

**SCHOOL DISTRICT OF THE
BOROUGH OF RINGWOOD
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

**PREPARED BY
BOROUGH OF RINGWOOD SCHOOL DISTRICT
BUSINESS OFFICE**

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INTRODUCTORY SECTION



November 7, 2017

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

Dear Board Member:

The comprehensive annual financial report of the Ringwood Public Schools for the fiscal year ended June 30, 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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and the District's list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984 and "US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)". "Audits of State and Local Governments," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORT ENTITY AND ITS SERVICES:** Ringwood School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Ringwood Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2016-17 fiscal year with an average daily enrollment of 1,218 students, which is a small increase over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last eleven years.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2016-17 | 1,218 | 1.23% |
| 2015-16 | 1,203 | (2.36%) |
| 2014-15 | 1,232 | 0.5% |
| 2013-14 | 1,226 | (2.39%) |
| 2012-13 | 1,256 | (.24%) |
| 2011-12 | 1,259 | (1.72%) |
| 2010-11 | 1,281 | (2.65%) |
| 2009-10 | 1,316 | (3.80%) |
| 2008-09 | 1,368 | (.29%) |
| 2007-08 | 1,372 | (2.8%) |
| 2006-07 | 1,412 | (1.3%) |

2. **ECONOMIC CONDITION AND OUTLOOK:**

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

3. **MAJOR INITIATIVES:**

- 1) The district is moving in the direction of a balanced literacy approach. This year began the transition to a writers' workshop approach as the foundation of the writing curriculum.
- 2) The district has partnered with the Teachers College Reading and Writing Project for middle school professional development and Gravity Goldberg, Inc. for K-5 professional development.
- 3) The district is preparing for the launching of reader's workshop units in grades 4-8. This will begin the full transition to balanced literacy in those grades. K-3 will be the next phase of the district's K-8 literacy project.
- 4) The district has continued to implement Close Reading and Guided Reading strategies throughout the 2016-2017 school year.
- 5) The district offered an Academic Coaching Academy for Grades 4 & 5 students identified for further need for PARCC preparation.
- 6) The Stronge Teacher Evaluation Model and My Learning Plan were employed to assess and record teacher and administration evaluations. All evaluations were submitted through NJSMART.
- 7) STAR Assessments and Study Island software continue to be utilized as formative assessments to assess students and inform daily classroom instruction.
- 8) A contract with Atlas Rubicon was entered into as a curriculum management platform for the 2017-2018 curriculum-writing project in all subject areas and grade levels.
- 9) Updated substitute handbook and established an annual meeting with district substitutes as a practice.
- 10) An effort to retain and attract substitute teachers was taken by the Board with the adjustment of their per diem rate and a bonus for every ten full days of work.

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

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

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

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

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

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

7. **DEBT ADMINISTRATION:** As of **June 30, 2017** the Ringwood Board of Education had outstanding qualifying Debt Service, in the amount of **\$10,045,000**.

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

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

10. **OTHER INFORMATION:** A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva was selected by the Board's finance committee. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related "US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Ringwood School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operations. The community's concern for the fiscal health of the district was the focus of much of the spring and the board is working in their interest to build a robust and efficient school system for our students. Finally, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. Special thanks to Debbie Dittemer, Melissa Heck, Ann Babbitt, and Jessica Rapp.

12. **SERVICE EFFORTS AND ACCOMPLISHMENTS:** Tri-District Board of Education Committees composed of members from the Ringwood, Lakeland Regional High School, and Wanaque Boards of Education again, during the 2015-2016 school year, held several collaborative meetings in which the districts continued to identify areas of common needs and goals. The districts are continuing their efforts along the lines of curriculum articulation and organizing common professional development experiences for the staff of the three districts. An offshoot of transportation-shared services has been the district's Transportation Efficiency Rating, which is among the best in Passaic County. The transportation revenue is down over prior years as the high school district is handling more of their athletics trips.

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

13. **MAJOR OPERATIONS OR FINANCIAL CONCERNS:** The district maintenance plan details the options for long range facilities needs and the Director of Buildings and Grounds continues to work with the Board and community to keep our campuses clean and safe.

Respectfully submitted,

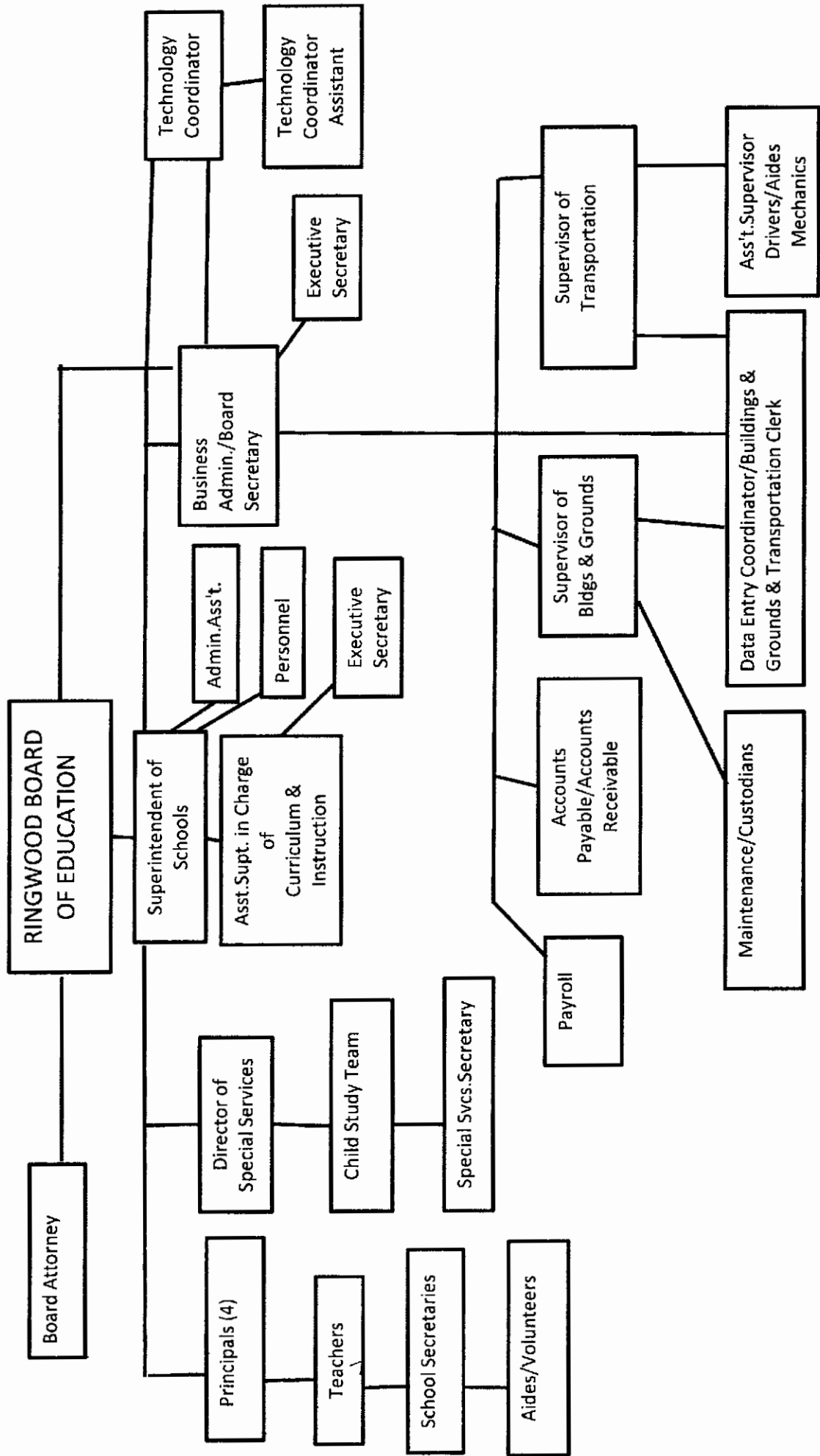
Dr. Nicholas Bernice

Dr. Nicholas Bernice
Superintendent

Mark Kenney

Mark Kenney
Acting Business Administrator

Ringwood Public Schools Table of Organization



RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

ROSTER OF OFFICIALS

June 30, 2017

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Allison Beesley, Trustee | 2017 |
| Cheryl Botsolas, Vice President | 2019 |
| Jenny Brown, Trustee | 2018 |
| Torrence E. Burrowes, III, Trustee | 2018 |
| Cynthia Carey, Trustee | 2019 |
| Raymond Dwyer, President | 2018 |
| Ashley Holton, Trustee | 2017 |
| Zachary Kolstein, Trustee | 2019 |
| Mary Kunert, Trustee | 2017 |

Other Officials

Dr. Nicholas Bernice, Superintendent

Warren C. Mitchell, School Business Administrator/Board Secretary

Laurie Montague, Treasurer

RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Jessika Kleen
Machado Law Group
1 Cleveland Place
Springfield, NJ 07081

Official Depository

Lakeland Bank
166 Changebridge Road
Montville, NJ 07045

FINANCIAL SECTION

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

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

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

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

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 Ringwood School District, in the County of Passaic, State of New Jersey, as of and for the 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 misstatements, whether due to fraud or error.

Auditor's 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
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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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ringwood Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the 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, Budgetary Comparison Information and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.



Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ringwood Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal 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* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal 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* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates 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 other supplemental information listed in the table of contents, schedule of expenditures of federal 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* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical data section has not been subject 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 7, 2017 on our consideration of the Borough of Ringwood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to



Honorable President and
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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 Borough of Ringwood Board of Education's internal control over financial reporting and compliance.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 7, 2017



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

As management of the Ringwood Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of the Ringwood Board of Education for the fiscal year ended June 30, 2017.

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

FINANCIAL HIGHLIGHTS

- In total, net position decreased \$852,135, net position of governmental activities decreased \$850,315 while net position of business-type activity decreased by \$1,820.
- General revenues accounted for \$29,534,116 in revenue or 95 percent of all governmental activity revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,409,275 or 5 percent of total revenues of \$30,943,391.
- Total assets of governmental activities decreased by \$1,098,519 as cash and cash equivalents decreased by \$870,381, receivables increased by \$291,522, and capital assets decreased by \$519,660.
- The School District had \$32,283,768 in expenses; only \$1,897,296 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$29,534,337 were not adequate to provide for these programs.

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2017 (CONTINUED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

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

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

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

Enterprise Funds

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School District as a Whole

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

The School District's net position was \$(7,720,748) at June 30, 2017. Of this amount \$(9,913,725) was unrestricted balances. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis on the next page focuses on the net position (Table 1) and change in net position (Table 2) of the School District. Table 1 provides a summary of the School District's net position for 2017 and 2016.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 1

Net Position
June 30, 2017

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--------------------------------------|--------------------------------|--------------------|---------------------------------|----------------|--------------------|--------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Current and Other Assets | 1,966,603 | 2,545,462 | 71,418 | 92,331 | 2,038,021 | 2,637,793 |
| Capital Assets | <u>11,544,230</u> | <u>12,063,890</u> | <u>34,557</u> | <u>37,550</u> | <u>11,578,787</u> | <u>12,101,440</u> |
| Total Assets | <u>13,510,833</u> | <u>14,609,352</u> | <u>105,975</u> | <u>129,881</u> | <u>13,616,808</u> | <u>14,739,233</u> |
| Deferred Outflows of Resources | <u>4,158,649</u> | <u>1,995,605</u> | _____ | _____ | <u>4,158,649</u> | <u>1,995,605</u> |
| Total Deferred Outflows of Resources | <u>4,158,649</u> | <u>1,995,605</u> | _____ | _____ | <u>4,158,649</u> | <u>1,995,605</u> |
| Current Liabilities | 858,954 | 1,188,602 | 13,409 | 35,838 | 872,363 | 1,224,440 |
| Bonds Payable | 10,045,000 | 10,605,000 | | | 10,045,000 | 10,605,000 |
| Obligations Under Capital Leases | 541,785 | 825,395 | | | 541,785 | 825,395 |
| Net Pension Liability PERS | 13,553,156 | 10,468,285 | | | 13,553,156 | 10,468,285 |
| Compensated Absences Payable | <u>293,073</u> | <u>249,542</u> | _____ | _____ | <u>293,073</u> | <u>249,542</u> |
| Total Liabilities | <u>25,291,968</u> | <u>23,336,824</u> | <u>13,409</u> | <u>35,838</u> | <u>25,305,377</u> | <u>23,372,662</u> |
| Deferred Inflows of Resources | <u>190,828</u> | <u>231,132</u> | _____ | _____ | <u>190,828</u> | <u>231,132</u> |
| Total Deferred Inflows of Resources | <u>190,828</u> | <u>231,132</u> | _____ | _____ | <u>190,828</u> | <u>231,132</u> |
| Net Position | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Debt | 957,445 | 633,495 | 34,557 | 37,550 | 992,002 | 671,045 |
| Restricted | 1,200,975 | 1,751,762 | | | 1,200,975 | 1,751,762 |
| Unrestricted | <u>(9,971,734)</u> | <u>(9,348,256)</u> | <u>58,009</u> | <u>56,493</u> | <u>(9,913,725)</u> | <u>(9,291,763)</u> |
| Total Net Position | <u>(7,813,314)</u> | <u>(6,962,999)</u> | <u>92,566</u> | <u>94,043</u> | <u>(7,720,748)</u> | <u>(6,868,956)</u> |

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 2 below show the changes in net position for the fiscal year 2017 and 2016.

Table 2
Changes in Net Position
Year Ended June 30, 2017

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>2017</u> | <u>Total</u> | <u>2016</u> |
|------------------------------------|--------------------------------|-------------------|---------------------------------|----------------|-------------------|--------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | | | |
| Revenues | | | | | | | |
| <u>Program Revenues:</u> | | | | | | | |
| Charges for Services & Sales | | | 386,233 | 372,666 | 386,233 | | 372,666 |
| Operating Grants & Contributions | 1,409,275 | 1,347,328 | 101,788 | 103,610 | 1,511,063 | | 1,450,938 |
| <u>General Revenues:</u> | | | | | | | |
| <u>Taxes:</u> | | | | | | | |
| Local Property Taxes | 19,212,512 | 18,254,173 | | | 19,212,512 | | 18,254,173 |
| Federal & State Aid Not Restricted | 9,083,125 | 7,557,395 | | | 9,083,125 | | 7,557,395 |
| Miscellaneous Income | <u>1,238,479</u> | <u>1,253,165</u> | <u>221</u> | <u>126</u> | <u>1,238,700</u> | | <u>1,253,291</u> |
| Total Revenues | <u>30,943,391</u> | <u>28,412,061</u> | <u>488,242</u> | <u>476,402</u> | <u>31,431,633</u> | | <u>28,888,463</u> |

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|-------------------|---------------------------------|----------------|-------------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Functions/Program Expenses | | | | | | |
| <u>Instruction:</u> | | | | | | |
| Regular | 8,776,228 | 8,419,710 | | | 8,776,228 | 8,419,710 |
| Special Education | 3,854,266 | 3,589,287 | | | 3,854,266 | 3,589,287 |
| Other Special Instruction | 275,246 | 252,965 | | | 275,246 | 252,965 |
| Other Instruction | 36,138 | 33,978 | | | 36,138 | 33,978 |
| <u>Support Services:</u> | | | | | | |
| Tuition, Student and Instruction Related Services | 3,332,743 | 3,292,666 | | | 3,332,743 | 3,292,666 |
| School Administrative Services | 816,210 | 824,357 | | | 816,210 | 824,357 |
| General Administrative Services | 469,474 | 458,785 | | | 469,474 | 458,785 |
| Central Service | 357,345 | 330,748 | | | 357,345 | 330,748 |
| Admin. Info. Tech. | 74,305 | 68,578 | | | 74,305 | 68,578 |
| Plant Operations and Maintenance | 2,176,871 | 1,953,042 | | | 2,176,871 | 1,953,042 |
| Pupil Transportation | 1,776,462 | 1,876,856 | | | 1,776,462 | 1,876,856 |
| Unallocated Benefits | 8,666,922 | 6,282,031 | | | 8,666,922 | 6,282,031 |
| Capital Outlay - Non- Depreciable | 9,548 | 158,006 | | | 9,548 | 158,006 |
| Unallocated Depreciation | 820,199 | 685,192 | | | 820,199 | 685,192 |
| Interest on Long-Term Debt | 351,749 | 381,966 | | | 351,749 | 381,966 |
| Food Services | | | 490,062 | 478,225 | 490,062 | 478,225 |
| Total Expenses and Transfers | <u>31,793,706</u> | <u>28,608,167</u> | <u>490,062</u> | <u>478,225</u> | <u>32,283,768</u> | <u>29,086,392</u> |
| Increase or (Decrease) in Net Position | <u>(850,315)</u> | <u>(196,106)</u> | <u>(1,820)</u> | <u>(1,823)</u> | <u>(852,135)</u> | <u>1,268,231</u> |

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$32,283,768.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Business-Type Activities

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

- Expenditures exceeded revenues by \$1,820 (loss).
- Charges for services represent \$386,233 of revenue. This represents the amounts paid by patrons for daily food service, and amounts charged to attend the District's Safety Town and Summer Music Programs.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and free milk, and donated commodities was \$101,788.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

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

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)

Governmental Activities

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

Table 3

| | <u>Total Cost of Services 2017</u> | <u>Total Cost of Services 2016</u> | <u>Net Cost of Services 2017</u> | <u>Net Cost of Services 2016</u> |
|---|---|---|---|---|
| Instruction | 12,941,878 | 12,295,940 | 12,414,635 | 11,834,278 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 3,332,743 | 3,292,666 | 3,166,051 | 3,116,916 |
| General Administration, School Administration, Business Operation and Maintenance of Facilities | 3,894,205 | 3,635,510 | 3,894,205 | 3,635,510 |
| Pupil Transportation | 1,776,462 | 1,876,856 | 1,115,881 | 1,216,275 |
| Other | <u>9,848,418</u> | <u>7,507,195</u> | <u>9,793,659</u> | <u>7,457,860</u> |
| Total Expenses | <u>31,793,706</u> | <u>28,608,167</u> | <u>30,384,431</u> | <u>27,260,839</u> |

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

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

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

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)

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

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

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

“Other” includes special schools and unallocated depreciation.

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

- Extraordinary Aid is state aid for special education students whose individual program costs exceed \$40,000 per year. Although additional Extraordinary Aid was ultimately awarded in the amount of \$328,201, as of the writing of this report, the funds were not yet received. More than likely, the grant will be used to increase the special education tuition budget to offset unanticipated out-of-district placements.
- Reimbursement of Nonpublic School Transportation costs in the amount of \$10,523 was received.
- TPAF, which is the state’s contribution to the pension fund, is neither a revenue item nor an expenditure item to the district, but is required to be reflected in the financial statements.
- Staff members who retired from the district were replaced with staff members at lower salary levels. The breakage from salaries funded a number of accounts which had been under-budgeted, such as contracted transportation and paraprofessionals.

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the School District had \$22,572,533 invested in sites, buildings, and equipment. Of this amount \$10,993,746 in depreciation has been taken over the years. We currently have a net book value of \$11,578,787. Total additions for the year were \$303,012, the majority of which was for equipment purchases and improvements to District facilities, the leasing of school buses, and copiers. Table 3 shows fiscal year 2017 balances compared to 2016.

Table 3

**Capital Assets at June 30, 2017
(Net of Depreciation)**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|-------------------|---------------------------------|---------------|-------------------|-------------------|
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Land, Buildings and Improvements | 10,414,542 | 10,604,060 | | | 10,414,542 | 10,604,060 |
| Furniture, Equipment and Vehicles | 1,129,688 | 1,459,830 | 34,557 | 37,550 | 1,164,245 | 1,497,380 |
| Construction in Progress | _____ | _____ | _____ | _____ | _____ | _____ |
| Total Net Assets | <u>11,544,230</u> | <u>12,063,890</u> | <u>34,557</u> | <u>37,550</u> | <u>11,578,787</u> | <u>12,101,440</u> |

Debt Administration

At June 30, 2017, the District had \$24,433,014 in outstanding debt. Of this amount, \$293,073 is for compensated absences, \$541,785 is for capital lease obligations, \$10,045,000 is serial bonds payable, and \$13,553,156 is the District's net pension liability.

Table 4

Outstanding Serial Bonds at June 30, 2017

| | <u>2017</u> | <u>2016</u> |
|----------------------------|-------------------|-------------------|
| School Bonds - Series 2008 | 660,000 | 755,000 |
| School Bonds - Series 2011 | <u>9,385,000</u> | <u>9,850,000</u> |
| | <u>10,045,000</u> | <u>10,605,000</u> |

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEARS' BUDGETS

Last year, the state funding formula was calculated and funded for the first time since 2009. Ringwood's Schools saw a decrease of \$58,393 from 2016-2017 in the reshuffling of state aid. The District was able to recover from this for many reasons. Primarily, the Board of Education took the necessary steps to privatize the custodial staff. This substantial change yielded significant savings over keeping custodians as employees of Ringwood's Schools. Additional cost savings measures in 2017 included the elimination of the Assistant Superintendent for Curriculum and Instruction central office position, along with the office's secretary. These changes will have cost savings on future budgets. The goal of the 2018-2019 budget will be to maintain current staffing levels and to build on curricular and technology advances that have been made in the immediate short-term in order to create long-term successes for our students.

REQUESTS FOR INFORMATION

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

Mr. Mark Kenney
Acting School Business Administrator/BS
Ringwood Board of Education
121 Carletondale Road
Ringwood, NJ 07456

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 295,005 | \$ 64,568 | \$ 359,573 |
| Receivables, net | 914,938 | - | 914,938 |
| Due from other funds | | | - |
| Internal balances | (3,203) | 3,203 | - |
| Inventory | | 3,647 | 3,647 |
| Restricted assets: | | | |
| Cash and cash equivalents | 759,863 | | 759,863 |
| Capital assets; net | | | |
| Land/Construction in Process | 329,940 | | 329,940 |
| Other Capital Assets, Net | 11,214,290 | 34,557 | 11,248,847 |
| Total Assets | <u>13,510,833</u> | <u>105,975</u> | <u>13,616,808</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources Related to PERS | <u>4,158,649</u> | | <u>4,158,649</u> |
| LIABILITIES | | | |
| Cash Overdraft | 69,607 | | 69,607 |
| Accounts payable and accrued liabilities | 681,551 | 13,409 | 694,960 |
| Payable to state government | 62,211 | | 62,211 |
| Advanced revenue | 45,585 | | 45,585 |
| Noncurrent liabilities: | | | |
| Due within one year | 796,701 | | 796,701 |
| Due beyond one year | 23,636,313 | | 23,636,313 |
| Total liabilities | <u>25,291,968</u> | <u>13,409</u> | <u>25,305,377</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources Related to PERS | <u>190,828</u> | | <u>190,828</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 957,445 | 34,557 | 992,002 |
| Restricted for: | | | |
| Capital projects | 681,355 | | 681,355 |
| Debt Service | 1,399 | | 1,399 |
| Other purposes | 518,221 | | 518,221 |
| Unrestricted | (9,971,734) | 58,009 | (9,913,725) |
| Total net position | <u>\$ (7,813,314)</u> | <u>\$ 92,566</u> | <u>\$ (7,720,748)</u> |

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

| Functions/Programs | Expenses | Indirect Expense Allocation | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|--------------|-----------------------------|----------------------|------------------------------------|---|--------------------------|-----------------|
| | | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 7,258,253 | \$ 1,517,975 | \$ | \$ 527,243 | \$ (8,248,985) | \$ | (8,248,985) |
| Special education | \$ 3,217,454 | 636,812 | | | (3,854,266) | | (3,854,266) |
| Other special instruction | \$ 275,246 | | | | (275,246) | | (275,246) |
| Other instruction | \$ 36,138 | | | | (36,138) | | (36,138) |
| Support services: | | | | | | | |
| Tuition | \$ 246,995 | | | | (246,995) | | (246,995) |
| Student & instruction related services | \$ 2,728,130 | 357,618 | | 166,692 | (2,919,056) | | (2,919,056) |
| School administrative services | \$ 783,196 | 33,014 | | | (816,210) | | (816,210) |
| General and business administrative services | \$ 451,094 | 18,380 | | | (469,474) | | (469,474) |
| Central Services | \$ 330,848 | 26,497 | | | (357,345) | | (357,345) |
| Admin. Info. Tech. | \$ 65,405 | 8,900 | | | (74,305) | | (74,305) |
| Plant operations and maintenance | \$ 1,859,590 | 317,281 | | 660,581 | (2,176,871) | | (2,176,871) |
| Pupil transportation | \$ 1,180,774 | 595,688 | | | (1,115,881) | | (1,115,881) |
| Unallocated Benefits | \$ 8,666,922 | | | | (8,666,922) | | (8,666,922) |
| Non-depreciable capital outlay | \$ 9,548 | | | 11,549 | 2,001 | | 2,001 |
| Interest on long-term debt | \$ 351,749 | | | 43,210 | (308,539) | | (308,539) |
| Unallocated depreciation | \$ 820,199 | | | | (820,199) | | (820,199) |
| Total governmental activities | 28,281,541 | 3,512,165 | - | 1,409,275 | (30,384,431) | - | (30,384,431) |
| Business-type activities: | | | | | | | |
| Food Service | 476,029 | | 372,654 | 101,788 | (1,587) | (1,587) | (1,587) |
| Safety Town | 3,749 | | 2,800 | | (949) | (949) | (949) |
| Summer Music | 10,284 | | 10,779 | | 495 | 495 | 495 |
| Total business-type activities | 490,062 | - | 386,233 | 101,788 | (2,041) | (2,041) | (2,041) |
| Total primary government | \$28,771,603 | \$3,512,165 | \$ 386,233 | \$ 1,511,063 | \$ (30,384,431) | \$ (2,041) | \$ (30,386,472) |

General revenues:

| | |
|--|------------|
| Taxes: | |
| Property taxes, levied for general purposes | 18,339,203 |
| Property taxes, levied for debt service | 873,309 |
| Federal and State aid not restricted | 9,083,125 |
| Miscellaneous Income | 1,139,798 |
| Other financing sources/(uses) | 98,681 |
| Total general revenues, special items, extraordinary items and transfers | 29,534,116 |
| Change in Net Position | (1,820) |
| Net Position—beginning (Restated) | 94,386 |
| Net Position—ending | \$ 92,566 |

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

FUND FINANCIAL STATEMENTS

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 63,680 | \$ 231,324 | \$ 1 | \$ 295,005 |
| Due from other funds | 492,222 | | | 1,398 | 493,620 |
| Receivables from other governments | 380,422 | 43,809 | 490,400 | | 914,631 |
| Receivables - Other | | 307 | | | 307 |
| Restricted cash and cash equivalents | <u>759,863</u> | | | | <u>759,863</u> |
| Total assets | <u>\$ 1,632,507</u> | <u>\$ 107,796</u> | <u>\$ 721,724</u> | <u>\$ 1,399</u> | <u>\$ 2,463,426</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Cash overdraft | 69,607 | | | | 69,607 |
| Accounts Payable | 146,859 | | | | 146,859 |
| Due to other funds | 5,425 | | 491,398 | | 496,823 |
| Payable to state government | | 62,211 | | | 62,211 |
| Advanced revenue | | <u>45,585</u> | | | <u>45,585</u> |
| Total liabilities | <u>221,891</u> | <u>107,796</u> | <u>491,398</u> | <u>-</u> | <u>821,085</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Excess surplus - current year | 102,832 | | | | 102,832 |
| Capital reserve | 451,029 | | | | 451,029 |
| Maintenance reserve | 58,834 | | | | 58,834 |
| Emergency reserve | 250,000 | | | | 250,000 |
| Debt service | | | | 1,399 | 1,399 |
| Capital projects | | | 230,326 | | 230,326 |
| Assigned to: | | | | | |
| Other purposes | 106,555 | | | | 106,555 |
| Designated for subsequent year's expenditures | | | | | - |
| Unassigned: | | | | | |
| General fund | 441,366 | | | | 441,366 |
| Total Fund balances | <u>1,410,616</u> | <u>-</u> | <u>230,326</u> | <u>1,399</u> | <u>1,642,341</u> |
| Total liabilities and fund balances | <u>\$ 1,632,507</u> | <u>\$ 107,796</u> | <u>\$ 721,724</u> | <u>\$ 1,399</u> | |

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

| | |
|--|-----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,204,098 and the accumulated depreciation is \$10,659,868. | 11,544,230 |
| Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds. | (120,025) |
| Accounts payable for subsequent pension payment is not a payable in the funds. | (414,667) |
| Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds. | |
| Deferred Outflows of Resources related to PERS pension liability | 4,158,649 |
| Deferred Inflows of Resources related to PERS pension liability | (190,828) |
| 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. | <u>(24,433,014)</u> |
| Net position of governmental activities | <u>\$ (7,813,314)</u> |

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the 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 | \$ 18,339,203 | \$ - | \$ - | \$ 873,309 | \$ 19,212,512 |
| Miscellaneous | 1,139,409 | 51,825 | 389 | | 1,191,623 |
| Total - Local Sources | 19,478,612 | 51,825 | 389 | 873,309 | 20,404,135 |
| State sources | 5,916,003 | 168,046 | 79,570 | 43,210 | 6,206,829 |
| Federal sources | 2,459 | 485,613 | | | 488,072 |
| Total revenues | 25,397,074 | 705,484 | 79,959 | 916,519 | 27,099,036 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | \$ 8,248,985 | \$ 527,243 | | | \$ 8,776,228 |
| Special education instruction | 3,854,266 | | | | 3,854,266 |
| Other special instruction | 275,246 | | | | 275,246 |
| Other instruction | 36,138 | | | | 36,138 |
| Support services and undistributed costs: | | | | | |
| Tuition | 246,995 | | | | 246,995 |
| Student & instruction related services | 2,919,056 | 166,692 | | | 3,085,748 |
| School administrative services | 816,210 | | | | 816,210 |
| Other administrative services | 469,474 | | | | 469,474 |
| Central Services | 357,345 | | | | 357,345 |
| Admin. Info. Tech. | 74,305 | | | | 74,305 |
| Plant operations and maintenance | 2,176,871 | | | | 2,176,871 |
| Pupil transportation | 2,060,072 | | | | 2,060,072 |
| Unallocated benefits | 3,990,468 | | | | 3,990,468 |
| Debt Service: | | | | | |
| Principal | | | | 560,000 | 560,000 |
| Interest and other charges | | | | 356,519 | 356,519 |
| Capital outlay | 117,612 | 11,549 | 180,926 | | 310,087 |
| Total expenditures | 25,643,043 | 705,484 | 180,926 | 916,519 | 27,445,972 |
| Excess (Deficiency) of revenues over expenditures | (245,969) | - | (100,967) | - | (346,936) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital leases (non-budgeted) | 98,681 | | | | 98,681 |
| Transfers in | | | | 389 | 389 |
| Transfers out | | | (389) | | (389) |
| Total other financing sources and uses | 98,681 | - | (389) | 389 | 98,681 |
| Net change in fund balances | (147,288) | - | (101,356) | 389 | (248,255) |
| Fund balance—July 1 | 1,557,904 | - | 331,682 | 1,010 | 1,890,596 |
| Fund balance—June 30 | \$ 1,410,616 | \$ - | \$ 230,326 | \$ 1,399 | \$ 1,642,341 |

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2) \$ (248,255)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

| | | | |
|--|-----------------------------|----------------|-----------|
| | Depreciation expense | \$ (820,199) | |
| | Depreciable capital outlays | <u>300,539</u> | (519,660) |

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:

| | |
|-------------------------------------|---------|
| Principal payments on bonds payable | 560,000 |
| Capital lease principal | 283,610 |

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest change is an adjustment to the reconciliation. 4,770

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

| | |
|--|----------|
| Increase in compensated absences payable | (43,531) |
|--|----------|

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

| | | |
|--------------------------------|--------------------|-----------|
| District Pension Contributions | 406,536 | |
| Less: Pension Expense | <u>(1,293,785)</u> | |
| Increase in Pension Expense | | (887,249) |

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

| | |
|--|-------------|
| Increase in On-behalf State Aid TPAF Pension | 3,745,674 |
| Increase in On-behalf TPAF Pension Expense | (3,745,674) |

Change in net position of governmental activities \$ (850,315)

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

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

| | Business-type Activities - | | | |
|----------------------------------|-----------------------------------|------------------------|-------------------------|-----------------------|
| | Enterprise Funds | | | |
| | Food Service | Safety Town | Summer Music | Totals |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 50,840 | \$ 4,370 | \$ 9,358 | \$ 64,568 |
| Accounts receivable: | | | | |
| Interfund | 5,425 | | | 5,425 |
| Inventories | 3,647 | | | 3,647 |
| Total current assets | <u>59,912</u> | <u>4,370</u> | <u>9,358</u> | <u>73,640</u> |
| Noncurrent assets: | | | | |
| Furniture, machinery & equipment | 368,435 | | | 368,435 |
| Less accumulated depreciation | <u>(333,878)</u> | | | <u>(333,878)</u> |
| Total noncurrent assets | <u>34,557</u> | <u>-</u> | <u>-</u> | <u>34,557</u> |
| Total assets | <u><u>94,469</u></u> | <u><u>4,370</u></u> | <u><u>9,358</u></u> | <u><u>108,197</u></u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,732 | 2,877 | 4,800 | 13,409 |
| Interfund payables | 2,222 | | | 2,222 |
| Total current liabilities | <u>7,954</u> | <u>2,877</u> | <u>4,800</u> | <u>15,631</u> |
| Total liabilities | <u>7,954</u> | <u>2,877</u> | <u>4,800</u> | <u>15,631</u> |
| NET POSITION | | | | |
| Net Investment in capital assets | 34,557 | - | - | 34,557 |
| Unrestricted | 51,958 | 1,493 | 4,558 | 58,009 |
| Total net position | <u>\$ 86,515</u> | <u>\$ 1,493</u> | <u>\$ 4,558</u> | <u>\$ 92,566</u> |

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

| | Business-type Activities - | | | Total |
|--|-----------------------------------|-----------------|-----------------|-------------------|
| | Enterprise Fund | | | |
| | Food | Safety | Summer | Total |
| | Service | Town | Music | Enterprise |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Daily sales - reimbursable programs | \$ 266,197 | \$ - | \$ - | \$ 266,197 |
| Daily sales - non - reimbursable programs | \$ 104,625 | | | 104,625 |
| Special functions | 1,801 | | | 1,801 |
| Miscellaneous | 31 | 2,800 | 10,779 | 13,610 |
| Total operating revenues | <u>372,654</u> | <u>2,800</u> | <u>10,779</u> | <u>386,233</u> |
| Operating expenses: | | | | |
| Cost of food - reimbursable programs | 137,787 | - | | 137,787 |
| Cost of food - non-reimbursable programs | 33,645 | | | 33,645 |
| Cost of sales - other | 46,435 | | | 46,435 |
| Salaries | 148,538 | 2,877 | 4,800 | 156,215 |
| Employee benefits | 66,451 | - | | 66,451 |
| Cleaning, repair and maintenance services | 1,392 | - | | 1,392 |
| Purchased services | 26,797 | - | | 26,797 |
| Miscellaneous Expense | 9,175 | - | | 9,175 |
| General supplies | | 872 | 5,484 | 6,356 |
| Depreciation | 5,809 | - | | 5,809 |
| Total Operating Expenses | <u>476,029</u> | <u>3,749</u> | <u>10,284</u> | <u>490,062</u> |
| Operating income (loss) | <u>(103,375)</u> | <u>(949)</u> | <u>495</u> | <u>(103,829)</u> |
| Non-operating revenues (expenses): | | | | |
| State sources: | | | | |
| State school lunch program | 4,318 | - | | 4,318 |
| Federal sources: | | | | |
| National school lunch program | 71,112 | - | | 71,112 |
| Food distribution program | 26,358 | - | | 26,358 |
| Interest and investment revenue | 207 | 6 | 8 | 221 |
| Total non-operating revenues (expenses) | <u>101,995</u> | <u>6</u> | <u>8</u> | <u>102,009</u> |
| Income (loss) before contributions & transfers | <u>(1,380)</u> | <u>(943)</u> | <u>503</u> | <u>(1,820)</u> |
| Capital contributions | - | - | | - |
| Transfers in (out) | | | | |
| Change in net position | <u>(1,380)</u> | <u>(943)</u> | <u>503</u> | <u>(1,820)</u> |
| Total net position—beginning, as previously reported | 87,552 | 2,436 | 4,055 | 94,043 |
| Prior period adjustment - | | | | |
| Error Correction | 343 | | | 343 |
| Total net position—beginning, as restated | <u>87,895</u> | <u>2,436</u> | <u>4,055</u> | <u>94,386</u> |
| Total net position—ending | <u>\$ 86,515</u> | <u>\$ 1,493</u> | <u>\$ 4,558</u> | <u>\$ 92,566</u> |

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

| | Business-type Activities - | | | Total |
|--|-----------------------------------|-----------------|-------------------|---------------------|
| | Enterprise Funds | | | |
| | Food | Safety | Summer | Enterprise |
| | Service | Town | Music | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and other funds | \$ 372,654 | \$ 2,800 | \$ 10,779 | \$ 386,233 |
| Payments to employees | (148,538) | (2,877) | (4,800) | (156,215) |
| Payments for employee benefits | (66,451) | | | (66,451) |
| Payments to suppliers | (274,320) | (872) | (9,528) | (284,720) |
| Net cash provided by (used for) operating activities | <u>(116,655)</u> | <u>(949)</u> | <u>(3,549)</u> | <u>(121,153)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| State sources | 4,249 | | | 4,249 |
| Federal sources | 96,505 | | | 96,505 |
| Net cash provided by (used for) non-capital financing activities | <u>100,754</u> | <u>-</u> | <u>-</u> | <u>100,754</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of Capital Assets | (2,473) | | | (2,473) |
| Net cash provided by (used for) capital and related financing activities | <u>(2,473)</u> | <u>-</u> | <u>-</u> | <u>(2,473)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends | 207 | 6 | 8 | 221 |
| Net cash provided by (used for) investing activities | <u>207</u> | <u>6</u> | <u>8</u> | <u>221</u> |
| Net increase (decrease) in cash and cash equivalents | (18,167) | (943) | (3,541) | (22,651) |
| Balances—beginning of year | 69,007 | 5,313 | 12,899 | 87,219 |
| Balances—end of year | <u>\$ 50,840</u> | <u>\$ 4,370</u> | <u>\$ 9,358</u> | <u>\$ 64,568</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (103,375) | \$ (949) | \$ 495 | \$ (103,829) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | |
| Depreciation and net amortization | 5,809 | | | 5,809 |
| (Increase) decrease in inventories | (704) | | | (704) |
| Increase (decrease) in accounts payable | (18,385) | | (4,044) | (22,429) |
| Total adjustments | <u>(13,280)</u> | <u>0</u> | <u>(4,044)</u> | <u>(17,324)</u> |
| Net cash provided by (used for) operating activities | <u>\$ (116,655)</u> | <u>\$ (949)</u> | <u>\$ (3,549)</u> | <u>\$ (121,153)</u> |

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

| | Unemployment Compensation Trust | Agency Fund |
|---|--|------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 68,151 | \$ 58,891 |
| Total assets | 68,151 | 58,891 |
| LIABILITIES | | |
| Accounts payable | 6,361 | |
| Payable to student groups | | 27,674 |
| Payroll deductions and withholdings | | 31,217 |
| Total liabilities | 6,361 | \$ 58,891 |
| NET POSITION | | |
| Held in trust for unemployment claims and other purposes | \$ 61,790 | |

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

| | Unemployment Compensation Trust |
|------------------------------------|------------------------------------|
| ADDITIONS | |
| Contributions: | |
| Plan member | \$ 45,854 |
| Total Contributions | 45,854 |
| Investment earnings: | |
| Interest | 214 |
| Net investment earnings | 214 |
| Total additions | 46,068 |
| DEDUCTIONS | |
| Quarterly contribution reports | 19,462 |
| Unemployment Claims | 18,340 |
| Total deductions | 37,802 |
| Change in net position | 8,266 |
| Net position—beginning of the year | 53,524 |
| Net position—end of the year | \$ 61,790 |

See accompanying Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school, located in the Borough of Ringwood. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation:

The Board’s basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

A. Basis of Presentation, (continued)

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

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

GOVERNMENTAL FUNDS

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

A. Basis of Presentation, (continued)

GOVERNMENTAL FUNDS, (continued)

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

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

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

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

PROPRIETARY FUNDS

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

A. Basis of Presentation, (continued)

PROPRIETARY FUNDS, (continued)

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

The Board's Enterprise Funds are comprised of the Food Service Fund, Safety Town Fund and the Summer Music Program Fund.

FIDUCIARY FUNDS

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

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

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

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

B. Measurement Focus:

District-wide Financial Statements

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

B. Measurement Focus: (continued)

Fund Financial Statements

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

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

C. Basis of Accounting:

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

C. Basis of Accounting: (continued)

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

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

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

D. Budgets/Budgetary Control: (continued)

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

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

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

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

F. Cash, Cash Equivalents and Investments:

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

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

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

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Expenses/Payables:

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

H. Inventories:

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

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

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

K. Capital Assets:

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

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

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

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

L. Compensated Absences:

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

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

M. Advanced Revenue:

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

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

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

O. Accounting and Financial Reporting for Pensions, (continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

Q. Fund Balances:

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

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

R. Net Position: (continued)

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

S. Operating Revenues and Expenses:

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

T. Extraordinary and Special Items:

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

U. Allocation of Indirect Expenses:

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

V. Use of Estimates:

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

W. Recent Accounting Pronouncements:

The Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District had no transactions of this type for the year ended June 30, 2017.

The Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

W. Recent Accounting Pronouncements: (continued)

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

X. Rounding

Certain balances may be off due to dollar rounding.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$-0- of the District's bank balance of \$1,558,449 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

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

As of June 30, 2017, the District had \$38,864 on deposit with the New Jersey Cash Management Fund.

NOTE 4. RECEIVABLES

Receivables at June 30, 2017, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

| | Governmental Fund Financial Statements | Enterprise Fund | District Wide Financial Statements |
|---------------------------------------|--|--------------------|--|
| State Aid | \$864,668 | | \$864,668 |
| Federal Aid | 48,913 | | 48,913 |
| Accounts Receivable | 1,357 | | 1,357 |
| Interfunds | <u>493,620</u> | <u>5,425</u> | <u> </u> |
| Gross Receivables | 1,408,558 | 5,425 | 914,938 |
| Less: Allowance for Uncollectibles | | | |
| Total Receivables, Net | <u>\$1,408,558</u> | <u>\$5,425</u> | <u>\$914,938</u> |

NOTE 5. INVENTORIES

Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2017, the District had the following inventory in the enterprise fund:

| | |
|----------|----------------|
| Food | \$2,835 |
| Supplies | <u>812</u> |
| | <u>\$3,647</u> |

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 6. INTERFUND BALANCES AND ACTIVITY

As of June 30, 2017, the District had the following interfund balances:

| | |
|---------|--|
| \$2,222 | Due to the General Fund from the Enterprise Fund for reimbursement of expenditures. |
| 490,000 | Due to the General Fund from the Capital Projects Fund for repayment of debt service. |
| 1,398 | Due to the Debt Service Fund from the Capital Projects Fund for interest earned. |
| 5,425 | Due to the Enterprise Fund from the General Fund for Federal and State lunch reimbursements. |

Interfund transfer for the year ended June 30, 2017 consisted of the following:

| | |
|----------|---|
| \$70,005 | From the General Fund to the Enterprise Fund for Federal and State Lunch Subsidy. |
|----------|---|

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

| | <u>Balance 6/30/16</u> | <u>Additions</u> | <u>Deductions</u> | <u>Adjustment (Note 20)</u> | <u>Balance 6/30/17</u> |
|---|-----------------------------|--------------------|-------------------|---------------------------------|-----------------------------|
| Governmental Activities | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$329,940 | \$ -0- | \$ -0- | \$ -0- | \$329,940 |
| Construction in Progress | <u> </u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u> </u> |
| Total Capital Assets, Not Being Depreciated | <u>329,940</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>329,940</u> |
| Capital Assets Being Depreciated | | | | | |
| Buildings and Improvements | 17,374,294 | 190,160 | -0- | -0- | 17,564,454 |
| Furniture, Equipment and Vehicles | <u>4,206,377</u> | <u>110,379</u> | <u>(7,052)</u> | <u>-0-</u> | <u>4,309,704</u> |
| Total Capital Assets, Being Depreciated | <u>21,580,671</u> | <u>300,539</u> | <u>(7,052)</u> | <u> </u> | <u>21,874,158</u> |
| Less Accumulated Depreciation: | | | | | |
| Buildings and Improvements | (6,881,798) | (598,054) | | | (7,479,852) |
| Furniture, Equipment and Vehicles | <u>(2,964,923)</u> | <u>(221,880)</u> | <u>6,787</u> | <u> </u> | <u>(3,180,016)</u> |
| Total Accumulated Depreciation | <u>(9,846,721)</u> | <u>(819,934)</u> | <u>6,787</u> | <u> </u> | <u>(10,659,868)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>11,733,950</u> | <u>(519,395)</u> | <u>(265)</u> | <u> </u> | <u>11,214,290</u> |
| Governmental Activities Capital Assets, Net | <u>\$12,063,890</u> | <u>(\$519,395)</u> | <u>(\$265)</u> | <u>\$ </u> | <u>\$11,544,230</u> |

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 7. CAPITAL ASSETS, (continued)

| | <u>Balance 6/30/16</u> | <u>Additions</u> | <u>Deductions</u> | <u>Adjustment (Note 20)</u> | <u>Balance 6/30/17</u> |
|--|----------------------------|------------------|-------------------|---------------------------------|----------------------------|
| Business-Type Activity | | | | | |
| Furniture and Equipment | \$152,540 | \$2,473 | \$ -0- | \$213,422 | \$368,435 |
| Totals | <u>152,540</u> | <u>2,473</u> | <u>-0-</u> | <u>213,422</u> | <u>368,435</u> |
| Less Accumulated Depreciation | | | | | |
| Furniture and Equipment | 114,990 | 5,809 | -0- | 213,079 | 333,878 |
| Total Accumulated Depreciation | <u>114,990</u> | <u>5,809</u> | <u>-0-</u> | <u>213,079</u> | <u>333,878</u> |
| Business-Type Activity Capital Assets, | <u>\$37,550</u> | <u>(\$3,336)</u> | <u>\$ -0-</u> | <u>\$343</u> | <u>\$34,557</u> |

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

NOTE 8. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the fiscal year ended June 30, 2017 were as follows:

| | <u>Balance June 30, 2016</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2017</u> | <u>Amounts Due Within One Year</u> |
|------------------------------|----------------------------------|--------------------|------------------|----------------------------------|--|
| Bonds Payable | \$10,605,000 | \$ | \$560,000 | \$10,045,000 | \$575,000 |
| Capital Leases Payable | 825,395 | | 283,610 | 541,785 | 221,701 |
| Compensated Absences Payable | 249,542 | 50,531 | 7,000 | 293,073 | |
| Net Pension Liability PERS | 10,468,285 | 3,084,871 | | 13,553,156 | |
| | <u>\$22,148,222</u> | <u>\$3,135,402</u> | <u>\$850,610</u> | <u>\$24,433,014</u> | <u>\$796,701</u> |

A. Bonds Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 8. LONG-TERM OBLIGATIONS, (continued)

Outstanding bonds payable at June 30, 2017 consisted of the following:

| <u>Issue</u> | <u>Issue Date</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Principal Balance June 30, 2017</u> |
|--------------------------|-------------------|----------------------|-------------------------|--|
| School Bonds Series 2008 | 07/15/08 | 3.80%-4.250% | 01/15/23 | \$660,000 |
| School Bonds Series 2011 | 09/13/11 | 2.50%-4.00% | 09/01/31 | <u>9,385,000</u> |
| | | | | <u>\$10,045,000</u> |

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

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|--------------------|---------------------|
| 2018 | \$575,000 | \$340,731 | \$915,731 |
| 2019 | 595,000 | 324,419 | 919,419 |
| 2020 | 615,000 | 306,256 | 921,256 |
| 2021 | 630,000 | 286,206 | 916,206 |
| 2022 | 660,000 | 265,556 | 925,556 |
| 2023-2027 | 3,170,000 | 1,014,266 | 4,184,266 |
| 2028-2032 | <u>3,800,000</u> | <u>392,906</u> | <u>4,192,906</u> |
| | <u>\$10,045,000</u> | <u>\$2,930,340</u> | <u>\$12,975,340</u> |

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had \$-0- of authorized bonds.

C. Capital Leases Payable:

The District is leasing transportation and photocopy and other equipment under capital leases. All capital leases are for terms of three to eight years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016.

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|------------------|-----------------|------------------|
| 2018 | \$221,701 | \$11,065 | \$232,766 |
| 2019 | 169,080 | 5,819 | 174,899 |
| 2020 | 134,864 | 2,727 | 137,591 |
| 2021 | <u>16,140</u> | <u>306</u> | <u>16,446</u> |
| Total Minimum Lease Payments | <u>\$541,785</u> | <u>\$19,917</u> | <u>\$561,702</u> |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS

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

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

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 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 |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS: (continued)

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 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 member 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.

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

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:

| <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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS: (continued)

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 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 member 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.

Defined Contribution Retirement Program

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 PFRS, 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.

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 expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

| Year | <u>PERS</u> | <u>DCRP</u> |
|--------------------------|-------------|-------------|
| <u>Ending</u> 6/30/17 | \$406,536 | \$35,618 |
| 6/30/16 | 401,550 | 19,510 |
| 6/30/15 | 384,308 | 18,276 |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS: (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

| <u>Year</u> <u>Ending</u> | <u>Pension</u> <u>Contributions</u> | <u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u> | <u>NCGI</u> <u>Premium</u> | <u>Long-Term</u> <u>Disability</u> <u>Insurance</u> |
|------------------------------|--|--|-------------------------------|---|
| 6/30/17 | \$1,017,292 | \$878,348 | \$36,859 | \$2,681 |
| 6/30/16 | 619,316 | 774,169 | 30,850 | |
| 6/30/15 | 443,468 | 754,656 | 31,906 | |

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$723,616 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2017, the District had a liability of \$13,553,156 for its proportionate share of the PERS 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 that date. 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 governmental entities, actuarially determined. At June 30, 2016, the District's proportion was .0457612040 percent, which was a decrease of .0008722924 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,293,785. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference in actual and expected experience | \$252,048 | |
| Changes of assumptions | 2,807,490 | |
| Net difference between projected and actual earnings on pension plan investments | 516,794 | |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 167,650 | 190,828 |
| District contributions subsequent to the measurement date | <u>414,667</u> | <u> </u> |
| Total | <u>\$4,158,649</u> | <u>\$190,828</u> |

The \$414,667 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|-----------|
| 2017 | \$805,179 |
| 2018 | 805,179 |
| 2019 | 932,826 |
| 2020 | 783,711 |
| 2021 | 249,437 |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$8,685,338,380 | \$3,578,755,666 |
| Collective deferred inflows of resources | 870,133,595 | 993,410,455 |
| Collective net pension liability | 29,617,131,759 | 22,447,996,119 |
| District s Proportion | .0457612040% | .0466334964% |

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 rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|----------------------------------|
| Inflation | 3.08 Percent |
| Salary Increases: | |
| Through 2016 | 1.65-4.15 Percent (based on age) |
| Thereafter | 2.65-5.15 Percent (based on age) |
| Investment Rate of Return | 7.65 Percent |

The actuarial assumptions used in the June 30, 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.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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 plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

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 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on 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'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% | .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% |
| Developed Foreign Markets | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Returns | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | .50% | 5.45% |
| Global Debt ex US | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. 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% and 3.80% as of June 30, 2016 and 2015, respectively, 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 on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and 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 Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was 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%</u> Decrease | <u>At Current</u> Discount Rate | <u>1%</u> Increase |
| District's proportionate share of the pension liability | <u>2.98%</u> \$16,607,811 | <u>3.98%</u> \$13,553,156 | <u>4.98%</u> \$11,031,274 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Teachers Pensions and Annuity Fund (TPAF)

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

| | |
|---|---------------------|
| Net Pension Liability: | |
| District's proportionate share | \$ -0- |
| State's proportionate share associated with the District | <u>63,881,749</u> |
| | <u>\$63,881,749</u> |

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, 2015 rolled forward to June 30, 2016. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2016, the proportion of the TPAF net pension liability associated with the District was .0812059223%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$4,799,825 for contributions provided by the State in the District-Wide Financial Statements.

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. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Mortality Rates

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-year 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 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% |
| US Government Bonds | 1.50% | 1.28% |
| US Credit Bonds | 13.00% | 2.76% |
| US Mortgages | 2.00% | 2.38% |
| US Inflation-Indexed Bonds | 1.50% | 1.41% |
| US High Yield Bonds | 2.00% | 4.70% |
| US Equity Market | 26.00% | 5.14% |
| Foreign-Developed Equity | 13.25% | 5.91% |
| Emerging Markets Equity | 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% |
| | <u>100.00%</u> | |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. 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% and 3.80% as of June 30, 2016 and 2015, respectively, 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 on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuary 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 2029. Therefore, the long-term expected rate of return on 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 Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 10. POST-RETIREMENT BENEFITS, (continued)

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 Pensions and Benefits issues a publicly 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/2015divisioncombined.pdf>.

NOTE 11. DEFERRED COMPENSATION

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

| | |
|---------|--------------|
| Valic | Metropolitan |
| Lincoln | Equitable |

NOTE 12. RISK MANAGEMENT

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

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

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

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

| <u>Fiscal Year</u> | <u>Interest Earnings/ District Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|--|-----------------------------------|------------------------------|---------------------------|
| 2016-2017 | \$214 | \$45,854 | \$37,802 | \$61,790 |
| 2015-2016 | 81 | 41,555 | 32,843 | 53,524 |
| 2014-2015 | 17 | 43,461 | 46,472 | 44,731 |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 12. RISK MANAGEMENT, (continued)

The District is a member of the New Jersey School Board Association Insurance Group (the “Group”). The Group provides a procedure for the development, administration, and provision of Risk Management Programs, a Joint-Self-Insurance Fund or Funds, Joint Insurance Purchases and related services for members and their employees for the following:

- a. Worker’s Compensation and Employers’ Liability
- b. Automobile and Equipment Liability, General Liability and Property Damage
- c. School Board Legal Liability
- d. Boiler and Machinery
- e. Umbrella Liability

Membership in the Group shall be open to all qualified New Jersey School Board as determined by the Group’s Trustees. The Boards may apply for membership by resolution of their respective Boards of Education. A majority of the Trustees shall be members or employees of the Group’s member boards of education. Six (6) Trustees shall be members of the school board of a member district. One (1) Trustee shall be the business official/board secretary of a member district. One (1) Trustee shall be the superintendent of a member district. The President of the New Jersey School Board Association or designee shall serve ex-officio.

Members may renew their participation by execution of a new agreement to join the Group ninety (90) days prior to the expiration of the term period.

NOTE 13. CAPITAL RESERVE ACCOUNT

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

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 13. CAPITAL RESERVE ACCOUNT, (continued)

The activity of the capital reserve for the July1, 2016 to June 30, 2017 fiscal year is as follows:

| | |
|---------------------------------|------------------|
| Beginning balance, July 1, 2016 | \$451,014 |
| Interest Earnings | <u>15</u> |
| Ending balance, June 30, 2017 | <u>\$451,029</u> |

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

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

| | |
|---------------------------------|------------------|
| Beginning balance, July 1, 2016 | <u>\$250,000</u> |
| Ending balance, June 30, 2017 | <u>\$250,000</u> |

NOTE 15. MAINTENANCE RESERVE ACCOUNT:

The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.A.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

| | |
|---------------------------------|-----------------|
| Beginning balance, July 1, 2016 | \$87,120 |
| Interest Earnings | <u>87</u> |
| | 87,207 |
| Withdrawals | <u>28,373</u> |
| Ending balance, June 30, 2017 | <u>\$58,834</u> |

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 16. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,410,616 General Fund fund balance at June 30, 2017, \$106,555 is reserved for encumbrances; \$102,832 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$-0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$451,029 has been reserved in the Capital Reserve Account; \$58,834 has been reserved in the Maintenance Reserve Account; \$250,000 has been reserved in the Emergency Reserve Account; \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2018; and \$441,366 is unreserved and undesignated.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$102,832. All of this amount is a result of the current year's operations and \$-0- is the result of prior year operations.

NOTE 18. INVENTORY

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

| | |
|----------|----------------|
| Food | \$2,835 |
| Supplies | <u>812</u> |
| | <u>\$3,647</u> |

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

NOTE 19. CONTINGENT LIABILITIES

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

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

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 20. PRIOR PERIOD ADJUSTMENT

In fiscal year 2017, the District made a correction to its prior year Food Service Fund financial statements. This adjustment was necessary to restate furniture and equipment based on its fixed asset inventory. This correction resulted in the following restatements as of June 30, 2016:

| | <u>Furniture, Machinery and Equipment</u> | <u>Accumulated Depreciation</u> | <u>Net Investment in Capital Assets</u> |
|------------------------------------|---|-------------------------------------|---|
| June 30, 2016, Previously Reported | \$152,540 | \$(114,990) | \$37,550 |
| Error Correction | <u>213,422</u> | <u>(213,079)</u> | <u>343</u> |
| June 30, 2016, As Restated | <u>\$365,962</u> | <u>(\$328,069)</u> | <u>\$37,893</u> |

NOTE 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 7, 2017, the date which the financial statements were available to be issued and the following was noted for disclosure:

On October 10, 2017, the Board approved, on first reading, a Refunding School Bond Ordinance providing for the refunding of all or a portion of the outstanding School Bonds dated July 15, 2008 and School Bonds dated September 13, 2011.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|-------------------|-------------------------------|-------------------|-------------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 18,339,203 | \$ - | \$ 18,339,203 | \$ 18,339,203 | \$ - |
| Tuition | 777,984 | - | 777,984 | 877,332 | 99,348 |
| Transportation Fees | 273,421 | - | 273,421 | 256,543 | (16,878) |
| Interest Earned on Emergency Reserve | - | - | - | 372 | 372 |
| Interest Earned on Maintenance Reserve | - | - | - | 87 | 87 |
| Interest Earned on Capital Reserve Funds | 4,400 | - | 4,400 | 15 | (4,385) |
| Miscellaneous | 52,800 | - | 52,800 | 5,060 | (47,740) |
| Total - Local Sources | 19,447,808 | - | 19,447,808 | 19,478,612 | 30,804 |
| State Sources: | | | | | |
| Equalization Aid | 1,139,507 | - | 1,139,507 | 1,139,507 | - |
| Transportation Aid | 660,581 | - | 660,581 | 660,581 | - |
| Special Education Categorical Aid | 727,841 | - | 727,841 | 727,841 | - |
| Security Aid | 98,526 | - | 98,526 | 98,526 | - |
| Adjustment Aid | 258,392 | - | 258,392 | 258,392 | - |
| PARCC Readiness Aid | 11,505 | - | 11,505 | 11,505 | - |
| Per Pupil Growth Aid | 11,505 | - | 11,505 | 11,505 | - |
| Extraordinary Aid | 65,000 | - | 65,000 | 328,201 | 263,201 |
| Professional Learning Community Aid | 11,810 | - | 11,810 | 11,810 | - |
| Other State Aid - Reimburse Nonpublic Transportation | - | - | - | 10,523 | 10,523 |
| On-behalf TPAF Pension (non-budgeted) | - | - | - | 1,017,292 | 1,017,292 |
| On-behalf TPAF NCGI Premium (non-budgeted) | - | - | - | 36,859 | 36,859 |
| On-behalf TPAF Post Retirement Medical (non-budgeted) | - | - | - | 878,348 | 878,348 |
| On-behalf TPAF Long-Term Disability Contrib. (non-budgeted) | - | - | - | 2,681 | 2,681 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | - | - | - | 723,616 | 723,616 |
| Total State Sources | 2,984,667 | - | 2,984,667 | 5,917,187 | 2,932,520 |
| Federal Sources: | | | | | |
| Medical Assistance Program | - | - | - | 2,459 | 2,459 |
| Total Federal Sources | - | - | - | 2,459 | 2,459 |
| Total Revenues | 22,432,475 | - | 22,432,475 | 25,398,258 | 2,965,783 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|------------------|-------------------------------|------------------|------------------|--|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | \$ 395,524 | \$ 27,198 | \$ 422,722 | \$ 422,722 | \$ - |
| Grades 1-5 - Salaries of Teachers | 3,103,363 | (7,943) | 3,095,420 | 3,095,420 | - |
| Grades 6-8 - Salaries of Teachers | 2,018,763 | (34,392) | 1,984,371 | 1,984,371 | - |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 13,500 | (4,840) | 8,660 | 8,660 | - |
| Purchased Professional-Educational Services | | 7,206 | 7,206 | 7,206 | - |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 635,127 | 134,122 | 769,249 | 769,249 | - |
| Unused Vacation Pay to Term./Retired Staff | | 6,000 | 6,000 | 6,000 | - |
| Purchased Professional-Educational Services | | 5,288 | 5,288 | 5,288 | - |
| Purchased Technical Services | 64,265 | (34,072) | 30,193 | 29,577 | 616 |
| Other Purchased Services (400-500 series) | 123,865 | 45,155 | 169,020 | 168,981 | 39 |
| General Supplies | 238,424 | (5,965) | 232,459 | 232,052 | 407 |
| Textbooks | 1,500 | (12) | 1,488 | 1,484 | 4 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 6,594,331 | 137,745 | 6,732,076 | 6,731,010 | 1,066 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of Teachers | 143,852 | 38,599 | 182,451 | 182,429 | 22 |
| Other Salaries for Instruction | 69,974 | (69,974) | | | - |
| General Supplies | 3,000 | (106) | 2,894 | 2,894 | - |
| Total Learning and/or Language Disabilities Behavioral Disabilities: | 216,826 | (31,481) | 185,345 | 185,323 | 22 |
| Salaries of Teachers | 114,346 | (774) | 113,572 | 113,572 | - |
| Other Salaries for Instruction | 44,360 | (12,892) | 31,468 | 31,468 | - |
| General Supplies | 3,000 | (301) | 2,699 | 2,699 | - |
| Total Behavioral Disabilities Multiple Disabilities: | 161,706 | (13,967) | 147,739 | 147,739 | - |
| Salaries of Teachers | 66,866 | 3,223 | 70,089 | 70,089 | - |
| Other Salaries for Instruction | 20,577 | 8,319 | 28,896 | 28,896 | - |
| General Supplies | 2,000 | 43 | 2,043 | 2,043 | - |
| Total Multiple Disabilities Resource Room/Resource Center: | 89,443 | 11,585 | 101,028 | 101,028 | - |
| Salaries of Teachers | 1,493,306 | (19,091) | 1,474,215 | 1,474,215 | - |
| Unused Vacation Pay to Term./Retired Staff | | 10,770 | 10,770 | 10,770 | - |
| General Supplies | 5,000 | 26 | 5,026 | 5,017 | 9 |
| Total Resource Room/Resource Center | 1,498,306 | (8,295) | 1,490,011 | 1,490,002 | 9 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|--------------------|-------------------------------------|-------------------|-------------------|---|
| Autism: | | | | | |
| Salaries of Teachers | 344,450 | (45,072) | 299,378 | 299,378 | - |
| Other Salaries for Instruction | 719,719 | 28,666 | 748,385 | 748,318 | 67 |
| Unused Vacation Pay to Term./Retired Staff | | 1,155 | 1,155 | 1,155 | - |
| Purchased Professional-Educational Services | 187,604 | (45,741) | 141,863 | 141,456 | 407 |
| Other Purchased Services (400-500 series) | 4,100 | (1,556) | 2,544 | 2,544 | - |
| General Supplies | 3,700 | (785) | 2,915 | 2,915 | - |
| Other Objects | 800 | 1,159 | 1,959 | 1,688 | 271 |
| Total Autism | 1,260,373 | (62,174) | 1,198,199 | 1,197,454 | 745 |
| Preschool Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 59,926 | (6,058) | 53,868 | 53,868 | - |
| Other Salaries for Instruction | 39,374 | 1,667 | 41,041 | 41,041 | - |
| General Supplies | 1,000 | - | 1,000 | 999 | 1 |
| Total Preschool Disabilities - Part-Time | 100,300 | (4,391) | 95,909 | 95,908 | 1 |
| Home Instruction: | | | | | |
| Salaries of Teachers | | - | | | - |
| Purchased Professional - Educational Services | | - | | | - |
| Total Home Instruction | - | - | - | - | - |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 3,326,954 | (108,723) | 3,218,231 | 3,217,454 | 777 |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | 167,640 | (13,362) | 154,278 | 154,278 | - |
| General Supplies | | 573 | 573 | 569 | 4 |
| Total Basic Skills/Remedial - Instruction | 167,640 | (12,789) | 154,851 | 154,847 | 4 |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 35,405 | (99) | 35,306 | 35,306 | - |
| Total Bilingual Education - Instruction | 35,405 | (99) | 35,306 | 35,306 | - |
| School-Spon. Occurricular Actvs. - Inst. | | | | | |
| Salaries | 32,885 | (1,985) | 30,900 | 30,900 | - |
| Other Objects | 7,385 | (2,147) | 5,238 | 5,238 | - |
| Total School-Spon. Occurricular Actvs. - Inst. | 40,270 | (4,132) | 36,138 | 36,138 | - |
| Summer School - Instruction | | | | | |
| Purchased Professional and Technical Services | 90,000 | (4,907) | 85,093 | 85,093 | - |
| Total Summer School - Instruction | 90,000 | (4,907) | 85,093 | 85,093 | - |
| TOTAL INSTRUCTION | 10,254,600 | 7,095 | 10,261,695 | 10,259,848 | 1,847 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|--------------------|-------------------------------------|-----------------|----------------|---|
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Private Schools for the Disabled - Within State | 187,417 | 5,318 | 192,735 | 192,735 | - |
| Tuition to Private Schools for the Disabled - Outside State | 57,176 | (2,916) | 54,260 | 54,260 | - |
| Total Undistributed Expenditures - Instruction: | <u>244,593</u> | <u>2,402</u> | <u>246,995</u> | <u>246,995</u> | <u>-</u> |
| Undistributed Expend. - Attend. & Social Work | | | | | |
| Salaries | 24,196 | (8,526) | 15,670 | 15,670 | - |
| Unused Vacation Pay to Term./Retired Staff | | 11,663 | 11,663 | 11,663 | - |
| Total Undistributed Expend. - Attend. & Social Work | <u>24,196</u> | <u>3,137</u> | <u>27,333</u> | <u>27,333</u> | <u>-</u> |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 400,473 | (17,018) | 383,455 | 383,455 | - |
| Purchased Professional and Technical Services | 6,300 | 3,897 | 10,197 | 10,197 | - |
| Supplies and Materials | 7,450 | (2,645) | 4,805 | 4,805 | - |
| Other Objects | - | 149 | 149 | 149 | - |
| Total Undistributed Expenditures - Health Services | <u>414,223</u> | <u>(15,617)</u> | <u>398,606</u> | <u>398,606</u> | <u>-</u> |
| Undist. Expend. - Speech, OT, PT & Related Serv. | | | | | |
| Salaries | 436,875 | (21,292) | 415,583 | 415,583 | - |
| Purchased Professional - Educational Services | 33,000 | 16,748 | 49,748 | 49,638 | 110 |
| Supplies and Materials | 4,500 | 655 | 5,155 | 5,155 | - |
| Total Undist. Expend. - Speech, OT, PT & Related Serv. | <u>474,375</u> | <u>(3,889)</u> | <u>470,486</u> | <u>470,376</u> | <u>110</u> |
| Undist. Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 273,255 | 24,858 | 298,113 | 298,113 | - |
| Salaries of Secretarial and Clerical Assistants | 12,353 | 19,562 | 31,915 | 31,915 | - |
| Purchased Professional - Educational Services | 2,600 | (367) | 2,233 | 2,233 | - |
| Supplies and Materials | | 776 | 776 | 776 | - |
| Total Undist. Expend. - Other Supp. Serv. Students - Reg. | <u>288,208</u> | <u>44,829</u> | <u>333,037</u> | <u>333,037</u> | <u>-</u> |
| Undist. Expend. Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 559,752 | (23,883) | 535,869 | 535,869 | - |
| Salaries of Secretarial and Clerical Assistants | 53,850 | 568 | 54,418 | 54,418 | - |
| Unused Vacation Pay to Term./Retired Staff | 5,250 | - | 5,250 | 5,250 | - |
| Purchased Professional - Educational Services | 347,899 | (27,058) | 320,841 | 307,434 | 13,407 |
| Other Purchased Prof. and Tech. Services | 4,200 | (4,200) | | | - |
| Other Purchased Services (400-500 series) | 4,100 | 1,501 | 5,601 | 5,601 | - |
| Supplies and Materials | 11,000 | (1,397) | 9,603 | 9,603 | - |
| Other Objects | 11,000 | (139) | 10,861 | 10,861 | - |
| Total Undist. Expend. - Other Supp. Serv. Students - Spec. | <u>997,051</u> | <u>(54,608)</u> | <u>942,443</u> | <u>929,036</u> | <u>13,407</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|--------------------|-------------------------------------|-----------------|----------------|---|
| Undist. Expend. Imp. Of Instructional Services | | | | | |
| Salaries of Supervisors of Instruction | 120,667 | 1,375 | 122,042 | 122,042 | - |
| Salaries of Secretarial and Clerical Assistants | 52,966 | 2,654 | 55,620 | 55,620 | - |
| Other Salaries | 10,000 | (5,040) | 4,960 | 4,960 | - |
| Purchased Professional - Educational Services | 14,000 | (12,795) | 1,205 | 1,205 | - |
| Other Purchased Services (400-500 series) | 2,200 | (1,427) | 773 | 773 | - |
| Supplies and Materials | 1,200 | (567) | 633 | 604 | 29 |
| Other Objects | 1,200 | 1,867 | 3,067 | 3,067 | - |
| Total Undist. Expend. Imp. Of Instructional Services | 202,233 | (13,933) | 188,300 | 188,271 | 29 |
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | 197,570 | 4,909 | 202,479 | 202,479 | - |
| Supplies and Materials | 12,200 | 103 | 12,303 | 12,300 | 3 |
| Total Undist. Expend. - Edu. Media Serv./Sch. Library | 209,770 | 5,012 | 214,782 | 214,779 | 3 |
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Purchased Professional - Educational Services | 16,000 | - | 16,000 | 10,116 | - |
| Other Purchased Services (400-500 series) | 16,000 | (5,884) | 10,116 | 10,116 | - |
| Total Undist. Expend. - Instructional Staff Training Serv. | 32,000 | (5,884) | 26,116 | 20,232 | 2,345 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 214,970 | 44,250 | 259,220 | 259,220 | - |
| Unused Vacation Pay to Term./Retired Staff | 13,472 | 13,472 | 13,472 | 13,472 | - |
| Legal Services | 24,000 | 22,472 | 46,472 | 44,127 | 2,345 |
| Audit Fees | 26,000 | (1,380) | 24,620 | 24,620 | - |
| Architectural/Engineering Services | 11,000 | (11,000) | - | - | - |
| Other Purchased Professional Services | 9,150 | 26,415 | 35,565 | 35,565 | - |
| Purchased Technical Services | 8,746 | (8,746) | - | - | - |
| Communications/Telephone | 24,724 | 5,071 | 29,795 | 29,763 | 32 |
| BOE Other Purchased Services | 10,267 | (10,267) | - | - | - |
| Misc. Purchased Services (400-500 series) | 8,101 | 13,065 | 21,166 | 21,166 | - |
| General Supplies | 3,500 | (2,638) | 862 | 751 | 111 |
| Judgments Against the School District | 11,295 | 169 | 85,000 | 85,000 | 85,000 |
| Miscellaneous Expenditures | 13,645 | (2,699) | 10,946 | 10,946 | - |
| BOE Membership Dues and Fees | 365,398 | 173,184 | 538,582 | 451,094 | 87,488 |
| Total Undist. Expend. - Supp. Serv. - General Admin. | 513,817 | (1,591) | 512,226 | 512,226 | - |
| Undist. Expend. - Support Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistant Principals | 210,988 | 26,022 | 237,010 | 237,010 | - |
| Salaries of Secretarial and Clerical Assistants | 7,500 | 1,190 | 8,690 | 8,690 | - |
| Other Salaries | 1,630 | 1,630 | 1,630 | 1,630 | - |
| Purchased Professional and Technical Services | 7,789 | 30 | 7,819 | 7,819 | - |
| Other Purchased Services (400-500 series) | 7,465 | (2,330) | 5,135 | 4,949 | 186 |
| Supplies and Materials | 11,900 | (1,028) | 10,872 | 10,872 | - |
| Other Objects | 759,459 | 23,923 | 783,382 | 783,196 | 186 |
| Total Undist. Expend. - Support Serv. - School Admin. | 811,136 | (1,766) | 809,370 | 809,370 | - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|------------------|-------------------------------|------------------|------------------|--|
| Undistributed Expenditures - Central Services | | | | | |
| Salaries | 272,817 | 39,782 | 312,599 | 312,599 | - |
| Purchased Professional Services | | 10,704 | 10,704 | 10,704 | - |
| Purchased Technical Services | 800 | (235) | 565 | 565 | - |
| Supplies and Materials | 6,000 | (666) | 5,334 | 5,334 | - |
| Miscellaneous Expenditures | 2,300 | (191) | 2,109 | 1,646 | 463 |
| Total Undistributed Expenditures - Central Services | 281,917 | 49,394 | 331,311 | 330,848 | 463 |
| Undistributed Expenditures - Admin. Info. Tech. | | | | | |
| Salaries | 63,405 | 2,000 | 65,405 | 65,405 | - |
| Total Undistributed Expenditures - Admin. Info. Tech. | 63,405 | 2,000 | 65,405 | 65,405 | - |
| Undist. Expend. - Required Maintenance for School Facilities | | | | | |
| Salaries | 280,803 | (17,966) | 262,837 | 262,837 | - |
| Cleaning, Repair, and Maintenance Services | 186,085 | (5,019) | 181,066 | 179,486 | 1,580 |
| Lead Testing of Drinking Water | | 2,304 | 2,304 | 2,304 | - |
| General Supplies | 58,557 | (12,057) | 46,500 | 46,500 | - |
| Other Objects | | 70 | 70 | 70 | - |
| Total Undist. Expend. - Required Maintenance for School Facilities | 525,445 | (32,668) | 492,777 | 491,197 | 1,580 |
| Undist. Expend. - Custodial Services | | | | | |
| Salaries | 595,815 | (11,330) | 584,485 | 584,485 | - |
| Cleaning, Repair and Maintenance Services | 13,250 | (1,296) | 11,954 | 11,954 | - |
| Insurance | 170,164 | (1,910) | 168,254 | 168,254 | - |
| Miscellaneous Purchased Services | 20,300 | (5,387) | 14,913 | 13,619 | 1,294 |
| General Supplies | 59,580 | (26,689) | 32,891 | 32,891 | - |
| Energy (Natural Gas) | 156,900 | (40,878) | 116,022 | 114,680 | 1,342 |
| Energy (Electricity) | 210,943 | (7,016) | 203,927 | 202,502 | 1,425 |
| Energy (Oil) | 14,239 | 3,320 | 17,559 | 17,559 | - |
| Energy (Gasoline) | 33,600 | (13,000) | 20,600 | 19,141 | 1,459 |
| Other Objects | | 480 | 480 | 480 | - |
| Interest - Energy Savings Impr. Prog. Bonds | 8,259 | - | 8,259 | 8,259 | - |
| Principal - Energy Savings Impr. Prog. Bonds | 112,886 | - | 112,886 | 112,886 | - |
| Total Undist. Expend. - Custodial Services | 1,395,936 | (103,706) | 1,292,230 | 1,286,710 | 5,520 |
| Undist. Expend. - Care and Upkeep of Grounds: | | | | | |
| Salaries | 13,800 | (7,585) | 6,215 | 6,215 | - |
| Total Undist. Expend. - Care & Upkeep of Grounds | 13,800 | (7,585) | 6,215 | 6,215 | - |
| Security: | | | | | |
| Purchased Professional and Technical Services | 13,000 | 62,997 | 75,997 | 75,468 | 529 |
| Total Security | 13,000 | 62,997 | 75,997 | 75,468 | 529 |
| Total Undist. Expend. - Oper. & Maint. Of Plant | 1,948,181 | (80,962) | 1,867,219 | 1,859,590 | 7,629 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|------------------|-------------------------------|------------------|------------------|--|
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Salaries of Non-Instructional Aides | 48,675 | (7,524) | 41,151 | 41,122 | 29 |
| Sal. For Pup.Trans. (Bet. Home and School) - Regular | 632,285 | 6,074 | 638,359 | 638,359 | - |
| Sal. For Pup.Trans. (Bet. Home and School) - Special | 161,440 | 3,686 | 165,126 | 165,126 | - |
| Sal. For Pup. Trans. (Other than Bet. Home and School) | 6,000 | (5,244) | 756 | 756 | - |
| Sal. For Pup. Trans. (Bet. Home and School) Non-Public | 160,344 | (15,660) | 144,684 | 144,684 | - |
| Cleaning, Repair and Maintenance Services | 43,000 | (17,018) | 25,982 | 25,982 | - |
| Lease Purchase Payments - School Buses | 183,733 | (33,608) | 150,125 | 150,125 | - |
| Contract Services - Aid in Lieu Payments - Non Public | 33,360 | (5,391) | 27,969 | 27,969 | - |
| Contract Services - (Between Home and School) - Vendors | 115,000 | 19,600 | 134,600 | 134,600 | - |
| Misc. Purchased Serv. - Transportation | 17,500 | (6,425) | 11,075 | 11,064 | 11 |
| General Supplies | 122,500 | (14,208) | 108,292 | 86,007 | 22,285 |
| Transportation Supplies | 38,911 | (9,622) | 29,289 | 29,289 | - |
| Fuel Costs Funded by Advertising Revenues | 1,000 | (1,000) | - | - | - |
| Other Objects | 13,000 | (3,699) | 9,301 | 9,301 | - |
| Total Undist. Expend. - Student Transportation Serv. | 1,576,748 | (90,039) | 1,486,709 | 1,464,384 | 22,325 |
| ALLOCATED BENEFITS: | | | | | |
| Regular Programs-Instruction | | | | | |
| Health Benefits | 1,668,550 | (110,729) | 1,557,821 | 1,517,975 | 39,846 |
| Total Regular Programs-Instruction | 1,668,550 | (110,729) | 1,557,821 | 1,517,975 | 39,846 |
| Special Programs-Instruction | | | | | |
| Health Benefits | 661,649 | (24,640) | 637,009 | 636,812 | 197 |
| Total Special Programs-Instruction | 661,649 | (24,640) | 637,009 | 636,812 | 197 |
| Health Services | | | | | |
| Health Benefits | 53,624 | (5,764) | 47,860 | 47,860 | - |
| Total Health Services | 53,624 | (5,764) | 47,860 | 47,860 | - |
| Other Support Services-Speech, OT, PT Related Services | | | | | |
| Health Benefits | 76,192 | (3,547) | 72,645 | 72,619 | 26 |
| Total Other Support Services-Speech, OT, PT Related Services | 76,192 | (3,547) | 72,645 | 72,619 | 26 |
| Other Support Services-Guidance | | | | | |
| Health Benefits | 68,513 | 630 | 69,143 | 69,143 | - |
| Total Other Support Services-Guidance | 68,513 | 630 | 69,143 | 69,143 | - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|--------------------|-------------------------------------|------------------|------------------|---|
| Other Support Services-Child Study Teams | | | | | |
| Health Benefits | 131,239 | (7,366) | 123,873 | 123,873 | - |
| Total Other Support Services-Child Study Teams | <u>131,239</u> | <u>(7,366)</u> | <u>123,873</u> | <u>123,873</u> | <u>-</u> |
| Imp. Of Instructional Services: | | | | | |
| Health Benefits | 29,504 | (513) | 28,991 | 28,991 | - |
| Total Imp. Of Instructional Services: | <u>29,504</u> | <u>(513)</u> | <u>28,991</u> | <u>28,991</u> | <u>-</u> |
| Educational Media Services-School Library | | | | | |
| Health Benefits | 8,723 | (3,707) | 5,016 | 5,016 | - |
| Total Educational Media Services-School Library | <u>8,723</u> | <u>(3,707)</u> | <u>5,016</u> | <u>5,016</u> | <u>-</u> |
| Support Services-General Administration | | | | | |
| Health Benefits | 18,380 | - | 18,380 | 18,380 | - |
| Total Support Services-General Administration | <u>18,380</u> | <u>-</u> | <u>18,380</u> | <u>18,380</u> | <u>-</u> |
| Support Services-School Administration | | | | | |
| Health Benefits | 33,014 | - | 33,014 | 33,014 | - |
| Total Support Services-School Administration | <u>33,014</u> | <u>-</u> | <u>33,014</u> | <u>33,014</u> | <u>-</u> |
| Support Services-Central Services | | | | | |
| Health Benefits | 26,174 | 323 | 26,497 | 26,497 | - |
| Total Support Services-Central Services | <u>26,174</u> | <u>323</u> | <u>26,497</u> | <u>26,497</u> | <u>-</u> |
| Support Services-Admin. Information Technology | | | | | |
| Health Benefits | 9,223 | (323) | 8,900 | 8,900 | - |
| Total Support Services-Admin. Information Technology | <u>9,223</u> | <u>(323)</u> | <u>8,900</u> | <u>8,900</u> | <u>-</u> |
| Operation and Maintenance of Plant Services | | | | | |
| Health Benefits | 340,175 | (22,894) | 317,281 | 317,281 | - |
| Total Operation and Maintenance of Plant Services | <u>340,175</u> | <u>(22,894)</u> | <u>317,281</u> | <u>317,281</u> | <u>-</u> |
| Transportation Services | | | | | |
| Health Benefits | 607,328 | (11,640) | 595,688 | 595,688 | - |
| Total Transportation Services | <u>607,328</u> | <u>(11,640)</u> | <u>595,688</u> | <u>595,688</u> | <u>-</u> |
| TOTAL ALLOCATED BENEFITS | <u>3,732,288</u> | <u>(190,170)</u> | <u>3,542,118</u> | <u>3,502,049</u> | <u>40,069</u> |
| UNALLOCATED BENEFITS | | | | | |
| Group Insurance | 1,000 | - | 1,000 | 992 | 8 |
| Social Security Contributions | 389,827 | 6,320 | 396,147 | 396,147 | - |
| Other Retirement Contributions - PERS | 425,000 | (16,148) | 408,852 | 408,852 | - |
| Other Retirement Contributions - Regular | 22,700 | 12,918 | 35,618 | 35,618 | - |
| Unemployment Compensation | | - | | | - |
| Workmen's Compensation | 251,660 | 107,997 | 359,657 | 359,657 | - |
| Tuition Reimbursement | 57,000 | 10,700 | 67,700 | 66,038 | 1,662 |
| Other Employee Benefits | 48,000 | 18,768 | 66,768 | 64,368 | 2,400 |
| TOTAL UNALLOCATED BENEFITS | <u>1,195,187</u> | <u>140,555</u> | <u>1,335,742</u> | <u>1,331,672</u> | <u>4,070</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|--------------------|-------------------------------------|-----------------|------------|---|
| On-behalf TPAF Pension (non-budgeted) | | - | | 1,017,292 | (1,017,292) |
| On-behalf TPAF NCGI Premium (non-budgeted) | | - | | 36,859 | (36,859) |
| On-behalf TPAF Post Retirement Medical (non-budgeted) | | - | | 878,348 | (878,348) |
| On-behalf TPAF Long-Term Disability Contrib. (non-budgeted) | | - | | 2,681 | (2,681) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | - | | 723,616 | (723,616) |
| TOTAL ON-BEHALF CONTRIBUTIONS | - | - | - | 2,658,796 | (2,658,796) |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | 4,927,475 | (49,615) | 4,877,860 | 7,492,517 | (2,614,657) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 12,793,232 | (10,666) | 12,782,566 | 15,265,583 | (2,483,017) |
| TOTAL GENERAL CURRENT EXPENSE | 23,047,832 | (3,571) | 23,044,261 | 25,525,431 | (2,481,170) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grades 1-5 | | 2,633 | 2,633 | 633 | 2,000 |
| Grades 6-8 | | 2,650 | 2,650 | 2,650 | - |
| Undistributed Expenditures - Support Serv. - Students | | 11,939 | 11,939 | 11,399 | 540 |
| Undistributed Expenditures - Req. Maint. For School Facilities | | 10,325 | 10,325 | 4,249 | 6,076 |
| Total Equipment | - | 27,547 | 27,547 | 18,931 | 8,616 |
| Facilities Acquisition and Construction Services | | | | | |
| Infrastructure | | 153,907 | 153,907 | | 153,907 |
| Capital Outlay - Trans. To Capital Projects | | 5,876 | 5,876 | | 5,876 |
| Total Facilities Acquisition and Construction Services | | 159,783 | 159,783 | - | 159,783 |
| Interest Deposit to Capital Reserve | 4,400 | - | 4,400 | | 4,400 |
| Assets Acquired Under Capital Leases (non-budgeted) | | | | | |
| Undistributed Expenditures: | | | | | |
| Instructional Equipment | | - | | 98,681 | (98,681) |
| Student Transportation | | - | | 98,681 | (98,681) |
| Assets Acquired Under Capital Leases (non-budgeted) | 4,400 | 187,330 | 191,730 | 117,612 | 74,118 |
| TOTAL CAPITAL OUTLAY | 23,052,232 | 183,759 | 23,235,991 | 25,643,043 | (2,407,052) |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---------------------|-------------------------------|---------------------|---------------------|--|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (619,757) | (183,759) | (803,516) | (244,785) | 558,731 |
| Other Financing Sources (Uses): | | | | | |
| Capital Leases (non-budgeted) | - | - | - | 98,681 | 98,681 |
| Total Other Financing Sources (Uses): | - | - | - | 98,681 | 98,681 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (619,757) | (183,759) | (803,516) | (146,104) | 657,412 |
| Fund Balance, July 1 | 1,846,789 | | 1,846,789 | 1,846,789 | - |
| Fund Balance, June 30 | <u>\$ 1,227,032</u> | <u>\$ (183,759)</u> | <u>\$ 1,043,273</u> | <u>\$ 1,700,685</u> | <u>\$ 657,412</u> |
| Adjustment for prior year encumbrances | | (8,110) | (8,110) | (8,110) | - |
| Increase in Capital Reserve - Interest | | | | 15 | 15 |
| Withdrawal from Capital Reserve - Transfer to Capital Projects | | (159,783) | (159,783) | | 159,783 |
| Increase in Maintenance Reserve - Interest | | (15,866) | (15,866) | 87 | 87 |
| Withdrawal from Maintenance Reserve | (619,757) | | (619,757) | (28,373) | (12,507) |
| Budgeted Fund Balance | <u>(619,757)</u> | <u>(183,759)</u> | <u>(803,516)</u> | <u>(109,723)</u> | <u>510,034</u> |
| Total | | | | <u>(146,104)</u> | <u>657,412</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|--|--------------------|-------------------------------------|-----------------|---------------------|---|
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | 451,029 | |
| Maintenance Reserve | | | | 58,834 | |
| Emergency Reserve | | | | 250,000 | |
| Excess Surplus - Current Year | | | | 102,832 | |
| Committed Fund Balance: | | | | | |
| Year End Encumbrances | | | | 106,555 | |
| Unassigned Fund Balance | | | | <u>731,435</u> | |
| | | | | <u>1,700,685</u> | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payment not recognized on GAAP basis | | | | (290,069) | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 1,410,616</u> | |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|---|-----------------|----------------------------------|----------------|----------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ - | \$ 88,566 | \$ 88,566 | \$ 84,867 | \$ (3,699) |
| State Sources | 226,755 | 4,608 | 231,363 | 169,152 | (62,211) |
| Federal Sources | 413,475 | 77,850 | 491,325 | 485,613 | (5,712) |
| Total Revenues | 640,230 | 171,024 | 811,254 | 739,632 | (71,622) |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 84,300 | 1,088 | 85,388 | 85,388 | - |
| Other Salaries for Instruction | 12,500 | (2,500) | 10,000 | 10,000 | - |
| Purchased Professional - Educational Services | - | - | - | - | - |
| Other Purchased Professional Services | 175,555 | 4,441 | 179,996 | 117,796 | 62,200 |
| Tuition | 235,000 | - | 235,000 | 235,000 | - |
| General Supplies | 16,565 | 87,719 | 104,284 | 100,699 | 3,585 |
| Textbooks | 14,300 | (1,792) | 12,508 | 12,508 | - |
| Other Objects | - | - | - | - | - |
| Total Instruction | 538,220 | 88,956 | 627,176 | 561,391 | 65,785 |
| Support Services | | | | | |
| Personal Services - Employee Benefits | - | 20,586 | 20,586 | 20,586 | - |
| Purchased Professional - Educational Services | 96,910 | 54,050 | 150,960 | 145,228 | 5,732 |
| General Supplies | - | 104 | 104 | - | 104 |
| Other Objects | - | 878 | 878 | 878 | - |
| Total Support Services | 96,910 | 75,618 | 172,528 | 166,692 | 5,836 |
| Facilities Acquisition and Construction Services: | | | | | |
| Non-instructional Equipment | 5,100 | 6,450 | 11,550 | 11,549 | 1 |
| Total Facilities Acquisition and Construction Services | 5,100 | 6,450 | 11,550 | 11,549 | 1 |
| Total Expenditures | 640,230 | 171,024 | 811,254 | 739,632 | 71,622 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
For the Fiscal Year Ended June 30, 2017

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

| | | General Fund | Special Revenue Fund |
|---|-------------|-----------------|----------------------------|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "revenue" | | | |
| from the budgetary comparison schedule | [C-1]&[C-2] | \$ 25,398,258 | \$ 739,632 |
| Difference - budget to GAAP: | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | | |
| Add Prior Year Encumbrances | | | 7,738 |
| Less Current Year Encumbrances | | | (41,886) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 288,885 | - |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | (290,069) | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | \$ 25,397,074 | \$ 705,484 |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1]&[C-2] | \$ 25,643,043 | \$ 739,632 |
| Differences - budget to GAAP | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. | | | |
| Add Prior Year Encumbrances | | | 7,738 |
| Less Current Year Encumbrances | | | (41,886) |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | \$ 25,643,043 | \$ 705,484 |

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|---------------|---------------|---------------|
| Districts proportion of the net pension liability (asset) | 0.0452943393% | 0.0466334964% | 0.0457612040% |
| District's proportionate share of the net pension liability (asset) | \$ 8,480,339 | \$ 10,468,285 | \$ 13,553,156 |
| District's covered payroll - PERS | \$ 3,105,240 | \$ 3,185,939 | \$ 3,084,175 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 273.10% | 328.58% | 439.44% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.08% | 47.93% | 40.14% |

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|------------------------|------------------------|------------------------|
| Contractually required contribution | \$ 373,400.00 | \$ 400,923.00 | \$ 406,536.00 |
| Contributions in relation to the contractually required contribution | <u>\$ (373,400.00)</u> | <u>\$ (400,923.00)</u> | <u>\$ (406,536.00)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll - PERS | \$ 3,105,240 | \$ 3,185,939 | \$ 3,084,175 |
| Contributions as a percentage of covered payroll | 12.02% | 12.58% | 13.18% |

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

| | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|---------------|---------------|---------------|
| Districts proportion of the net pension liability (asset) | 0.0907566602% | 0.0879285641% | 0.0812059223% |
| District's proportionate share of the net pension liability (asset) | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability Associated with the District (asset) | \$ 48,506,481 | \$ 55,574,607 | \$ 63,881,749 |
| District's covered payroll - TPAF | \$ 9,405,646 | \$ 9,138,481 | \$ 9,768,507 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.33% |

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2017

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (3.22%), resulting in a change in the discount rate from 4.13 to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

| | Total Brought Forward (Ex. E-1a) | Title I 2016-2017 | Title I Carryover | Title II, Part A 2016-2017 | Totals 2017 |
|---|---|----------------------|----------------------|----------------------------------|----------------|
| REVENUES | | | | | |
| Local Sources | \$ 84,867 | \$ - | \$ - | \$ - | \$ 84,867 |
| State Sources | 169,152 | | | | \$ 169,152 |
| Federal Sources | 344,411 | 116,213 | 3,227 | 21,762 | \$ 485,613 |
| Total Revenues | 598,430 | 116,213 | 3,227 | 21,762 | 739,632 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 37,103 | 46,640 | 1,645 | | 85,388 |
| Other Salaries for Instruction | - | | | 10,000 | 10,000 |
| Other Purchased Professional Services | 117,796 | | | | 117,796 |
| Tuition | 235,000 | | | | 235,000 |
| General Supplies | 100,699 | | | | 100,699 |
| Textbooks | 12,508 | | | | 12,508 |
| Other Objects | - | | | | - |
| Total instruction | 503,106 | 46,640 | 1,645 | 10,000 | 561,391 |
| Support services: | | | | | |
| Salaries of Other Professional Staff | - | | | | - |
| Personal Services - Employee Benefits | 5,432 | 12,126 | 428 | 2,600 | 20,586 |
| Purchased Professional - Educational Services | 77,465 | 57,447 | 1,154 | 9,162 | 145,228 |
| Other Objects | 878 | | | | 878 |
| Total support services | 83,775 | 69,573 | 1,582 | 11,762 | 166,692 |
| Facilities acquisition and const. serv.: | | | | | |
| Non-instructional Equipment | 11,549 | | | | 11,549 |
| Total facilities acquisition and const. serv. | 11,549 | - | - | - | 11,549 |
| Total Expenditures | 598,430 | 116,213 | 3,227 | 21,762 | 739,632 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

| | Total Brought Forward (Ex. E-1b) | L.D.E.A., Basic | | L.D.E.A., Preschool | | N.J Non-Public Technology Aid | Total Carried Forward |
|---|----------------------------------|-----------------|---------------|---------------------|---------------|-------------------------------|-----------------------|
| | | 2016-2017 | Carryover | 2016-2017 | Carryover | | |
| REVENUES | | | | | | | |
| Local Sources | \$ 84,867 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 84,867 |
| State Sources | 163,518 | | | | | 5,634 | 169,152 |
| Federal Sources | - | 306,036 | 12,053 | 13,884 | 12,438 | | 344,411 |
| Total Revenues | 248,385 | 306,036 | 12,053 | 13,884 | 12,438 | 5,634 | 598,430 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | 16,213 | | | 11,019 | 9,871 | | 37,103 |
| Other Salaries for Instruction | - | | | | | | - |
| Other Purchased Professional Services | 117,796 | | | | | | 117,796 |
| Tuition | - | 235,000 | | | | | 235,000 |
| General Supplies | 89,441 | 5,624 | | | | 5,634 | 100,699 |
| Textbooks | 12,508 | | | | | | 12,508 |
| Other Objects | - | | | | | | - |
| Total instruction | 235,958 | 240,624 | - | 11,019 | 9,871 | 5,634 | 503,106 |
| Support services: | | | | | | | |
| Salaries of Other Professional Staff | - | | | | | | - |
| Personal Services - Employee Benefits | - | | | 2,865 | 2,567 | | 5,432 |
| Purchased Professional - Educational Services | - | 65,412 | 12,053 | | | | 77,465 |
| Other Objects | 878 | | | | | | 878 |
| Total support services | 878 | 65,412 | 12,053 | 2,865 | 2,567 | - | 83,775 |
| Facilities acquisition and const. serv.: | | | | | | | |
| Non-instructional Equipment | 11,549 | | | | | | 11,549 |
| Total facilities acquisition and const. serv. | 11,549 | - | - | - | - | - | 11,549 |
| Total Expenditures | 248,385 | 306,036 | 12,053 | 13,884 | 12,438 | 5,634 | 598,430 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

| | Total Brought Forward (Ex. E-1c) | N.J. Nonpublic Handicapped Services | | N.J. Non-Public Textbook Aid | Total Carried Forward |
|---|----------------------------------|-------------------------------------|--|------------------------------|-----------------------|
| | | Supplemental Instruction | Chapter 193 Examination & Classification | | |
| REVENUES | | | | | |
| Local Sources | \$ 84,867 | \$ - | \$ - | \$ - | \$ 84,867 |
| State Sources | 55,425 | 24,648 | 31,518 | 12,508 | 163,518 |
| Federal Sources | - | - | - | - | - |
| Total Revenues | 140,292 | 24,648 | 31,518 | 12,508 | 248,385 |
| EXPENDITURES | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | - | - | - | - | 16,213 |
| Other Salaries for Instruction | - | - | - | - | - |
| Other Purchased Professional Services | 42,998 | 24,648 | 31,518 | 18,632 | 117,796 |
| Tuition | - | - | - | - | - |
| General Supplies | 84,867 | - | - | - | 89,441 |
| Textbooks | - | - | - | 12,508 | 12,508 |
| Other Objects | - | - | - | - | - |
| Total instruction | 127,865 | 24,648 | 31,518 | 12,508 | 235,958 |
| Support services: | | | | | |
| Salaries of Other Professional Staff | - | - | - | - | - |
| Personal Services - Employee Benefits | - | - | - | - | - |
| Purchased Professional - Educational Services | - | - | - | - | - |
| Other Objects | 878 | - | - | - | 878 |
| Total support services | 878 | - | - | - | 878 |
| Facilities acquisition and const. serv.: | | | | | |
| Non-instructional Equipment | 11,549 | - | - | - | 11,549 |
| Total facilities acquisition and const. serv. | 11,549 | - | - | - | 11,549 |
| Total Expenditures | 140,292 | 24,648 | 31,518 | 12,508 | 248,385 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis (Cont'd.)
 For the Fiscal Year Ended June 30, 2017

| | N.J. Nonpublic Auxiliary Services Chapter 192 | | | | | Total Carried Forward |
|---|--|-------------|----------------|----------------------------|------------------------|-----------------------------|
| | Comp. Ed. | ESL | Transportation | Non-Public Security Aid | Character Education | |
| REVENUES | | | | | | |
| Local Sources | 42,998 | | | 11,549 | 878 | \$ 84,867 |
| State Sources | | | | | | 55,425 |
| Federal Sources | | | | | | - |
| Total Revenues | 42,998 | - | - | 11,549 | 878 | 84,867 |
| EXPENDITURES | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | | | | | | - |
| Other Salaries for Instruction | | | | | | - |
| Other Purchased Professional Services | 42,998 | | | | | 42,998 |
| Tuition | | | | | | - |
| General Supplies | | | | | | 84,867 |
| Textbooks | | | | | | - |
| Other Objects | | | | | | - |
| Total instruction | 42,998 | - | - | - | - | 84,867 |
| Support services: | | | | | | |
| Salaries of Other Professional Staff | | | | | | - |
| Personal Services - Employee Benefits | | | | | | - |
| Purchased Professional - Educational Services | | | | | 878 | - |
| Other Objects | | | | | | 878 |
| Total support services | - | - | - | - | 878 | 878 |
| Facilities acquisition and const. serv.: | | | | | | |
| Non-instructional Equipment | | | | 11,549 | | 11,549 |
| Total facilities acquisition and const. serv. | - | - | - | 11,549 | - | 11,549 |
| Total Expenditures | 42,998 | - | - | 11,549 | 878 | 84,867 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

CAPITAL PROJECTS FUND

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017

| Project Title/Issue | Approval Date | Revised Budgetary Appropriations | GAAP Expenditures to Date | | Unexpended Appropriations June 30, 2017 |
|--|---------------|----------------------------------|---------------------------|--------------|---|
| | | | Prior Years | Current Year | |
| Renovations - Eleanor G. Hewitt School | 4/27/2011 | 11,195,000 | 11,003,935 | | 191,065 |
| Boiler Replacement - M.J. Ryerson Middle School | 8/20/2015 | 498,058 | 497,429 | | 629 |
| Boiler Replacement - Peter Cooper Elementary School | 8/20/2015 | 382,138 | 370,177 | | 11,961 |
| Boiler Replacement - Robert Erskine Elementary School | 8/20/2015 | 328,848 | 322,052 | | 6,796 |
| Window Replacement - M.J. Ryerson Middle School | 8/20/2015 | 216,000 | 15,199 | 180,926 | 19,875 |
| Totals | | \$ 12,620,044 | \$ 12,208,792 | \$ 180,926 | \$ 230,326 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budgetary Basis
Capital Projects Fund
For the Year Ended June 30, 2017

Revenues and Other Financing Sources:

| | |
|-------------------------------|-----|
| State Sources - SDA Grant | |
| Bond proceeds and transfers | |
| Transfer from capital reserve | |
| Interest Income | 389 |
| Total Revenues | 389 |

Expenditures and Other Financing Uses:

| | |
|---|---------|
| Architectural/Engineering services | 5,876 |
| Purchased professional and technical services | |
| Construction services | 153,907 |
| General Supplies | |
| Equipment | |
| Other Objects | 21,143 |
| Transfer to Debt Service Fund | 389 |
| Total Expenditures | 181,315 |

| | |
|---|------------|
| Excess (Deficiency) of revenues over (under) expenditures | (180,926) |
| Fund Balance - Beginning | 411,252 |
| Fund Balance - Ending | \$ 230,326 |

Recapitulation:

| | |
|--------------|------------|
| Fund Balance | \$ 230,326 |
|--------------|------------|

Reconciliation to Governmental Funds Statements (GAAP):

| | |
|---|---|
| SDA Grants receivable not recognized on GAAP Basis | - |
|---|---|

| | |
|--|------------|
| Fund Balance per Governmental Funds (GAAP) | \$ 230,326 |
|--|------------|

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Eleanor G. Hewitt School Renovations
From Inception and for the Year Ended June 30, 2017

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|-----------------------|-------------------|--------------------------------|
| Revenues and Other Financing Sources: | | | | |
| Bond proceeds and transfers | \$11,195,000 | | \$11,195,000 | \$11,195,000 |
| Bond proceeds and transfers | | | | |
| Transfer from capital reserve | - | | - | - |
| Transfer from capital outlay | - | | - | - |
| Total Revenues | <u>11,195,000</u> | <u>-</u> | <u>11,195,000</u> | <u>11,195,000</u> |
| Expenditures and Other Financing Uses: | | | | |
| Architectural/Engineering services | 937,370 | | 937,370 | 937,370 |
| Purchased professional and technical services | 614,975 | | 614,975 | 614,975 |
| Construction services | 9,219,054 | | 9,219,054 | 9,219,054 |
| General Supplies | 42,998 | | 42,998 | 42,998 |
| Equipment | 146,130 | | 146,130 | 146,130 |
| Other Objects | 43,408 | | 43,408 | 43,408 |
| Total Expenditures | <u>11,003,935</u> | <u>-</u> | <u>11,003,935</u> | <u>11,003,935</u> |
| Excess (Deficiency) of revenues over (under) expenses | <u>\$ 191,065</u> | <u>\$ -</u> | <u>\$ 191,065</u> | <u>\$ 191,065</u> |

Additional Project Information:

| | |
|------------------------------------|------------------|
| Project Number | 4400-050-11-1000 |
| Grant Date/Letter of Notification | N/A |
| Bond Authorization/Referendum Date | 4/27/2011 |
| Bonds Authorized | \$11,195,000 |
| Bonds Issued | \$11,195,000 |
| Original Project Authorized Cost | \$11,195,000 |
| Additional Authorized Cost | N/A |
| Revised Authorized Cost | \$11,195,000 |
| Percentage Increase Over | |
| Original Authorized Cost | N/A |
| Percentage Completion | 100% |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Boiler Replacement - M.J. Ryerson Middle School
From Inception and for the Year Ended June 30, 2017

| | <u>Prior</u> <u>Periods</u> | <u>Current</u> <u>Period</u> | <u>Totals</u> | <u>Revised</u> <u>Authorized</u> <u>Cost</u> |
|---|--------------------------------|---------------------------------|----------------|--|
| Revenues and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 156,000 | | 156,000 | \$ 156,000 |
| Bond proceeds and transfers | 315,000 | | 315,000 | 159,000 |
| Transfer from capital reserve | 183,058 | | 183,058 | 183,058 |
| Transfer from capital outlay | - | | - | - |
| Total Revenues | <u>654,058</u> | <u>-</u> | <u>654,058</u> | <u>498,058</u> |
| Expenditures and Other Financing Uses: | | | | |
| Architectural / Engineering services | 31,840 | | 31,840 | 31,840 |
| Purchased professional and technical services | 79,589 | | 79,589 | 79,589 |
| Construction services | 386,000 | | 386,000 | 386,000 |
| General Supplies | | | | |
| Equipment | | | | |
| Other Objects | | | | |
| Transfer to Debt Service Fund | 156,000 | | 156,000 | |
| Total Expenditures | <u>653,429</u> | <u>-</u> | <u>653,429</u> | <u>497,429</u> |
| Excess (Deficiency) of revenues over (under) expenses | <u>\$ 629</u> | <u>\$ -</u> | <u>\$ 629</u> | <u>\$ 629</u> |

Additional Project Information:

| | |
|------------------------------------|------------------|
| Project Number | 4400-053-14-1001 |
| Grant Date/Letter of Notification | 8/20/2015 |
| Bond Authorization/Referendum Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Project Authorized Cost | \$390,000 |
| Additional Authorized Cost | \$108,058 |
| Revised Authorized Cost | \$498,058 |
| Percentage Increase Over | |
| Original Authorized Cost | 28% |
| Percentage Completion | 100% |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Boiler Replacement - Peter Cooper Elementary School
From Inception and for the Year Ended June 30, 2017

| | <u>Prior</u> <u>Periods</u> | <u>Current</u> <u>Period</u> | <u>Totals</u> | <u>Revised</u> <u>Authorized</u> <u>Cost</u> |
|---|--------------------------------|---------------------------------|------------------|--|
| Revenues and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 124,000 | | \$ 124,000 | \$ 124,000 |
| Bond proceeds and transfers | \$ 235,000 | | 235,000 | \$ 111,000 |
| Transfer from capital reserve | 147,138 | | 147,138 | 147,138 |
| Transfer from capital outlay | - | | - | |
| Total Revenues | <u>506,138</u> | <u>-</u> | <u>506,138</u> | <u>382,138</u> |
| Expenditures and Other Financing Uses: | | | | |
| Architectural / Engineering services | 24,973 | | 24,973 | 24,973 |
| Purchased professional and technical services | 73,372 | | 73,372 | 73,372 |
| Construction services | 271,832 | | 271,832 | 271,832 |
| General Supplies | | | | |
| Equipment | | | | |
| Other Objects | | | | |
| Transfer to Debt Service Fund | 124,000 | | 124,000 | |
| Total Expenditures | <u>494,177</u> | <u>-</u> | <u>494,177</u> | <u>370,177</u> |
| Excess (Deficiency) of revenues over (under) expenses | <u>\$ 11,961</u> | <u>\$ -</u> | <u>\$ 11,961</u> | <u>\$ 11,961</u> |

Additional Project Information:

| | |
|------------------------------------|------------------|
| Project Number | 4400-055-14-1002 |
| Grant Date/Letter of Notification | 8/20/2015 |
| Bond Authorization/Referendum Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Project Authorized Cost | \$310,000 |
| Additional Authorized Cost | \$72,138 |
| Revised Authorized Cost | \$382,138 |
| Percentage Increase Over | |
| Original Authorized Cost | 23% |
| Percentage Completion | 100% |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Boiler Replacement - Robert Erskine Elementary School
From Inception and for the Year Ended June 30, 2017

| | <u>Prior</u> <u>Periods</u> | <u>Current</u> <u>Period</u> | <u>Totals</u> | <u>Revised</u> <u>Authorized</u> <u>Cost</u> |
|---|--------------------------------|---------------------------------|-----------------|--|
| Revenues and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 124,000 | | \$ 124,000 | \$ 124,000 |
| Bond proceeds and transfers | \$ 235,000 | | 235,000 | 111,000 |
| Transfer from capital reserve | 93,848 | | 93,848 | 93,848 |
| Transfer from capital outlay | - | | - | - |
| Total Revenues | <u>452,848</u> | <u>-</u> | <u>452,848</u> | <u>328,848</u> |
| Expenditures and Other Financing Uses: | | | | |
| Architectural / Engineering services | 24,966 | | 24,966 | 24,966 |
| Purchased professional and technical services | 50,086 | | 50,086 | 50,086 |
| Construction services | 247,000 | | 247,000 | 247,000 |
| General Supplies | | | | |
| Equipment | | | | |
| Other Objects | | | | |
| Transfer to Debt Service Fund | 124,000 | | 124,000 | |
| Total Expenditures | <u>446,052</u> | <u>-</u> | <u>446,052</u> | <u>322,052</u> |
| Excess (Deficiency) of revenues over (under) expenses | <u>\$ 6,796</u> | <u>\$ -</u> | <u>\$ 6,796</u> | <u>\$ 6,796</u> |

Additional Project Information:

| | |
|------------------------------------|------------------|
| Project Number | 4400-060-14-1003 |
| Grant Date/Letter of Notification | 8/20/2015 |
| Bond Authorization/Referendum Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Project Authorized Cost | \$310,000 |
| Additional Authorized Cost | \$18,848 |
| Revised Authorized Cost | \$328,848 |
| Percentage Increase Over | |
| Original Authorized Cost | 6% |
| Percentage Completion | 100% |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Window Replacement - Martin J. Ryerson Middle School
From Inception and for the Year Ended June 30, 2017

| | <u>Prior</u> <u>Periods</u> | <u>Current</u> <u>Period</u> | <u>Totals</u> | <u>Revised</u> <u>Authorized</u> <u>Cost</u> |
|---|--------------------------------|---------------------------------|------------------|--|
| Revenues and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 86,400 | | \$ 86,400 | \$ 86,400 |
| Bond proceeds and transfers | \$ 141,000 | | 141,000 | \$ 54,600 |
| Transfer from capital reserve | 75,000 | | 75,000 | 75,000 |
| Transfer from capital outlay | | | - | - |
| Total Revenues | <u>302,400</u> | <u>-</u> | <u>302,400</u> | <u>216,000</u> |
| Expenditures and Other Financing Uses: | | | | |
| Architectural / Engineering services | 15,199 | 5,876 | 21,075 | 21,075 |
| Purchased professional and technical services | | | | |
| Construction services | | 153,907 | 153,907 | 153,907 |
| General Supplies | | | | |
| Equipment | | | | |
| Other Objects | | 21,143 | 21,143 | 21,143 |
| Transfer to Debt Service Fund | 86,400 | | 86,400 | |
| Total Expenditures | <u>101,599</u> | <u>180,926</u> | <u>282,525</u> | <u>196,125</u> |
| Excess (Deficiency) of revenues over (under) expenses | <u>\$ 200,801</u> | <u>\$ (180,926)</u> | <u>\$ 19,875</u> | <u>\$ 19,875</u> |

Additional Project Information:

| | |
|------------------------------------|------------------|
| Project Number | 4400-053-14-1004 |
| Grant Date/Letter of Notification | 8/20/2015 |
| Bond Authorization/Referendum Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Project Authorized Cost | \$216,000 |
| Additional Authorized Cost | N/A |
| Revised Authorized Cost | \$216,000 |
| Percentage Increase Over | |
| Original Authorized Cost | N/A |
| Percentage Completion | 100% |

PROPRIETARY FUNDS

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Net Position
Enterprise Funds
June 30, 2017

| | <u>Food Service</u> | <u>Safety Town</u> | <u>Summer Music</u> | <u>Totals</u> |
|----------------------------------|-------------------------|------------------------|-------------------------|------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 50,840 | \$ 4,370 | \$ 9,358 | \$ 64,568 |
| Interfund receivables | 5,425 | | | 5,425 |
| Inventories | 3,647 | - | | 3,647 |
| Total current assets | <u>59,912</u> | <u>4,370</u> | <u>9,358</u> | <u>73,640</u> |
| Noncurrent assets: | | | | |
| Furniture, machinery & equipment | 368,435 | | | 368,435 |
| Less accumulated depreciation | <u>(333,878)</u> | | | <u>(333,878)</u> |
| Total noncurrent assets | <u>34,557</u> | <u>-</u> | <u>-</u> | <u>34,557</u> |
| Total assets | <u>94,469</u> | <u>4,370</u> | <u>9,358</u> | <u>108,197</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,732 | 2,877 | 4,800 | 13,409 |
| Interfund payables | 2,222 | | | 2,222 |
| Total current liabilities | <u>7,954</u> | <u>2,877</u> | <u>4,800</u> | <u>15,631</u> |
| Total liabilities | <u>7,954</u> | <u>2,877</u> | <u>4,800</u> | <u>15,631</u> |
| NET POSITION | | | | |
| Net Investment in capital assets | 34,557 | - | - | 34,557 |
| Unrestricted | 51,958 | 1,493 | 4,558 | 58,009 |
| Total net position | <u>\$ 86,515</u> | <u>\$ 1,493</u> | <u>\$ 4,558</u> | <u>\$ 92,566</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2017

| | Food Service | Safety Town | Summer Music | Total Enterprise |
|--|-------------------------|------------------------|-------------------------|-----------------------------|
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Daily sales - reimbursable programs | \$ 266,197 | \$ - | \$ - | \$ 266,197 |
| Daily sales - non-reimbursable programs | 104,625 | | | 104,625 |
| Special functions | 1,801 | | | 1,801 |
| Miscellaneous | 31 | 2,800 | 10,779 | 13,610 |
| Total operating revenues | <u>372,654</u> | <u>2,800</u> | <u>10,779</u> | <u>386,233</u> |
| Operating expenses: | | | | |
| Cost of food - reimbursable programs | 137,787 | | | 137,787 |
| Cost of food - non-reimbursable programs | 33,645 | | | 33,645 |
| Cost of sales - other | 46,435 | | | 46,435 |
| Salaries | 148,538 | 2,877 | 4,800 | 156,215 |
| Employee benefits | 66,451 | | | 66,451 |
| Cleaning, repair and maintenance services | 1,392 | | | 1,392 |
| Purchased services | 26,797 | | | 26,797 |
| Miscellaneous Expense | 9,175 | | | 9,175 |
| General supplies | | 872 | 5,484 | 6,356 |
| Depreciation | 5,809 | | | 5,809 |
| Total Operating Expenses | <u>476,029</u> | <u>3,749</u> | <u>10,284</u> | <u>490,062</u> |
| Operating income (loss) | <u>(103,375)</u> | <u>(949)</u> | <u>495</u> | <u>(103,829)</u> |
| Non-operating revenues (expenses): | | | | |
| State sources: | | | | |
| State school lunch program | 4,318 | | | 4,318 |
| Federal sources: | | | | |
| National school lunch program | 71,112 | | | 71,112 |
| Food distribution program | 26,358 | | | 26,358 |
| Interest and investment revenue | 207 | 6 | 8 | 221 |
| Total non-operating revenues (expenses) | <u>101,995</u> | <u>6</u> | <u>8</u> | <u>102,009</u> |
| Income (loss) before contributions & transfers | <u>(1,380)</u> | <u>(943)</u> | <u>503</u> | <u>(1,820)</u> |
| Capital contributions | - | | | - |
| Transfers in (out) | | | | |
| Change in net position | <u>(1,380)</u> | <u>(943)</u> | <u>503</u> | <u>(1,820)</u> |
| Total net position—beginning, as previously reported | 87,552 | 2,436 | 4,055 | 94,043 |
| Prior period adjustment - | | | | |
| Error Correction - restatement of equipment | 343 | | | 343 |
| Total net position—beginning, as restated | <u>87,895</u> | <u>2,436</u> | <u>4,055</u> | <u>94,386</u> |
| Total net position—ending | <u>\$ 86,515</u> | <u>\$ 1,493</u> | <u>\$ 4,558</u> | <u>\$ 92,566</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2017

| | <u>Food Service</u> | <u>Safety Town</u> | <u>Summer Music</u> | <u>Total Enterprise</u> |
|--|-------------------------|------------------------|-------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and other funds | \$ 372,654 | \$ 2,800 | \$ 10,779 | \$ 386,233 |
| Payments to employees | (148,538) | (2,877) | (4,800) | (156,215) |
| Payments for employee benefits | (66,451) | - | - | (66,451) |
| Payments to suppliers | (274,320) | (872) | (9,528) | (284,720) |
| Net cash provided by (used for) operating activities | <u>(116,655)</u> | <u>(949)</u> | <u>(3,549)</u> | <u>(121,153)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| State sources | 4,249 | - | - | 4,249 |
| Federal sources | 96,505 | - | - | 96,505 |
| Net cash provided by (used for) non-capital financing activities | <u>100,754</u> | <u>-</u> | <u>-</u> | <u>100,754</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchases of Capital Assets | (2,473) | - | - | (2,473) |
| Net cash provided by (used for) capital and related financing activities | <u>(2,473)</u> | <u>-</u> | <u>-</u> | <u>(2,473)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends | 207 | 6 | 8 | 221 |
| Net cash provided by (used for) investing activities | <u>207</u> | <u>6</u> | <u>8</u> | <u>221</u> |
| Net increase (decrease) in cash and cash equivalents | (18,167) | (943) | (3,541) | (22,651) |
| Balances—beginning of year | 69,007 | 5,313 | 12,899 | 87,219 |
| Balances—end of year | <u>\$ 50,840</u> | <u>\$ 4,370</u> | <u>\$ 9,358</u> | <u>\$ 64,568</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (103,375) | \$ (949) | \$ 495 | \$ (103,829) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | | |
| Depreciation and net amortization | 5,809 | - | - | 5,809 |
| (Increase) decrease in inventories | (704) | - | - | (704) |
| Increase (decrease) in accounts payable | (18,385) | - | (4,044) | (22,429) |
| Total adjustments | <u>(13,280)</u> | <u>-</u> | <u>(4,044)</u> | <u>(17,324)</u> |
| Net cash provided by (used for) operating activities | <u>\$ (116,655)</u> | <u>\$ (949)</u> | <u>\$ (3,549)</u> | <u>\$ (121,153)</u> |

FIDUCIARY FUND

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2017

| | Trust | | Agency | | Total Agency Fund |
|-------------------------------------|------------------------------|---------------------|---------------------|------------------|-------------------------|
| | Unemployment Compensation | Total Trust Fund | Student Activity | Payroll | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 68,151 | \$ 68,151 | \$ 27,674 | \$ 31,217 | \$ 58,891 |
| Total assets | <u>68,151</u> | <u>68,151</u> | <u>27,674</u> | <u>31,217</u> | <u>58,891</u> |
| Liabilities | | | | | |
| Accounts payable | 6,361 | 6,361 | | | - |
| Payable to student groups | | - | 27,674 | | 27,674 |
| Payroll deductions and withholdings | | - | | 31,217 | 31,217 |
| Total liabilities | <u>6,361</u> | <u>6,361</u> | <u>\$ 27,674</u> | <u>\$ 31,217</u> | <u>\$ 58,891</u> |
| Net Position | | | | | |
| Reserved | 61,790 | 61,790 | | | |
| Total net position | <u>\$ 61,790</u> | <u>\$ 61,790</u> | | | |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2017

| | Unemployment Compensation Trust | Total Trusts |
|------------------------------------|---------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| ADDITIONS | | |
| Contributions: | | |
| Plan member | \$ 45,854 | \$ 45,854 |
| Other | | - |
| Total Contributions | <u>45,854</u> | <u>45,854</u> |
| Investment earnings: | | |
| Interest | 214 | 214 |
| Net investment earnings | <u>214</u> | <u>214</u> |
| Total additions | <u>46,068</u> | <u>46,068</u> |
| DEDUCTIONS | | |
| Quarterly contribution reports | 19,462 | 19,462 |
| Unemployment claims | <u>18,340</u> | <u>18,340</u> |
| Total deductions | <u>37,802</u> | <u>37,802</u> |
| Change in net position | 8,266 | 8,266 |
| Net position—beginning of the year | <u>53,524</u> | <u>53,524</u> |
| Net position—end of the year | <u>\$ 61,790</u> | <u>\$ 61,790</u> |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017**

| | <u>Balance June 30, 2016</u> | <u>Cash Receipts</u> | <u>Cash Disbursed</u> | <u>Accounts Payable June 30, 2017</u> | <u>Balance June 30, 2017</u> |
|--------------------------|----------------------------------|--------------------------|---------------------------|---|----------------------------------|
| Elementary Schools | \$ 11,279 | 16,282 | 15,940 | | \$ 11,621 |
| Middle School | 22,760 | 126,739 | 133,446 | | 16,053 |
| Total Elementary Schools | <u>\$ 34,039</u> | <u>\$ 143,021</u> | <u>\$ 149,386</u> | <u>\$ -</u> | <u>\$ 27,674</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

| | <u>Balance June 30, 2016</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2017</u> |
|-------------------------------------|----------------------------------|--------------------------|-------------------------------|----------------------------------|
| Net Payroll | \$ - | \$ 9,597,300 | \$ 9,597,300 | \$ - |
| Payroll deductions and withholdings | 476,583 | 7,560,194 | 8,005,560 | 31,217 |
| Interfund payable | 9 | 713 | 722 | - |
| Totals | <u>\$ 476,592</u> | <u>\$ 17,158,207</u> | <u>\$ 17,603,582</u> | <u>\$ 31,217</u> |

LONG-TERM DEBT

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT

Long-Term Debt

**Schedule of Bonds Payable
Year Ended June 30, 2017**

| Issue | Date of Issue | Amount of Issue | Annual Maturities | | Interest Rate | Balance | |
|-----------------------|---------------|-----------------|-------------------|---------|---------------|--------------|---------------|
| | | | Date | Amount | | July 1, 2016 | June 30, 2017 |
| School District Bonds | July 15, 2008 | 1,328,000 | 1/15/2018 | 100,000 | 4.250% | | |
| | | | 1/15/2019 | 105,000 | 4.250% | | |
| | | | 1/15/2020 | 110,000 | 4.250% | | |
| | | | 1/15/2021 | 110,000 | 4.250% | | |
| | | | 1/15/2022 | 115,000 | 4.250% | | |
| | | | 1/15/2023 | 120,000 | 3.800% | | |
| | | | | | | \$ 755,000 | \$ 660,000 |
| | | | | | | \$ - | \$ 95,000 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
Year Ended June 30, 2017

| Issue | Date of Issue | Amount of Issue | Annual Maturities | | Interest Rate | Balance | |
|-----------------------|--------------------|-----------------|-------------------|---------|---------------|---------------|---------------|
| | | | Date | Amount | | July 1, 2016 | June 30, 2017 |
| School District Bonds | September 13, 2011 | 11,195,000 | 9/1/2017 | 475,000 | 2.500% | | |
| | | | 9/1/2018 | 490,000 | 2.500% | | |
| | | | 9/1/2019 | 505,000 | 3.000% | | |
| | | | 9/1/2020 | 520,000 | 3.000% | | |
| | | | 9/1/2021 | 545,000 | 3.000% | | |
| | | | 9/1/2022 | 560,000 | 3.000% | | |
| | | | 9/1/2023 | 580,000 | 3.000% | | |
| | | | 9/1/2024 | 605,000 | 3.125% | | |
| | | | 9/1/2025 | 640,000 | 3.375% | | |
| | | | 9/1/2026 | 665,000 | 3.500% | | |
| | | | 9/1/2027 | 690,000 | 3.625% | | |
| | | | 9/1/2028 | 720,000 | 4.000% | | |
| | | | 9/1/2029 | 765,000 | 4.000% | | |
| | | | 9/1/2030 | 795,000 | 4.000% | | |
| | | | 9/1/2031 | 830,000 | 4.000% | | |
| | | | | | | \$ 9,850,000 | \$ 9,385,000 |
| Grand Total | | | | | | \$ 10,605,000 | \$ 10,045,000 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2017

| <u>Series</u> | <u>Interest Rate</u> | <u>Amount of Orig. Issue</u> | <u>Amount Outstanding July 1, 2016</u> | <u>Issued</u> | <u>Retired</u> | <u>Amount Outstanding June 30, 2017</u> |
|-----------------------------|----------------------|------------------------------|--|---------------|-------------------|---|
| Acquisition of School Bus | 3.20% | 82,900 | 14,464 | | 14,464 | - |
| Acquisition of School Bus | 2.70% | 87,000 | 15,076 | | 15,076 | - |
| Acquisition of School Bus | 3.20% | 90,784 | 15,839 | | 15,839 | - |
| Acquisition of School Buses | 2.40% | 101,875 | 34,748 | | 17,168 | 17,580 |
| Acquisition of School Buses | 2.40% | 179,216 | 61,127 | | 30,201 | 30,926 |
| Acquisition of School Buses | 1.95% | 213,404 | 107,692 | | 35,206 | 72,486 |
| Acquisition of School Bus | | 94,196 | 77,749 | | 14,970 | 62,779 |
| Acquisition of Photocopiers | 1.85% | 128,576 | 34,951 | | 27,800 | 7,151 |
| Boilers/Window Replacements | | | 463,749 | | 112,886 | 350,863 |
| | | | <u>\$ 825,395</u> | <u>\$ -</u> | <u>\$ 283,610</u> | <u>\$ 541,785</u> |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|---------------------|-----------------|------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 873,309 | \$ - | \$ 873,309 | \$ 873,309 | \$ - |
| State Sources: | | | | | |
| Debt Service Aid Type II | 43,210 | - | 43,210 | 43,210 | - |
| Total - State Sources | 43,210 | - | 43,210 | 43,210 | - |
| Total Revenues | 916,519 | - | 916,519 | 916,519 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 356,519 | - | 356,519 | 356,519 | - |
| Redemption of Principal | 560,000 | - | 560,000 | 560,000 | - |
| Total expenditures | 916,519 | - | 916,519 | 916,519 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Other Financing Sources: | | | | | |
| Operating Transfers In: | | | | | |
| Interest Earned in Capital Projects Fund | | | | 389 | 389 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | - | - | - | 389 | 389 |
| Fund Balance, July 1 | | - | | 1,010 | 1,010 |
| Fund Balance, June 30 | \$ - | \$ - | \$ - | \$ 1,399 | \$ 1,399 |

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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

Revenue Capacity

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

- J-10 Ratios of Outstanding Debt by Type
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- J-12 Direct and Overlapping Governmental Activities Debt
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

| <u>Contents</u> | <u>Page</u> |
|--|---------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time. | J-1 to J-5 |
| Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax. | J-6 to J-9 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future. | J-10 to J-13 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. | J-14 to J-15 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. | J-16 to J-20 |
| Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year. | |

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-------------|-------------|-------------|
| Governmental Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 1,002,124 | 703,541 | 570,971 | 143,031 | (9,723,632) | (827,219) | (350,659) | (904,942) | 633,495 | 957,445 |
| Restricted | 524,326 | 578,176 | 936,290 | 1,090,895 | 11,661,862 | 3,833,114 | 2,670,181 | 3,156,626 | 1,751,762 | 1,200,975 |
| Unrestricted | (426,002) | (263,647) | (224,912) | (174,310) | (415,855) | (222,190) | (254,934) | (9,018,577) | (9,348,256) | (9,971,734) |
| Total Governmental Activities Net Position | 1,100,448 | 1,018,070 | 1,282,349 | 1,059,616 | 1,522,375 | 2,783,705 | 2,064,588 | (6,766,893) | (6,962,999) | (7,813,314) |
| Business-type Activities | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 6,086 | 5,143 | 4,200 | 7,827 | 11,352 | 23,034 | 28,419 | 39,482 | 37,550 | 34,557 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 61,097 | 69,732 | 77,475 | 80,437 | 88,993 | 84,212 | 75,214 | 56,384 | 56,493 | 58,009 |
| Total Business-type Activities Net Position | 67,183 | 74,875 | 81,675 | 88,264 | 100,345 | 107,246 | 103,633 | 95,866 | 94,043 | 92,566 |
| District-wide | | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 1,008,210 | 708,684 | 575,171 | 150,858 | (9,712,280) | (804,185) | (322,240) | (865,460) | 671,045 | 992,002 |
| Restricted | 524,326 | 578,176 | 936,290 | 1,090,895 | 11,661,862 | 3,833,114 | 2,670,181 | 3,156,626 | 1,751,762 | 1,200,975 |
| Unrestricted | (364,905) | (193,915) | (147,437) | (93,873) | (326,862) | (137,978) | (179,720) | (8,962,193) | (9,291,763) | (9,913,725) |
| Total District Net Position | 1,167,631 | 1,092,945 | 1,364,024 | 1,147,880 | 1,622,720 | 2,890,951 | 2,168,221 | (6,671,027) | (6,868,956) | (7,720,748) |

BOROUGH OF RINGWOOD SCHOOL DISTRICT

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | 8,457,445 | 8,358,243 | 8,206,764 | 7,599,176 | 7,383,642 | 7,396,607 | 7,608,013 | 8,337,825 | 8,419,710 | 8,776,228 |
| Special Education | 2,661,336 | 2,898,870 | 3,168,413 | 3,042,314 | 3,059,783 | 3,182,943 | 3,364,977 | 3,616,889 | 3,589,287 | 3,854,266 |
| Other Special Instruction | 246,678 | 239,041 | 233,106 | 278,732 | 341,543 | 283,203 | 237,416 | 261,340 | 252,965 | 275,246 |
| Other Instruction | 44,816 | 39,943 | 29,509 | 33,088 | 31,578 | 24,024 | 26,896 | 25,238 | 33,978 | 36,138 |
| Support Services: | | | | | | | | | | |
| Tuition | 843,078 | 907,833 | 829,591 | 764,547 | 737,252 | 615,023 | 771,388 | 431,431 | 326,046 | 246,995 |
| Student & Instruction Related Services | 1,821,888 | 1,850,606 | 1,988,295 | 2,121,111 | 2,060,512 | 2,279,982 | 2,869,204 | 2,793,211 | 2,966,620 | 3,085,748 |
| School Administrative Services | 915,344 | 951,541 | 995,970 | 1,031,395 | 1,078,452 | 996,319 | 843,468 | 797,930 | 824,357 | 816,210 |
| General Administrative Services | 568,839 | 609,626 | 456,310 | 445,715 | 444,839 | 472,915 | 433,252 | 456,353 | 458,785 | 469,474 |
| Central Services & Admin. Info. Technology | 439,360 | 401,364 | 417,761 | 392,527 | 431,756 | 345,563 | 372,581 | 402,185 | 399,326 | 431,650 |
| Plant Operations and Maintenance | 1,830,897 | 1,707,840 | 1,732,297 | 1,796,831 | 1,818,857 | 1,826,745 | 2,054,148 | 2,040,536 | 1,953,042 | 2,176,871 |
| Pupil Transportation | 1,846,766 | 1,734,370 | 1,730,454 | 1,911,477 | 1,867,112 | 1,848,653 | 1,927,602 | 1,769,348 | 1,876,856 | 1,776,462 |
| Unallocated Benefits | 2,734,595 | 1,591,583 | 1,690,346 | 2,198,759 | 2,575,653 | 2,883,901 | 2,677,363 | 5,091,191 | 6,282,031 | 8,666,922 |
| Capital outlay-undepreciable | - | - | - | 27,679 | 1,609 | - | - | 30,633 | 158,006 | 9,548 |
| Interest on Long-term Debt | - | 41,233 | 55,724 | 52,603 | 334,485 | 334,323 | 474,526 | 381,359 | 381,966 | 351,749 |
| Unallocated Depreciation | 298,107 | 318,807 | 323,491 | 706,780 | 243,058 | 29,701 | 977,285 | 809,875 | 685,192 | 820,199 |
| Total Governmental Activities Expenses | 22,709,149 | 21,650,900 | 21,858,031 | 22,402,734 | 22,410,131 | 22,519,902 | 24,638,119 | 27,245,344 | 28,608,167 | 31,793,706 |
| Business-type Activities: | | | | | | | | | | |
| Food Service | 422,685 | 430,614 | 432,803 | 423,811 | 441,814 | 440,760 | 428,696 | 437,785 | 456,914 | 476,029 |
| Safety Town | - | - | 3,951 | 3,736 | 3,670 | 3,577 | 3,937 | 4,250 | 3,609 | 3,749 |
| Summer Music | - | - | - | - | 3,137 | 9,548 | 12,869 | 13,721 | 17,702 | 10,284 |
| Total Business-type Activities Expenses | 422,685 | 430,614 | 436,754 | 427,547 | 448,621 | 453,885 | 445,502 | 455,756 | 478,225 | 490,062 |
| Total District Expenses | 23,131,834 | 22,081,514 | 22,294,785 | 22,830,281 | 22,858,752 | 22,973,787 | 25,083,621 | 27,701,100 | 29,086,392 | 32,283,768 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants and Contributions | 671,830 | 660,714 | 660,714 | 1,018,940 | 698,326 | 662,535 | 756,899 | 1,323,147 | 1,347,328 | 1,409,275 |
| Total Governmental Activities Program Revenues | 671,830 | 660,714 | 660,714 | 1,018,940 | 698,326 | 662,535 | 756,899 | 1,323,147 | 1,347,328 | 1,409,275 |

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 352,018 | 355,717 | 349,948 | 329,075 | 339,900 | 336,165 | 316,517 | 320,988 | 354,964 | 372,654 |
| Safety Town | | | 4,225 | 4,894 | 3,315 | 3,445 | 4,385 | 4,355 | 3,365 | 2,800 |
| Summer Music | | | | | 7,800 | 10,200 | 12,145 | 16,540 | 14,337 | 10,779 |
| Operating Grants and Contributions | 75,899 | 82,589 | 88,587 | 99,384 | 109,507 | 110,976 | 108,220 | 106,084 | 103,610 | 101,788 |
| Total Business-type Activities Program Revenues | 427,917 | 438,306 | 442,760 | 433,353 | 460,522 | 460,786 | 441,267 | 447,967 | 476,276 | 488,021 |
| Total District Program Revenues | 1,099,747 | 1,099,020 | 1,103,474 | 1,452,293 | 1,158,848 | 1,123,321 | 1,198,166 | 1,771,114 | 1,823,604 | 1,897,296 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (22,037,319) | (20,990,186) | (21,197,317) | (21,383,794) | (21,711,805) | (21,857,367) | (23,881,220) | (25,922,197) | (27,260,839) | (30,384,431) |
| Business-type Activities | 5,232 | 7,692 | 6,006 | 5,806 | 11,901 | 6,901 | (4,235) | (7,789) | (1,949) | (2,041) |
| Total District-wide Net Expense | (22,032,087) | (20,982,494) | (21,191,311) | (21,377,988) | (21,699,904) | (21,850,466) | (23,885,455) | (25,929,986) | (27,262,788) | (30,386,472) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes | 14,152,624 | 15,029,689 | 15,282,478 | 15,629,602 | 15,934,379 | 16,774,455 | 17,497,089 | 17,884,484 | 18,254,173 | 19,212,512 |
| Unrestricted Federal and State Aid | 5,698,821 | 4,660,088 | 4,778,732 | 4,050,113 | 4,696,118 | 4,892,662 | 4,661,948 | 6,424,029 | 7,557,395 | 9,083,125 |
| Tuition Received | 754,211 | 685,381 | 760,966 | 992,864 | 1,074,021 | 1,204,649 | 928,731 | 1,075,453 | 872,134 | 877,332 |
| Interest on Investments | 70,176 | 13,716 | 22,118 | 24,459 | | 11,015 | 3,319 | 5,561 | 6,551 | 5,991 |
| Miscellaneous Income | 143,437 | 80,360 | 79,405 | 75,875 | 87,489 | 100,227 | 65,105 | 110,039 | 115,369 | 98,613 |
| Transportation Fees | 340,752 | 438,574 | 440,672 | 388,148 | 382,557 | 396,689 | 337,631 | 338,919 | 259,111 | 256,543 |
| Federal and State Aid - Capital Outlay | - | - | - | - | - | - | - | - | - | - |
| Donated Assets | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 21,160,021 | 20,907,808 | 21,364,371 | 21,161,061 | 22,174,564 | 23,379,697 | 23,493,823 | 25,838,485 | 27,064,733 | 29,534,116 |
| Business-type Activities: | | | | | | | | | | |
| Interest on Investments | - | - | 794 | 783 | 180 | - | - | - | - | - |
| Miscellaneous Income | - | - | - | - | - | - | 622 | 22 | 126 | 221 |
| Transfers | - | - | - | - | - | - | - | - | - | - |
| Total Business-type Activities | - | - | 794 | 783 | 180 | - | 622 | 22 | 126 | 221 |
| Total District-wide | 21,160,021 | 20,907,808 | 21,365,165 | 21,161,844 | 22,174,744 | 23,379,697 | 23,494,445 | 25,838,507 | 27,064,859 | 29,534,337 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | (877,298) | (82,378) | 167,054 | (222,733) | 462,759 | 1,522,330 | (387,397) | (83,712) | (196,106) | (850,315) |
| Business-type Activities | 5,232 | 7,692 | 6,800 | 6,589 | 12,081 | 6,901 | (3,613) | (7,767) | (1,823) | (1,820) |
| Total District | (872,066) | (74,686) | 173,854 | (216,144) | 474,840 | 1,529,231 | (391,010) | (91,479) | (197,929) | (852,135) |

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Fund | | | | | | | | | | |
| Reserved | 524,326 | 578,176 | 936,290 | 1,090,895 | 1,750,417 | 2,671,778 | 2,443,516 | 1,799,896 | 1,419,070 | 969,250 |
| Unreserved | (8,636) | 94,726 | 136,723 | 180,357 | 146,363 | 122,213 | 148,211 | 160,866 | 138,834 | 441,366 |
| Total General fund | 515,690 | 672,902 | 1,073,013 | 1,271,252 | 1,896,780 | 2,793,991 | 2,591,727 | 1,960,762 | 1,557,904 | 1,410,616 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | - | - | - | - | 9,911,445 | 1,161,336 | 226,665 | 1,356,730 | 332,692 | 231,725 |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Fund | - | - | - | - | - | - | - | - | - | - |
| Capital Projects Fund | - | 125,982 | 125,982 | 76,482 | 23,682 | - | - | - | - | - |
| Debt Service Fund | - | 4,720 | 5,770 | 6,644 | 6,644 | - | - | - | - | - |
| Total All Other Governmental Funds | - | 130,702 | 131,752 | 83,126 | 9,941,771 | 1,161,336 | 226,665 | 1,356,730 | 332,692 | 231,725 |

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------|-------------|------------|------------|------------|-------------|-------------|------------|-------------|------------|
| Revenues | | | | | | | | | | |
| Tax Levy | 14,152,624 | 15,029,689 | 15,282,478 | 15,629,602 | 15,934,379 | 16,774,455 | 17,497,089 | 17,884,484 | 18,254,173 | 19,212,512 |
| Other Local Revenue | 1,308,376 | 1,218,031 | 1,303,161 | 1,483,555 | 1,550,406 | 1,728,124 | 1,380,383 | 1,529,972 | 1,253,165 | 1,191,623 |
| State Sources | 5,945,899 | 4,894,869 | 4,759,718 | 4,329,802 | 4,845,306 | 5,163,178 | 4,928,476 | 5,208,369 | 5,677,403 | 6,206,829 |
| Federal Sources | 424,952 | 425,933 | 776,953 | 737,042 | 542,800 | 381,876 | 444,774 | 404,077 | 484,156 | 488,072 |
| Total Revenues | 21,831,851 | 21,568,522 | 22,122,310 | 22,180,001 | 22,872,891 | 24,047,633 | 24,250,722 | 25,026,902 | 25,668,897 | 27,099,036 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | 7,172,429 | 7,072,550 | 6,853,405 | 7,599,176 | 7,414,884 | 7,435,734 | 7,608,013 | 8,337,825 | 8,419,710 | 8,776,228 |
| Special | 2,259,313 | 2,464,620 | 2,655,082 | 3,042,314 | 3,059,783 | 3,182,943 | 3,364,977 | 3,616,889 | 3,589,287 | 3,854,266 |
| Other Special Instruction | 205,675 | 193,650 | 186,475 | 278,732 | 341,543 | 283,203 | 237,416 | 261,340 | 252,965 | 275,246 |
| Other Instruction | 37,930 | 34,034 | 29,509 | 33,088 | 31,578 | 24,024 | 26,896 | 25,238 | 33,978 | 36,138 |
| Support Services: | | | | | | | | | | |
| Tuition | 843,078 | 907,833 | 829,591 | 764,547 | 737,252 | 615,023 | 771,388 | 431,431 | 326,046 | 246,995 |
| Student & inst. related services | 1,577,481 | 1,605,415 | 1,708,023 | 2,121,111 | 2,060,512 | 2,279,982 | 2,869,204 | 2,793,211 | 2,966,620 | 3,085,748 |
| General administration | 520,069 | 576,685 | 419,185 | 462,977 | 444,839 | 434,990 | 433,252 | 456,353 | 458,785 | 469,474 |
| School administrative services | 769,869 | 801,327 | 826,100 | 1,031,395 | 1,078,452 | 996,319 | 843,468 | 797,930 | 824,357 | 816,210 |
| Central services | 338,843 | 311,735 | 316,567 | 392,527 | 393,831 | 345,563 | 332,888 | 334,223 | 330,748 | 357,345 |
| Admin. information technology | 36,246 | 30,085 | 36,000 | 37,925 | 37,925 | 39,693 | 39,693 | 67,962 | 68,578 | 74,305 |
| Plant operations and maintenance | 1,680,587 | 1,552,789 | 1,564,299 | 1,796,831 | 1,818,857 | 1,845,887 | 2,054,148 | 2,040,536 | 1,953,042 | 2,176,871 |
| Pupil transportation | 1,757,165 | 1,650,275 | 1,605,747 | 2,071,994 | 2,012,073 | 2,026,773 | 2,148,439 | 1,959,030 | 2,079,154 | 2,060,072 |
| Employee benefits | 5,375,348 | 4,165,744 | 4,561,726 | 2,236,356 | 2,705,237 | 2,898,226 | 2,693,093 | 2,922,803 | 3,224,591 | 3,990,468 |
| Capital Outlay | 279,059 | 1,270,409 | 52,852 | 349,616 | 1,494,586 | 9,280,393 | 1,253,130 | 487,543 | 1,261,282 | 310,087 |
| Debt Service: | | | | | | | | | | |
| Principal | | 28,220 | 73,000 | 75,000 | 80,000 | 80,000 | 525,000 | 535,000 | 1,023,311 | 560,000 |
| Interest and Other Charges | | | 56,440 | 53,338 | 50,150 | 568,138 | 400,056 | 386,488 | 388,595 | 356,519 |
| Total Governmental Fund Expenditures | 22,853,092 | 22,665,371 | 21,774,001 | 22,309,002 | 23,761,502 | 32,335,123 | 25,601,061 | 25,453,802 | 27,201,049 | 27,445,972 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,021,241) | (1,096,849) | 348,309 | (129,001) | (888,611) | (8,287,490) | (1,350,339) | (426,900) | (1,532,152) | (346,936) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Operating Transfers In | | 3,290 | 67,426 | 85,577 | 99,190 | 77,011 | 84,711 | 817,922 | 199,414 | 389 |
| Operating Transfers Out | | (3,290) | (67,426) | (85,577) | (99,190) | (82,413) | (84,711) | (817,922) | (199,414) | (389) |
| Proceeds from Borrowing | | 132,800 | | | 11,195,000 | | | | | |
| Capital Leases (non-budgeted) | 127,845 | 56,763 | 52,852 | 278,614 | 177,784 | 409,668 | 213,404 | 926,000 | 105,256 | 98,681 |
| Total Other Financing Sources (Uses) | 127,845 | 1,384,763 | 52,852 | 278,614 | 11,372,784 | 404,266 | 213,404 | 926,000 | 105,256 | 98,681 |
| Net Changes in Fund Balance | (893,396) | 287,914 | 401,161 | 149,613 | 10,484,173 | (7,883,224) | (1,136,935) | 499,100 | (1,426,896) | (248,255) |
| Debt Service as a percentage of noncapital expenditures | | 0.13% | 0.60% | 0.58% | 0.58% | 2.81% | 3.80% | 3.69% | 5.44% | 3.38% |

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Interest</u> <u>Income</u> | <u>Transportation</u> <u>Fees</u> | <u>Tuition</u> | <u>Rentals</u> | <u>Miscellaneous</u> | <u>Annual Totals</u> |
|---|----------------------------------|--------------------------------------|----------------|----------------|----------------------|----------------------|
| 2008 | 70,176 | 340,752 | 754,211 | 100,000 | 43,237 | 1,308,376 |
| 2009 | 13,716 | 438,574 | 685,381 | 75,000 | 5,360 | 1,218,031 |
| 2010 | 22,118 | 440,672 | 760,966 | 75,000 | 4,405 | 1,303,161 |
| 2011 | 25,334 | 388,148 | 992,864 | 75,000 | 2,209 | 1,483,555 |
| 2012 | 13,291 | 382,557 | 1,074,021 | 75,000 | 5,537 | 1,550,406 |
| 2013 | 16,417 | 396,689 | 1,204,649 | 95,000 | 15,369 | 1,728,124 |
| 2014 | 3,319 | 337,631 | 928,731 | 65,000 | 105 | 1,334,786 |
| 2015 | 5,561 | 338,919 | 1,075,453 | 49,000 | 1,608 | 1,470,541 |
| 2016 | 6,181 | 259,111 | 872,134 | 4,600 | 1,288 | 1,143,314 |
| 2017 | 474 | 256,543 | 877,332 | 5,000 | 60 | 1,139,409 |

Source: District records.

BOROUGH OF RINGWOOD SCHOOL DISTRICT

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Less: | | Public Utilities | Net Assessed Valuation | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate |
|-------------------------------|-------------|---------------|-----------|------------|------------|-----------|-------------------------|------------------------|-----------|------------------|---------------------------|--|---------------------------------|
| | | | | | | | | Tax Exempt Property | a | | | | |
| 2007 | 34,966,300 | 784,304,460 | 2,853,430 | 26,239,900 | 17,824,100 | 0 | 866,188,190 | 0 | 1,129,473 | 867,317,663 | 1,838,700,889 | 1.632 | |
| 2008 | 34,544,900 | 787,768,560 | 2,853,730 | 26,299,900 | 17,824,100 | 0 | 869,291,190 | 0 | 1,084,483 | 870,375,673 | 1,986,231,254 | 1.727 | |
| 2009 | 78,944,500 | 1,538,576,800 | 4,820,700 | 67,758,300 | 33,800,900 | 0 | 1,723,901,200 | 0 | 2,638,490 | 1,726,539,690 | 1,969,028,284 | 0.885 | |
| 2010 | 77,893,500 | 1,534,609,300 | 5,638,700 | 65,443,100 | 33,014,800 | 0 | 1,716,599,400 | 0 | 2,386,377 | 1,718,985,777 | 1,849,100,408 | 0.909 | |
| 2011 | 76,695,000 | 1,532,454,400 | 6,372,600 | 65,268,000 | 32,787,200 | 0 | 1,713,577,200 | 0 | 0 | 1,713,577,200 | 1,788,226,664 | 0.930 | |
| 2012 | 75,741,900 | 1,532,168,100 | 6,040,500 | 64,018,300 | 32,787,200 | 0 | 1,710,756,000 | 0 | 0 | 1,710,756,000 | 1,732,676,783 | 0.981 | |
| 2013* | 72,592,500 | 1,296,995,400 | 4,944,700 | 58,605,700 | 27,696,500 | 0 | 1,460,834,800 | 0 | 0 | 1,460,834,800 | 1,663,039,694 | 1.198 | |
| 2014 | 72,228,000 | 1,299,371,100 | 4,943,600 | 57,819,200 | 26,997,700 | 0 | 1,461,359,600 | 0 | 0 | 1,461,359,600 | 1,631,134,925 | 1.224 | |
| 2015 | 72,018,900 | 1,299,987,900 | 4,942,500 | 67,867,900 | 24,401,100 | 0 | 1,469,218,300 | 0 | 0 | 1,469,218,300 | 1,638,586,197 | 1.242 | |
| 2016 | 71,481,100 | 1,300,644,000 | 4,514,000 | 67,941,200 | 23,407,800 | 5,607,700 | 1,473,595,800 | 0 | 0 | 1,473,595,800 | 1,644,909,923 | 1.304 | |

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

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

*Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

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

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

| Fiscal Year Ended June 30, | Ringwood School District Direct Rate | | | | Overlapping Rates | | | | Total Direct and Overlapping Tax Rate |
|----------------------------|--------------------------------------|--|------------------------------|-------|-----------------------------------|---------------------|-------------------|-------|---------------------------------------|
| | Basic Rate ^a | General Obligation Debt Service ^b | Total Direct School Tax Rate | | Lakeland Regional School District | Borough of Ringwood | County of Passaic | | |
| | | | | | | | | | |
| 2007 | 1.632 | - | 1.632 | 1.005 | 0.977 | 1.046 | | 4.660 | |
| 2008 | 1.727 | - | 1.727 | 1.020 | 1.024 | 1.152 | | 4.923 | |
| 2009 | 0.885 | - | 0.885 | 0.531 | 0.539 | 0.574 | | 2.529 | |
| 2010 | 0.909 | - | 0.909 | 0.537 | 0.586 | 0.578 | | 2.610 | |
| 2011 | 0.930 | - | 0.930 | 0.524 | 0.599 | 0.601 | | 2.654 | |
| 2012 | 0.981 | - | 0.981 | 0.525 | 0.632 | 0.643 | | 2.781 | |
| 2013 | 1.198 | - | 1.198 | 0.566 | 0.748 | 0.767 | | 3.279 | |
| 2014 | 1.224 | - | 1.224 | 0.631 | 0.753 | 0.789 | | 3.397 | |
| 2015 | 1.242 | - | 1.242 | 0.668 | 0.757 | 0.849 | | 3.516 | |
| 2016 | 1.304 | - | 1.304 | 0.707 | 0.769 | 0.837 | | 3.617 | |

Source: Municipal Tax Collector

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

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

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

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

| | 2017 | | | | 2007 | | | |
|------------------------------------|------------------------|-----------------|--|--|------------------------|-----------------|--|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | |
| North Jersey District Water Supply | \$ 59,043,000 | 1 | 4.01% | | \$ 23,179,000 | 1 | 2.69% | |
| Ringwood Plaza, Ltd. Partnership | 9,864,900 | 3 | 0.67% | | 5,237,400 | 2 | 0.61% | |
| Pitts (Daret) | | | | | 2,189,000 | 4 | 0.25% | |
| Serler, LLC | 3,615,700 | 6 | 0.25% | | 2,702,400 | 3 | 0.31% | |
| Ringwood Associates (c/o Berger) | 6,562,200 | 4 | 0.45% | | | | | |
| BHR Ringwood Real Estate LLC | 4,635,400 | 5 | 0.31% | | | | | |
| Public Service Electric & Gas Co. | 2,967,500 | 7 | 0.20% | | 1,904,900 | 5 | 0.22% | |
| Carey & Company, LLC | | | | | 1,680,100 | 6 | 0.19% | |
| Ponderosa Group, LLC | 2,718,100 | 10 | 0.18% | | 1,592,600 | 8 | 0.18% | |
| Ringwood Commons, LLC | 2,852,900 | 9 | 0.19% | | | | | |
| Spring Lake Land, LLC | 2,944,400 | 8 | 0.20% | | 1,613,000 | 7 | 0.19% | |
| Verizon | | | | | 1,475,900 | 9 | 0.17% | |
| Tennessee Gas Transmission | 12,442,400 | 2 | 0.84% | | 1,434,100 | 10 | 0.17% | |
| Total | \$ 107,646,500 | | 7.30% | | \$ 43,008,400 | | 4.98% | |

Source: Municipal Tax Assessor

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

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy ^a | | Collections in Subsequent Years |
|----------------------------|----------------------------------|---|--------------------|---------------------------------|
| | | Amount | Percentage of Levy | |
| 2008 | 14,152,624 | 14,152,624 | 100.00% | - |
| 2009 | 15,029,689 | 15,029,689 | 100.00% | - |
| 2010 | 15,282,478 | 15,282,478 | 100.00% | - |
| 2011 | 15,629,602 | 15,629,602 | 100.00% | - |
| 2012 | 15,934,379 | 15,934,379 | 100.00% | - |
| 2013 | 16,774,455 | 16,774,455 | 100.00% | - |
| 2014 | 17,497,089 | 17,497,089 | 100.00% | - |
| 2015 | 17,884,484 | 17,884,484 | 100.00% | - |
| 2016 | 18,254,173 | 18,254,173 | 100.00% | - |
| 2017 | 19,212,512 | 19,212,512 | 100.00% | - |

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

a

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | | Business-Type Activities | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------|---------------------------------------|-------------------------------|----------------|--------------------------------|----------------|----------------|--|-------------------------|
| | General Obligation Bonds ^b | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | |
| 2008 | - | - | 418,330 | - | - | 418,330 | 0.08% | 33.30 |
| 2009 | 1,328,000 | - | 340,515 | - | - | 1,668,515 | 0.32% | 132.40 |
| 2010 | 1,255,000 | - | 275,446 | - | - | 1,530,446 | 0.30% | 120.39 |
| 2011 | 1,180,000 | - | 393,543 | - | - | 1,573,543 | 0.29% | 128.60 |
| 2012 | 12,295,000 | - | 435,319 | - | - | 12,730,319 | 2.41% | 1,039.55 |
| 2013 | 12,215,000 | - | 666,863 | - | - | 12,881,863 | 2.33% | 1,044.42 |
| 2014 | 11,690,000 | - | 659,430 | - | - | 12,349,430 | 2.24% | 998.90 |
| 2015 | 11,155,000 | - | 1,395,748 | - | - | 12,550,748 | 2.31% | 1,010.53 |
| 2016 | 10,605,000 | - | 825,395 | - | - | 11,430,395 | 2.10% | 918.25 |
| 2017 | 10,045,000 | - | 541,785 | - | - | 10,586,785 | Not Available | Not Available |

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

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

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|----------------------------|---------------------------------|------------|-------------------------------------|---|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2008 | - | - | - | 0.00% | - |
| 2009 | 1,328,000 | - | 1,328,000 | 0.15% | 105.38 |
| 2010 | 1,255,000 | - | 1,255,000 | 0.07% | 98.73 |
| 2011 | 1,180,000 | - | 1,180,000 | 0.07% | 96.44 |
| 2012 | 12,295,000 | - | 12,295,000 | 0.72% | 1,004.00 |
| 2013 | 12,215,000 | - | 12,215,000 | 0.71% | 990.35 |
| 2014 | 11,690,000 | - | 11,690,000 | 0.80% | 945.56 |
| 2015 | 11,155,000 | - | 11,155,000 | 0.76% | 898.15 |
| 2016 | 10,605,000 | - | 10,605,000 | 0.72% | 851.94 |
| 2017 | 10,045,000 | - | 10,045,000 | 0.68% | Not Available |

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

a See Exhibit J-6 for property tax data.

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
Unaudited

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Borough of Ringwood | \$ 12,898,917 | 100.000% | \$ 12,898,917 |
| County of Passaic | 361,427,569 | 4.256% | 15,382,357 |
| Other debt | | | - |
| Subtotal, overlapping debt | | | 28,281,274 |
| Borough of Ringwood School District Direct Debt: | | | |
| Authorized but Not Issued | | | - |
| Issued and Outstanding | | | 10,045,000 |
| Total direct and overlapping debt | | | <u><u>\$ 38,326,274</u></u> |

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

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

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

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt limit | \$ 49,881,671 | \$ 57,587,431 | \$ 57,860,253 | \$ 55,994,271 | \$ 53,789,473 | \$ 51,930,187 | \$ 50,323,199 | \$ 49,267,423 | \$ 48,984,003 | \$ 49,035,171 |
| Total net debt applicable to limit | - | 1,328,000 | 1,255,000 | 12,375,000 | 12,295,000 | 12,215,000 | 11,690,000 | 11,155,000 | 10,605,000 | 10,045,000 |
| Legal debt margin | \$ 49,881,671 | \$ 56,259,431 | \$ 56,605,253 | \$ 43,619,271 | \$ 41,494,473 | \$ 39,715,187 | \$ 38,633,199 | \$ 38,112,423 | \$ 38,379,003 | \$ 38,990,171 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 2.31% | 2.17% | 22.10% | 22.86% | 23.52% | 23.23% | 22.64% | 21.65% | 20.49% |

| | | |
|---|------|------------------|
| Equalized valuation basis | 2016 | \$ 1,634,967,048 |
| | 2015 | \$ 1,639,386,632 |
| | 2014 | \$ 1,629,163,434 |
| | | \$ 4,903,517,114 |
| Average equalized valuation of taxable property | | \$ 1,634,505,705 |
| Debt limit (3% of average equalization value) | | 49,035,171 |
| Total Net Debt Applicable to Limit | | 10,045,000 |
| Legal debt margin | | \$ 38,990,171 |

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

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

| Year | Population ^a | Personal Income (Thousands) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|---|--|-----------------------------------|
| 2007 | 12,561 | 505,241,103 | 40,223 | 2.80% |
| 2008 | 12,602 | 523,688,712 | 41,556 | 4.60% |
| 2009 | 12,712 | 513,895,312 | 40,426 | 8.80% |
| 2010 | 12,236 | 516,701,808 | 42,228 | 9.20% |
| 2011 | 12,246 | 529,137,414 | 43,209 | 9.00% |
| 2012 | 12,334 | 553,796,600 | 44,900 | 8.90% |
| 2013 | 12,363 | 552,477,744 | 44,688 | 5.90% |
| 2014 | 12,420 | 542,592,540 | 43,687 | 4.70% |
| 2015 | 12,448 | 543,815,776 | 43,687 | 4.70% |
| 2016 | 12,399 | 585,096,411 | 47,189 | 4.60% |

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development. Estimates as of July 1, 2006-15.

^b Personal Income of the District is based on the population and per capita income.

^c Per capita personal income by county estimated based upon Census Bureau midyear population estimates.

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

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

| | 2017 | | 2007 | | | |
|-----------------|------------------|------------------------|---|------------------|------------------------|---|
| Employer | Employees | Rank [Optional] | Percentage of Total Municipal Employment | Employees | Rank [Optional] | Percentage of Total Municipal Employment |
| | | | | | | |
| | - | | 0.00% | - | | 0.00% |

Information Not Available

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Instruction: | 85 | 84 | 80 | 72 | 77 | 70 | 75 | 79 | 77 | 80 |
| Regular | 21 | 22 | 22 | 24 | 26 | 24 | 25 | 30 | 29 | 29 |
| Special Education | 4 | 4 | 4 | 5 | 5 | 4 | 5 | 3 | 4 | 4 |
| Other Special Instruction | | | | | | | | | | |
| Other Instruction | | | | | | | | | | |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 8 | 13 | 16 | 9 | 13 | 18 | 17 | 17 | 19 | 19 |
| School Administrative Services | 12 | 11 | 11 | 11 | 11 | 11 | 10 | 11 | 11 | 11 |
| General Administrative Services | 3 | 3 | 3 | 3 | 3 | 3 | 5 | 6 | 6 | 5 |
| Central Services & Admin. Info. Technology | - | - | - | - | - | - | - | 1 | 1 | 1 |
| Plant Operations and Maintenance | 15 | 15 | 15 | 13 | 13 | 13 | 14 | 15 | 14 | 11 |
| Pupil Transportation | 32 | 30 | 30 | 31 | 29 | 29 | 29 | 26 | 25 | 24 |
| Business and Other Support Services | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 |
| Special Schools | - | - | - | - | - | - | - | - | - | - |
| Food Service | - | - | - | - | - | - | - | - | - | - |
| Child Care | - | - | - | - | - | - | - | - | - | - |
| Total | 186 | 188 | 187 | 174 | 183 | 178 | 186 | 193 | 191 | 189 |

Source: District Personnel Records

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

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|-------------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | High School | | | | |
| 2008 | 1,369 | 22,574,033 | 16,489 | 4.73% | 129,00 | 10:01 | 12:01 | 13:72 | 1,315 | #REF! | 95.85% | |
| 2009 | 1,360 | 21,366,742 | 15,711 | -5.35% | 123,00 | 12:01 | 13:01 | 13:68 | 1,310 | -0.29% | 95.76% | |
| 2010 | 1,320 | 21,591,709 | 16,357 | 1.05% | 125,00 | 13:01 | 12:01 | 13:16 | 1,258 | -3.80% | 95.59% | |
| 2011 | 1,287 | 20,608,892 | 16,013 | -4.55% | 122,00 | 12:01 | 12:01 | 12:81 | 1,221 | -2.66% | 95.32% | |
| 2012 | 1,260 | 22,136,766 | 17,569 | 7.41% | 121,00 | 10:01 | 12:01 | 12:59 | 1,226 | -1.72% | 97.38% | |
| 2013 | 1,247 | 22,406,592 | 17,968 | 1.22% | 119,00 | 10:01 | 12:01 | 12:56 | 1,199 | -0.24% | 95.46% | |
| 2014 | 1,227 | 23,422,875 | 19,090 | 4.54% | 109,00 | 11:01 | 11:01 | 12:26 | 1,170 | -2.39% | 95.43% | |
| 2015 | 1,217 | 24,044,771 | 19,757 | 7.31% | 113,00 | 11:01 | 10:01 | 12:32 | 1,179 | 0.49% | 95.70% | |
| 2016 | 1,199 | 24,527,861 | 20,457 | 9.47% | 108,00 | 11:01 | 11:01 | 12:03 | 1,153 | -1.88% | 95.84% | |
| 2017 | 1,216 | 26,219,366 | 21,562 | 11.94% | 113,00 | 11:01 | 11:01 | 12:16 | 1,163 | -1.30% | 95.64% | |

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| E.G. Hewitt School (1937) | | | | | | | | | | |
| Square Feet | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 | 48,695 | 48,695 | 48,695 | 48,695 | 48,695 |
| Capacity (students) | 270 | 270 | 270 | 270 | 270 | 420 | 420 | 420 | 420 | 420 |
| Enrollment | 310 | 308 | 308 | 290 | 290 | 272 | 284 | 288 | 273 | 253 |
| Robert Erskine School (1960) | | | | | | | | | | |
| Square Feet | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 |
| Capacity (students) | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 | 219 |
| Enrollment | 267 | 267 | 267 | 246 | 236 | 234 | 247 | 248 | 249 | 229 |
| Peter Cooper School (1963) | | | | | | | | | | |
| Square Feet | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 |
| Capacity (students) | 291 | 291 | 291 | 291 | 291 | 291 | 291 | 291 | 291 | 291 |
| Enrollment | 303 | 284 | 284 | 292 | 290 | 290 | 263 | 260 | 253 | 263 |
| <u>Middle School</u> | | | | | | | | | | |
| Martin J. Ryerson (1970) | | | | | | | | | | |
| Square Feet | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 |
| Capacity (students) | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 | 483 |
| Enrollment | 489 | 501 | 501 | 459 | 444 | 451 | 432 | 421 | 424 | 436 |
| <u>Other</u> | | | | | | | | | | |
| Administration Building | | | | | | | | | | |
| Square Feet | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 |
| Transportation Office and Garage | | | | | | | | | | |
| Square Feet | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 |

Number of Schools at June 30, 2017

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

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

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

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

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

| School Facilities | Project #'s | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|----------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Martin J. Ryerson Middle School | N/A | 205,834 | 163,118 | 216,579 | 185,108 | 176,945 | 170,113 | 169,020 | 173,100 | 131,157 | 135,250 |
| E.G. Hewitt Intermediate School | N/A | 114,789 | 107,193 | 120,798 | 102,726 | 110,051 | 86,957 | 74,664 | 66,597 | 69,068 | 83,375 |
| Robert Erskine Elementary School | N/A | 74,742 | 97,872 | 78,672 | 103,156 | 71,659 | 114,999 | 139,063 | 133,820 | 143,332 | 92,950 |
| Peter Cooper Elementary School | N/A | 95,832 | 97,872 | 100,846 | 130,955 | 90,900 | 109,612 | 107,058 | 104,624 | 120,753 | 133,671 |
| Total School Facilities | | <u>491,197</u> | <u>466,055</u> | <u>516,895</u> | <u>521,945</u> | <u>449,555</u> | <u>481,681</u> | <u>489,805</u> | <u>478,141</u> | <u>464,310</u> | <u>445,246</u> |

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED**

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| Commercial Package Policy (1) | | |
| Blanket Building and Contents, Limits of Liability per Occurrence | \$ 450,000,000 | \$ 5,000 |
| Crime Coverage | | |
| Faithful Performance | \$ 500,000 | \$ 1,000 |
| Comprehensive General Liability | \$ 16,000,000 | \$ 100 |
| General Automobile Liability | \$ 16,000,000 | \$ 1,000 |
| Boiler and Machinery (1) | \$ 100,000,000 | |
| School Board Legal Liability (2) | \$ 16,000,000 | \$ 10,000 |
| Workers' Compensation (3) | Statutory | |
| Student Accident Insurance (4) | \$ 500,000 | |
| Surety Bonds | | |
| Board Secretary (5) | 50,000 | N/A |

- (1) New Jersey Schools Insurance Group
(2) New Jersey Schools Insurance Group
(3) New Jersey Schools Insurance Group
(4) Axis Accident & Health Group Insurance Trust
(5) Hartford Bonding Company

Source: District Records

SINGLE AUDIT SECTION

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

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Page 1 of 2

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ringwood School District, in the County of Passaic, New Jersey, as of and for the 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 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Ringwood Board of Education'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 Borough of Ringwood Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ringwood Board of Education'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 entity'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 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 Borough of Ringwood Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Ringwood School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 7, 2017.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 7, 2017



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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Ringwood School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Ringwood Board of Education's major federal and state programs for the year ended June 30, 2017. The Borough of Ringwood Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Ringwood Board of Education's major federal and state programs 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; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. 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 and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ringwood Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Ringwood Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Ringwood Board of Education 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 federal and state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Borough of Ringwood Board of Education 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 Borough of Ringwood Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 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 Borough of Ringwood Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and 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 and 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 and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 7, 2017

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period From To | Balance at June 30, 2016 | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/ Repayment of Prior Years' Balances | Balance at June 30, 2017 | | MEMO Cumulative Total Expenditures |
|--|---------------------------|---------------------------|-------------------------------------|-------------------------------|-------------------------|--------------------------------|------------------------------------|------------------|---------------------------|--|--------------------------|-------------------|---|
| | | | | | | | | | | | (Accounts Receivable) | Due to Grantor | |
| U.S. Department of Education | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| Medical Assistance Program (SEMI) | 93.778 | I70SN5MAP | N/A | 2,459 | 7/1/2016 | 6,530/2017 | | 2,459 | (2,459) | | | | 2,459 |
| Total General Fund | | | | | | | | 2,459 | (2,459) | | | | 2,459 |
| U.S. Department of Education | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | |
| Title I | 84.010 | S010A160030 | NCLB440017 | 121,735 | 7/1/2016 | 6,530/2017 | (14,328) | 111,923 | (119,440) | (21,845) | | | 119,440 |
| Title II, Part A | 84.010 | S010A150030 | NCLB440016 | 120,449 | 7/1/2016 | 6,530/2016 | 14,328 | | | | | | 120,449 |
| Title II, Part A | 84.367A | S-367A160029 | NCLB440017 | 21,762 | 7/1/2016 | 6,530/2017 | (8,475) | 24,100 | (21,762) | (6,137) | | | 21,762 |
| Title II, Part A | 84.367A | S-367A150029 | NCLB440016 | 25,588 | 7/1/2016 | 6,530/2016 | 8,475 | | | | | | 25,588 |
| IDEA Part B, Basic Regular | 84.027 | H027A160100 | IDEA440017 | 321,630 | 7/1/2016 | 6,530/2017 | (8,993) | 317,177 | (318,089) | (9,905) | | | 318,089 |
| IDEA Part B, Basic Regular | 84.027 | H027A150100 | IDEA440016 | 323,340 | 7/1/2016 | 6,530/2016 | 8,993 | | | | | | 323,340 |
| IDEA Part B, Preschool | 84.173 | H173A160114 | IDEA440017 | 26,322 | 7/1/2016 | 6,530/2017 | (3,862) | 24,262 | (26,322) | (5,922) | | | 26,322 |
| IDEA Part B, Preschool | 84.173 | H173A150114 | IDEA440016 | 14,903 | 7/1/2016 | 6,530/2016 | (3,862) | | | | | | 14,903 |
| Total Special Revenue Fund | | | | | | | (35,658) | 477,462 | (485,613) | (43,809) | | | 969,893 |
| U.S. Department of Agriculture | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | |
| Food Distribution Program | 10.550 | 171NJ304N1099 | N/A | 26,358 | 7/1/2016 | 6,530/2017 | | 26,358 | (25,973) | | 385 | | 26,738 |
| Food Distribution Program | 10.550 | 16161J304N1099 | N/A | 27,123 | 7/1/2016 | 6,530/2016 | 385 | | (385) | | | | 27,123 |
| National School Lunch Program | 10.555 | 171NJ304N1099 | N/A | 71,112 | 7/1/2016 | 6,530/2017 | | 66,008 | (71,112) | (5,104) | | | 71,112 |
| National School Lunch Program | 10.555 | 16161NJ304N1099 | N/A | 72,350 | 7/1/2016 | 6,530/2016 | (4,138) | 4,138 | | | | | 72,350 |
| Total Enterprise Fund | | | | | | | (3,753) | 96,504 | (97,470) | (5,104) | 385 | | 197,323 |
| Total Federal Financial Awards | | | | | | | \$ (39,411) | \$ 576,425 | \$ (385,542) | \$ (48,913) | \$ 385 | | \$ 1,169,675 |

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB UNIFORM GUIDANCE.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Schedule of State Financial Assistance
for the Fiscal Year Ended June 30, 2017

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Deferred Revenue (Accts. Receivable) | | Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/ Reimbursement of Prior Years' Balances | Balance at June 30, 2017 | | MEMO | |
|--|-------------------------------|-------------------------|--------------|-----------|--------------------------------------|----------------|----------------|------------------------------|---------------|------------------------|---|--------------------------|----------------|---------|----------------------|
| | | | From | To | (Accts. Receivable) | Due to Grantor | | | | | | Deferred Revenue | Due to Grantor | | Budgetary Receivable |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Equalization Aid | 17-495-034-5120-078 | \$ 1,139,507 | 7/1/2016 | 6/30/2017 | | | | | 1,027,454 | (1,139,507) | | | | 112,053 | 1,139,507 |
| Transportation Aid | 17-495-034-5120-014 | 660,581 | 7/1/2016 | 6/30/2017 | | | | 594,523 | (660,581) | | | | | 66,058 | 660,581 |
| Special Education Categorical Aid | 17-495-034-5120-089 | 727,841 | 7/1/2016 | 6/30/2017 | | | | 655,057 | (727,841) | | | | | 72,784 | 727,841 |
| Security Aid | 17-495-034-5120-084 | 98,526 | 7/1/2016 | 6/30/2017 | | | | 88,674 | (98,526) | | | | | 9,852 | 98,526 |
| Adjustment Aid | 17-495-034-5120-085 | 159,299 | 7/1/2016 | 6/30/2017 | | | | 143,369 | (159,299) | | | | | 15,930 | 159,299 |
| Additional Adjustment | 17-495-034-5120-085 | 99,093 | 7/1/2016 | 6/30/2017 | | | | 89,183 | (99,093) | | | | | 9,910 | 99,093 |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 11,505 | 7/1/2016 | 6/30/2017 | | | | 10,355 | (11,505) | | | | | 1,150 | 11,505 |
| PARCC Readiness | 17-495-034-5120-098 | 11,810 | 7/1/2016 | 6/30/2017 | | | | 10,628 | (11,810) | | | | | 1,182 | 11,810 |
| Professional Learning Community Aid | 17-495-034-5120-101 | 328,201 | 7/1/2016 | 6/30/2017 | | | | 105,519 | (328,201) | | | | | | 328,201 |
| Extraordinary Aid | 16-100-034-5120-044 | 105,519 | 7/1/2016 | 6/30/2016 | | (105,519) | | | | | | | | | 105,519 |
| Non-Public Transportation Aid | 17-495-034-5120-073 | 10,523 | 7/1/2016 | 6/30/2017 | | | | 9,725 | (10,523) | | | | | | 10,523 |
| Non-Public Transportation Aid | 16-495-034-5120-014 | 9,725 | 7/1/2015 | 6/30/2016 | | (9,725) | | | | | | | | | 9,725 |
| On-Behalf TPAF Pension | 17-495-034-5094-002 | 1,017,292 | 7/1/2016 | 6/30/2017 | | | | 1,017,292 | (1,017,292) | | | | | | 1,017,292 |
| On-Behalf TPAF NCCI Premium | 17-495-034-5094-004 | 36,859 | 7/1/2016 | 6/30/2017 | | | | 36,859 | (36,859) | | | | | | 36,859 |
| On-Behalf TPAF Long Term Disability | 17-495-034-5094-001 | 878,348 | 7/1/2016 | 6/30/2017 | | | | 878,348 | (878,348) | | | | | | 878,348 |
| Reimbursed TPAF Social Security Contrib. | 17-495-034-5094-003 | 2,681 | 7/1/2016 | 6/30/2017 | | | | 2,681 | (2,681) | | | | | | 2,681 |
| Reimbursed TPAF Social Security Contrib. | 16-495-034-5094-003 | 723,616 | 7/1/2016 | 6/30/2017 | | (32,305) | | 688,394 | (723,616) | | | | | | 723,616 |
| | | 657,728 | 7/1/2015 | 6/30/2016 | | | | 32,305 | | | | | | | 657,728 |
| Total General Fund | | | | | | (147,549) | | 5,400,721 | (5,917,187) | | | | | 290,069 | 6,690,159 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| N.J. Nonpublic Aid: | | | | | | | | | | | | | | | |
| Textbook Aid | 17-100-034-5120-064 | 12,508 | 7/1/2016 | 6/30/2017 | | | 18 | | 12,508 | (12,508) | | | | | 12,508 |
| Textbook Aid | 16-100-034-5120-064 | 13,933 | 7/1/2015 | 6/30/2016 | | | | | | (18) | | | | | 13,915 |
| Auxiliary Services: | | | | | | | | | | | | | | | |
| Compensatory Education | 17-100-034-5120-067 | 64,498 | 7/1/2016 | 6/30/2017 | | | | | 64,498 | (42,998) | | | | | 42,998 |
| Compensatory Education | 16-100-034-5120-067 | 54,992 | 7/1/2015 | 6/30/2016 | | | | | | (9,731) | | | | | 45,261 |
| English as a Second Language | 17-100-034-5120-067 | 914 | 7/1/2016 | 6/30/2017 | | | 9,731 | | 914 | | | | | | 914 |
| English as a Second Language | 16-100-034-5120-067 | 3,451 | 7/1/2015 | 6/30/2016 | | | 2,588 | | | (2,588) | | | | | 865 |
| Transportation | 17-100-034-5120-068 | 22,707 | 7/1/2016 | 6/30/2017 | | | | | 22,707 | | | | | | 22,707 |
| Transportation | 16-100-034-5120-068 | 24,495 | 7/1/2015 | 6/30/2016 | | | 24,495 | | | (24,495) | | | | | - |
| Home Instruction | 16-100-034-5120-067 | 2,095 | 7/1/2015 | 6/30/2016 | | (2,095) | | | | | | | | | 2,095 |
| Handicapped Services: | | | | | | | | | | | | | | | |
| Supplemental Instruction | 17-100-034-5120-066 | 31,388 | 7/1/2016 | 6/30/2017 | | | | | 31,388 | (24,648) | | | | | 24,648 |
| Supplemental Instruction | 16-100-034-5120-066 | 27,475 | 7/1/2015 | 6/30/2016 | | | 7,056 | | | (7,056) | | | | | 20,419 |
| Examination & Classification | 17-100-034-5120-066 | 40,522 | 7/1/2016 | 6/30/2017 | | | | | 40,522 | (31,518) | | | | | 31,518 |
| Examination & Classification | 16-100-034-5120-066 | 45,325 | 7/1/2015 | 6/30/2016 | | | 16,858 | | | (16,858) | | | | | 28,467 |
| Corrective Speech | 17-100-034-5120-066 | 19,967 | 7/1/2016 | 6/30/2017 | | | | | 19,967 | (18,632) | | | | | 18,632 |
| Corrective Speech | 16-100-034-5120-066 | 23,410 | 7/1/2015 | 6/30/2016 | | | 8,613 | | | (8,613) | | | | | 14,797 |
| Nursing Services | 17-100-034-5120-070 | 20,790 | 7/1/2016 | 6/30/2017 | | | | | 20,790 | (20,787) | | | | | 20,787 |
| Nursing Services | 16-100-034-5120-070 | 23,490 | 7/1/2015 | 6/30/2016 | | | 42 | | | (42) | | | | | 23,448 |
| Technology Initiative | 17-100-034-5120-373 | 5,642 | 7/1/2016 | 6/30/2017 | | | | | 5,642 | (5,634) | | | | | 5,634 |
| Technology Initiative | 16-100-034-5120-373 | 6,344 | 7/1/2015 | 6/30/2016 | | | 11 | | | (11) | | | | | 6,333 |
| Security Aid | 17-100-034-5120-509 | 11,550 | 7/1/2016 | 6/30/2017 | | | | | 11,550 | (11,549) | | | | | 11,549 |
| Character Education | 17-100-034-5120-509 | 7,192 | 7/1/2015 | 6/30/2014 | | | | | | 116 | | | | | 7,192 |
| Total Special Revenue Fund | | | | | | (1,333) | | 69,412 | 232,581 | (169,152) | | | | | 62,212 |
| | | | | | | | | | | | | | | | 331,064 |

See accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Schedule of State Financial Assistance
for the Fiscal Year Ended June 30, 2017

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From To | Balance at June 30, 2016 | | Carryover/(Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/Repayment of Prior Years' Balances | Balance at June 30, 2017 | | Due to Grantor | MEMO Budgetary Receivable | MEMO Cumulative Total Expenditures |
|---|-------------------------------|-------------------------|----------------------|--------------------------------------|----------------|-----------------------------|---------------|------------------------|--|--------------------------|------------------|----------------|---------------------------|------------------------------------|
| | | | | Deferred Revenue (Accts. Receivable) | Due to Grantor | | | | | (Accounts Receivable) | Deferred Revenue | | | |
| Debt Service Fund: | | | | | | | | | | | | | | |
| Debt Service Aid | 17-495-034-5120-075 | 43,210 | 7/1/2016 | 6/30/2017 | | | 43,210 | (43,210) | | | | | | 43,210 |
| Capital Projects Fund: | | | | | | | | | | | | | | |
| Schools Development Authority (SDA) | 4400-053-14-1001 | 156,000 | | | | | | | | | | | | |
| Schools Development Authority (SDA) | 4400-055-14-1002 | 124,000 | | | | | | | | (156,000) | | | | 156,000 |
| Schools Development Authority (SDA) | 4400-060-14-1003 | 124,000 | | | | | | | | (124,000) | | | | 124,000 |
| Schools Development Authority (SDA) | 4400-053-14-1004 | 86,400 | | | | | | | | (124,000) | | | | 124,000 |
| | | | | | | | | | | (86,400) | | | | 86,400 |
| Total Capital Projects Fund | | | | | | | | | | (490,400) | | | | 490,400 |
| State Department of Agriculture | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | |
| State School Lunch Program | 17-100-010-3350-023 | 4,318 | 7/1/2016 | 6/30/2017 | | | 3,997 | (4,318) | | (321) | | | | 4,318 |
| State School Lunch Program | 16-100-010-3350-023 | 4,279 | 7/1/2015 | 6/30/2016 | (253) | | 253 | | | | | | | 4,279 |
| Total Enterprise Fund | | | | | | | | | | | | | | 8,597 |
| | | | | | | | | | | | | | | |
| TOTAL STATE FINANCIAL ASSISTANCE | | | | | | | \$ 5,680,762 | \$ (6,213,437) | \$ (69,296) | \$ (864,667) | \$ - | \$ 62,212 | \$ 290,069 | \$ 7,563,430 |
| Less: On-Behalf TPAF Pension and Annuity Aid: | | | | | | | | | | | | | | |
| On-Behalf TPAF - Post Retirement Medical | | | | | | | 878,348 | (878,348) | | | | | | 878,348 |
| On-Behalf TPAF - Pension Contributions | | | | | | | 1,017,292 | (1,017,292) | | | | | | 1,017,292 |
| On-Behalf TPAF - Long-Term Disability Contributions | | | | | | | 2,681 | (2,681) | | | | | | 2,681 |
| On-Behalf TPAF - Non-contributory insurance | | | | | | | 36,859 | (36,859) | | | | | | 36,859 |
| | | | | | | | 1,935,180 | (1,935,180) | | | | | | 1,935,180 |
| TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION | | | | | | | \$ 3,745,582 | \$ (4,278,257) | \$ (69,296) | \$ (864,667) | \$ - | \$ 62,212 | \$ 290,069 | \$ 5,628,250 |

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education, Borough of Ringwood School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(1,184) for the general fund and \$(34,148) for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------|------------------|--------------------|--------------------|
| General Fund | \$2,459 | \$5,916,003 | \$5,918,462 |
| Special Revenue Fund | 485,613 | 168,046 | 653,659 |
| Capital Projects Fund | | 79,570 | 79,570 |
| Debt Service Fund | | 43,210 | 43,210 |
| Food Service Fund | <u>97,470</u> | <u>4,318</u> | <u>101,788</u> |
| Total Financial Awards | <u>\$585,542</u> | <u>\$6,211,147</u> | <u>\$6,796,689</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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

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

NOTE 7. INDIRECT COST RATE

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

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | |
|---|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiencies identified? | _____ yes | _____ <u>X</u> none reported |

| | | |
|---|-----------|-------------------|
| Noncompliance material to basic financial statements noted? | _____ yes | _____ <u>X</u> no |
|---|-----------|-------------------|

Federal Awards

Not Applicable

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|--|
| <u>17-495-034-5120-078</u> | (A) <u>Equalization Aid</u> |
| <u>17-495-034-5120-089</u> | (A) <u>Special Education Aid</u> |
| <u>17-495-034-5120-084</u> | (A) <u>Security Aid</u> |
| <u>17-495-034-5120-085</u> | (A) <u>Adjustment Aid</u> |
| <u>17-495-034-5120-097</u> | (A) <u>Per Pupil Growth Aid</u> |
| <u>17-495-034-5120-098</u> | (A) <u>PARCC Readiness Aid</u> |
| <u>17-495-034-5120-101</u> | (A) <u>Professional Learning Community Aid</u> |

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

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(continued)**

Section II - Financial Statement Findings

None

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

None

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

Status of Prior Year Findings

No matters were reported.