects Fund fund balance do not indicate that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the deferred amount on refunding of debt related to the District's 2010 refunding bonds and deferred outflows and inflows of resources related to pensions at June 30, 2017.

The District had a deferred inflow of resources at June 30, 2017 for change in proportions in pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, the debt service fund and a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District did not have committed resources on the GAAP basis at June 30, 2017.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the 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 fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for Food Service and program fees for After School Care and Summer Programs and Consortium. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

| | <u>Cash and Cash Equivalents</u> | <u>Restricted Cash and Cash Equivalents Capital Reserve Account</u> | <u>Total</u> |
|---------------------------------|--|---|---------------------|
| Checking and Savings Accounts | \$ 4,881,262 | \$ 736,655 | \$ 5,617,917 |
| New Jersey Cash Management Fund | 103,798 | | 103,798 |
| | <u>\$ 4,985,060</u> | <u>\$ 736,655</u> | <u>\$ 5,721,715</u> |

During the period ended June 30, 2017, the District did not hold any investments.

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$5,721,715 and the bank balance was \$6,344,162. The \$103,798 in the New Jersey Cash Management Fund is uninsured and unregistered.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$100 on October 2, 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.

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 State Department of Education, 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 on the of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

| | |
|---------------------------------|------------|
| Beginning Balance, July 1, 2016 | \$ 931,745 |
| Less: | |
| Budgeted Withdrawal | (195,090) |
| Ending Balance, June 30, 2017 | \$ 736,655 |

The balance in the capital reserve account at June 30, 2017 does not exceed the LRFP balance of local support costs of uncompleted capital projects.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred a total of \$244,275 to the capital outlay accounts, of which \$221,000 was transferred for an emergency contract under 18A:18A-7 for the replacement of the main switchboard and electrical repairs at the Glen Ridge High School. The District obtained the required approval from the County Superintendent. The District also transferred \$23,275 for equipment which did not require approval from the County Superintendent.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Adjustments/ Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|-----------------------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Sites (Land) | \$ 736,853 | | | \$ 736,853 |
| Construction in Progress | 555,446 | \$ 90,241 | | 645,687 |
| Total Capital Assets Not Being Depreciated | <u>1,292,299</u> | <u>90,241</u> | | <u>1,382,540</u> |
| Capital Assets Being Depreciated: | | | | |
| Site Improvements | 423,903 | | | 423,903 |
| Buildings and Building Improvements | 17,673,043 | 385,850 | | 18,058,893 |
| Machinery and Equipment | 2,142,970 | 246,172 | \$ (74,054) | 2,315,088 |
| Total Capital Assets Being Depreciated | <u>20,239,916</u> | <u>632,022</u> | <u>(74,054)</u> | <u>20,797,884</u> |
| Governmental Activities Capital Assets | <u>21,532,215</u> | <u>722,263</u> | <u>(74,054)</u> | <u>22,180,424</u> |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | (284,706) | (18,930) | | (303,636) |
| Buildings and Building Improvements | (7,323,971) | (474,669) | | (7,798,640) |
| Machinery and Equipment | (1,275,474) | (187,651) | 61,950 | (1,401,175) |
| | <u>(8,884,151)</u> | <u>(681,250)</u> | <u>61,950</u> | <u>(9,503,451)</u> |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 12,648,064</u> | <u>\$ 41,013</u> | <u>\$ (12,104)</u> | <u>\$ 12,676,973</u> |
| Business-Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Machinery and Equipment | \$ 102,573 | \$ 8,285 | \$ (3,513) | \$ 107,345 |
| Less Accumulated Depreciation | (83,774) | (1,825) | 1,581 | (84,018) |
| Business-Type Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 18,799</u> | <u>\$ 6,460</u> | <u>\$ (1,932)</u> | <u>\$ 23,327</u> |

The District expended \$90,241 towards construction projects in progress during the fiscal year. As of June 30, 2017, the District has \$645,687 in active construction in progress. Additionally, the District expended \$632,022 from its current year capital budget and depreciated \$681,250 from its governmental activities. The District expended \$8,285 from its business-type activities and depreciated 1,825 during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

| | |
|--|-------------------|
| Regular Instruction | \$ 90,314 |
| Special Education | 41,666 |
| Student and Instruction Related Services | 206,443 |
| General Administrative Services | 169,366 |
| School Administrative Services | 48,764 |
| Plant Operations and Maintenance | 90,836 |
| Pupil Transportation | 33,861 |
| | <u>\$ 681,250</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

| | <u>Balance</u> <u>6/30/2016</u> | <u>Accrued</u> | <u>Retired</u> | <u>Balance</u> <u>6/30/2017</u> |
|-----------------------------------|------------------------------------|---------------------|-------------------|------------------------------------|
| Serial Bonds Payable | \$ 3,530,000 | | \$ 540,000 | \$ 2,990,000 |
| Capital Leases Payable | 6,032 | \$ 450,310 | 107,023 | 349,319 |
| Net Pension Liability | 7,947,651 | 2,162,877 | | 10,110,528 |
| Compensated Absences Payable | 415,973 | 3,241 | 56,338 | 362,876 |
| Unamortized Bond Issuance Premium | 94,453 | | 15,743 | 78,710 |
| | <u>\$ 11,994,109</u> | <u>\$ 2,616,428</u> | <u>\$ 719,104</u> | <u>\$ 13,891,433</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. The current portion of bonds at June 30, 2017 is \$565,000 and the long-term portion is \$2,425,000. The Debt Service Fund will be used to liquidate bonds payable.

The District had bonds outstanding as of June 30, 2017 as follows:

| <u>Purpose</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Amount</u> |
|-----------------|-----------------------|----------------------|---------------------|
| Refunding Bonds | 02/01/2022 | 2.75%-4.00% | <u>\$ 2,990,000</u> |

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

| <u>Fiscal</u> <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2018 | \$ 565,000 | \$ 106,787 | \$ 671,787 |
| 2019 | 575,000 | 91,250 | 666,250 |
| 2020 | 590,000 | 74,000 | 664,000 |
| 2021 | 615,000 | 50,400 | 665,400 |
| 2022 | 645,000 | 25,800 | 670,800 |
| | <u>\$ 2,990,000</u> | <u>\$ 348,237</u> | <u>\$ 3,338,237</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On January 20, 2010, the Borough of Glen Ridge School District issued \$6,085,000 refunding bonds with interest rates ranging from 2.75% to 4.00% to advance refund \$5,917,000 school bonds with interest rates of 4.60%. The refunding bonds mature on February 1, 2011 through 2022 and February 1, 2011 was the first optional redemption date at 102.27% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on February 1, 2022. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$367,254, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$309,054. The deferred amount on the refunding was \$253,571 upon issuance and \$97,531 is deferred at June 30, 2017.

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance is \$3,759 and the long-term liability balance of compensated absences is \$359,117.

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, 2017, no liability existed for compensated absences in the Enterprise Funds.

The General Fund will be used to liquidate compensated absences payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$10,015,045. See Note 8 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's (the "Plan") net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$95,483. See Note 8 for further information on the Plan.

E. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$15,743 and is separated from the long-term liability balance of \$62,967.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

F. Capital Leases Payable:

The District is leasing photocopiers. The lease term is for four 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, 2017.

| Year Ending June 30, | Amount |
|---|------------|
| 2018 | \$ 157,478 |
| 2019 | 157,478 |
| 2020 | 47,658 |
| | 362,614 |
| Less: Amount Representing Interest | (13,295) |
| Present Value of Net Minimum Lease Payments | \$ 349,319 |

The current portion of Capital Leases payable at June 30, 2017 is \$148,865 and the long-term portion is \$200,454. Capital leases will be liquidated by the General Fund.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). Additionally, a small number of the District's retirees participate in the Board of Education Employees' Pension Fund of Essex County ("the Plan").

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

| Tier | Definition |
|------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$306,778 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2017, the District reported a liability of \$10,015,045 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.034%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$927,742. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

| | Deferral Year | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 6.44 | \$ 125,891 | |
| | 2015 | 5.72 | 514,419 | |
| | 2016 | 5.57 | 1,434,272 | |
| | | | <u>2,074,582</u> | |
| Difference Between Expected and Actual Experience | 2015 | 5.72 | 142,723 | |
| | 2016 | 5.57 | 43,526 | |
| | | | <u>186,249</u> | |
| Changes in Proportion | 2014 | 6.44 | 17,198 | |
| | 2015 | 5.72 | 33,268 | |
| | 2016 | 5.57 | | \$ 193,581 |
| | | | <u>50,466</u> | <u>193,581</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2014 | 5.00 | (188,650) | |
| | 2015 | 5.00 | 120,697 | |
| | 2016 | 5.57 | 449,836 | |
| | | | <u>381,883</u> | |
| Contribution Made Subsequent to the Measurement Date | 2016 | 1.00 | 305,993 | |
| | | | <u>\$ 2,999,173</u> | <u>\$ 193,581</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending June 30, | Total |
|--------------------------------|---------------------|
| 2017 | \$ 594,983 |
| 2018 | 594,982 |
| 2019 | 689,308 |
| 2020 | 579,120 |
| 2021 | 184,321 |
| | <u>\$ 2,642,714</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

| | |
|---------------------------|---------------------------|
| Inflation Rate | 3.08% |
| Salary Increases: | |
| Through 2026 | 1.65 – 4.15% based on age |
| Thereafter | 2.65 – 5.15% based on age |
| Investment Rate of Return | 7.65% |

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Cash | 5.00% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad U.S. Equities | 26.00% | 8.53% |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex. U.S. | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | <u>June 30, 2016</u> | | |
|---|--------------------------------|--|--------------------------------|
| | <u>1% Decrease (2.98%)</u> | <u>Current Discount Rate (3.98%)</u> | <u>1% Increase (4.98%)</u> |
| District's proportionate share of the Net Pension Liability | \$ 12,272,269 | \$ 10,015,045 | \$ 8,151,512 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$1,447,577 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,820,820.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$104,008,738. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.132%, which was a decrease of 0.00077% from its proportion measured as of June 30, 2015.

| | |
|---|------------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ -0- |
| State's Proportionate Share of the Net Pension Liability Associated with the District | <u>104,008,738</u> |
| Total | <u><u>\$ 104,008,738</u></u> |

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$7,820,820 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

| | Year of Deferral | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 8.5 | \$ 1,691,524,165 | |
| | 2015 | 8.3 | 4,488,602,746 | |
| | 2016 | 8.3 | 9,522,623,964 | |
| | | | <u>15,702,750,875</u> | |
| Difference Between Expected and Actual Experience | 2014 | 8.3 | | \$ 16,110,615 |
| | 2015 | 8.5 | 277,221,464 | |
| | 2016 | 8.3 | | 118,421,979 |
| | | | <u>277,221,464</u> | <u>134,532,594</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2014 | 5.0 | (870,618,286) | |
| | 2015 | 5.0 | 577,926,182 | |
| | 2016 | 5.0 | 1,727,420,767 | |
| | | | <u>1,434,728,663</u> | |
| | | <u>\$ 17,414,701,002</u> | <u>\$ 134,532,594</u> | |

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------------------|
| 2017 | \$ 2,538,535,636 |
| 2018 | 2,538,535,636 |
| 2019 | 2,973,844,781 |
| 2020 | 2,781,202,718 |
| 2021 | 2,349,347,527 |
| Thereafter | 4,098,702,110 |
| | <u>\$ 17,280,168,408</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions (Cont'd)

| | |
|---------------------------|----------------------------|
| Inflation Rate | 2.50% |
| Salary Increases: | |
| 2012-2021 | Varies based on experience |
| Thereafter | Varies based on experience |
| Investment Rate of Return | 7.65% |

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 5.00% | 0.39% |
| U.S. Government Bonds | 1.50% | 1.28% |
| U.S. Credit Bonds | 13.00% | 2.76% |
| U.S. Mortgages | 2.00% | 2.38% |
| U.S. Inflation-Indexed Bonds | 1.50% | 1.41% |
| U.S. High Yield Bonds | 2.00% | 4.70% |
| U.S. Equity Market | 26.00% | 5.14% |
| Foreign-Developed Equity | 13.25% | 5.91% |
| Emerging Market Equities | 6.50% | 8.16% |
| Private Real Estate Property | 5.25% | 3.64% |
| Timber | 1.00% | 3.86% |
| Farmland | 1.00% | 4.39% |
| Private Equity | 9.00% | 8.97% |
| Commodities | 0.50% | 2.87% |
| Hedge Funds - MultiStrategy | 5.00% | 3.70% |
| Hedge Funds - Equity Hedge | 3.75% | 4.72% |
| Hedge Funds - Distressed | 3.75% | 3.49% |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2016 | | |
|-----------------------------|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (2.22%) | Current Discount Rate (3.22%) | 1% Increase (4.22%) |
| Total Net Pension Liability | \$ 124,305,215 | \$ 104,088,738 | \$ 87,579,376 |

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$33,491 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$49,782 for the year ended June 30, 2017.

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws.

The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as $1/45^{\text{th}}$ of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$12,081 for fiscal year 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$95,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The District rolled forward the net pension liability to June 30, 2017 with no adjustments. At June 30, 2016, the District's proportion was 0.264%, which was an increase of 0.03% from its proportion measured as of June 30, 2015. The District utilized the proportion at June 30, 2016 for June 30, 2017 as there were no known changes to the proportion as of June 30, 2017.

At June 30, 2017, the District reported deferred outflows of resources related to pension from the sources noted in the below table. For the fiscal year ended June 30, 2017 we amortized the deferred outflow of resources at June 30, 2016 by the amount to be amortized for the fiscal year ended June 30, 2017 per the June 30, 2016 actuarial valuation. There were no deferred inflows of resources.

| | <u>Year of Deferral</u> | <u>Amortization Period in Years</u> | <u>Deferred Outflows of Resources</u> |
|---|-----------------------------|---|---|
| Net Difference Between Projected and Actual | 2015 | 5 | \$ 1,923 |
| Investment Earnings on Pension Plan Investments | 2016 | 5 | 15,065 |
| | | | <u>16,988</u> |
| District Contribution Subsequent to the Measurement Date | 2016 | 1 | 12,753 |
| | | | <u>\$ 29,741</u> |

The amounts reported as a deferred outflow of resources for the net difference between projected and actual investment earnings on pension plan investments only related to pensions will be recognized in pension expense as follows:

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Total</u> |
|--|------------------|
| 2017 | \$ 4,407 |
| 2018 | 4,407 |
| 2019 | 4,407 |
| 2020 | 3,767 |
| | <u>\$ 16,988</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | |
|--|-------|
| Inflation Rate | 2.30% |
| Salary Increases | 4.50% |
| Investment Rate of Return, net of Plan investment expense, including inflation | 6.50% |
| Cost of Living Adjustments ("COLA") | 2.00% |

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

No changes to the actuarial assumptions as of June 30, 2016 are known as of June 30, 2017. Therefore, the actuarial assumptions as of June 30, 2016 were utilized for June 30, 2017.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2016 are summarized in the following table:

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return *</u> |
|-------------------------|--------------------------|---|
| U.S. Fixed Income | 40.00% | 1.75% |
| U.S. Large CAP Equities | 50.00% | 6.75% |
| U.S. Small CAP Equities | 10.00% | 6.75% |

* - Net of 2.0% inflation assumption

No changes to the long term expected rate of return as of June 30, 2016 are known as of June 30, 2017. Therefore, the discount rate as of June 30, 2016 was utilized for June 30, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 6.50% as of June 30, 2016. No changes to the discount rate as of June 30, 2016 are known as of June 30, 2017. Therefore, the discount rate as of June 30, 2016 was utilized for June 30, 2017.

The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | <u>June 30, 2016</u> | | |
|---|----------------------------|--------------------------------------|----------------------------|
| | <u>1% Decrease (5.50%)</u> | <u>Current Discount Rate (6.50%)</u> | <u>1% Increase (7.50%)</u> |
| District's proportionate share of the Net Pension Liability | \$ 127,544 | \$ 95,483 | \$ 67,620 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a 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 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at http://www.nj.gov/treasury/pensions/pdf/financial_2015combinedpdf.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,249,862, \$849,880 and \$684,682 for 2017, 2016, and 2015, respectively.

NOTE 10. 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. The District obtains its health care coverage through the Oxford Health Plan.

Property and Liability Insurance

The Borough of Glen Ridge School District is a member of the Morris Essex Insurance Group (the "Group") and the School Alliance Insurance Fund (the "Fund"). The Group provides worker's compensation coverage for its members and the Fund provides general liability, property and automobile coverage for its members.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group and Fund are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to 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 Group and Fund are elected.

As a member of the Group and the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group or the Fund were to be exhausted, members would become responsible for their respective shares of the Group's or Fund's liabilities. The Group and the Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and 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.

The June 30, 2017 financial information for the Group and the Fund were not available as of the date of this audit report. Selected, and summarized financial information for the Group and the Fund as of June 30, 2016 are as follows:

| | <u>Morris-Essex</u> <u>Insurance Group</u> | <u>School Alliance</u> <u>Insurance Fund</u> |
|------------------------|---|---|
| Total Assets | \$ 9,740,564 | \$ 38,579,014 |
| Net Position | \$ 7,012,792 | \$ 9,463,015 |
| Total Revenue | \$ 3,393,346 | \$ 29,115,999 |
| Total Expenses | \$ 1,680,814 | \$ 39,153,730 |
| Change in Net Position | \$ 1,712,532 | \$ (10,037,731) |
| Member Dividends | \$ 802,365 | \$ -0- |

Financial statements for the Group and the Fund are available at the Executive Directors' Offices:

| <u>Group</u> | <u>Fund</u> |
|--------------------|---|
| Burton Agency | Public Entity Group Administrative Services |
| 44 Bergen Street | 51 Everett Drive |
| P.O. Box 270 | Suite B-40 |
| Westwood, NJ 07675 | West Windsor, NJ 08550 |
| (201) 664-0310 | (609) 275-1155 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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, interest earned, 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>District Contributions</u> | <u>Interest Earned</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|------------------------|-------------------------------|--------------------------|-----------------------|
| 2016-2017 | \$ -0- | \$ -0- | \$ 28,796 | \$ 26,994 | \$ 159,567 |
| 2015-2016 | 30,000 | -0- | 31,433 | 20,609 | 157,765 |
| 2014-2015 | -0- | -0- | 59,964 | 27,321 | 116,941 |

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2017 there were interfund receivables and payables as follows:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|--|-----------------------------|--------------------------|
| General Fund | \$ 617,638 | |
| Special Revenue Fund | | \$ 18,496 |
| Capital Projects Fund | | 237,579 |
| Proprietary Fund - Food Service Fund | | 39,729 |
| Fiduciary Fund - Unemployment Compensation Trust | 9,067 | |
| Fiduciary Fund - Agency | | 330,901 |
| | <u>\$ 626,705</u> | <u>\$ 626,705</u> |

The interfund receivable in the General Fund is comprised of \$147,338 due from the Capital Projects Fund awaiting SDA grants reimbursement and \$52,902 due from the Food Service Fund for a loan to cover the deficit in the Food Service Fund cash balance due to increased costs. The interfund receivable in the Unemployment Compensation Trust is due from Agency for current year unemployment employee contributions. The interfund in the Special Revenue Fund is due to General Fund for covering the deficit in Special Revenue Fund. The interfund in Agency is due to General Fund for Health Benefit Contributions.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 13. 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) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- The Vanguard Fiduciary Trust Company
- AIM Fund
- Equitable Life
- Janus Fund
- State of New Jersey Supplemental Annuity Plan
- MetLife
- AXA Financial

NOTE 14. TAX CALENDAR

Property taxes are levied by the District's constituent municipality as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined mutually agreed-upon schedule.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2017, the District had \$227,954 of encumbrances in the General Fund.

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2017 were:

| | <u>Governmental Funds</u> | | District Contri- bution Subsequent to the Measure- ment Date | Total Governmental Fund Activities | <u>Business-Type Activities</u> |
|-------------------------------------|---------------------------|-------------------------------------|---|--|-------------------------------------|
| | <u>General Fund</u> | <u>Special Revenue Fund</u> | | | <u>Food Service Fund</u> |
| Due to State of New Jersey | | | \$ 305,993 | \$ 305,993 | |
| Due to Essex County Pension Plan | | | 12,753 | 12,753 | |
| Vendors | \$ 464,499 | \$ 14,046 | | 478,545 | \$ 25,753 |
| | <u>\$ 464,499</u> | <u>\$ 14,046</u> | <u>\$ 318,746</u> | <u>\$ 797,291</u> | <u>\$ 25,753</u> |

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|---------------|---------------|
| | 2015 | 2016 | 2017 |
| District's proportion of the net pension liability | 0.0347371434% | 0.0350028926% | 0.0338150417% |
| District's proportionate share of the net pension liability | \$ 6,503,743 | \$ 7,857,448 | \$ 10,015,045 |
| District's covered employee payroll | \$ 2,279,184 | \$ 2,288,641 | \$ 2,211,007 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 285.35% | 343.32% | 452.96% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.08% | 47.93% | 40.14% |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|---------------|---------------|
| | 2015 | 2016 | 2017 |
| Contractually required contribution | \$ 286,368 | \$ 300,931 | \$ 306,778 |
| Contributions in relation to the contractually required contribution | (286,368) | (300,931) | (306,778) |
| Contribution deficiency/(excess) | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |
| District's covered employee payroll | \$ 2,288,641 | \$ 2,211,007 | \$ 2,152,424 |
| Contributions as a percentage of covered employee payroll | 12.51% | 13.61% | 14.25% |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|---|-----------------------------|---------------|----------------|
| | 2015 | 2016 | 2017 |
| State's proportion of the net pension liability attributable to the District | 0.1285972766% | 0.1330879187% | 0.1323166965% |
| State's proportionate share of the net pension liability attributable to the District | \$ 71,785,249 | \$ 84,117,248 | \$ 104,008,738 |
| District's covered employee payroll | \$ 13,351,970 | \$ 13,573,769 | \$ 13,887,854 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 537.64% | 619.70% | 748.92% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.33% |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year | | |
|--|---------------------|---------------------|---------------------|
| | Ending June 30, | | |
| | 2015 | 2016 | 2017 |
| Contractually required contribution | \$ 3,862,720 | \$ 5,136,115 | \$ 7,820,820 |
| Contributions in relation to the contractually required contribution | (719,522) | (1,059,378) | (1,447,577) |
| Contribution deficiency/(excess) | <u>\$ 3,143,198</u> | <u>\$ 4,076,737</u> | <u>\$ 6,373,243</u> |
| District's covered employee payroll | \$ 13,573,769 | \$ 13,887,854 | \$ 13,989,917 |
| Contributions as a percentage of covered employee payroll | 5.30% | 7.63% | 10.35% |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|------------|------------|
| | 2015 | 2016 | 2017 |
| District's Proportion of the Net Pension Liability | 0.2341794% | 0.2341794% | 0.2637753% |
| District's Proportionate Share of the Net Pension Liability | \$ 90,203 | \$ 90,203 | \$ 95,483 |
| District's Covered Employee Payroll | \$ -0- | \$ -0- | \$ -0- |
| District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 0.00% | 0.00% | 0.00% |
| Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability | 76.05% | 75.39% | 75.39% |

* Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$19,628,046 for fiscal year ending June 30, 2015 and \$19,972,514 for fiscal years ending June 30, 2016 and 2017.

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|-----------------|-----------------|
| | 2015 | 2016 | 2017 |
| Contractually Required Contribution | \$ 13,706 | \$ 13,717 | \$ 12,081 |
| Contributions in Relation to the Contractually Required Contribution | <u>(13,706)</u> | <u>(13,717)</u> | <u>(12,081)</u> |
| Contribution Deficiency (Excess) | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |
| District's Covered Employee Payroll | \$ -0- | \$ -0- | \$ -0- |
| Contributions as a Percentage of Covered Employee Payroll | 0.00% | 0.00% | 0.00% |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none known.

Changes of Assumptions

The inflation rate changed from 2.30% as of June 30, 2015 to 2.00% as of June 30, 2016. The long-term expected rate of return on pension plan investments changed from 7.00% to 6.50%. The cost-of-living adjustments changed from 2.00% to 3.00%.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|-------------------|------------------|-------------------|-------------------|--------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 28,371,002 | | \$ 28,371,002 | \$ 28,371,002 | \$ 524 |
| Tuition from Individuals | 521,287 | | 521,287 | 521,811 | 6,568 |
| Tuition from other LEAs | | | | 7,368 | (632) |
| Rentals | 8,000 | | 8,000 | | |
| Unrestricted Miscellaneous Revenue | 96,000 | | 96,000 | 207,532 | 111,532 |
| Total - Local Sources | <u>28,996,289</u> | | <u>28,996,289</u> | <u>29,114,281</u> | <u>117,992</u> |
| State Sources: | | | | | |
| Categorical Special Education Aid | 663,097 | | 663,097 | 663,097 | |
| Categorical Security Aid | 33,353 | | 33,353 | 33,353 | |
| Categorical Transportation Aid | 28,002 | | 28,002 | 28,002 | |
| PARCC Readiness Aid | 18,960 | | 18,960 | 18,960 | |
| Per Pupil Growth Aid | 18,960 | | 18,960 | 18,960 | |
| Professional Learning Community Aid | 18,520 | | 18,520 | 18,520 | |
| Extraordinary Special Education Costs Aid | | | | 58,790 | 58,790 |
| Nonpublic School Transportation Costs | | | | 6,438 | 6,438 |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted) | | | | 1,249,862 | 1,249,862 |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 1,447,577 | 1,447,577 |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 52,449 | 52,449 |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 2,782 | 2,782 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 1,028,119 | 1,028,119 |
| Total State Sources | <u>780,892</u> | | <u>780,892</u> | <u>4,626,909</u> | <u>3,846,017</u> |
| TOTAL REVENUES | <u>29,777,181</u> | | <u>29,777,181</u> | <u>33,741,190</u> | <u>3,964,009</u> |
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Regular Programs - Instruction: | | | | | |
| Preschool - Salaries of Teachers | 200,780 | | 200,780 | 197,811 | 2,969 |
| Kindergarten - Salaries of Teachers | 434,870 | \$ (41,730) | 393,140 | 393,136 | 4 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Regular Programs - Home Instruction: | | | | | |
| Grades 1-5 - Salaries of Teachers | \$ 3,147,363 | \$ 84,835 | \$ 3,232,198 | \$ 3,227,646 | \$ 4,552 |
| Grades 6-8 - Salaries of Teachers | 1,952,272 | (51,340) | 1,900,932 | 1,900,917 | 15 |
| Grades 9-12 - Salaries of Teachers | 3,583,606 | 33,695 | 3,617,301 | 3,617,289 | 12 |
| Salaries of Teachers | 5,000 | | 5,000 | 3,440 | 1,560 |
| Purchased Professional - Educational Services | 8,150 | 39,400 | 47,550 | 34,367 | 13,183 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 513,486 | 39,425 | 552,911 | 549,284 | 3,627 |
| General Supplies | 587,331 | 47,242 | 634,573 | 534,955 | 99,618 |
| Textbooks | 153,961 | | 153,961 | 136,459 | 17,502 |
| Other Objects | 7,223 | 828 | 8,051 | 3,389 | 4,662 |
| Total Regular Programs - Instruction | 10,594,042 | 152,355 | 10,746,397 | 10,598,693 | 147,704 |
| Special Education - Instruction: | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of Teachers | 144,538 | 56,115 | 200,653 | 200,650 | 3 |
| Other Salaries for Instruction | 90,240 | (37,090) | 53,150 | 50,664 | 2,486 |
| General Supplies | 4,400 | 150 | 4,550 | 3,548 | 1,002 |
| Textbooks | 1,000 | | 1,000 | | 1,000 |
| Total Learning and/or Language Disabilities | 240,178 | 19,175 | 259,353 | 254,862 | 4,491 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 1,789,167 | | 1,789,167 | 1,761,054 | 28,113 |
| Other Salaries for Instruction | 347,182 | 19,305 | 366,487 | 366,486 | 1 |
| General Supplies | 14,200 | (70) | 14,130 | 14,088 | 42 |
| Textbooks | 5,000 | (2,530) | 2,470 | 2,379 | 91 |
| Total Resource Room/Resource Center | 2,155,549 | 16,705 | 2,172,254 | 2,144,007 | 28,247 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Preschool Disabilities - Full-time: | | | | | |
| Salaries of Teachers | \$ 72,839 | | \$ 72,839 | \$ 56,700 | \$ 16,139 |
| Other Salaries for Instruction | 43,356 | | 43,356 | 40,410 | 2,946 |
| General Supplies | 600 | (400) | 200 | 100 | 100 |
| Total Preschool Disabilities - Full-time | <u>116,795</u> | <u>(400)</u> | <u>116,395</u> | <u>97,210</u> | <u>19,185</u> |
| Total Special Education Instruction | <u>2,512,522</u> | <u>35,480</u> | <u>2,548,002</u> | <u>2,496,079</u> | <u>51,923</u> |
| Basic Skills/Remedial - Instruction: | | | | | |
| Salaries of Teachers | 297,230 | | 297,230 | 295,068 | 2,162 |
| General Supplies | 2,400 | | 2,400 | 2,324 | 76 |
| Total Basic Skills/Remedial - Instruction | <u>299,630</u> | | <u>299,630</u> | <u>297,392</u> | <u>2,238</u> |
| School-Sponsored Cocurricular Activities - Instruction: | | | | | |
| Salaries | 210,000 | (185) | 209,815 | 175,470 | 34,345 |
| Purchased Services (300-500 series) | 3,000 | | 3,000 | 3,000 | |
| Supplies and Materials | 49,750 | 185 | 49,935 | 29,606 | 20,329 |
| Total School-Sponsored Cocurricular Activities - Instruction | <u>262,750</u> | | <u>262,750</u> | <u>205,076</u> | <u>57,674</u> |
| School-Sponsored Cocurricular Athletics - Instruction: | | | | | |
| Salaries | 433,654 | 6,320 | 439,974 | 439,971 | 3 |
| Purchased Services (300-500 series) | 45,100 | (5,985) | 39,115 | 26,606 | 12,509 |
| Supplies and Materials | 47,925 | (335) | 47,590 | 43,552 | 4,038 |
| Transfer to Cover Deficit (Agency Funds) | 112,483 | | 112,483 | 100,000 | 12,483 |
| Total School-Sponsored Cocurricular Athletics - Instruction | <u>639,162</u> | | <u>639,162</u> | <u>610,129</u> | <u>29,033</u> |
| Community Service Programs: | | | | | |
| Supplies and Materials | 2,500 | | 2,500 | 400 | 2,100 |
| Total Community Service Programs | <u>2,500</u> | | <u>2,500</u> | <u>400</u> | <u>2,100</u> |
| Total Instruction | <u>14,310,606</u> | <u>187,835</u> | <u>14,498,441</u> | <u>14,207,769</u> | <u>290,672</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Undistributed Expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Special | \$ 250,269 | \$ 88,455 | \$ 338,724 | \$ 295,284 | \$ 43,440 |
| Tuition to County Vocational Schools - Regular | 5,911 | | 5,911 | | 5,911 |
| Tuition to County Vocational Schools - Special | 28,500 | | 28,500 | 4,552 | 23,948 |
| Tuition to Private Schools for the Disabled - Within the State | 1,523,582 | (260,285) | 1,263,297 | 880,071 | 383,226 |
| Total Undistributed Expenditures - Instruction: | <u>1,808,262</u> | <u>(171,830)</u> | <u>1,636,432</u> | <u>1,179,907</u> | <u>456,525</u> |
| Health Services: | | | | | |
| Salaries | 299,667 | (27,000) | 272,667 | 272,333 | 334 |
| Purchased Professional and Technical Services | 24,200 | 165 | 24,365 | 24,364 | 1 |
| Supplies and Materials | 4,950 | 2,605 | 7,555 | 7,036 | 519 |
| Total Health Services | <u>328,817</u> | <u>(24,230)</u> | <u>304,587</u> | <u>303,733</u> | <u>854</u> |
| Speech, OT, PT and Related Services: | | | | | |
| Salaries | 212,135 | 1,540 | 213,675 | 213,674 | 1 |
| Supplies and Materials | 1,400 | 880 | 2,280 | 2,253 | 27 |
| Total Speech, OT, PT and Related Services | <u>213,535</u> | <u>2,420</u> | <u>215,955</u> | <u>215,927</u> | <u>28</u> |
| Other Support Services - Students - Extraordinary Services: | | | | | |
| Salaries | 33,500 | (9,500) | 24,000 | 23,977 | 23 |
| Purchased Professional - Educational Services | 504,400 | 41,625 | 546,025 | 538,405 | 7,620 |
| Total Other Support Services - Students - Extraordinary Services | <u>537,900</u> | <u>32,125</u> | <u>570,025</u> | <u>562,382</u> | <u>7,643</u> |
| Guidance: | | | | | |
| Salaries of Other Professional Staff | 435,328 | | 435,328 | 432,515 | 2,813 |
| Salaries of Secretarial and Clerical Assistants | 100,262 | | 100,262 | 97,890 | 2,372 |
| Supplies and Materials | 11,500 | | 11,500 | 7,597 | 3,903 |
| Total Guidance | <u>547,090</u> | | <u>547,090</u> | <u>538,002</u> | <u>9,088</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Child Study Team: | | | | | |
| Salaries of Other Professional Staff | \$ 558,871 | \$ 12,170 | \$ 571,041 | \$ 571,040 | \$ 1 |
| Salaries of Secretarial and Clerical Assistants | 62,200 | | 62,200 | 61,200 | 1,000 |
| Miscellaneous Purchased Services | 720 | 540 | 1,260 | 518 | 742 |
| Supplies and Materials | 15,050 | 2,820 | 17,870 | 16,606 | 1,264 |
| Total Child Study Team | 636,841 | 15,530 | 652,371 | 649,364 | 3,007 |
| Improvement of Instructional Services: | | | | | |
| Salaries of Other Professional Staff | 35,000 | 3,250 | 38,250 | 38,250 | |
| Other Purchased Professional and Technical Services | 3,000 | (2,400) | 600 | | 600 |
| Supplies and Materials | 1,200 | (850) | 350 | | 350 |
| Total Improvement of Instructional Services | 39,200 | | 39,200 | 38,250 | 950 |
| Educational Media Services/School Library: | | | | | |
| Salaries | 280,267 | 2,720 | 282,987 | 282,987 | |
| Salaries of Technology Coordinators | 229,389 | | 229,389 | 226,764 | 2,625 |
| Supplies and Materials | 42,594 | | 42,594 | 37,460 | 5,134 |
| Total Educational Media Services/School Library | 552,250 | 2,720 | 554,970 | 547,211 | 7,759 |
| Instructional Staff Training Services: | | | | | |
| Other Purchased Services (400-500 series) | 41,880 | 1,100 | 42,980 | 22,746 | 20,234 |
| Total Instructional Staff Training Services | 41,880 | 1,100 | 42,980 | 22,746 | 20,234 |
| Support Services - General Administration: | | | | | |
| Salaries | 259,788 | 1,515 | 261,303 | 261,089 | 214 |
| Legal Services | 65,000 | 73,770 | 138,770 | 138,767 | 3 |
| Audit Fees | 68,600 | (6,085) | 62,515 | 62,515 | |
| Architectural/Engineering Services | 6,390 | (3,890) | 2,500 | 2,500 | |
| Other Purchased Professional Services | 22,900 | 3,855 | 26,755 | 26,750 | 5 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Support Services - General Administration: (Cont'd) | | | | | |
| Communications/Telephone | \$ 224,125 | \$ 11,165 | \$ 235,290 | \$ 234,812 | \$ 478 |
| BOE Other Purchased Services | 3,000 | (2,500) | 500 | | 500 |
| Miscellaneous Purchased Services (400-500 Series) | 35,552 | (475) | 35,077 | 33,610 | 1,467 |
| General Supplies | 10,475 | | 10,475 | 7,262 | 3,213 |
| Judgments Against the School District | 159,023 | | 159,023 | 159,023 | |
| Miscellaneous Expenditures | 52,700 | 14,545 | 67,245 | 66,214 | 1,031 |
| BOE Membership Dues and Fees | 19,000 | (1,800) | 17,200 | 15,782 | 1,418 |
| Total Support Services - General Administration | <u>926,553</u> | <u>90,100</u> | <u>1,016,653</u> | <u>1,008,324</u> | <u>8,329</u> |
| Support Services - School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | 1,164,922 | 2,000 | 1,166,922 | 1,166,920 | 2 |
| Salaries of Secretarial and Clerical Assistants | 254,413 | (7,515) | 246,898 | 243,380 | 3,518 |
| Other Purchased Services (400-500 series) | 140,475 | (12,180) | 128,295 | 101,694 | 26,601 |
| Supplies and Materials | 43,200 | | 43,200 | 36,830 | 6,370 |
| Other Objects | 22,124 | 14,695 | 36,819 | 34,421 | 2,398 |
| Total Support Services - School Administration | <u>1,625,134</u> | <u>(3,000)</u> | <u>1,622,134</u> | <u>1,583,245</u> | <u>38,889</u> |
| Central Services: | | | | | |
| Salaries | 438,088 | | 438,088 | 428,047 | 10,041 |
| Purchased Technical Services | 41,385 | 36,890 | 78,275 | 78,268 | 7 |
| Miscellaneous Purchased Services | 30,350 | (19,340) | 11,010 | 7,746 | 3,264 |
| Supplies and Materials | 20,000 | (1,350) | 18,650 | 10,071 | 8,579 |
| Miscellaneous Expenditures | 2,700 | 800 | 3,500 | 3,062 | 438 |
| Total Central Services | <u>532,523</u> | <u>17,000</u> | <u>549,523</u> | <u>527,194</u> | <u>22,329</u> |
| Administration Information Technology: | | | | | |
| Salaries | 163,844 | | 163,844 | 163,843 | 1 |
| Purchased Technical Services | 154,488 | | 154,488 | 153,568 | 920 |
| Supplies and Materials | 1,724 | 1 | 1,725 | 847 | 878 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Administration Information Technology: | | | | | |
| Other Objects | 3,000 | | 3,000 | | 3,000 |
| Total Administration Information Technology | 323,056 | \$ 1 | 323,057 | \$ 318,258 | \$ 4,799 |
| Required Maintenance of School Facilities: | | | | | |
| Salaries | 218,268 | | 218,268 | 202,882 | 15,386 |
| Cleaning, Repair and Maintenance Services | 454,867 | (26,880) | 427,987 | 377,366 | 50,621 |
| General Supplies | 80,000 | (12,495) | 67,505 | 63,586 | 3,919 |
| Total Required Maintenance of School Facilities | 753,135 | (39,375) | 713,760 | 643,834 | 69,926 |
| Custodial Services: | | | | | |
| Salaries | 844,700 | 5,755 | 850,455 | 815,330 | 35,125 |
| Salaries of Non-Instructional Aides | 8,615 | | 8,615 | 6,432 | 2,183 |
| Rental of Land and Buildings - Other Than Lease Purchase Agreements | 75,000 | | 75,000 | 75,000 | |
| Other Purchased Property Services | 29,200 | | 29,200 | 19,150 | 10,050 |
| Insurance | 118,395 | (6,145) | 112,250 | 108,469 | 3,781 |
| Miscellaneous Purchased Services | 2,500 | | 2,500 | 1,100 | 1,400 |
| General Supplies | 137,100 | (5,000) | 132,100 | 112,823 | 19,277 |
| Energy (Natural Gas) | 203,500 | | 203,500 | 180,081 | 23,419 |
| Energy (Electricity) | 299,300 | (16,830) | 282,470 | 266,246 | 16,224 |
| Energy (Gasoline) | 17,125 | (2,940) | 14,185 | 2,628 | 11,557 |
| Other Objects | 1,500 | 590 | 2,090 | 784 | 1,306 |
| Total Custodial Services | 1,736,935 | (24,570) | 1,712,365 | 1,588,043 | 124,322 |
| Care & Upkeep of Grounds: | | | | | |
| Salaries | 44,000 | (30,000) | 14,000 | 4,640 | 9,360 |
| Purchased Professional and Technical Services | 2,600 | | 2,600 | | 2,600 |
| Cleaning, Repair, and Maintenance Services | 21,000 | 16,520 | 37,520 | 34,127 | 3,393 |
| General Supplies | 15,200 | (1,300) | 13,900 | 7,981 | 5,919 |
| Total Care & Upkeep of Grounds | 82,800 | (14,780) | 68,020 | 46,748 | 21,272 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Security: | | | | | |
| Purchased Professional and Technical Services | \$ 10,945 | \$ (2,500) | \$ 8,445 | \$ 7,150 | \$ 1,295 |
| Cleaning, Repair, and Maintenance Services | 56,000 | 47,950 | 103,950 | 102,405 | 1,545 |
| General Supplies | 1,500 | | 1,500 | | 1,500 |
| Total Security | <u>68,445</u> | <u>45,450</u> | <u>113,895</u> | <u>109,555</u> | <u>4,340</u> |
| Student Transportation Services: | | | | | |
| Salaries of Non-Instructional Aides | 24,994 | (4,000) | 20,994 | 20,883 | 111 |
| Salaries for Pupil Transportation: | | | | | |
| Between Home and School - Regular | 27,371 | (19,095) | 8,276 | 7,010 | 1,266 |
| Between Home and School - Special | 40,468 | 8,095 | 48,563 | 47,376 | 1,187 |
| Cleaning, Repair, & Maintenance Services | 25,960 | (16,000) | 9,960 | 9,007 | 953 |
| Contracted Services: | | | | | |
| Other Than Between Home and School - Vendors | 102,000 | 83,620 | 185,620 | 184,772 | 848 |
| Special Education Students - Joint Agreements | 10,000 | | 10,000 | | 10,000 |
| Special Education Students - ESC's and CSTA's | 362,000 | | 362,000 | 273,204 | 88,796 |
| Aid in Lieu - Non-public Schools | 40,110 | (8,765) | 31,345 | 30,940 | 405 |
| Supplies and Materials | 550 | | 550 | | 550 |
| Transportation Supplies | 3,000 | | 3,000 | 2,002 | 998 |
| Total Student Transportation Services | <u>636,453</u> | <u>43,855</u> | <u>680,308</u> | <u>575,194</u> | <u>105,114</u> |
| Unallocated Benefits: | | | | | |
| Social Security Contributions | 329,408 | 41,845 | 371,253 | 333,860 | 37,393 |
| Other Retirement Contributions - PERS | 333,604 | (5,900) | 327,704 | 306,778 | 20,926 |
| Other Retirement Contributions - Regular | 31,926 | 1,600 | 33,526 | 33,491 | 35 |
| Unemployment Compensation | 10,000 | | 10,000 | | 10,000 |
| Workmen's Compensation | 213,350 | (10,000) | 203,350 | 201,250 | 2,100 |
| Health Benefits | 3,850,525 | (232,555) | 3,617,970 | 3,198,550 | 419,420 |
| Tuition Reimbursement | 35,000 | | 35,000 | 34,899 | 101 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Unallocated Benefits: | | | | | |
| Other Employee Benefits | \$ 139,848 | \$ 21,385 | \$ 161,233 | \$ 160,774 | \$ 459 |
| Total Unallocated Benefits | 4,943,661 | (183,625) | 4,760,036 | 4,269,602 | 490,434 |
| On-Behalf Contributions: | | | | | |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted) | | | | 1,249,862 | (1,249,862) |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 1,447,577 | (1,447,577) |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 52,449 | (52,449) |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 2,782 | (2,782) |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 1,028,119 | (1,028,119) |
| Total On-Behalf Contributions | | | | 3,780,789 | (3,780,789) |
| Total Personal Services - Employee Benefits | 4,943,661 | (183,625) | 4,760,036 | 8,050,391 | (3,290,355) |
| Total Undistributed Expenses | 16,334,470 | (211,109) | 16,123,361 | 18,508,308 | (2,384,947) |
| TOTAL GENERAL CURRENT EXPENSE | 30,645,076 | (23,274) | 30,621,802 | 32,716,077 | (2,094,275) |
| CAPITAL OUTLAY | | | | | |
| Regular Programs - Instruction: | | | | | |
| Grades 1-5 | 24,130 | | 24,130 | 4,130 | 20,000 |
| Grades 6-8 | 24,130 | | 24,130 | 4,130 | 20,000 |
| Grades 9-12 | 20,000 | | 20,000 | 5,390 | 14,610 |
| Undistributed Expenditures: | | | | | |
| General Administration | 22,986 | (12,000) | 10,986 | 10,986 | |
| Required Maintenance for School Facilities | | 43,675 | 43,675 | | 43,675 |
| Custodial Services | 13,500 | (13,500) | | | |
| Security | | 5,100 | 5,100 | 4,080 | 1,020 |
| Total Equipment | 104,746 | 23,275 | 128,021 | 28,716 | 99,305 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CAPITAL OUTLAY | | | | | |
| Facilities Acquisition and Construction Services: | | | | | |
| Construction Services | \$ 350,000 | \$ 221,000 | \$ 571,000 | \$ 385,850 | \$ 185,150 |
| Assessment for Debt Service on SDA Funding | 24,241 | | 24,241 | 24,241 | |
| Total Facilities Acquisition and Construction Services | <u>374,241</u> | <u>221,000</u> | <u>595,241</u> | <u>410,091</u> | <u>185,150</u> |
| Assets Acquired Under Capital Leases (non-budgeted): | | | | | |
| Undistributed Expenditures: | | | | | |
| Regular Program - Instruction | | | | 238,000 | (238,000) |
| School Administration | | | | 212,310 | (212,310) |
| Total Assets Acquired Under Capital Leases (non-budgeted) | | | | <u>450,310</u> | <u>(450,310)</u> |
| TOTAL CAPITAL OUTLAY | <u>478,987</u> | <u>244,275</u> | <u>723,262</u> | <u>889,117</u> | <u>(165,855)</u> |
| TOTAL EXPENDITURES | <u>31,124,063</u> | <u>221,001</u> | <u>31,345,064</u> | <u>33,605,194</u> | <u>(2,260,130)</u> |
| Excess/(Deficit) of Revenues Over/(Under) Expenditures | <u>(1,346,882)</u> | <u>(221,001)</u> | <u>(1,567,883)</u> | <u>135,996</u> | <u>1,703,879</u> |
| Other Financing Sources: | | | | | |
| Capital Leases (non-budgeted) | | | | 450,310 | 450,310 |
| Total Other Financing Sources | | | | <u>450,310</u> | <u>450,310</u> |
| Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures | <u>(1,346,882)</u> | <u>(221,001)</u> | <u>(1,567,883)</u> | <u>586,306</u> | <u>2,154,189</u> |
| Fund Balance, July 1 | <u>4,325,801</u> | | <u>4,325,801</u> | <u>4,325,801</u> | |
| Fund Balance, June 30 | <u>\$ 2,978,919</u> | <u>\$ (221,001)</u> | <u>\$ 2,757,918</u> | <u>\$ 4,912,107</u> | <u>\$ 2,154,189</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|-------------------------------------|
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Excess Surplus - Restricted For 2018-2019 | \$ 1,831,522 | | | | |
| Excess Surplus - Restricted For 2017-2018 | 1,323,505 | | | | |
| Capital Reserve | 736,655 | | | | |
| Assigned: | | | | | |
| Year-End Encumbrances | 227,954 | | | | |
| Designated for Subsequent Year's Expenditures | 139,761 | | | | |
| Unassigned | 652,710 | | | | |
| | <u>4,912,107</u> | | | | |
| Reconciliation to Governmental Funds Statement (GAAP): | | | | | |
| Last Two State Aid Payments not Recognized on GAAP Basis | | | (69,361) | | |
| Fund Balance per Governmental Funds (GAAP) | | | <u>\$ 4,842,746</u> | | |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources | | \$ 51,214 | \$ 51,214 | \$ 15,376 | \$ (35,838) |
| Federal Sources | \$ 377,550 | 130,181 | 507,731 | 457,162 | (50,569) |
| Total Revenues | 377,550 | 181,395 | 558,945 | 472,538 | (86,407) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | | 58,343 | 58,343 | 58,343 | |
| Purchased Professional and Technical Services | | 31,183 | 31,183 | 11,585 | 19,598 |
| Other Purchased Services | | 2,517 | 2,517 | 2,517 | |
| Tuition | 360,000 | (18,746) | 341,254 | 341,254 | |
| General Supplies | | 81,685 | 81,685 | 14,876 | 66,809 |
| Other Objects | | 1,408 | 1,408 | 1,408 | |
| Total Instruction | 360,000 | 156,390 | 516,390 | 429,983 | 86,407 |
| Support Services: | | | | | |
| Personal Services - Employee Benefits | | 18,976 | 18,976 | 18,976 | |
| Other Purchased Services | 17,550 | 6,029 | 23,579 | 23,579 | |
| Total Support Services | 17,550 | 25,005 | 42,555 | 42,555 | |
| Total Expenditures | \$ 377,550 | \$ 181,395 | \$ 558,945 | \$ 472,538 | \$ 86,407 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

| | General Fund | Special Revenue Fund |
|--|---------------|----------------------|
| <u>Sources/Inflows of Resources:</u> | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 33,741,190 | \$ 472,538 |
| <u>Difference - Budget to GAAP:</u> | | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, Not Recognized for GAAP Statements | (69,361) | |
| Prior Year State Aid Payments Recognized for GAAP Statements, Not Recognized for Budgetary Purposes | 71,160 | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | \$ 33,742,989 | \$ 472,538 |
| <u>Uses/Outflows of Resources:</u> | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 33,605,194 | \$ 472,538 |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 33,605,194 | \$ 472,538 |

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Local Donations | I.D.E.A. | | No Child Left Behind Title I | No Child Left Behind Title IIA | Totals 2017 |
|---|------------------|-------------------|------------------|------------------------------|--------------------------------|-------------------|
| | | Basic | Preschool | | | |
| REVENUES: | | | | | | |
| Local Sources | \$ 15,376 | | | | | \$ 15,376 |
| Federal Sources | | \$ 346,754 | \$ 12,085 | \$ 80,244 | \$ 18,079 | \$ 457,162 |
| Total Revenues | 15,376 | 346,754 | 12,085 | 80,244 | 18,079 | 472,538 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | | | | 58,343 | | 58,343 |
| Purchased Professional and Technical Services | | | 11,585 | | | 11,585 |
| Other Purchased Services | 2,517 | | | | | 2,517 |
| Tuition | | 341,254 | | | | 341,254 |
| General Supplies | 11,451 | | 500 | 2,925 | | 14,876 |
| Other Objects | 1,408 | | | | | 1,408 |
| Total Instruction | 15,376 | 341,254 | 12,085 | 61,268 | | 429,983 |
| Support Services: | | | | | | |
| Personal Services - Employee Benefits | | | | 18,976 | 18,079 | 18,976 |
| Other Purchased Services | | 5,500 | | | | 23,579 |
| Total Support Services | | 5,500 | | 18,976 | 18,079 | 42,555 |
| Total Expenditures | \$ 15,376 | \$ 346,754 | \$ 12,085 | \$ 80,244 | \$ 18,079 | \$ 472,538 |

CAPITAL PROJECTS FUND

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | |
|--|---------------------|
| Expenditures and Other Financing Uses: | |
| Legal Services | \$ 10,926 |
| Purchased Professional and Technical Services | 79,315 |
| | <u>90,241</u> |
| Total Expenditures and Other Financing Uses | 90,241 |
| Excess/(Deficiency) of Revenue Over/(Under) Expenditures | (90,241) |
| Fund Balance - Beginning | <u>74,840</u> |
| Fund Balance/(Deficit) - Ending | <u>\$ (15,401)</u> |
| Recapitulation: | |
| Restricted - Year End Encumbrances | \$ 14,285 |
| Committed | 74,840 |
| Unassigned/(Deficit) | (104,526) |
| | <u>(15,401)</u> |
| Reconciliation to Governmental Funds Statement (GAAP): | |
| SDA Grants not Recognized on GAAP Basis | <u>(222,178)</u> |
| Fund Balance per Governmental Funds (GAAP)/(Deficit) | <u>\$ (237,579)</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL WINDOWS AND DOOR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Project Authorization</u> |
|---|----------------------|---------------------|------------------|----------------------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 222,178 | | \$ 222,178 | \$ 272,072 |
| Transfer from Capital Reserve | 302,457 | | 302,457 | 302,457 |
| Transfer from Capital Outlay | 105,651 | | 105,651 | 105,651 |
| Total Revenue and Other Financing Sources | 630,286 | \$ -0- | 630,286 | 680,180 |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 73,446 | | 73,446 | 79,100 |
| Construction Services | 482,000 | | 482,000 | 601,080 |
| Total Expenditures | 555,446 | -0- | 555,446 | 680,180 |
| Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures | \$ 74,840 | \$ -0- | \$ 74,840 | \$ -0- |
| Additional Project Information: | | | | |
| Project Number(s) | 1750-050-09-1001 | | | |
| Grant Date | 2010 | | | |
| Bond Authorization Date | N/A | | | |
| Bonds Authorized | N/A | | | |
| Bonds Issued | N/A | | | |
| Original Authorized Cost | \$ 680,180 | | | |
| Percentage Completion | 100.00% | | | |
| Original Target Completion Date | December 2010 | | | |
| Revised Target Completion Date | December 2011 | | | |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
UPGRADES AND IMPROVEMENTS TO FOREST AVENUE SCHOOL, LINDEN AVENUE SCHOOL,
RIDGEWOOD AVENUE SCHOOL AND GLEN RIDGE HIGH SCHOOL AND THE ACQUISITION AND
RENOVATION OF THE PRIOR CENTRAL SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Project Authorization</u> |
|---|----------------------|---------------------|---------------|----------------------------------|
| Revenue and Other Financing Sources: | | | | |
| Bond Proceeds and Transfers | | | | \$ 23,758,854 |
| Total Revenue and Other Financing Sources | \$ -0- | \$ -0- | \$ -0- | 23,758,854 |
| Expenditures and Other Financing Uses: | | | | |
| Legal Services | | 10,926 | 10,926 | 267,125 |
| Purchased Professional and Technical Services | | 79,315 | 79,315 | 1,939,587 |
| Construction Services | | | | 15,952,142 |
| Land and Improvements | | | | 5,600,000 |
| Total Expenditures and Other Financing Uses | -0- | 90,241 | 90,241 | 23,758,854 |
| Excess/(Deficiency) of Revenue Over/(Under) Expenditures | \$ -0- | \$ (90,241) | \$ (90,241) | \$ -0- |

Additional Project Information:

| | |
|--------------------------|------------------|
| Project Number(s) | 1750-050-17-1000 |
| Project Number(s) | 1750-070-16-2000 |
| Project Number(s) | 1750-075-16-1000 |
| Project Number(s) | 1750-080-16-1000 |
| Project Number(s) | 1750-X01-16-1000 |
| Grant Date | N/A |
| Bond Authorization Date | 3/14/2017 |
| Bonds Authorized | \$23,758,854 |
| Bonds Issued | N/A |
| Original Authorized Cost | N/A |

| | |
|--|-----------|
| Percentage Increase over Original Authorized Cost | 0% |
| Percentage Completion | N/A |
| Original Target Completion Date | 8/31/2019 |
| Revised Target Completion Date | N/A |

PROPRIETARY FUNDS

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

| | Major Fund | Non-Major Funds | | Totals |
|----------------------------------|--------------|----------------------------------|------------|------------|
| | Food Service | After School and Summer Programs | Consortium | |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | | \$ 210,483 | \$ 4,245 | \$ 214,728 |
| Other Accounts Receivable | \$ 21,055 | 29,402 | | 50,457 |
| Inventory | 2,236 | | | 2,236 |
| Total Current Assets | 23,291 | 239,885 | 4,245 | 267,421 |
| Non-Current Assets: | | | | |
| Capital Assets | 107,345 | | | 107,345 |
| Less: Accumulated Depreciation | (84,018) | | | (84,018) |
| Total Non-Current Assets | 23,327 | | | 23,327 |
| Total Assets | 46,618 | 239,885 | 4,245 | 290,748 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Interfund Payable - General Fund | 39,729 | | | 39,729 |
| Accounts Payable | 25,753 | | | 25,753 |
| Unearned Revenue | 9,676 | 350 | | 10,026 |
| Total Current Liabilities | 75,158 | 350 | | 75,508 |
| Total Liabilities | 75,158 | 350 | | 75,508 |
| NET POSITION: | | | | |
| Investment In Capital Assets | 23,327 | | | 23,327 |
| Unrestricted/ (Deficit) | (51,867) | 239,535 | 4,245 | 191,913 |
| Total Net Position | \$ (28,540) | \$ 239,535 | \$ 4,245 | \$ 215,240 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Major Fund | Non-Major Funds | | Totals |
|---|--------------------|--|-----------------|-------------------|
| | Food Service | After School and Summer Programs | Consortium | |
| Operating Revenue: | | | | |
| Charges for Services: | | | | |
| Daily Sales - Non-Reimbursable Programs | \$ 386,392 | | | \$ 386,392 |
| Special Events | 9,717 | | | 9,717 |
| Program Fees | | \$ 313,247 | | 313,247 |
| Total Operating Revenue | <u>396,109</u> | <u>313,247</u> | | <u>709,356</u> |
| Operating Expenses: | | | | |
| Cost of Sales - Non-Reimbursable Programs | 142,123 | | | 142,123 |
| Salaries | 158,145 | 239,901 | | 398,046 |
| Payroll Taxes | | 18,352 | | 18,352 |
| Employee Benefits | | 25,064 | | 25,064 |
| Purchased Professional Services | 47,057 | | | 47,057 |
| Supplies and Materials | 38,519 | 16,356 | | 54,875 |
| Depreciation Expense | 1,825 | | | 1,825 |
| Total Operating Expenses | <u>387,669</u> | <u>299,673</u> | | <u>687,342</u> |
| Operating Income | 8,440 | 13,574 | | 22,014 |
| Disposal of Capital Assets, Net of Depreciation | <u>(1,932)</u> | | | <u>(1,932)</u> |
| Change in Net Position | 6,508 | 13,574 | | 20,082 |
| Net Position/(Deficit) Beginning of Year | <u>(35,048)</u> | <u>225,961</u> | \$ 4,245 | <u>195,158</u> |
| Net Position/(Deficit) End of Year | <u>\$ (28,540)</u> | <u>\$ 239,535</u> | <u>\$ 4,245</u> | <u>\$ 215,240</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Major Fund | Non-Major Funds | | Totals |
|---|------------------|----------------------------------|-----------------|-------------------|
| | Food Service | After School and Summer Programs | Consortium | |
| Cash Flows from Operating Activities: | | | | |
| Receipts from Customers | \$ 375,054 | \$ 269,405 | | \$ 644,459 |
| Payments to Employees | | (239,901) | | (239,901) |
| Payments to Food Service Vendor | (353,596) | | | (353,596) |
| Payments to Suppliers | | (17,152) | | (17,152) |
| Payments to Other Vendors | | (43,416) | | (43,416) |
| Net Cash Provided by/(Used) for Operating Activities | <u>21,458</u> | <u>(31,064)</u> | | <u>(9,606)</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Interfund Advanced - General Fund | 39,729 | | | 39,729 |
| Interfund Returned - General Fund | (52,902) | | | (52,902) |
| Net Cash Used by Noncapital Financing Activities | <u>(13,173)</u> | | | <u>(13,173)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Purchases of Capital Assets | (8,285) | | | (8,285) |
| Net Cash Used by Capital and Related Financing Activities | <u>(8,285)</u> | | | <u>(8,285)</u> |
| Net Decrease in Cash and Cash Equivalents | | (31,064) | | (31,064) |
| Cash and Cash Equivalents, July 1 | | 241,547 | \$ 4,245 | 245,792 |
| Cash and Cash Equivalents, June 30 | <u>\$ -0-</u> | <u>\$ 210,483</u> | <u>\$ 4,245</u> | <u>\$ 214,728</u> |
| Adjustment to Reconcile Operating Income | | | | |
| Net Cash Provided by/(Used) for Operating Activities: | | | | |
| Operating Income | \$ 8,440 | \$ 13,574 | | \$ 22,014 |
| Depreciation | 1,825 | | | 1,825 |
| Changes in Assets and Liabilities: | | | | |
| (Increase) in Other Accounts Receivable | (21,055) | (18,305) | | (39,360) |
| Increase/(Decrease) in Accounts Payable | 25,753 | (796) | | 24,957 |
| Decrease in Inventory | 2,355 | | | 2,355 |
| Increase/(Decrease) in Unearned Revenue | 4,140 | (25,537) | | (21,397) |
| Net Cash Provided by/(Used) for Operating Activities | <u>\$ 21,458</u> | <u>\$ (31,064)</u> | <u>\$ -0-</u> | <u>\$ (9,606)</u> |

FIDUCIARY FUNDS

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

| | <u>Agency</u> | | | <u>Unemployment Compensation Trust</u> |
|--|-----------------------------|----------------|----------------|--|
| | <u>Student Activity</u> | <u>Payroll</u> | <u>Total</u> | |
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 177,279 | \$ 669,853 | \$ 847,132 | \$ 150,500 |
| Interfund Receivable - Payroll Agency | | | | 9,067 |
| Total Assets | <u>177,279</u> | <u>669,853</u> | <u>847,132</u> | <u>159,567</u> |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | | 338,952 | 338,952 | |
| Due to Student Groups | 177,279 | | 177,279 | |
| Interfund Payable: | | | | |
| General Fund | | 321,834 | 321,834 | |
| Unemployment Compensation Trust | | 9,067 | 9,067 | |
| Total Liabilities | <u>177,279</u> | <u>669,853</u> | <u>847,132</u> | |
| NET POSITION: | | | | |
| Held in Trust for Unemployment Claims | | | | <u>159,567</u> |
| Total Net Position | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 159,567</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Unemployment Compensation Trust</u> |
|---|--|
| ADDITIONS: | |
| Contributions: | |
| Employee Contributions | \$ 28,796 |
| Total Contributions | <u>28,796</u> |
| Total Additions | <u>28,796</u> |
| DEDUCTIONS: | |
| Quarterly Contribution Reports and Claims | <u>26,994</u> |
| Total Deductions | <u>26,994</u> |
| Change in Net Position | 1,802 |
| Net Position - Beginning of the Year | <u>157,765</u> |
| Net Position - End of the Year | <u><u>\$ 159,567</u></u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|---------------------------|---------------------------------------|-------------------|-------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 136,956 | \$ 589,629 | \$ 549,306 | \$ 177,279 |
| Total Assets | <u>\$ 136,956</u> | <u>\$ 589,629</u> | <u>\$ 549,306</u> | <u>\$ 177,279</u> |
| LIABILITIES: | | | | |
| Due to Student Groups | \$ 136,956 | \$ 589,629 | \$ 549,306 | \$ 177,279 |
| Total Liabilities | <u>\$ 136,956</u> | <u>\$ 589,629</u> | <u>\$ 549,306</u> | <u>\$ 177,279</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2017</u> |
|---|---------------------------------------|--------------------------------|-------------------------------------|--|
| Elementary Schools: | | | | |
| Forest Avenue School | \$ 5,346 | \$ 10,033 | \$ 10,918 | \$ 4,461 |
| Linden Avenue School | 6,011 | 7,822 | 9,065 | 4,768 |
| Total Elementary Schools | <u>11,357</u> | <u>17,855</u> | <u>19,983</u> | <u>9,229</u> |
| Junior High School: | | | | |
| Ridgewood Avenue Upper Elementary School | <u>21,906</u> | <u>86,517</u> | <u>101,846</u> | <u>6,577</u> |
| Total Junior High School | <u>21,906</u> | <u>86,517</u> | <u>101,846</u> | <u>6,577</u> |
| Senior High School: | | | | |
| Activity Fund | 100,486 | 359,867 | 309,604 | 150,749 |
| Athletic Fund | <u>3,207</u> | <u>125,390</u> | <u>117,873</u> | <u>10,724</u> |
| Total Senior High School | <u>103,693</u> | <u>485,257</u> | <u>427,477</u> | <u>161,473</u> |
| Total All Schools | <u>\$ 136,956</u> | <u>\$ 589,629</u> | <u>\$ 549,306</u> | <u>\$ 177,279</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Balance</u> <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|-------------------------------------|---------------------------------------|----------------------|----------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 347,622 | \$ 20,615,021 | \$ 20,292,790 | \$ 669,853 |
| Total Assets | <u>\$ 347,622</u> | <u>\$ 20,615,021</u> | <u>\$ 20,292,790</u> | <u>\$ 669,853</u> |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | \$ 347,622 | \$ 20,284,120 | \$ 20,292,790 | \$ 338,952 |
| Interfund Payable: | | | | |
| General Fund | | 321,834 | | 321,834 |
| Unemployment Compensation Trust | | 9,067 | | 9,067 |
| Total Liabilities | <u>\$ 347,622</u> | <u>\$ 20,615,021</u> | <u>\$ 20,292,790</u> | <u>\$ 669,853</u> |

LONG-TERM DEBT

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

| Purpose | Date of Issue | Original Issue | Maturities of Bonds Outstanding | | Interest Rate | Balance June 30, 2016 | Matured | Balance June 30, 2017 |
|-----------------|---------------|----------------|---------------------------------|------------|---------------------|-----------------------|---------------------|-----------------------|
| | | | Date | Amount | | | | |
| Refunding Bonds | 01/07/10 | \$ 6,085,000 | 02/01/18 | \$ 565,000 | 2.75% | | | |
| | | | 02/01/19 | 575,000 | 3.00% | | | |
| | | | 02/01/20 | 590,000 | 4.00% | | | |
| | | | 02/01/21 | 615,000 | 4.00% | | | |
| | | | 02/01/22 | 645,000 | 4.00% | \$ 3,530,000 | \$ 540,000 | \$ 2,990,000 |
| | | | | | <u>\$ 3,530,000</u> | <u>\$ 540,000</u> | <u>\$ 2,990,000</u> | |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

| <u>Item</u> | <u>Interest Rate</u> | <u>Original Issue</u> | <u>Balance July 1, 2016</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance June 30, 2017</u> |
|---------------|--------------------------|---------------------------|---------------------------------|-------------------|-------------------|----------------------------------|
| Savin Copiers | 0.29% | \$ 206,572 | \$ 6,032 | | \$ 6,032 | |
| Savin Copiers | 0.29% | 212,310 | | \$ 212,310 | 62,560 | \$ 149,750 |
| Chromebooks | 2.53% | 238,000 | | 238,000 | 38,431 | 199,569 |
| | | | <u>\$ 6,032</u> | <u>\$ 450,310</u> | <u>\$ 107,023</u> | <u>\$ 349,319</u> |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 671,087 | | \$ 671,087 | \$ 671,087 | |
| Total Revenues | 671,087 | | 671,087 | 671,087 | |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 131,088 | | 131,087 | 131,087 | |
| Redemption of Principal | 540,000 | | 540,000 | 540,000 | |
| Total Regular Debt Service | 671,088 | | 671,087 | 671,087 | |
| Total Expenditures | 671,088 | | 671,087 | 671,087 | |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (1) | | | | -0- |
| Fund Balance, July 1 | 1 | | 1 | 1 | |
| Fund Balance, June 30 | \$ -0- | \$ -0- | \$ 1 | \$ 1 | \$ -0- |
| Recapitulation: | | | | | |
| Restricted | | | \$ 1 | \$ 1 | |

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru 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 thru 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 and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

| | June 30, | | | | | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 5,572,690 | \$ 5,142,448 | \$ 6,011,082 | \$ 6,575,230 | \$ 7,027,583 | \$ 7,383,893 | \$ 7,583,315 | \$ 9,067,199 | \$ 9,229,068 | \$ 9,435,185 |
| Restricted | 1,889,351 | 2,265,608 | 1,825,116 | 3,051,335 | 4,147,272 | 4,017,874 | 2,829,301 | 3,292,295 | 3,451,188 | 3,891,683 |
| Unrestricted / (Deficit) | (34,584) | (49,264) | 52,210 | 252,501 | 149,382 | 28,744 | (6,232,267) | (6,726,293) | (6,884,950) | (7,366,537) |
| Total governmental activities net position | \$ 7,427,457 | \$ 7,358,792 | \$ 7,888,408 | \$ 9,879,066 | \$ 11,324,237 | \$ 11,430,511 | \$ 4,180,349 | \$ 5,633,201 | \$ 5,795,306 | \$ 5,960,331 |
| Business-type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 28,796 | \$ 30,945 | \$ 29,405 | \$ 25,320 | \$ 22,029 | \$ 22,490 | \$ 22,977 | \$ 20,888 | \$ 18,799 | \$ 23,327 |
| Unrestricted | 87,785 | 113,641 | 122,341 | 127,584 | 149,799 | 124,516 | 108,218 | 180,228 | 176,359 | 191,913 |
| Total business-type activities net position | \$ 116,581 | \$ 144,586 | \$ 151,746 | \$ 152,904 | \$ 171,828 | \$ 147,006 | \$ 131,195 | \$ 201,116 | \$ 195,158 | \$ 215,240 |
| District-wide: | | | | | | | | | | |
| Investment in Capital Assets | \$ 5,601,486 | \$ 5,173,393 | \$ 6,040,487 | \$ 6,600,550 | \$ 7,049,612 | \$ 7,406,383 | \$ 7,606,292 | \$ 9,088,087 | \$ 9,247,867 | \$ 9,458,512 |
| Restricted | 1,889,351 | 2,265,608 | 1,825,116 | 3,051,335 | 4,147,272 | 4,017,874 | 2,829,301 | 3,292,295 | 3,451,188 | 3,891,683 |
| Unrestricted / (Deficit) | 53,201 | 64,377 | 174,551 | 380,085 | 299,181 | 153,260 | (6,124,049) | (6,546,065) | (6,708,591) | (7,174,624) |
| Total District Net Position | \$ 7,544,038 | \$ 7,503,378 | \$ 8,040,154 | \$ 10,031,970 | \$ 11,496,065 | \$ 11,577,517 | \$ 4,311,544 | \$ 5,834,317 | \$ 5,990,464 | \$ 6,175,571 |

Source: School District Financial Reports.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 12,916,246 | \$ 13,729,905 | \$ 13,203,439 | \$ 12,626,948 | \$ 13,210,211 | \$ 13,757,682 | \$ 14,352,234 | \$ 15,125,388 | \$ 17,750,208 | \$ 20,234,338 |
| Special Education | 2,253,979 | 2,317,859 | 2,761,131 | 2,884,656 | 3,381,303 | 3,638,143 | 3,665,019 | 3,984,945 | 4,404,819 | 4,953,818 |
| Other Special Instruction | 485,905 | 473,687 | 472,657 | 410,050 | 418,083 | 481,996 | 419,442 | 596,961 | 518,273 | 578,737 |
| School Sponsored Other Instruction | 895,851 | 1,039,444 | 1,096,059 | 899,324 | 997,945 | 1,018,513 | 1,012,092 | 1,223,311 | 1,315,308 | 1,402,423 |
| Support Services: | | | | | | | | | | |
| Tuition | 465,624 | 547,777 | 642,026 | 565,261 | 729,571 | 1,257,636 | 1,241,988 | 1,774,916 | 1,841,300 | 1,521,161 |
| Student & Instruction Related Services | 2,789,871 | 2,997,101 | 3,110,107 | 3,234,169 | 3,090,307 | 3,596,196 | 3,667,139 | 3,764,773 | 3,874,442 | 4,226,341 |
| General Administrative Services | 810,744 | 855,088 | 867,867 | 755,488 | 802,334 | 701,273 | 792,211 | 754,711 | 932,265 | 1,298,154 |
| School Administrative Services | 1,857,277 | 1,860,047 | 1,850,831 | 1,801,705 | 2,190,587 | 2,147,754 | 2,209,187 | 2,653,631 | 2,695,662 | 2,852,837 |
| Central Services | 449,035 | 493,326 | 527,979 | 497,867 | 508,690 | 527,167 | 538,581 | 574,446 | 654,400 | 638,095 |
| Administration Information Technology | 222,705 | 235,262 | 246,275 | 278,101 | 300,360 | 364,018 | 327,750 | 337,399 | 342,441 | 360,708 |
| Plant Operations and Maintenance | 2,557,176 | 2,526,151 | 2,622,379 | 2,411,118 | 2,463,284 | 2,565,377 | 2,680,745 | 2,758,792 | 2,670,572 | 2,440,698 |
| Pupil Transportation | 462,156 | 491,533 | 490,377 | 494,636 | 502,488 | 581,905 | 622,782 | 568,312 | 625,130 | 660,513 |
| Interest on Long-term Debt | 390,253 | 362,957 | 306,952 | 250,503 | 211,424 | 200,849 | 174,649 | 159,524 | 144,038 | 124,724 |
| Capital Outlay | | | | | | | | 49,140 | | |
| Unallocated Depreciation | 424,094 | | | | | | | | | |
| Total Governmental Activities Expenses | 26,980,916 | 27,930,137 | 28,198,079 | 27,109,826 | 28,806,587 | 30,838,509 | 31,703,819 | 34,326,249 | 37,768,858 | 41,292,547 |
| Business-type Activities: | | | | | | | | | | |
| Food Service | 413,620 | 413,662 | 397,527 | 369,111 | 330,192 | 373,264 | 372,782 | 339,945 | 368,247 | 387,669 |
| After School and Summer Programs | 308,789 | 352,872 | 323,466 | 232,712 | 248,786 | 250,110 | 272,912 | 305,125 | 291,103 | 299,673 |
| Total Business-type Activities Expenses | 734,909 | 766,664 | 720,993 | 601,823 | 578,978 | 623,374 | 645,694 | 645,070 | 659,350 | 687,342 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Expenses | | | | | | | | | | |
| Total District Expenses | \$ 27,715,825 | \$ 28,696,801 | \$ 28,919,072 | \$ 27,711,649 | \$ 29,385,565 | \$ 31,461,883 | \$ 32,349,513 | \$ 34,971,319 | \$ 38,428,208 | \$ 41,979,889 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction (Regular) | | 201,191 | 237,365 | 346,301 | 558,027 | 591,448 | 488,530 | 473,942 | 574,555 | 528,379 |
| Operating Grants and Contributions | 3,516,682 | 3,206,933 | 3,296,372 | 2,521,449 | 3,290,092 | 3,945,854 | 3,786,877 | 7,183,317 | 8,694,591 | 11,584,083 |
| Total Governmental Activities Program Revenues | 3,516,682 | 3,408,124 | 3,533,737 | 2,867,750 | 3,848,119 | 4,537,302 | 4,275,407 | 7,657,259 | 9,269,146 | 12,112,462 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 416,494 | 416,169 | 401,666 | 364,194 | 336,954 | 344,190 | 350,555 | 332,243 | 350,186 | 396,109 |
| After School and Summer Programs | 312,462 | 372,149 | 327,454 | 238,787 | 260,948 | 254,362 | 280,242 | 382,748 | 303,206 | 313,247 |
| Total Business-type Activities Revenues | 745,831 | 788,318 | 729,120 | 602,981 | 597,902 | 598,552 | 630,797 | 714,991 | 653,392 | 709,356 |
| Total District Program Revenues | 4,262,513 | 4,196,442 | 4,262,857 | 3,470,731 | 4,446,021 | 5,135,854 | 4,906,204 | 8,372,250 | 9,922,538 | 12,821,818 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (23,464,234) | (24,522,013) | (24,664,342) | (24,242,076) | (24,958,468) | (26,301,207) | (27,428,412) | (26,668,990) | (28,499,712) | (29,180,085) |
| Business-type Activities | 10,922 | 21,654 | 8,127 | 1,158 | 18,924 | (24,822) | (14,897) | 69,921 | (5,958) | 22,014 |
| Total District-wide Net (Expense)/Revenue | (23,453,312) | (24,500,359) | (24,656,215) | (24,240,918) | (24,939,544) | (26,326,029) | (27,443,309) | (26,599,069) | (28,505,670) | (29,158,071) |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|--------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 22,076,813 | \$ 23,244,935 | \$ 24,146,288 | \$ 24,933,275 | \$ 25,163,894 | \$ 25,667,172 | \$ 26,180,515 | \$ 27,169,504 | \$ 27,712,894 | \$ 28,371,002 |
| Taxes Levied for Debt Service | 940,745 | 926,742 | 726,589 | 877,377 | 866,612 | 676,937 | 677,137 | 672,138 | 671,838 | 671,087 |
| Unrestricted Grants and Contributions | 303,850 | 73,294 | 87,700 | 13,449 | 41,527 | | | 60,874 | 67,198 | 88,121 |
| Tuition Charges | 189,188 | | | | | | | | | |
| Investment Earnings | 122,791 | 24,103 | 21 | | | | | 83 | 268 | 831 |
| Miscellaneous Income | 106,199 | 184,274 | 233,360 | 408,633 | 331,606 | 189,148 | 169,066 | 219,243 | 209,619 | 214,069 |
| Transfers | (58,629) | | | | | | | | | |
| Total Governmental Activities | 23,680,957 | 24,453,348 | 25,193,958 | 26,232,734 | 26,403,639 | 26,533,257 | 27,026,718 | 28,121,842 | 28,661,817 | 29,345,110 |
| Business-type Activities: | | | | | | | | | | |
| Miscellaneous Income/(Expenses) | | 6,351 | (967) | | | | (914) | | | (1,932) |
| Capital (Disposals)-Special Item | | | (967) | | | | (914) | | | (1,932) |
| Total Business-type Activities | | | | | | | | | | |
| Total District-wide | 23,680,957 | 24,459,699 | 25,192,991 | 26,232,734 | 26,403,639 | 26,533,257 | 27,025,804 | 28,121,842 | 28,661,817 | 29,343,178 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | 216,723 | (68,665) | 529,616 | 1,990,658 | 1,445,171 | 232,050 | (401,694) | 1,452,852 | 162,105 | 165,025 |
| Business-type Activities | 10,922 | 28,005 | 7,160 | 1,158 | 18,924 | (24,822) | (15,811) | 69,921 | (5,958) | 20,082 |
| Total District | \$ 227,645 | \$ (40,660) | \$ 536,776 | \$ 1,991,816 | \$ 1,464,095 | \$ 207,228 | \$ (417,505) | \$ 1,522,773 | \$ 156,147 | \$ 185,107 |

Source: School District Financial Reports.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

| | June 30, | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 1,600,334 | \$ 2,006,111 | \$ 1,828,377 | | | | | | | |
| Unreserved | 457,785 | 498,606 | 447,733 | | | | | | | |
| Restricted | | | | \$ 2,923,456 | \$ 3,912,321 | \$ 2,961,173 | \$ 2,829,301 | \$ 3,292,294 | \$ 3,451,187 | \$ 3,891,682 |
| Assigned | | | | 126,180 | 280,520 | 1,114,943 | 494,599 | 170,718 | 150,945 | 367,715 |
| Unassigned | | | | 566,715 | 531,364 | 568,196 | 587,957 | 591,418 | 652,509 | 583,349 |
| Total General Fund | \$ 2,058,119 | \$ 2,504,717 | \$ 2,276,110 | \$ 3,616,351 | \$ 4,724,205 | \$ 4,644,312 | \$ 3,911,857 | \$ 4,054,430 | \$ 4,254,641 | \$ 4,842,746 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | | | \$ 189,410 | | | | | | | |
| Unreserved/(Deficit), Reported in: | | | | | | | | | | |
| Capital Projects Fund | \$ 207,475 | \$ 189,975 | (172,992) | | | | | | | |
| Debt Service Fund | 5,161 | 736 | 21 | \$ 1 | | | | | | |
| Debt Service - Designated for Subsequent | | | | | | | | | | |
| Year's Expenditures | 7,683 | 5,161 | 736 | | | | | | | |
| Restricted | | | | \$ 22 | | | | \$ 1 | \$ 1 | \$ 1 |
| Unassigned/(Deficit) | | | | (147,338) | (147,338) | (147,338) | (147,338) | (147,338) | (147,338) | (237,579) |
| Total All Other Governmental Funds/(Deficit) | \$ 220,319 | \$ 195,872 | \$ 17,175 | \$ (147,316) | \$ (147,337) | \$ (147,338) | \$ (147,338) | \$ (147,337) | \$ (147,337) | \$ (237,578) |
| Total All Governmental Funds: | | | | | | | | | | |
| Reserved | \$ 1,600,334 | \$ 2,006,111 | \$ 2,017,787 | | | | | | | |
| Unreserved | 678,104 | 694,478 | 275,498 | | | | | | | |
| Restricted | | | | \$ 2,923,478 | \$ 3,912,322 | \$ 2,961,173 | \$ 2,829,301 | \$ 3,292,295 | \$ 3,451,188 | \$ 3,891,683 |
| Assigned | | | | 126,180 | 280,520 | 1,114,943 | 494,599 | 170,718 | 150,945 | 367,715 |
| Unassigned | | | | 419,377 | 384,026 | 420,858 | 440,619 | 444,080 | 505,171 | 345,770 |
| Total All Governmental Funds | \$ 2,278,438 | \$ 2,700,589 | \$ 2,293,285 | \$ 3,469,035 | \$ 4,576,868 | \$ 4,496,974 | \$ 3,764,519 | \$ 3,907,093 | \$ 4,107,304 | \$ 4,605,168 |

Source: School District Financial Reports.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 23,017,558 | \$ 24,171,677 | \$ 24,872,877 | \$ 25,810,652 | \$ 26,030,506 | \$ 26,344,109 | \$ 26,857,652 | \$ 27,841,642 | \$ 28,384,732 | \$ 29,042,089 |
| Tuition Charges | 189,188 | 201,191 | 237,365 | 346,301 | 558,027 | 591,448 | 488,530 | 473,942 | 574,555 | 528,379 |
| Interest Earnings | | 3,630 | | | | | | | | |
| Miscellaneous | 241,999 | 240,859 | 265,488 | 438,389 | 438,593 | 201,217 | 276,299 | 238,363 | 247,036 | 230,276 |
| State Sources | 3,460,525 | 2,894,309 | 2,753,443 | 2,034,345 | 2,792,432 | 3,560,427 | 3,318,029 | 3,699,357 | 4,254,750 | 4,628,708 |
| Federal Sources | 346,998 | 349,806 | 598,522 | 470,797 | 432,200 | 373,358 | 361,615 | 382,599 | 393,153 | 457,162 |
| Total Revenues | 27,256,268 | 27,861,472 | 28,727,695 | 29,100,484 | 30,251,758 | 31,070,559 | 31,302,125 | 32,635,903 | 33,854,226 | 34,886,614 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 9,226,473 | 9,660,384 | 9,716,849 | 9,278,286 | 9,592,245 | 9,841,153 | 9,862,163 | 9,989,967 | 10,424,610 | 10,675,337 |
| Special Education Instruction | 1,668,212 | 1,795,927 | 2,283,545 | 2,137,197 | 2,485,282 | 2,607,089 | 2,679,951 | 2,423,779 | 2,498,702 | 2,508,164 |
| Other Special Instruction | 342,047 | 349,730 | 344,923 | 297,890 | 299,575 | 338,316 | 299,820 | 364,839 | 292,955 | 297,392 |
| School Sponsored Other Instruction | 718,451 | 810,209 | 843,616 | 694,481 | 771,303 | 770,109 | 776,961 | 829,078 | 840,692 | 815,605 |
| Support Services: | | | | | | | | | | |
| Tuition | 465,624 | 547,777 | 642,026 | 565,261 | 729,571 | 1,257,636 | 1,241,988 | 1,774,916 | 1,841,300 | 1,521,161 |
| Student & Instruction Related Services | 2,217,858 | 2,418,456 | 2,492,648 | 2,535,505 | 2,379,373 | 2,782,245 | 2,873,593 | 2,861,735 | 2,824,295 | 2,920,170 |
| General Administrative Services | 721,372 | 720,091 | 750,230 | 669,635 | 700,292 | 673,822 | 685,365 | 712,547 | 804,247 | 1,008,324 |
| School Administrative Services | 1,379,083 | 1,431,663 | 1,439,063 | 1,336,269 | 1,560,548 | 1,562,614 | 1,643,665 | 1,709,929 | 1,679,582 | 1,583,245 |
| Central Services | 374,261 | 407,504 | 408,503 | 408,738 | 418,146 | 436,950 | 449,354 | 481,746 | 549,443 | 527,194 |
| Administration Information Technology | 194,746 | 206,861 | 214,265 | 244,059 | 265,359 | 309,827 | 290,598 | 301,449 | 301,189 | 318,258 |
| Plant Operations and Maintenance | 2,342,425 | 2,219,198 | 2,255,365 | 2,083,797 | 2,143,163 | 2,201,074 | 2,342,941 | 2,470,637 | 2,315,107 | 2,388,180 |
| Pupil Transportation | 446,865 | 478,176 | 450,326 | 462,047 | 448,921 | 517,870 | 575,069 | 535,573 | 574,498 | 575,194 |
| Unallocated Benefits | 5,874,512 | 5,431,852 | 5,885,288 | 5,779,795 | 6,317,335 | 6,887,184 | 6,536,657 | 7,010,082 | 7,940,695 | 8,050,391 |
| Capital Outlay | 195,301 | 27,068 | 769,777 | 619,104 | 166,179 | 287,626 | 1,099,318 | 354,915 | 94,862 | 979,358 |
| Debt Service: | | | | | | | | | | |
| Principal | 550,000 | 565,000 | 580,000 | 640,000 | 665,000 | 490,000 | 500,000 | 510,000 | 525,000 | 540,000 |
| Interest and Other Charges | 396,435 | 369,425 | 341,725 | 238,112 | 201,633 | 186,938 | 177,137 | 162,137 | 146,838 | 131,087 |
| Total Expenditures | 27,113,665 | 27,439,321 | 29,418,149 | 27,990,176 | 29,143,925 | 31,150,453 | 32,034,580 | 32,493,329 | 33,654,015 | 34,839,060 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 142,603 | 422,151 | (690,454) | 1,110,308 | 1,107,833 | (79,894) | (732,455) | 142,574 | 200,211 | 47,554 |

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|------------|--------------|--------------|--------------|-------------|--------------|------------|------------|------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital Leases (non-budgeted) | | | | \$ 65,442 | | | | | | \$ 450,310 |
| Serial Bonds Issued | | | \$ 283,150 | | | | | | | |
| Serial Bonds Defeased | | | (6,085,000) | | | | | | | |
| Bond Issuance Costs | | | 5,917,000 | | | | | | | |
| Bond Premium | | | 119,083 | | | | | | | |
| Deferred Interest | | | (204,654) | | | | | | | |
| Transfers In | \$ 5,161 | \$ 736 | 598,104 | | | | | | | |
| Transfers Out | (5,161) | (736) | (598,104) | | | | | | | |
| Total Other Financing Sources (Uses) | -0- | -0- | 283,150 | 65,442 | -0- | -0- | -0- | -0- | -0- | -0- |
| Net Change in Fund Balances | \$ 142,603 | \$ 422,151 | \$ (407,304) | \$ 1,175,750 | \$ 1,107,833 | \$ (79,894) | \$ (732,455) | \$ 142,574 | \$ 200,211 | \$ 497,864 |
| Debt Service as a Percentage of Noncapital Expenditures | 3.6% | 3.5% | 3.3% | 3.3% | 3.1% | 2.2% | 2.2% | 2.1% | 2.0% | 2.0% |

Source: School District Financial Reports.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Tuition</u> | <u>Interest on</u> <u>Investments</u> | <u>Prior Year</u> <u>Refunds</u> | <u>Rentals - Use</u> <u>of Facilities</u> | <u>Other</u> | <u>Total</u> |
|--|----------------|--|-------------------------------------|--|--------------|--------------|
| 2008 | \$ 189,188 | \$ 114,798 | \$ 75 | \$ 24,037 | \$ 84,919 | \$ 413,017 |
| 2009 | 201,191 | 24,103 | 59,636 | 6,800 | 117,102 | 408,832 |
| 2010 | 237,365 | 9,540 | 35,171 | 18,903 | 169,746 | 470,725 |
| 2011 | 346,301 | 982 | 49,859 | 4,400 | 353,392 | 754,934 |
| 2012 | 558,026 | 93 | 44,995 | 11,559 | 274,960 | 889,633 |
| 2013 | 591,448 | 81 | 44,582 | 8,630 | 135,855 | 780,596 |
| 2014 | 488,530 | 75 | 52,282 | 6,213 | 110,496 | 657,596 |
| 2015 | 473,942 | 83 | 14,010 | 21,145 | 184,088 | 693,268 |
| 2016 | 574,555 | 268 | 89,825 | 25,227 | 94,567 | 784,442 |
| 2017 | 528,379 | 831 | 61,608 | 7,368 | 145,093 | 743,279 |

Source: Borough of Glen Ridge School District records.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

| Year Ended December 31, | Vacant Land | Residential | Commercial | Apartment | Total Assessed Value | Tax-Exempt Property | Add: Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|----------------------------|-------------|----------------|--------------|--------------|-------------------------|------------------------|--|--------------------------|---|---|
| | | | | | | | | | | |
| 2007 | \$ 130,000 | \$ 220,588,900 | \$ 8,142,700 | \$ 5,689,000 | \$ 234,550,600 | \$ 24,585,900 | \$ 78,885 | \$ 234,629,485 | \$ 9.810 | \$ 1,520,605,865 |
| 2008 | * 1,339,900 | 1,349,284,700 | 66,372,700 | 25,705,300 | 1,442,702,600 | 91,701,200 | 492,991 | 1,443,195,591 | 1.675 | 1,582,624,839 |
| 2009 | 815,200 | 1,432,728,300 | 67,533,800 | 25,705,300 | 1,526,782,600 | 91,224,700 | 485,429 | 1,527,268,029 | 1.731 | 1,577,767,832 |
| 2010 | 1,106,100 | 1,334,332,900 | 61,982,300 | 25,705,300 | 1,423,126,600 | 90,642,200 | 501,732 | 1,423,628,332 | 1.813 | 1,555,624,133 |
| 2011 | 605,100 | 1,330,347,600 | 62,083,000 | 25,705,300 | 1,418,741,000 | 90,642,200 | 472,439 | 1,419,213,439 | 1.834 | 1,496,091,333 |
| 2012 | 485,100 | 1,322,815,600 | 62,299,600 | 24,056,700 | 1,409,657,000 | 91,236,600 | 503,201 | 1,410,160,201 | 1.868 | 1,453,453,496 |
| 2013 | 448,900 | 1,236,037,100 | 111,991,000 | 20,266,700 | 1,368,743,700 | 113,202,810 | 537,600 | 1,369,281,300 | 1.961 | 1,469,148,346 |
| 2014 | 448,900 | 1,238,234,100 | 111,891,000 | 20,266,700 | 1,370,840,700 | 113,380,210 | 507,600 | 1,371,348,300 | 2.030 | 1,484,045,317 |
| 2015 | 448,900 | 1,243,644,600 | 111,891,000 | 20,266,700 | 1,376,251,200 | 113,380,210 | 494,800 | 1,376,746,000 | 2.062 | 1,508,576,458 |
| 2016 | 950,600 | 1,246,910,800 | 111,891,000 | 20,266,700 | 1,380,019,100 | 113,610,610 | 490,800 | 1,380,509,900 | 2.104 | 1,565,063,528 |

* - Revaluation Year

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

b - Tax rates are per \$100 of assessed valuations.

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

Source: Municipal Tax Assessor.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

| Year Ended | Borough of Glen Ridge School District Direct Rate | | | Overlapping Rates | | Total Direct |
|------------|---|---------|--------------|-------------------|--------------|--------------|
| | Basic Rate ^a | General | Total Direct | Borough of | Essex County | |
| 2007 | 9.41 | 0.40 | 9.81 | 3.44 | 2.36 | 15.61 |
| 2008 | * | 1.61 | 0.06 | 1.68 | 0.59 | 2.69 |
| 2009 | | 1.68 | 0.05 | 1.73 | 0.62 | 2.78 |
| 2010 | | 1.75 | 0.06 | 1.81 | 0.65 | 2.91 |
| 2011 | | 1.77 | 0.06 | 1.83 | 0.67 | 2.97 |
| 2012 | | 1.82 | 0.05 | 1.87 | 0.71 | 3.05 |
| 2013 | | 1.91 | 0.05 | 1.96 | 0.76 | 3.25 |
| 2014 | | 1.98 | 0.05 | 2.03 | 0.78 | 3.37 |
| 2015 | | 2.01 | 0.05 | 2.06 | 0.79 | 3.43 |
| 2016 | | 2.06 | 0.05 | 2.10 | 0.79 | 3.47 |

* - Revaluation Year

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.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

| Taxpayer | 2016 | | |
|---------------------------------|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Short Hills Assoc., LLC | \$ 700,000,000 | 1 | 50.71% |
| Anheuser Busch Inc | 199,170,800 | 2 | 14.43% |
| Prudential Financial, Inc | 185,756,900 | 3 | 13.46% |
| Mack-Cali Realty Corp. | 138,313,300 | 4 | 10.02% |
| NJBT Co. | 137,715,000 | 5 | 9.98% |
| Livingston Mall Corp | 132,000,000 | 6 | 9.56% |
| Hoffman- La Roche | 120,488,900 | 7 | 8.73% |
| Prudential Financial, Inc | 115,950,400 | 8 | 8.40% |
| Three Penn Plaza (Horizon) | 114,750,000 | 9 | 8.31% |
| Wells Reitt Park Plaza LLC | 114,581,600 | 10 | 8.30% |
| Total | <u>\$1,958,726,900</u> | | <u>141.88%</u> |
| Taxpayer | 2007 | | |
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Occhifinto, Robert c/o HVE | \$ 6,304,300 | 1 | 2.69% |
| Forest Knoll, LLC c/o Salvigsen | 5,911,200 | 2 | 2.52% |
| Reilly Realty, LLC | 4,031,000 | 3 | 1.72% |
| Tab Microfilm Services, Inc | 2,016,800 | 4 | 0.86% |
| Individual Taxpayer #1 | 1,700,000 | 5 | 0.72% |
| NJ Conf 7th Day Adentists | 1,518,000 | 6 | 0.65% |
| Individual Taxpayer #2 | 1,373,700 | 7 | 0.59% |
| Individual Taxpayer #3 | 1,320,900 | 8 | 0.56% |
| Brighton Realty c/o J-Bar | 1,252,900 | 9 | 0.53% |
| Individual Taxpayer #4 | 1,224,300 | 10 | 0.52% |
| Total | <u>\$ 26,653,100</u> | | <u>11.36%</u> |

Note - A revaluation was effective in 2008.

Source: Essex County Board of Taxation

BOROUGH OF GLEN RIDGE 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 | |
| 2008 | \$ 23,017,558 | \$ 23,017,558 | 100.00% | -0- |
| 2009 | 24,171,677 | 24,171,677 | 100.00% | -0- |
| 2010 | 24,872,877 | 24,872,877 | 100.00% | -0- |
| 2011 | 25,810,652 | 25,810,652 | 100.00% | -0- |
| 2012 | 26,030,506 | 26,030,506 | 100.00% | -0- |
| 2013 | 26,344,109 | 26,344,109 | 100.00% | -0- |
| 2014 | 26,857,652 | 26,857,652 | 100.00% | -0- |
| 2015 | 27,841,642 | 27,841,642 | 100.00% | -0- |
| 2016 | 28,384,732 | 28,384,732 | 100.00% | -0- |
| 2017 | 29,042,089 | 29,042,089 | 100.00% | -0- |

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.

Source: Borough of Glen Ridge School District records, including the Certificate and Report of School Taxes (A4F form).

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year Ended June 30, | <u>Governmental Activities</u> | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------------|--------------------------------|-------------------|----------------|--|-------------------------|
| | General Obligation Bonds | Capital Leases | | | |
| 2008 | \$ 7,837,000 | \$ 16,603 | \$ 7,853,603 | 2.27% | \$ 1,170.96 |
| 2009 | 7,272,000 | -0- | 7,272,000 | 2.06% | 1,093.37 |
| 2010 | 6,860,000 | 261,136 | 7,121,136 | 2.09% | 1,069.72 |
| 2011 | 6,220,000 | 228,381 | 6,448,381 | 1.64% | 856.24 |
| 2012 | 5,555,000 | 117,521 | 5,672,521 | 1.36% | 749.74 |
| 2013 | 5,065,000 | 26,396 | 5,091,396 | 1.21% | 672.49 |
| 2014 | 4,565,000 | 154,780 | 4,719,780 | 1.12% | 621.35 |
| 2015 | 4,055,000 | 77,077 | 4,132,077 | 0.93% | 540.49 |
| 2016 | 3,530,000 | 6,032 | 3,536,032 | 0.79% | 461.62 |
| 2017 | 2,990,000 | 349,319 | 3,339,319 | 0.75% | 435.94 |

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.

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

Source: School District Financial Reports.

BOROUGH OF GLEN RIDGE 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 | | |
| 2008 | \$ 7,837,000 | \$ -0- | \$ 7,837,000 | 3.340% | \$ 1,168.48 |
| 2009 | 7,272,000 | -0- | 7,272,000 | 0.504% | 1,093.37 |
| 2010 | 6,860,000 | -0- | 6,860,000 | 0.449% | 1,030.49 |
| 2011 | 6,220,000 | -0- | 6,220,000 | 0.437% | 825.92 |
| 2012 | 5,555,000 | -0- | 5,555,000 | 0.391% | 734.21 |
| 2013 | 5,065,000 | -0- | 5,065,000 | 0.359% | 669.00 |
| 2014 | 4,565,000 | -0- | 4,565,000 | 0.333% | 600.97 |
| 2015 | 4,055,000 | -0- | 4,055,000 | 0.296% | 530.41 |
| 2016 | 3,530,000 | -0- | 3,530,000 | 0.256% | 460.84 |
| 2017 | 2,990,000 | -0- | 2,990,000 | 0.217% | 390.34 |

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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

Source: School District Financial Reports.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
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 Glen Ridge | \$ 5,196,824 | 100.00% | \$ 5,196,824 |
| Essex County General Obligation Debt | 489,730,689 | 1.86% | <u>9,096,986</u> |
| Subtotal, Overlapping Debt | | | 14,293,810 |
| Borough of Glen Ridge School District Direct Debt | | | <u>3,530,000</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 17,823,810</u></u> |

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

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 residents and businesses of Glen Ridge. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2017

| Year Ended December 31, | Equalized Valuation Basis |
|---|------------------------------|
| 2014 | \$ 1,500,810,926 |
| 2015 | 1,558,961,486 |
| 2016 | 1,641,902,558 |
| | <u>\$ 4,701,674,970</u> |
| Average Equalized Valuation of Taxable Property | <u>\$ 1,567,224,990</u> |
| Debt Limit (4% of Average Equalization Value) | \$ 62,689,000 ^a |
| Net Bonded School Debt | <u>2,990,000</u> |
| Legal Debt Margin | <u>\$ 59,699,000</u> |

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Debt Limit | \$ 56,182,966 | \$ 60,105,061 | \$ 62,281,033 | \$ 60,875,824 | \$ 60,371,202 |
| Total Net Debt Applicable to Limit | <u>7,837,000</u> | <u>7,272,000</u> | <u>6,860,000</u> | <u>6,220,000</u> | <u>5,555,000</u> |
| Legal Debt Margin | <u>\$ 48,345,966</u> | <u>\$ 52,833,061</u> | <u>\$ 55,421,033</u> | <u>\$ 54,655,824</u> | <u>\$ 54,816,202</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 13.95% | 12.10% | 11.01% | 10.22% | 9.20% |

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt Limit | \$ 58,480,252 | \$ 58,960,995 | \$ 59,243,961 | \$ 60,528,738 | \$ 62,689,000 |
| Total Net Debt Applicable to Limit | <u>5,065,000</u> | <u>4,565,000</u> | <u>4,055,000</u> | <u>3,530,000</u> | <u>2,990,000</u> |
| Legal Debt Margin | <u>\$ 53,415,252</u> | <u>\$ 54,395,995</u> | <u>\$ 55,188,961</u> | <u>\$ 56,998,738</u> | <u>\$ 59,699,000</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 8.66% | 7.74% | 6.84% | 5.83% | 4.77% |

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

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

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

| <u>Year</u> | <u>Population ^a</u> | <u>Personal Income ^b</u> | <u>Essex County Per Capita Personal Income ^c</u> | <u>Unemployment Rate ^d</u> |
|-------------|--------------------------------|---|---|---------------------------------------|
| 2008 | 6,651 | 349,862,553 | 52,603 | 3.30% |
| 2009 | 6,657 | 342,489,336 | 51,448 | 6.70% |
| 2010 | 7,521 | 390,114,270 | 51,870 | 6.80% |
| 2011 | 7,555 | 410,553,810 | 54,342 | 6.50% |
| 2012 | 7,559 | 414,482,647 | 54,833 | 6.70% |
| 2013 | 7,576 | 419,604,336 | 55,386 | 4.60% |
| 2014 | 7,619 | 439,418,206 | 57,674 | 3.80% |
| 2015 | 7,625 | 457,728,750 | 60,030 | 3.20% |
| 2016 | 7,642 | 458,749,260 | 60,030 ** | 3.10% |
| 2017 | 7,642 * | 458,749,260 *** | 60,030 ** | N/A |

N/A - Not Available

* - Latest population data available (2016) was used for calculation purposes.

** - Latest Essex County per capita personal income available (2015) was used for calculation purposes.

*** - Latest available population data (2016) and latest available Essex County per capita personal income (2015) was used for calculation purposes.

Source:

a - Population information provided by the US Department of Census - Population Division.

b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

| Employer | 2016 | | |
|----------------------------------|-----------|-----------------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment |
| St. Barnabas Health Care System | 21,000 | 1 | 6.02% |
| Rutgers University-Newark Campus | 15,500 | 2 | 4.44% |
| Verizon | 15,000 | 3 | 4.30% |
| New Jersey Transit | 11,500 | 4 | 3.30% |
| Public Service Electric & Gas | 10,000 | 5 | 2.87% |
| Prudential Ins. Co. of America | 8,743 | 6 | 2.51% |
| Montclair State University | 7,525 | 7 | 2.16% |
| Newark Board of Education | 7,050 | 8 | 2.02% |
| Gateway Group One | 6,250 | 9 | 1.79% |
| Automatic Data Processing | 5,649 | 10 | 1.62% |
| | 108,217 | | 31.02% |
| Total Employment | 348,806 | | |
| Employer | 2007 | | |
| | Employees | Rank (Optional) | Percentage of Total Employment |
| Verizon Communications | 17,996 | 1 | 5.16% |
| Continental Airlines | 13,752 | 2 | 3.94% |
| PSE&G | 10,500 | 3 | 3.01% |
| Prudential Financial | 8,143 | 4 | 2.33% |
| Horizon Blue Cross/Blue Shield | 5,000 | 5 | 1.43% |
| JP Morgan Chase | 4,764 | 6 | 1.37% |
| Automatic Data Processing | 4,739 | 7 | 1.36% |
| Roche | 3,266 | 8 | 0.94% |
| KPMG | 2,197 | 9 | 0.63% |
| Ricoh American Corp | 1,375 | 10 | 0.39% |
| | 71,732 | | 20.57% |
| Total Employment | 343,281 | | |

Note: 2007 Principal employers of that of Essex County

Source: Essex County Economic Development Corporation

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

| <u>Function/Program</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction: | | | | | | | | | | |
| Regular | 128.0 | 134.2 | 133.2 | 133.1 | 136.3 | 134.7 | 128.0 | 127.6 | 129.3 | 130.3 |
| Special Education | 26.0 | 27.8 | 28.5 | 32.2 | 40.5 | 44.4 | 46.7 | 46.4 | 48.1 | 46.6 |
| Other Special Instruction | 8.7 | 9.4 | 9.4 | 6.5 | 6.0 | 6.5 | 6.0 | 6.0 | 6.0 | 6.0 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 21.8 | 24.8 | 24.8 | 24.8 | 23.8 | 26.3 | 26.3 | 25.4 | 25.4 | 25.1 |
| General Administrative Services | 3.1 | 3.1 | 3.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| School Administrative Services | 14.0 | 14.0 | 14.0 | 12.0 | 13.0 | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| Central Services | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Plant Operations and Maintenance | 18.2 | 19.2 | 18.2 | 17.2 | 17.2 | 17.7 | 17.7 | 17.8 | 17.7 | 17.2 |
| Pupil Transportation | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Child Care | 15.0 | 13.6 | 14.0 | 14.0 | 6.5 | 8.7 | 8.7 | 8.7 | 8.7 | 9.3 |
| Total | 241.5 | 252.8 | 251.9 | 248.6 | 252.1 | 259.1 | 254.2 | 252.7 | 256.0 | 255.3 |

Source: District Personnel Records.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil ^d | 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 | | High School | | | | |
| | | | | | | Forest Avenue | Linden Avenue | Ridgewood Avenue | Middle/High School | | | | | |
| 2008 | 1,878 | 25,971,929 | 13,830 | 1.41% | 143.3 | 14.7:1 | 17.0:1 | 13.6:1 | 11.4:1 | 1,875 | 1,800 | 2.74% | 96.00% | |
| 2009 | 1,903 | 26,477,828 | 13,914 | 0.61% | 147.8 | 16.0:1 | 15.9:1 | 12.3:1 | 11.7:1 | 1,905 | 1,816 | 1.60% | 95.33% | |
| 2010 | 1,909 | 27,726,647 | 14,524 | 4.39% | 147.9 | 14.8:1 | 15.4:1 | 12.4:1 | 12.1:1 | 1,926 | 1,841 | 1.10% | 95.59% | |
| 2011 | 1,945 | 26,492,960 | 13,621 | -6.22% | 143.2 | 16.5:1 | 17.8:1 | 12.8:1 | 12.5:1 | 1,931 | 1,834 | 0.26% | 94.98% | |
| 2012 | 1,950 | 28,111,113 | 14,416 | 5.84% | 148.5 | 16.3:1 | 16.6:1 | 12.6:1 | 12.0:1 | 1,945 | 1,867 | 0.73% | 95.99% | |
| 2013 | 1,959 | 30,185,889 | 15,409 | 6.89% | 151.4 | 16.3:1 | 14.5:1 | 13.3:1 | 11.6:1 | 1,955 | 1,870 | 0.51% | 95.65% | |
| 2014 | 1,934 | 30,258,125 | 15,645 | 1.54% | 148.5 | 14.1:1 | 15.5:1 | 13.9:1 | 11.7:1 | 1,933 | 1,847 | -1.13% | 95.55% | |
| 2015 | 1,908 | 31,466,277 | 16,492 | 5.41% | 147.4 | 15.4:1 | 16.1:1 | 13.7:1 | 11.3:1 | 1,908 | 1,822 | -1.29% | 95.49% | |
| 2016 | 1,893 | 32,887,315 | 17,373 | 5.34% | 149.3 | 15.8:1 | 16.1:1 | 12.8:1 | 11.2:1 | 1,893 | 1,799 | -0.79% | 95.03% | |
| 2017 | 1,905 | 33,188,615 | 17,422 | 0.28% | 151.6 | 14.3:1 | 14.0:1 | 13.2:1 | 11.4:1 | 1,906 | 1,845 | 0.69% | 96.80% | |

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).

d - Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Note: Enrollment based on annual October District count.

Source: Borough of Glen Ridge School District records.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u> | | | | | | | | | | |
| Forest Avenue School (1928) | | | | | | | | | | |
| Square Feet | 32,093 | 32,093 | 32,093 | 32,093 | 32,093 | 32,093 | 32,093 | 32,093 | 32,093 | 32,093 |
| Capacity (students) | 327 | 327 | 327 | 327 | 327 | 327 | 327 | 327 | 327 | 327 |
| Enrollment | 248 | 262 | 258 | 262 | 260 | 261 | 233 | 241 | 248 | 239 |
| Linden Avenue School (1911) | | | | | | | | | | |
| Square Feet | 31,999 | 31,999 | 31,999 | 31,999 | 31,999 | 31,999 | 31,999 | 31,999 | 31,999 | 31,999 |
| Capacity (students) | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 | 333 |
| Enrollment | 287 | 292 | 284 | 274 | 280 | 268 | 260 | 267 | 250 | 235 |
| Ridgewood Avenue School (1928) | | | | | | | | | | |
| Square Feet | 102,436 | 102,436 | 102,436 | 102,436 | 102,436 | 102,436 | 102,436 | 102,436 | 102,436 | 102,436 |
| Capacity (students) | 582 | 582 | 582 | 582 | 582 | 582 | 582 | 582 | 582 | 582 |
| Enrollment | 597 | 567 | 568 | 569 | 571 | 592 | 597 | 588 | 583 | 600 |
| Glen Ridge High School (1968) | | | | | | | | | | |
| Square Feet | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 | 160,000 |
| Capacity (students) | 842 | 842 | 842 | 842 | 842 | 842 | 842 | 842 | 842 | 842 |
| Enrollment | 746 | 782 | 799 | 840 | 839 | 838 | 844 | 812 | 812 | 831 |
| Board Office (2000) | | | | | | | | | | |
| Square Feet | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 | 3,510 |

Number of Schools at June 30, 2017

 Elementary (Grades Pre-K-2) = 2

 Elementary/Middle School (Grades 3-6) = 1

 Middle/High School (Grades 7-12) = 1

Other (Board Office) = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October District count.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

| <u>School Facilities*</u> | <u>Project # (s)</u> | <u>Fiscal Year Ended June 30,</u> | | | | |
|---------------------------|----------------------|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Glen Ridge High School | N/A | \$ 270,682 | \$ 233,931 | \$ 227,818 | \$ 177,016 | \$ 206,582 |
| Forest Avenue School | N/A | 105,892 | 86,473 | 109,220 | 81,474 | 96,010 |
| Ridgewood Avenue School | N/A | 337,573 | 205,930 | 223,396 | 153,659 | 237,079 |
| Linden Avenue School | N/A | 100,201 | 75,147 | 105,353 | 75,410 | 124,767 |
| Total School Facilities | | <u>814,348</u> | <u>601,481</u> | <u>665,787</u> | <u>487,559</u> | <u>664,438</u> |
| Board Office | | 11,998 | 12,856 | 9,452 | 4,403 | 14,215 |
| Grand Total | | <u>\$ 826,346</u> | <u>\$ 614,337</u> | <u>\$ 675,239</u> | <u>\$ 491,962</u> | <u>\$ 678,653</u> |

| <u>School Facilities*</u> | <u>Project # (s)</u> | <u>Fiscal Year Ended June 30,</u> | | | | |
|---------------------------|----------------------|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Glen Ridge High School | N/A | \$ 192,554 | \$ 181,789 | \$ 228,102 | \$ 204,511 | \$ 207,314 |
| Forest Avenue School | N/A | 90,171 | 125,774 | 121,323 | 114,399 | 113,315 |
| Ridgewood Avenue School | N/A | 210,828 | 214,949 | 215,362 | 200,038 | 202,164 |
| Linden Avenue School | N/A | 125,485 | 111,698 | 122,650 | 115,677 | 117,178 |
| Total School Facilities | | <u>619,038</u> | <u>634,210</u> | <u>687,437</u> | <u>634,625</u> | <u>639,971</u> |
| Board Office | | 4,461 | 7,779 | 6,497 | 4,474 | 3,863 |
| Grand Total | | <u>\$ 623,499</u> | <u>\$ 641,989</u> | <u>\$ 693,934</u> | <u>\$ 639,099</u> | <u>\$ 643,834</u> |

N/A - Not Applicable.

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

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

| | <u>Coverage</u> | | <u>Deductible</u> |
|--|-----------------|------------|------------------------------|
| School Alliance Insurance Fund: | | | |
| Property - Blanket Building and Contents | \$ 500,000,000 | (Per Occ.) | \$ 2,500 |
| Flood Coverage: | | | |
| Per Occurrence | 10,000,000 | | 2,500 |
| Aggregate | 100,000,000 | | |
| Earthquake Coverage: | | | |
| Per Occurrence | 25,000,000 | | 5% of value at each location |
| Aggregate | 25,000,000 | | 5% of value at each location |
| Garage Keepers | 5,000,000 | | 2,500 |
| Newly Acquired Property | 25,000,000 | | 2,500 |
| Property at Unnamed Locations | 25,000,000 | | 2,500 |
| Loss of Revenues | 500,000 | | 2,500 |
| Accounts Receivable | 2,500,000 | | 2,500 |
| Fine Arts | 2,500,000 | | 2,500 |
| Trees/Shrubs/Plants | 1,000,000 | | 2,500 |
| Auto Physical Damage | Per Policy | | 1,000 |
| Blanket Crime | 500,000 | | 1,000 |
| Money and Securities (Inside and Outside Premises) | 50,000 | | 1,000 |
| Computer Fraud | 50,000 | | 1,000 |
| Forgery and Alteration | 50,000 | | 1,000 |
| School Board Errors and Omissions | 5,000,000 | | 15,000 |
| Excess School Board Errors and Omissions | 10,000,000 | | |
| Commercial General and Automobile Liability | 5,000,000 | | |
| Medical Expense | 5,000 | | |
| Abuse or Molestation Liability | 10,000,000 | | |
| Excess Liability | 10,000,000 | | |
| Premises Pollution Coverage: | | | |
| Per Occurrence | 1,000,000 | | 10,000 |
| Fungi Sublimit - Bodily Injury | 500,000 | | 100,000 |
| Terrorism | 100,000,000 | | 2,500 |
| Builders Risk | 25,000,000 | | 2,500 |
| Demolition and Increase Cost of Construction | 25,000,000 | | 2,500 |
| Cyber Liability | 2,000,000 | | 10,000 |
| Boiler and Machinery | 100,000,000 | | 2,500 |
| Public Officials Bond - Western Surety Company: | | | |
| Board Secretary/Business Administrator | 250,000 | | |
| Treasurer | 250,000 | | |

Source: Glen Ridge Board of Education records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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*

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Glen Ridge School District
 County of Essex, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Glen Ridge, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 17, 2017

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Glen Ridge School District
 County of Essex, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Borough of Glen Ridge's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2017. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Borough of Glen Ridge School District
Page 2

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 17, 2017

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass Through Grantor/ Program/Cluster Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Award Amount | Balance at | | Budgetary Expenditures | Cash Received | Balance at | |
|--|---------------------------|----------------------------------|-----------------|-----------------|--|--|---------------------------|------------------|--|--|
| | | | | | June 30, 2016 Budgetary Accounts Receivable | June 30, 2017 Budgetary Accounts Receivable | | | June 30, 2016 Budgetary Accounts Receivable | June 30, 2017 Budgetary Accounts Receivable |
| U.S. Department of Education: | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | |
| Special Education Cluster: | | | | | | | | | | |
| I.D.E.A. Part B, Basic | 84.027 | IDEA175017 | 7/1/16-6/30/17 | \$ 346,754 | \$ 341,254 | \$ (346,754) | \$ (5,500) | | | |
| I.D.E.A. Preschool | 84.173 | IDEA175017 | 7/1/16-6/30/17 | 12,085 | 12,085 | (12,085) | | | | |
| Total Special Education Cluster | | | | | 353,339 | (358,839) | (5,500) | | | |
| No Child Left Behind: | | | | | | | | | | |
| Title I | 84.010 | NCLB175017 | 7/1/16-6/30/17 | 130,813 | 27,424 | (80,244) | (52,820) | | | |
| Title IIA | 84.367 | NCLB175017 | 7/1/16-6/30/17 | 18,079 | 8,020 | (18,079) | (10,059) | | | |
| Total No Child Left Behind | | | | | 35,444 | (98,323) | (62,879) | | | |
| Total Special Revenue Fund | | | | | 388,783 | (457,162) | (68,379) | | | |
| Total U.S. Department of Education | | | | | 388,783 | (457,162) | (68,379) | | | |
| Total Federal Awards | | | | | \$ -0- | \$ (457,162) | \$ (68,379) | \$ (68,379) | \$ -0- | |

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| State Grantor/Program Title | Project Number | Grant or State | Grant Period | Award Amount | Balance June 30, 2016 | | Cash Received | Budgetary Expenditures | Balance June 30, 2017 | | MEMO | |
|---|---------------------|----------------|----------------|--------------|-------------------------------|--------------|---------------------|------------------------|--------------------------|----------------------|-----------------------|-------------------------------|
| | | | | | Budgetary Accounts Receivable | Award Amount | | | GAAP Accounts Receivable | Budgetary Receivable | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education: | | | | | | | | | | | | |
| General Fund State Aid: | | | | | | | | | | | | |
| Categorical Special Education Aid | 17-495-034-5120-089 | | 7/1/16-6/30/17 | \$ 663,097 | | | \$ 604,199 | \$ (663,097) | \$ (58,898) | \$ | \$ 663,097 | |
| Categorical Security Aid | 17-495-034-5120-084 | | 7/1/16-6/30/17 | 33,353 | | | 30,390 | (33,353) | (2,963) | | 33,353 | |
| Categorical Transportation Aid | 17-495-034-5120-014 | | 7/1/16-6/30/17 | 28,002 | | | 25,515 | (28,002) | (2,487) | | 28,002 | |
| PARCC Readiness | 17-495-034-5120-098 | | 7/1/16-6/30/17 | 18,960 | | | 17,276 | (18,960) | (1,684) | | 18,960 | |
| Per Pupil Growth Aid | 17-495-034-5120-097 | | 7/1/16-6/30/17 | 18,960 | | | 17,276 | (18,960) | (1,684) | | 18,960 | |
| Professional Learning Community Aid | 17-495-034-5120-101 | | 7/1/16-6/30/17 | 18,520 | | | 16,875 | (18,520) | (1,645) | | 18,520 | |
| Extraordinary Special Education Costs Aid | 17-495-034-5120-044 | | 7/1/16-6/30/17 | 58,790 | | | | (58,790) | (58,790) | | 58,790 | |
| Excess Nonpublic Transportation Costs | 17-495-034-5120-014 | | 7/1/16-6/30/17 | 6,438 | | | | (6,438) | (6,438) | | 6,438 | |
| Reimbursed TPAF Social Security Contributions | 17-495-034-5094-003 | | 7/1/16-6/30/17 | 1,028,119 | | | 977,162 | (1,028,119) | (50,957) | | 1,028,119 | |
| On-Behalf TPAF Post Retirement Contributions | 17-495-034-5094-001 | | 7/1/16-6/30/17 | 1,249,862 | | | | (1,249,862) | (50,957) | | 1,249,862 | |
| On-Behalf TPAF Pension Contributions | 17-495-034-5094-002 | | 7/1/16-6/30/17 | 1,447,577 | | | | (1,447,577) | | | 1,447,577 | |
| On-Behalf TPAF Non-Contributory Insurance | 17-495-034-5094-004 | | 7/1/16-6/30/17 | 52,449 | | | | (52,449) | | | 52,449 | |
| On-Behalf TPAF Long-Term Disability Insurance | 17-495-034-5094-004 | | 7/1/16-6/30/17 | 2,782 | | | | (2,782) | | | 2,782 | |
| Categorical Special Education Aid | 16-495-034-5120-089 | | 7/1/15-6/30/16 | 667,725 | | | 62,653 | | | (116,185) | 667,725 | |
| Categorical Security Aid | 16-495-034-5120-084 | | 7/1/15-6/30/16 | 29,268 | | | 2,746 | | | | 29,268 | |
| Categorical Transportation Aid | 16-495-034-5120-014 | | 7/1/15-6/30/16 | 23,478 | | | 2,203 | | | | 23,478 | |
| PARCC Readiness | 16-495-034-5120-098 | | 7/1/15-6/30/16 | 18,960 | | | 1,779 | | | | 18,960 | |
| Per Pupil Growth Aid | 16-495-034-5120-097 | | 7/1/15-6/30/16 | 18,960 | | | 1,779 | | | | 18,960 | |
| Extraordinary Special Education Costs Aid | 16-495-034-5120-044 | | 7/1/15-6/30/16 | 132,801 | | | 132,801 | | | | 132,801 | |
| Excess Nonpublic Transportation Costs | 16-495-034-5120-014 | | 7/1/15-6/30/16 | 6,960 | | | 6,960 | | | | 6,960 | |
| Reimbursed TPAF Social Security Contributions | 16-495-034-5094-003 | | 7/1/15-6/30/16 | 1,035,694 | | | 107 | | | (185,546) | 1,035,694 | |
| Total General Fund State Aid | | | | | | | 1,899,721 | (4,626,909) | (185,546) | (116,185) | 6,560,755 | |
| School Development Authority: | | | | | | | | | | | | |
| Capital Projects Fund: | | | | | | | | | | | | |
| School Development Authority Financing Act: | | | | | | | | | | | | |
| High School Windows | 1750-050-099-1001 | | 7/1/09-6/30/17 | 222,178 | | | | | | | | |
| Total Capital Projects Fund | | | | | | | | | | | | |
| Total State Awards | | | | | | | \$ 1,899,721 | \$ (4,626,909) | \$ (407,724) | \$ (116,185) | \$ 6,560,755 | |
| Less: State Awards Not Subject to Single Audit Major Program Determination | | | | | | | | | | | | |
| On-Behalf TPAF Pension System Contributions: | | | | | | | | | | | | |
| On-Behalf TPAF Post Retirement Contributions | 17-495-034-5094-001 | | 7/1/16-6/30/17 | (1,249,862) | | | | 1,249,862 | | | | |
| On-Behalf TPAF Pension Contributions | 17-495-034-5094-002 | | 7/1/16-6/30/17 | (1,447,577) | | | | 1,447,577 | | | | |
| On-Behalf TPAF Non-Contributory Insurance | 17-495-034-5094-004 | | 7/1/16-6/30/17 | (52,449) | | | | 52,449 | | | | |
| On-Behalf TPAF Long-Term Disability Insurance | 17-495-034-5094-004 | | 7/1/16-6/30/17 | (2,782) | | | | 2,782 | | | | |
| Subtotal - On-Behalf TPAF Pension System Contributions | | | | | | | | 2,752,670 | | | | |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | | | | | | | \$ (1,874,239) | |

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Glen Ridge School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 current year last two state aid payments in the subsequent budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the Schools Development Authority grants which are realized as revenue upon their award on the budgetary basis, whereas the GAAP basis recognized the revenue to the extent of actual expenditures and when funds are submitted for reimbursement,

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,799 for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

| | Federal | State | Total |
|----------------------------|------------|--------------|--------------|
| General Fund | | \$ 4,628,708 | \$ 4,628,708 |
| Special Revenue Fund | \$ 457,162 | | 457,162 |
| Total Financial Assistance | \$ 457,162 | \$ 4,628,708 | \$ 5,085,870 |

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7. NJ SCHOOL DEVELOPMENT AUTHORITY (SDA) GRANT

The District has an active grant awarded in the amount of \$222,178 from the School Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2017, \$-0- been drawn down and the District has a \$222,178 receivable on the budgetary basis. The District realizes grants receivable on the GAAP basis as they are expended and submitted for reimbursement.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditor's Report expresses an unmodified opinion on the District's financial statements.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance for Each Major State program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on the major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's state program tested as a major state program for the current fiscal year consisted of the following:

| <u>State:</u> | <u>State Grant Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|-------------------------------------|-------------------------------|---------------------|-------------------------|-----------------------------------|
| Categorical Special Education Aid | 17-495-034-5120-089 | 7/1/16-6/30/17 | \$ 663,097 | \$ 663,097 |
| Categorical Security Aid | 17-495-034-5120-084 | 7/1/16-6/30/17 | 33,353 | 33,353 |
| PARCC Readiness Aid | 17-495-034-5120-098 | 7/1/16-6/30/17 | 18,960 | 18,960 |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 7/1/16-6/30/17 | 18,960 | 18,960 |
| Professional Learning Community Aid | 17-495-034-5120-101 | 7/1/16-6/30/17 | 18,520 | 18,520 |

- The threshold used for distinguishing between State Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

BOROUGH OF GLEN RIDGE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

The District had no prior year audit findings.