

SCHOOL DISTRICT
OF
RIVERTON



Riverton Board of Education
Riverton, New Jersey

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

**Comprehensive Annual
Financial Report**

of the

Riverton Board of Education

Riverton, New Jersey

For the Fiscal Year Ended June 30, 2017

**Prepared by
Riverton Board of Education
Finance Department**

RIVERTON SCHOOL DISTRICT

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Introductory Section

RIVERTON PUBLIC SCHOOL

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MARY ELLEN ECK

Superintendent

October 12, 2017

Honorable President, Board of Education
and Riverton Citizens
Borough of Riverton School District
Riverton, Burlington County, New Jersey

Dear Citizens:

The comprehensive annual financial report of the Riverton School District for the fiscal year ending June 30, 2017 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner intended to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance), and State of New Jersey Circular OMB 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Riverton School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No.3. All funds and account groups of the District are included in this report. The Riverton Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool (integrated - not universal program) through eight. This includes programming for students eligible for special education services, students identified as gifted and talented and others identified as at risk in specific academic areas. It also includes a comprehensive physical education, health, fine arts, music, media, computer and Spanish instruction. The District completed the 2016/2017 fiscal year with an enrollment of 292 students, which is 19 students less than the previous year's end-of-year enrollment. The budget supports 48 students attending Palmyra High School, our receiving district. The following details the changes in the elementary student enrollment of the District over the last ten years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2007-08	253	4.98%
2008-09	259	2.37%
2009-10	271	4.63%
2010-11	282	4.06%
2011-12	288	2.13%
2012-13	286	(0.70%)
2013-14	302	5.59%
2014-15	293	(2.93%)
2015-16	311	6.14%
2016-17	292	(6.11%)

2. ECONOMIC CONDITION AND OUTLOOK: The Riverton School district is a one building district, which is located on the Delaware River in close proximity to Philadelphia and considered part of western Burlington County. Riverton School is a Kindergarten through eighth grade district, but also has an Integrated Preschool. K-8 Enrollment is approximately 300 students.

The State funding formula makes it difficult for The Riverton Board of Education to budget long term. Each year we face the challenge of paying special education costs and high school tuition while working to maintain an overall effective school program. With a mandated limited surplus, it is difficult to meet the unanticipated costs associated with students with

special needs or those who have been placed by another agency, moving into our district. In addition, facility issues have added to the challenge.

Currently, we are providing an excellent education where students perform at the top of the county on state mandated tests while maintaining an efficient budget. The taxpayers in Riverton support more than 84% of the current expense budget. The members of our town have remained supportive and involved even as we moved the election to November.

In the past, the District benefitted from a Foundation, the Friends of Riverton School, which served to strictly fund raise for the district. The funds have been used for facility improvements, including playground, and technology initiatives. There is no current foundation as efforts have been to support our sending high school.

We continue to share services whenever possible. We currently share services for Algebra, a Learning Disabilities Teacher/Consultant, instrumental music, transportation, media/technology, related services, food services, insurance services, energy services, communications services and professional development.

Our PTO continues to support the school with contributions to our educational programs through materials and programming. They are most active in helping to rally the community's support and making field trips a reality for all students. This year they donated funds towards a purchase of a new scoreboard.

The school strives to serve as a community focal point for many educational and civic activities. The town values the children's education and uses the facility on a regular basis.

3. Major Initiatives: Throughout the school, a strong emphasis continues to be placed on a strong academic foundation, reading real literature in a Literacy program, the integration of subject matter, and the use of technology as a tool to enhance learning. A strong emphasis is on the Student Learning Standards as well as the 21st Century themes. Our science and social studies programs are inquiry based and use non-fiction and authentic documents to enrich studies. In math, we combine a traditional approach with the skill mastery with constructivist activities for concept development. The teachers and specialists work cooperatively to provide meaningful educational programs for all students. Each professional shares his/her expertise in planning and implementing effective lessons and programs. Classroom teachers, special education teachers, and specialists meet monthly across grade levels to ensure communication of goals and objectives as well as to develop interventions and enriching approaches.

Riverton School District offers a half-day integrated Preschool Program and a full day Kindergarten Program. The instruction of both programs is thematically based and focuses on academic, social and emotional development. We have found the transition to Kindergarten and grade 1 to be smooth and students are eager for the full day program.

All students in grades K-8 benefit from weekly instruction from the fine arts teacher, the physical education teacher and from the music teacher. Our media specialist meets with the elementary school students and the middle school students' weekly to provide library/media skills instruction. The media specialist also coordinates lessons weekly with the computer teacher for research projects.

In our Fine Arts program, all students use a variety of media to create art while learning about art concepts, other cultures, famous artists, and their world. The students benefit from weekly sessions.

In our Music program, students learn songs focusing on social, cultural, and historic values. Programs include a holiday concert, Arbor Day celebration, spring program, Kindergarten graduation, 8th Grade graduation; as well as other performance opportunities as they relate to classroom themes.

Sixth, seventh, and eighth grade students have the opportunity to participate in chorus. The chorus performs at the Veteran's Day event and other school events, as well as in the community.

Technology is a one to one initiative, and, although we teach concepts and skills in a computer class, we are most proud of the integration.

Riverton students continue to benefit from a departmentalized middle school in grades six through eight with certified teachers in each subject area.

We used benchmark assessments to best diagnose students needs and fine tune instruction. We used Title I funds to provide after school academic support. Riverton students historically score in the top quartile on all nationally normed tests. Third through eighth grade students must take State-mandated PARCC assessments. The Assessment of Skills and Knowledge (ASK) in Grades 4 and 8 in science was administered in the spring. All grades perform at the top of our county. Scores are used as part of a rubric to determine eligibility for a Gifted and Talented Program and our Basic Skills Improvement Program.

Extracurricular activities are offered to all students' grades 5 through 8. They consist of kickball, flag football, volleyball, cheerleading, softball and basketball. Clubs include Drama, Newspaper, Student Council, Chess, Technology and Safety Patrol.

In summary, the strong community involvement in our district, our small size, and our quality programming allow active participation in a very positive vein through the school board, the administration, the teaching staff, and a supportive PTA.

4. INTERNAL ACCOUNTING CONTROLS: The 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, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

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

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect GAAP, as promulgated by the GASB. The accounting system of the District is organized based on funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

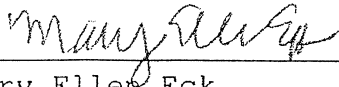
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute and detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the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

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

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance), and State of New Jersey Circular OMB 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



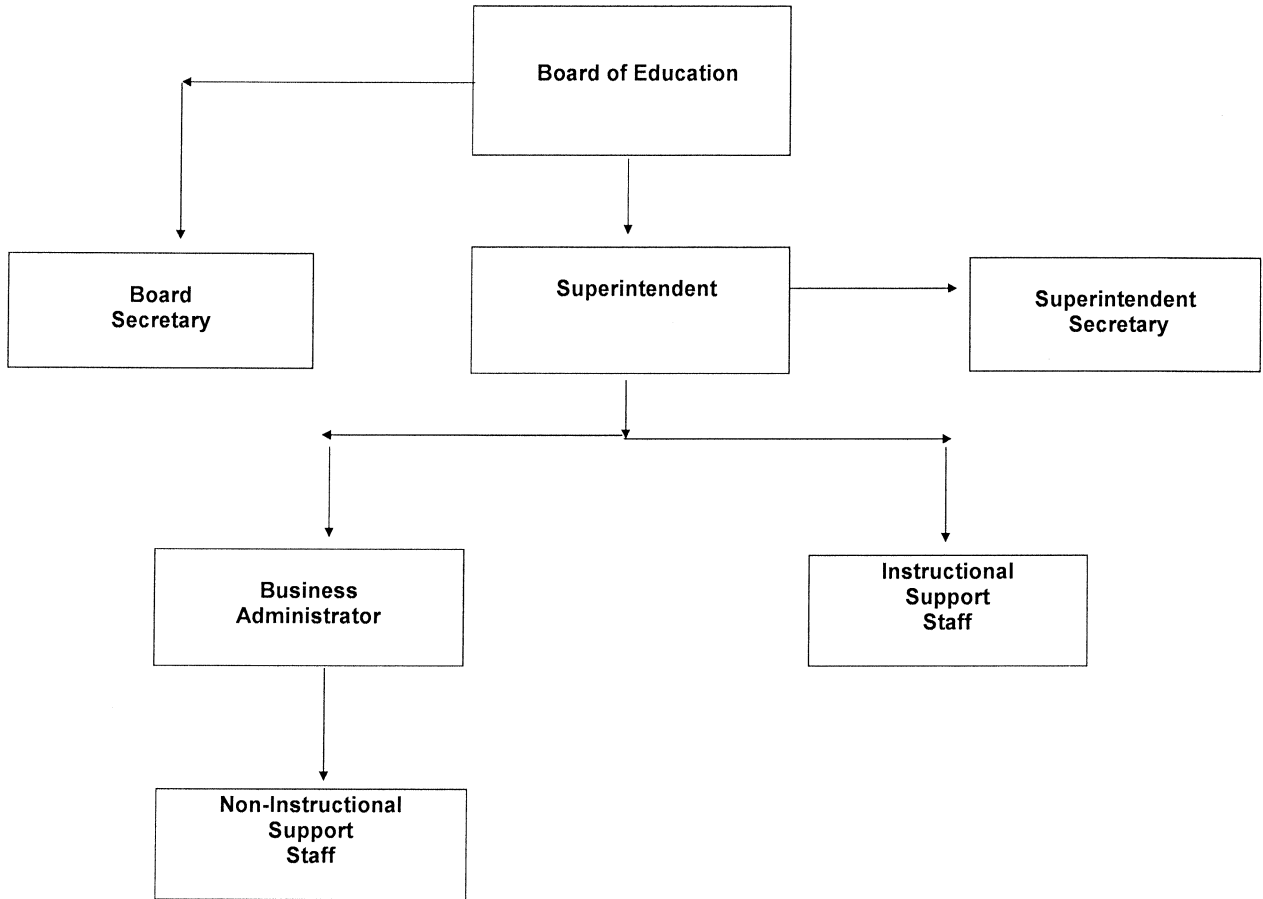
Mary Ellen Eck
Superintendent



Jonathan Yates
Board Secretary/Business Administrator

RIVERTON BOARD OF EDUCATION

Organizational Chart (UNIT CONTROL)



RIVERTON SCHOOL DISTRICT

Roster of Officials June 30, 2017

Members of the Board of Education:

Term Expires

Walter Croft, President	Jan. 2019
Scott Warnock, Vice President	Jan. 2018
JoAnn Corbi	Jan. 2018
Mark DiLeo	Jan. 2020
Jeffrey Elliot	Jan. 2019
Helen Mack	Jan. 2018
Michael V. Sencindiver	Jan. 2019
Robin McGinnis	Jan. 2020
Paul Papenberg	Jan. 2020

Other Officials:

Mary Ellen Eck, Superintendent
Donna Gidjunis, Business Administrator/Board Secretary
Thomas Egan, Treasurer
Stephen Mushinski, Esq. Solicitor

**RIVERTON SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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Attorney

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Financial Section

INVERSO & STEWART, LLC
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New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Riverton School District
County of Burlington
Riverton, New Jersey

Report on the Financial Statements

I 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 Riverton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Riverton School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedule of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 my opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2017 on my consideration of the Riverton School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Riverton School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

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-Member of-
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 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Riverton School District
 County of Burlington
 Riverton, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Riverton School District's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Riverton School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

As management of the Board of Education of the Borough of Riverton, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$1,255,556 (*net position*).
- Governmental activities have a deficit unrestricted balance of \$633,870. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal amount.
- The total net position of the School District increased by \$10,999, or a 0.88% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the payment of long-term debt including reduction in the compensated absences balance at year end.
- Fund balance of the School District's governmental funds increased by \$196,169 resulting in an ending fund balance of \$1,186,426. This was a result of spending approximately 98% of the approved budget.
- Business-type activities have an unrestricted balance of \$12,982, which may be used to meet the School District's ongoing obligations of the Food Service Fund.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2018. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2018.

The assets of the primary government activities exceeded liabilities by \$1,228,163 with a deficit unrestricted balance of \$633,870. The net position of the primary government does not include internal balances.

A balance of \$969,485 has been restricted as follows:

Reserve for Encumbrances	\$	686,229
Restricted for Future Maintenance Projects		163,138
Restricted for Future Capital Projects		61,118
Restricted for Future Tuition Payments		<u>59,000</u>
Total	\$	<u>969,485</u>

**Comparative Summary of Net Position
As of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current assets	\$ 1,233,009	\$ 1,017,594	\$ 16,292	\$ 27,310	\$ 1,249,301	\$ 1,044,904
Capital assets	892,548	986,371	14,411	13,737	906,959	1,000,108
Total assets	<u>2,125,557</u>	<u>2,003,965</u>	<u>30,703</u>	<u>41,047</u>	<u>2,156,260</u>	<u>2,045,012</u>
Deferred Outflows of Resources	<u>358,881</u>	<u>212,332</u>			<u>358,881</u>	<u>212,332</u>
LIABILITIES						
Current liabilities	80,364	27,337	3,310	9,736	83,674	37,073
Noncurrent liabilities	1,112,555	961,749			1,112,555	961,749
Total liabilities	<u>1,192,919</u>	<u>989,086</u>	<u>3,310</u>	<u>9,736</u>	<u>1,196,229</u>	<u>998,822</u>
Deferred Inflows of Resources	<u>63,356</u>	<u>13,965</u>			<u>63,356</u>	<u>13,965</u>
Net Position	<u>\$ 1,228,163</u>	<u>\$ 1,213,246</u>	<u>\$ 27,393</u>	<u>\$ 31,311</u>	<u>\$ 1,255,556</u>	<u>\$ 1,244,557</u>
Net Position Consists of:						
Invested in Capital Assets	\$ 892,548	\$ 986,371	\$ 14,411	\$ 13,737	\$ 906,959	\$ 1,000,108
Restricted Assets	969,485	744,869			969,485	744,869
Unrestricted Assets	<u>(633,870)</u>	<u>(517,994)</u>	<u>12,982</u>	<u>17,574</u>	<u>(620,888)</u>	<u>(500,420)</u>
Net Position	<u>\$ 1,228,163</u>	<u>\$ 1,213,246</u>	<u>\$ 27,393</u>	<u>\$ 31,311</u>	<u>\$ 1,255,556</u>	<u>\$ 1,244,557</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$14,917 during the current fiscal year, thereby accounting for almost all the total increase in the net position of the School District. Key elements of the increase in net position for governmental activities are as follows:

- Excess of current year revenues over expenditures in the amount of \$196,169
- Fixed asset depreciation in the amount of \$102,469

Business-type Activities

Business-type activities decreased the School District's net position by \$3,918. Operations of the Food Service Fund produced a loss for the current fiscal year.

**Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Revenues:						
Charges for services	\$ -	\$ -	\$ 38,360	\$ 41,824	\$ 38,360	\$ 41,824
Operating grants and contributions	708,401	629,092	15,809	17,230	724,210	646,322
Property taxes	4,981,583	4,739,666			4,981,583	4,739,666
Debt service taxes	-	135,655			-	135,655
State aid	543,989	570,294			543,989	570,294
Other revenues	55,707	48,810	2,996		58,703	48,810
Total Revenues	6,289,680	6,123,517	57,165	59,054	6,346,845	6,182,571
Expenses:						
Governmental Activities:						
Instruction	2,172,302	2,146,959			2,172,302	2,146,959
Tuition	1,181,723	1,252,490			1,181,723	1,252,490
Related services	547,144	563,948			547,144	563,948
Administrative services	406,293	423,464			406,293	423,464
Operations and Maintenance	543,645	410,143			543,645	410,143
Transportation	101,508	103,463			101,508	103,463
Employee benefits	1,313,100	1,049,827			1,313,100	1,049,827
Interest on debt		2,827			-	2,827
Other	9,048	11,184			9,048	11,184
Business-Type Activities:						
Food Service			61,083	67,875	61,083	67,875
Total Expenses	6,274,763	5,964,305	61,083	67,875	6,335,846	6,032,180
Increase (Decrease) in Net Position before transfers	14,917	159,212	(3,918)	(8,821)	10,999	150,391
Transfers						
Change in Net Position	14,917	159,212	(3,918)	(8,821)	10,999	150,391
Net Position July 1	1,213,246	1,054,034	31,311	40,132	1,244,557	1,094,166
Net Position June 30	\$ 1,228,163	\$ 1,213,246	\$ 27,393	\$ 31,311	\$ 1,255,556	\$ 1,244,557

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,186,426, an increase of \$196,169 in comparison with the prior year.

The School District has an unassigned fund balance for the General Fund of \$216,941. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been assigned, as follows: 1) \$686,229 for year-end encumbrances, 2) \$163,138 restricted for future maintenance costs, 3) \$61,118 restricted for future capital projects and 4) \$59,000 restricted for tuition payments.

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

Revenue in the Special Revenue Fund is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated.

General Fund Budgetary Highlights

There was no difference between the original budget and the final amended budget.

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the General Fund was \$250,000, while total fund balance (budgetary basis) was \$1,219,485. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total General Fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$5,973,545. Unassigned fund balance (budgetary basis) represents 4.18% of expenditures while total fund balance (budgetary basis) represents 20.41% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental activities as of June 30, 2017, totaled \$906,959 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$93,149 or a 9.31% decrease.

Major capital assets events during the current fiscal year included the following:

- Depreciation expense for the current fiscal year was \$106,122.
- The District purchased equipment totaling \$12,973 during the current fiscal year.

Capital Asset (net of accumulated depreciation) June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		District-Wide	
	2017	2016	2017	2016	2017	2016
Land	\$ 649,600	\$ 649,600	\$ -	\$ -	\$ 649,600	\$ 649,600
Site Improvements	31,007	33,736			31,007	33,736
Building and Building Improvements	6,626	16,655			6,626	16,655
Equipment	205,315	286,380	14,411	13,737	219,726	300,117
Total	\$ 892,548	\$ 986,371	\$ 14,411	\$ 13,737	\$ 906,959	\$ 1,000,108

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

Economic Factors and Next Year's Budgets and Rates

For the 2017-2018 school year, the School District will be able to sustain its budget through the tax levy, federal aid, state aid, and miscellaneous revenue sources. One of the most important factors affecting the School District's budget is the amount of state aid it will receive in comparison to its enrollment. The 2017-2018 budget was adopted based on no increase in aid from the State of New Jersey and a \$251,162 increase in school property taxes. The School District continues to examine its costs in an effort to prevent additional burden on the taxpayers of the municipality. The 2017 tax rate is \$2.162, an increase of \$.105 from the previous year.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Riverton School District Business Administrator, 600 Fifth Street, Riverton, New Jersey, 08077, telephone number (856) 829-0974.

Basic Financial Statements

District-Wide Financial Statements

RIVERTON 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	\$ 1,219,189	\$ 15,531	\$ 1,234,720
Receivables, net			
Intergovernmental	13,680	761	14,441
Other	140		140
Capital assets, net (Note 5)	<u>892,548</u>	<u>14,411</u>	<u>906,959</u>
Total Assets	<u>2,125,557</u>	<u>30,703</u>	<u>2,156,260</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>358,881</u>		<u>358,881</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>2,484,438</u>	<u>30,703</u>	<u>2,515,141</u>
LIABILITIES:			
Accounts payable			
Related to pension	33,781		33,781
Other	38,987		38,987
Unearned revenue	3,150	3,310	6,460
Intergovernmental Accounts Payable	4,446		4,446
Internal balances			
Noncurrent liabilities:			
Due within one year			
Due beyond one year	<u>1,112,555</u>		<u>1,112,555</u>
Total Liabilities	<u>1,192,919</u>	<u>3,310</u>	<u>1,196,229</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>63,356</u>		<u>63,356</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
	<u>1,256,275</u>	<u>3,310</u>	<u>1,259,585</u>
NET POSITION:			
Net Investment in Capital Assets	892,548	14,411	906,959
Restricted for:			
Capital projects	61,118		61,118
Other purposes	908,367		908,367
Unrestricted	<u>(633,870)</u>	<u>12,982</u>	<u>(620,888)</u>
Total Net Position	<u>\$ 1,228,163</u>	<u>\$ 27,393</u>	<u>\$ 1,255,556</u>

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

RIVERTON SCHOOL DISTRICT
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 1,652,459	\$ -	\$ 23,502	\$ -	\$ (1,628,957)	\$ -	\$ (1,628,957)
Special education	380,849		76,331		(304,518)		(304,518)
Other instruction	138,994				(138,994)		(138,994)
Support Services:							
Tuition	1,181,723				(1,181,723)		(1,181,723)
Student & instruction related services	547,144		20,133		(527,011)		(527,011)
General administrative services	406,293				(406,293)		(406,293)
Plant operations and maintenance	543,645				(543,645)		(543,645)
Pupil transportation	101,508				(101,508)		(101,508)
Allocated and unallocated benefits	1,313,100		588,435		(724,665)		(724,665)
Interest on long-term debt							
Unallocated depreciation and amortization	9,048				(9,048)		(9,048)
Total Governmental Activities	6,274,763		708,401		(5,566,362)		(5,566,362)
Business-Type Activities:							
Food service	61,083	38,360	15,809			(6,914)	(6,914)
Total Business-Type Activities	61,083	38,360	15,809			(6,914)	(6,914)
Total Primary Government	\$ 6,335,846	\$ 38,360	\$ 724,210	\$ -	(5,566,362)	(6,914)	(5,573,276)
General revenues:							
Taxes:							
Property taxes levied for general purposes, net					4,981,583		4,981,583
Taxes levied for debt service							
Federal and State aid not restricted					543,989		543,989
Miscellaneous income					55,707	2,996	58,703
Total general revenues, special items, extraordinary items and transfers					5,581,279	2,996	5,584,275
Change in Net Position					14,917	(3,918)	10,999
Net Position - June 30, 2016					1,213,246	31,311	1,244,557
Net Position - June 30, 2017					\$ 1,228,163	\$ 27,393	\$ 1,255,556

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

Fund Financial Statements

RIVERTON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,214,533	\$ 4,656	\$ -	\$ -	\$ 1,219,189
Interfund Receivable	140				140
Receivables from Other Governments:					
Local	5,136				5,136
State	7,554				7,554
Federal		990			990
Total Assets	<u>1,227,363</u>	<u>5,646</u>	<u>-</u>	<u>-</u>	<u>1,233,009</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	38,987				38,987
Intergovernmental accounts payable		4,446			4,446
Unearned revenue	1,950	1,200			3,150
Total Liabilities	<u>40,937</u>	<u>5,646</u>			<u>46,583</u>
Fund Balances:					
Restricted for:					
Capital reserve	61,118				61,118
Maintenance reserve	163,138				163,138
Tuition reserve	59,000				59,000
Excess surplus - designated for subsequent year's budget					
Assigned to:					
Year-end encumbrances	686,229				686,229
Unassigned	216,941				216,941
Total Fund Balances	<u>1,186,426</u>				<u>1,186,426</u>
Total Liabilities and Fund Balances	<u>\$ 1,227,363</u>	<u>\$ 5,646</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,660,761 and the accumulated depreciation is \$1,768,213. 892,548

Accounts payable related to the April 1, 2018 required PERS contribution that is not to be liquidated with current financial resources. (33,781)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	358,881	
Net Pension Liability	(1,030,849)	
Deferred Inflows of resources from Pensions	<u>(63,356)</u>	(735,324)

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

Compensated Absences Payable (81,706)

Net Position of Governmental Activities \$ 1,228,163

RIVERTON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 4,981,583	\$ -	\$ -	\$ -	\$ 4,981,583
Tuition	49,782				49,782
Miscellaneous	5,925				5,925
Total local sources	5,037,290				5,037,290
State sources	1,132,424	4,029			1,136,453
Federal sources		115,937			115,937
Total Revenues	6,169,714	119,966			6,289,680
EXPENDITURES:					
Current expense:					
Regular instruction	1,567,749	23,502			1,591,251
Special education instruction	304,518	76,331			380,849
Other instruction	138,994				138,994
Support services and undistributed costs:					
Tuition	1,181,723				1,181,723
Student & instruction related services	527,011	20,133			547,144
General administrative services	268,896				268,896
Central services	118,849				118,849
Admin information technology	8,167				8,167
Plant operations and maintenance	489,181				489,181
Pupil transportation	101,508				101,508
Unallocated benefits	1,214,219				1,214,219
Capital outlay	52,730				52,730
Debt service:					
Principal					
Interest and other charges					
Total Expenditures	5,973,545	119,966			6,093,511
Excess (deficiency) of revenues over (under) expenditures	196,169				196,169
Fund Balances - July 1, 2016	990,257				990,257
Fund Balances - June 30, 2017	\$ 1,186,426	\$ -	\$ -	\$ -	\$ 1,186,426

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

RIVERTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Total net change in fund balances - governmental funds (from B-2)	\$	196,169
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation expense	\$ (102,468)	
Fixed assets additions	<u>8,645</u>	(93,823)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
<p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p>		
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(98,881)
<p>In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)</p>		
		<u>11,452</u>
Change in Net Position of Governmental Activities	\$	<u><u>14,917</u></u>

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

RIVERTON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017

	Food Service Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 15,531
Intergovernmental receivables:	
State	33
Federal	728
	16,292
Total current assets	
Non-current assets:	
Machinery and equipment (net of accumulated depreciation)	14,411
	14,411
Total non-current assets	
Total assets	\$ 30,703
LIABILITIES:	
Current liabilities:	
Interfund payable	
Unearned revenues	3,310
	3,310
Total Current liabilities	
NET POSITION:	
Net investment in capital assets	14,411
Unrestricted	12,982
	27,393
Total net position	\$ 27,393

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

RIVERTON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for services:	
Daily sales:	
Reimbursable programs	\$ 30,738
Non-reimbursable programs	<u>7,622</u>
Total operating revenue	<u>38,360</u>
Operating Expenses:	
Supplies and materials	5,577
Cost of sales - reimbursable programs	33,597
Cost of sales - nonreimbursable programs	5,502
Depreciation	2,322
Direct expenses	<u>14,085</u>
Total operating expenses	<u>61,083</u>
Operating income (loss)	<u>(22,723)</u>
Non-Operating Revenues (Expenses):	
State sources:	
State school lunch program	640
Federal sources:	
National school lunch program	<u>15,169</u>
Total non-operating revenues	<u>15,809</u>
Income (loss) before contributions and transfers	(6,914)
Contributed Capital	<u>2,996</u>
Changes in net position	(3,918)
Net Position - July 1, 2016	<u>31,311</u>
Net Position - June 30, 2017	<u>\$ 27,393</u>

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

RIVERTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 39,137
Cash payments to suppliers for goods and services	<u>(65,963)</u>
Net cash used by operating activities	<u>(26,826)</u>
Cash Flows from Non-capital Financing Activities:	
Cash received from state sources	645
Cash received from federal sources	<u>15,336</u>
Net cash provided by non-capital financing activities	<u>15,981</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	<u> </u>
Cash Flow From Investing Activities:	
Interest on cash equivalents	<u> </u>
Net increase (decrease) in cash and cash equivalents	(10,845)
Cash and cash equivalents - July 1, 2016	<u>26,376</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 15,531</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:	
Operating Income (Loss)	\$ (22,723)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	2,322
Increase (decrease) in interfund payable	(7,200)
Increase (decrease) in deferred revenues	<u>775</u>
Net cash provided by (used for) operating activities	<u>\$ (26,826)</u>
Noncash Non-capital Financing Activities:	
During the year the District did not receive any food commodities from the U.S. Department of Agriculture.	

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

RIVERTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Trust Funds			Agency Funds
	Unemployment Compensation Trust	Flexible Benefit Trust	Scholarship Funds	
ASSETS:				
Cash and cash equivalents	\$ 68,887	\$ 1,586	\$ 9,068	\$ 40,010
 Total Assets	<u>\$ 68,887</u>	<u>\$ 1,586</u>	<u>\$ 9,068</u>	<u>\$ 40,010</u>
 LIABILITIES:				
Interfund Payable	\$ -	\$ -	\$ -	\$ 140
Payroll deductions and withholdings				19,675
Due to student groups				20,195
 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 40,010</u>
 NET POSITION				
Held in trust for claims/scholarships	<u>\$ 68,887</u>	<u>\$ 1,586</u>	<u>\$ 9,068</u>	

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

RIVERTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017

	Flexible Benefits Trust Fund	Unemployment Compensation Insurance Trust Fund	Scholarship Funds
ADDITIONS:			
Contributions	\$ 10,975	\$ 4,486	\$ 5,391
Total Contributions	10,975	4,486	5,391
Investment earnings:			
Interest earned	6	166	
Total Additions	10,981	4,652	5,391
DEDUCTIONS:			
Claims paid	15,987	4,165	650
Scholarships			
Total Deductions	15,987	4,165	650
Change in Net Position	(5,006)	487	4,741
Net Position - July 1, 2016	6,592	68,400	4,327
Net Position - June 30, 2017	<u>\$ 1,586</u>	<u>\$ 68,887</u>	<u>\$ 9,068</u>

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Riverton School District ("School District") is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Student in grades 9 through 12 attend the Palmyra School District, on a tuition basis. The Riverton School District has an approximate enrollment at June 30, 2017 of 291 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the 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 School District's accounting policies are described below.

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

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued) –

The School District’s enterprise funds are:

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

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

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

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

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

Measurement Focus

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

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

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

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

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

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

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2017 and 2016 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The proprietary fund type does not maintain any inventories as the School District has contracted with another governmental entity to purchase prepared lunches.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net 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.

In addition to liabilities, the Statement of Net 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.

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

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

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

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

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

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

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

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

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

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

Net Position - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance – The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District’s classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2016.

Restricted – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned – This fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

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

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

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements - In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 30, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of 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 fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve 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. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17.9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$1,570,503 as of June 30, 2017, \$250,000 was insured under FDIC and the remaining balance of \$1,320,503 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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 School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

3. CAPITAL RESERVE ACCOUNT (Continued)

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

Balance July 1, 2016		\$	431,664
Increased by:			
Interest Earned	\$	1,062	
Board Resolution		<u>4,304</u>	
			<u>5,366</u>
			437,030
Decreased by:			
Board Resolution		164,912	
Budget Withdrawal		<u>211,000</u>	
			<u>375,912</u>
Balance June 30, 2017		\$	<u>61,118</u>

The June 30, 2017 capital reserve balance does not exceed the LRFPP balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2017 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2017 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Intergovernmental				
State	\$ 7,554	\$ -	\$ 33	\$ 7,587
Federal		990	729	1,719
Other	<u>5,136</u>			<u>5,136</u>
Total	<u>\$ 12,690</u>	<u>\$ 990</u>	<u>\$ 762</u>	<u>\$ 14,442</u>

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

5. CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 649,600	\$ -	\$ -	\$ 649,600
Construction in progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets, not being Depreciated	<u>649,600</u>	<u> </u>	<u> </u>	<u>649,600</u>
<i>Capital Assets, being depreciated:</i>				
Site Improvements	78,527			78,527
Building and Building Improvements	1,143,065			1,143,065
Equipment	<u>780,924</u>	<u>9,977</u>	<u>1,332</u>	<u>789,569</u>
Totals at historical cost	<u>2,002,516</u>	<u>9,977</u>	<u>1,332</u>	<u>2,011,161</u>
<i>Less Accumulated Depreciation:</i>				
Site Improvements	44,791	2,729		47,520
Building and Building Improvements	1,126,410	10,029		1,136,439
Equipment	<u>494,544</u>	<u>91,042</u>	<u>1,332</u>	<u>584,254</u>
Totals accumulated depreciation	<u>1,665,745</u>	<u>103,800</u>	<u>1,332</u>	<u>1,768,213</u>
Total Capital Assets, being depreciated, net	<u>336,771</u>	<u>(93,823)</u>	<u> </u>	<u>242,948</u>
Governmental Activities Capital Assets, Net	<u>\$ 986,371</u>	<u>(93,823)</u>	<u> </u>	<u>\$ 892,548</u>
 Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 18,956	\$ 2,996	\$ -	\$ 21,952
<i>Less Accumulated Depreciation:</i>	<u>5,219</u>	<u>2,322</u>	<u> </u>	<u>7,541</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,737</u>	<u>674</u>	<u>\$ -</u>	<u>\$ 14,411</u>

Depreciation expense in the amount of \$103,800 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 72,660
General Administration	10,380
Plant Operations and Maintenance	10,380
Unallocated	<u>10,380</u>
Total depreciation expense	<u>\$ 103,800</u>

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations:

Governmental Activities:	Principal Outstanding June 30, 2016	Additions	Reductions	Principal Outstanding June 30, 2017	Due Within One Year
Compensated Absences	\$ 93,158	\$ 3,741	\$ 15,193	\$ 81,706	\$ -
Net Pension Liability	<u>868,591</u>	<u>162,258</u>	<u></u>	<u>1,030,849</u>	<u></u>
	<u>\$ 961,749</u>	<u>\$ 165,999</u>	<u>\$ 15,193</u>	<u>\$ 1,112,555</u>	<u>\$ -</u>

As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

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

7. OPERATING LEASES

At June 30, 2017, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$14,202 for the fiscal year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Amount
2018	\$ 14,202
2019	13,771
2020	<u>9,036</u>
	<u>\$ 37,009</u>

8. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). IN addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Vesting and Benefit Provisions – 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 medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2017 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$153,771 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$165,725.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2017, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2017, the School District recognized pension expense of \$1,141,250 and revenue of \$1,141,250 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/16</u>	<u>06/30/15</u>
Collective deferred outflows of resources	\$ 17,414,701,002	\$ 7,521,378,257
Collective deferred inflows of resources	134,532,594	554,399,005
Collective net pension liability (Non-Employer – State of New Jersey)	79,028,907,033	63,577,864,440
State's portion of the net pension liability that was associated with the School District	15,189,112	11,796,046
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0193082669%	.0186633683%

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

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.65%

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

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	05.00%	0.39%
Government Bonds	01.50%	1.28%
Credit Bonds	13.00%	2.76%
Mortgages	02.00%	2.38%
Inflation-Indexed Bonds	01.50%	1.41%
High Yield Bonds	02.00%	4.70%
Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	06.50%	8.16%
Private Real Estate Property	05.25%	3.64%
Timber	01.00%	3.86%
Farmland	01.00%	4.39%
Private Equity	09.00%	8.97%
Commodities	00.50%	2.87%
Hedge Funds – MultiStrategy	05.00%	3.70%
Hedge Funds – Equity Hedge	03.75%	4.72%
Hedge Funds - Distressed	03.75%	3.49%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the contribution rate in the most recent fiscal year. The state contributed 30% of the 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 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.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2016, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) that the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	18,139,194	15,189,112	12,779,989
	\$ 18,139,194	\$ 15,189,112	\$ 12,779,989

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS designated purpose is to provide retirement, death and disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll on or after May 21, 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 tier 5 members upon reaching age 65.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%.

An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 12.41% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$30,921 and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$19,823.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2017	\$ 4,837		\$ 24,614	\$ 1,470	\$ 30,921
2016	5,632	-	25,943	1,691	33,266
2015	4,755	-	21,998	1,812	28,565

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2017, the School District reported a liability of \$1,030,849 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2017, the School District recognized pension expense of \$98,878. At June 30, 2017, the School District reported a liability of \$1,030,849 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,171	\$ -
Changes of assumptions	213,537	
Net Difference between projected and actual earnings on pension plan investments	39,307	
Changes in proportion	53,085	63,356
District contributions subsequent to the measurement date	33,781	
Total	\$ 358,881	\$ 63,356

\$33,781 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 liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2017	\$ 60,308
2018	60,308
2019	60,308
2020	53,038
2021	27,782
Total	\$ 261,744

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	-	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

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

	6/30/2016	6/30/2015
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	.0034805827%	.0038693462%

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

- Inflation rate: 3.08%
- Salary Increases:
 - Through 2025: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.65%

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement 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 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and 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).

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on 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	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Discount rate (Continued) - 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 employer 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 School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 1,263,185	\$ 1,030,849	\$ 839,035

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

Fiscal Year	Total Liability	Paid by School District
2017	\$ 1,058	\$ 1,058
2016	862	862
2015	2,125	2,125

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

9. STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid 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 \$231.1 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of 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>

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$230,599, \$192,141, and \$333. In addition, \$165,362 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

11. RISK MANAGEMENT

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

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

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

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

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

11. RISK MANAGEMENT (CONTINUED)

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ -	\$ 4,486	\$ 166	\$ 4,165	\$ 68,887
2016	\$ -	4,286	173	5,146	68,400
2015		4,174	165	815	69,087

12. DEFERRED COMPENSATION

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

13. FLEXIBLE BENEFITS PROGRAM

The School District offers its employees a Flexible Benefits Program. The purpose of the program is to provide a tax incentive for plan participants incurring health premium expenses, dependent care expenses and other medical expenses not covered by other insurance. The School District, who is the plan administrator, has contracted with PayFlex Systems to act as its agent to furnish reimbursement services. The plan participants redirect a prescribed amount of their gross pay (tax-free) into a reimbursement account and then in-turn submit claims to PayFlex Systems for repayment. Because of Internal Revenue Service regulations, if at the end of any plan year unexpended funds remain, these funds will be forfeited by the participants and returned to the School District.

The following is a summary of School District contributions, employee contributions, reimbursements to the plan participants for benefits paid and the ending balance of the School District's fiduciary fund for the current and prior two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ -	\$ 10,975	\$ 6	\$ 15,987	\$ 1,586
2016		9,795	8	4,424	6,592
2015		5,005	5	5,939	1,213

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2017, the liability for compensated absences in the governmental activities was \$81,706.

15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2018. The following interfund balances were recorded on the various balance sheets as of June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 140	\$ -
Fiduciary Fund	_____	_____ 140
	<u>\$ 140</u>	<u>\$ 140</u>

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2017, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

17. TAX ABATEMENTS (CONTINUED)

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

As of December 31, 2016, the Borough of Riverton had no tax abatements.

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2017, a deficit of \$633,870 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances, June 30, 2017:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Unassigned	\$ 216,941
Liabilities:	
Net Pension Differences	(769,105)
Compensated Absences	<u>(81,706)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (633,870)</u></u>

19. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District’s fund balance are summarized as follows:

General Fund:

Capital Reserve – As of June 30, 2017, the balance in the capital reserve account is \$61,118. These funds are restricted for future capital outlay expenditures for capital projects in the School District’s approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2017, the balance in the maintenance reserve account is \$163,138. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Tuition Reserve – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the School District has restricted fund balance at June 30, 2017 in the amount of \$59,000 for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated cost of the respective contract year.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2017**

19. FUND BALANCES (CONTINUED)

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Other Purposes – At June 30, 2017 the School District has \$686,229 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2017, \$216,941 of general fund balance was unassigned.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local Tax Levy	\$ 4,981,583	\$ -	\$ 4,981,583	\$ 4,981,583	\$ -
Tuition - from other sources	28,500	-	28,500	22,800	(5,700)
Tuition - from individuals	8,820	-	8,820	-	(8,820)
Tuition - from other LEA's within state		14,500	14,500	26,982	12,482
Interest on capital reserve	300	-	300	1,062	762
Unrestricted misc. revenues	2,000	-	2,000	4,863	2,863
Total local sources	5,021,203	14,500	5,035,703	5,037,290	1,587
State sources:					
Special education aid	193,849	-	193,849	193,849	
Equalization aid	284,559	-	284,559	284,559	
Transportation aid	27,967	-	27,967	27,967	
Security aid	30,875	-	30,875	30,875	
PARCC Readiness Aid	3,560	-	3,560	3,560	
Per Pupil Growth Aid	3,560	-	3,560	3,560	
Professional Learning Community Aid	3,600	-	3,600	3,600	
Lead Testing for Schools Aid				685	685
On-behalf TPAF pension contrib. (non-budgeted)				230,599	230,599
On-behalf TPAF post retirement medical (non-budgeted)				192,141	192,141
On-behalf TPAF - LTDI (non-budgeted)				333	333
Reimbursed TPAF social security contribution (non-budgeted)				165,362	165,362
Total state sources	547,970	-	547,970	1,137,090	589,120
TOTAL REVENUES	5,569,173	14,500	5,583,673	6,174,380	590,707
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Preschool	28,462	(6,564)	21,898	21,898	
Kindergarten	159,259	1,330	160,589	160,588	1
Grades 1-5	944,094	(1,859)	942,235	942,235	
Grades 6-8	356,919	2,312	359,231	359,230	1
Regular Programs - Home Instruction:					
Salaries of teachers	600	(600)			
Purchased professional - educational services	200	(200)			
Regular Programs - Undistributed Instruction:					
Purchased professional - educational services	6,070	2,095	8,165	8,165	
Purchased technical services	7,796	3,490	11,286	5,786	5,500
Other purchased services	2,269	(895)	1,374	1,374	
General supplies	67,497	(15,644)	51,853	50,683	1,170
Textbooks	8,000	15,551	23,551	12,511	11,040
Other objects	5,500	(221)	5,279	5,279	
Total - Regular Programs - Instruction	1,586,666	(1,205)	1,585,461	1,567,749	17,712

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Resource room/resource center:					
Salaries of teachers	\$ 207,097	\$ (669)	\$ 206,428	\$ 206,427	\$ 1
Other salaries for instruction	73,444	1,670	75,114	75,114	
General supplies	2,000	455	2,455	2,455	
Textbooks	300	849	1,149	1,148	1
Total resource room/resource center	<u>282,841</u>	<u>2,305</u>	<u>285,146</u>	<u>285,144</u>	<u>2</u>
Preschool disabilities - Part time:					
Salaries of teachers	3,642	6,983	10,625	10,625	
Other salaries for instruction	7,986	(289)	7,697	7,697	
General supplies	300	(133)	167	167	
Total preschool disabilities - part time	<u>11,928</u>	<u>6,561</u>	<u>18,489</u>	<u>18,489</u>	
Home Instruction:					
Salaries of teachers	2,000	(2,000)			
Purchased professional-educational services	2,000	(1,115)	885	885	
Total home instruction	<u>4,000</u>	<u>(3,115)</u>	<u>885</u>	<u>885</u>	
Total Special Education - Instruction	<u>298,769</u>	<u>5,751</u>	<u>304,520</u>	<u>304,518</u>	<u>2</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	78,934	1	78,935	78,935	
General supplies	200	(200)			
Total basic skills/remedial - instruction	<u>79,134</u>	<u>(199)</u>	<u>78,935</u>	<u>78,935</u>	
School-Sponsored Cocurricular Act - Instruction:					
Salaries	58,600	(8,899)	49,701	49,701	
Purchased services	1,980	1,371	3,351	3,350	1
Supplies and materials	4,000	88	4,088	4,088	
Total school-sponsored cocurr. act. - instruct.	<u>64,580</u>	<u>(7,440)</u>	<u>57,140</u>	<u>57,139</u>	<u>1</u>
Summer School - Instruction:					
Salaries	2,880	(1,760)	1,120	1,120	
Purchased professional-technical services	1,800	-	1,800	1,800	
Total summer school - instruction	<u>4,680</u>	<u>(1,760)</u>	<u>2,920</u>	<u>2,920</u>	
Total Instruction	<u>2,033,829</u>	<u>(4,853)</u>	<u>2,028,976</u>	<u>2,011,261</u>	<u>17,715</u>

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to other LEAs within the state - reg.	\$ 499,301	\$ -	\$ 499,301	\$ 499,301	\$ -
Tuition to other LEAs within the state - spec	169,240	(9,076)	160,164	160,164	
Tuition to county vocational school - reg	45,472	(19,488)	25,984	25,984	
Tuition to county vocational school - special	29,232	-	29,232	29,232	
Tuition to CSSD & Reg. Day schools	250,805	(52,047)	198,758	198,758	
Tuition to priv. sch. for the disabled in state	423,315	(155,031)	268,284	268,284	
Total undistributed expenditures - instruction	<u>1,417,365</u>	<u>(235,642)</u>	<u>1,181,723</u>	<u>1,181,723</u>	
Attendance and Social Work Services:					
Salaries	4,350	76	4,426	4,426	
Purchased professional and technical services	3,296	(710)	2,586	2,586	
Total Attendance and Social Work Services	<u>7,646</u>	<u>(634)</u>	<u>7,012</u>	<u>7,012</u>	
Health Services:					
Salaries	58,199	11,465	69,664	69,664	
Purchased professional and technical services	1,645	(1,105)	540	540	
Other purchased services	305	(22)	283	283	
Supplies and materials	2,632	(1,316)	1,316	1,316	
Total health services	<u>62,781</u>	<u>9,022</u>	<u>71,803</u>	<u>71,803</u>	
Speech, OT, PT & Related Services					
Salaries	56,389	156	56,545	56,545	
Purchased professional - educational services	13,000	3,267	16,267	16,267	
Supplies and materials	1,500	(1,258)	242	242	
Total speech, ot, pt, & related services	<u>70,889</u>	<u>2,165</u>	<u>73,054</u>	<u>73,054</u>	
Guidance:					
Other Objects	2,836	(382)	2,454	2,097	357
Total guidance	<u>2,836</u>	<u>(382)</u>	<u>2,454</u>	<u>2,097</u>	<u>357</u>
Child Study Teams:					
Salaries of other professional staff	236,778	(25,385)	211,393	211,393	
Salaries of secretarial and clerical assistants	31,363	828	32,191	32,190	1
Purchased professional - educational services	5,000	1,381	6,381	6,381	
Other purchased professional and tech services		6,400	6,400	6,400	
Misc. purchased services	7,550	(7,331)	219	219	
Supplies and materials	3,500	(266)	3,234	3,234	
Total child study teams	<u>284,191</u>	<u>(24,373)</u>	<u>259,818</u>	<u>259,817</u>	<u>1</u>

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Improvement of Instructional Services:					
Salaries of supervisor of instruction	\$ 21,280	\$ 1,933	\$ 23,213	\$ 23,213	\$ -
Salaries of other professional staff	24,000	(3,200)	20,800	20,800	
Purchased professional - educational services	2,600	2,287	4,887	4,887	
Supplies and materials	800	(468)	332	332	
Total improvement of instructional services	<u>48,680</u>	<u>552</u>	<u>49,232</u>	<u>49,232</u>	
Educational Media Services/School Library:					
Salaries	50,686	(4,035)	46,651	46,650	1
Salaries of Technology Coordinators		4,083	4,083	4,083	
Purchased professional and technical services	364	15	379	379	
Other purchased services (400-500 series)	1,195	-	1,195	1,195	
Supplies and materials	3,500	(463)	3,037	3,037	
Total educational media services/school library	<u>55,745</u>	<u>(400)</u>	<u>55,345</u>	<u>55,344</u>	<u>1</u>
Instructional Staff Training Services:					
Purchased professional - educational services	5,500	3,527	9,027	7,829	1,198
Other purchased services	4,000	(3,221)	779	779	
Supplies and materials	350	(306)	44	44	
Total instructional staff training services	<u>9,850</u>	<u>-</u>	<u>9,850</u>	<u>8,652</u>	<u>1,198</u>
Support Services - General Administration:					
Salaries	202,492	(10,398)	192,094	192,094	
Legal services	8,000	2,385	10,385	10,282	103
Audit Fees	21,600	-	21,600	21,600	
Architectural/Engineering Services	3,900	3,832	7,732	7,732	
Other purchased professional services	2,745	1,017	3,762	3,762	
Communications / telephone	11,756	(1,330)	10,426	10,426	
Miscellaneous purchased services	7,800	3,526	11,326	11,326	
General supplies	4,000	1,710	5,710	5,601	109
Miscellaneous expenditures	10,000	(3,927)	6,073	6,073	
Total support services - general administration	<u>272,293</u>	<u>(3,185)</u>	<u>269,108</u>	<u>268,896</u>	<u>212</u>
Central Services					
Salaries	112,467	(8,734)	103,733	103,733	
Unused vacation pymt to term./retired staff	8,343	(8,343)			
Purchased professional services	11,663	100	11,763	11,724	39
Miscellaneous purchased services	800	(38)	762	762	
General supplies	1,600	385	1,985	1,654	331
Miscellaneous expenditures	1,000	(24)	976	976	
Total Central Services	<u>135,873</u>	<u>(16,654)</u>	<u>119,219</u>	<u>118,849</u>	<u>370</u>
Admin Information Technology					
Salaries	8,207	(40)	8,167	8,167	
Total Admin Info Technology	<u>8,207</u>	<u>(40)</u>	<u>8,167</u>	<u>8,167</u>	
Required Maintenance School Facilities:					
Cleaning, repair and maintenance services	224,854	(82,782)	142,072	142,072	
Lead testing of drinking water		4,504	4,504	4,504	
General supplies	1,000	500	1,500	1,277	223
Total required maintenance school facilities	<u>225,854</u>	<u>(77,778)</u>	<u>148,076</u>	<u>147,853</u>	<u>223</u>

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Custodial Services:					
Salaries	\$ 129,708	\$ 608	\$ 130,316	\$ 130,083	\$ 233
Unused Vacation to Termin/Retired Staff		5,841	5,841	5,840	1
Salaries of non-instructional aides	12,948	(12,948)			
Purchased prof. and technical services	34,039	(5,505)	28,534	28,534	
Cleaning, repair and maintenance services	931	-	931	931	
Rental of land & bldg. other than lease purch.	1,500	-	1,500	1,500	
Other purchased property services	2,500	46,940	49,440	49,416	24
Insurance	45,100	(3,904)	41,196	41,196	
Misc. purchased services		-			
General Supplies	18,385	(2,066)	16,319	9,147	7,172
Energy (Electricity)	65,000	(702)	64,298	64,298	
Energy (Heat)	15,000	(4,696)	10,304	10,197	107
Energy (Gasoline)	300	(114)	186	186	
Total custodial services	325,411	23,454	348,865	341,328	7,537
Total operation & maint. of plant services	551,265	(54,324)	496,941	489,181	7,760
Student Transportation Services:					
Contr. serv. (between home & sch) - Joint Agree.	24,916	1,479	26,395	26,300	95
Contr. Serv. (Spl. Ed. Students) - Joint Agree.	64,600	10,703	75,303	75,208	95
Total student transportation services	89,516	12,182	101,698	101,508	190
Unallocated Benefits - Employee Benefits:					
Group Insurance		1,823	1,823	1,792	31
Social security contributions	43,176	1,427	44,603	44,603	
Other retirement contri. - PERS	35,564	(4,238)	31,326	31,325	1
Other retirement contri. - regular	970	89	1,059	1,058	1
Health benefits	536,318	(24,248)	512,070	510,736	1,334
Tuition reimbursement	6,000	(3,061)	2,939	2,939	
Other employee benefits	16,818	2,401	19,219	19,218	1
Unused sick payment to term/retired staff	15,000	(887)	14,113	14,113	
Total unallocated benefits	653,846	(26,694)	627,152	625,784	1,368
On-behalf TPAF pension contr. (non-budgeted)				230,599	(230,599)
On-behalf TPAF post retirement medical (non-budgeted)				192,141	(192,141)
On-behalf TPAF - LTDI (non-budgeted)				333	(333)
Reimbursed TPAF social security contr. (non-budgeted)				165,362	(165,362)
Total Undistributed Expenditures	3,670,983	(338,407)	3,332,576	3,909,554	(576,645)
Total General Current Expense	5,704,812	(343,260)	5,361,552	5,920,815	(558,930)
CAPITAL OUTLAY:					
Equipment:					
Undist. expend. - instruction	18,000	(8,023)	9,977	9,977	
Undist. expend. - custodial services		-			
Total Equipment	18,000	(8,023)	9,977	9,977	
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	16,000	50,000	66,000	34,100	31,900
Construction Services	195,000	432,951	627,951		627,951
Assessment for Debt Service on SDA Funding	8,653	-	8,653	8,653	
Total Equipment	219,653	482,951	702,604	42,753	659,851
Total Capital Outlay	237,653	474,928	712,581	52,730	659,851

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 5,942,465	\$ 131,668	\$ 6,074,133	\$ 5,973,545	\$ 100,921
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(373,292)	(117,168)	(490,460)	200,835	(691,295)
Fund Balance - July 1, 2016	1,018,650		1,018,650	1,018,650	
Fund Balance - June 30, 2017	<u>\$ 645,358</u>	<u>\$ (117,168)</u>	<u>\$ 528,190</u>	<u>\$ 1,219,485</u>	<u>\$ (691,295)</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital reserve				\$ 61,118	
Maintenance reserve				163,138	
Tuition reserve				59,000	
Assigned Fund Balance:					
Year-end encumbrances				686,229	
Unassigned Fund Balance				<u>250,000</u>	
				1,219,485	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(33,059)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,186,426</u>	

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	8,475		8,475	4,029	(4,446)
Federal sources	116,171		116,171	115,937	(234)
Total Revenues	124,646		124,646	119,966	(4,680)
EXPENDITURES:					
Instruction:					
Salaries	21,960	804	22,764	22,764	-
Other purchased services	73,232		73,232	73,232	-
Textbooks	519		519	519	-
Supplies and materials	1,234	2,096	3,330	3,318	12
Other objects					
Total instruction	96,945	2,900	99,845	99,833	12
Support services:					
Purchased professional - educ. services	8,782	(400)	8,382	3,936	4,446
Purchased professional - tech. services	16,679	(2,500)	14,179	13,957	222
Other purchased services	2,208	-	2,208	2,208	-
General supplies	32	-	32	32	-
Total support services	27,701	(2,900)	24,801	20,133	4,668
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acq. and const. services					
Total Expenditures	124,646	-	124,646	119,966	4,680
Total outflows	124,646	-	124,646	119,966	4,680
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RIVERTON SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 6,174,380	\$ 119,966
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	28,393	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(33,059)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,169,714</u>	<u>\$ 119,966</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 5,973,545	\$ 119,966
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,973,545</u>	<u>\$ 119,966</u>

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions (GASB 68)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0034805827%	0.0038693462%	0.0034650048%	0.0034408365%
District's proportionate share of the net pension liability (asset)	\$ 1,030,849	\$ 868,591	\$ 648,744	\$ 657,612
District's covered-employee payroll	272,313	254,096	228,062	221,076
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	378.55%	341.84%	284.46%	297.46%
Plan fiduciary net position as a percentage of the total pension liability	31.20%	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 33,781	\$ 30,921	\$ 33,266	\$ 28,565
Contributions in relation to the contractually required contributions	<u>(33,781)</u>	<u>(30,921)</u>	<u>(33,266)</u>	<u>(28,565)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 272,313	\$ 254,096	\$ 228,062	\$ 221,076
Contributions as a percentage of covered-employee payroll	12.41%	12.17%	14.59%	12.92%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0193082669%	0.0186633683%	0.0192872381%	0.0188367568%
District's proportionate share of the net pension liability (asset)			\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 15,189,112</u>	<u>\$ 11,796,046</u>	<u>\$ 10,308,401</u>	<u>\$ 9,519,949</u>
Total	<u><u>\$ 15,189,112</u></u>	<u><u>\$ 11,796,046</u></u>	<u><u>\$ 10,308,401</u></u>	<u><u>\$ 9,519,949</u></u>
District's covered-employee payroll	\$ 2,291,688	\$ 2,239,460	\$ 2,110,830	\$ 2,046,171
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

Riverton School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2017

1. Teacher's Pension and Annuity Fund (TPAF)

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

Changes of assumptions: 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.

2. Public Employees' Retirement System (PERS)

Changes of benefit term: 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.

Changes of assumptions: Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement 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 3 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and 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).

Other Supplementary Information

Special Revenue Fund

RIVERTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Title I	Title II A	IDEA Basic	IDEA Preschool	Brought Forward (Exh. E-1B)	Total
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources					4,029	4,029
Federal sources	23,161	8,996	80,681	3,099		115,937
Total Revenues	23,161	8,996	80,681	3,099	4,029	119,966
EXPENDITURES:						
Instruction:						
Salaries	19,665			3,099		22,764
Other purchased services			73,232			73,232
Textbooks					519	519
Supplies	596		2,488		234	3,318
Other objects						
Total instruction	20,261		75,720	3,099	753	99,833
Support Services:						
Purchased prof. educ. services	2,900				1,036	3,936
Purchased prof. tech. services		8,996	4,961		-	13,957
Purchased professional services					2,208	2,208
General supplies					32	32
Total support services	2,900	8,996	4,961		3,276	20,133
Facilities acquisition and const. serv.:						
Instructional equipment						
Total facilities acq. and const. serv.						
Total Expenditures	23,161	8,996	80,681	3,099	4,029	119,966
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RIVERTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Nonpublic Textbook Aid	Nonpublic Nursing Services	Nonpublic Technology Initiative	Nonpublic Security Aid	Nonpublic Supplemental Instruction	Nonpublic Exam/ Classification	Total
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	519	1,440	234	800	314	722	4,029
Federal sources							
Total Revenues	<u>519</u>	<u>1,440</u>	<u>234</u>	<u>800</u>	<u>314</u>	<u>722</u>	<u>4,029</u>
EXPENDITURES:							
Instruction:							
Salaries							
Other purchased services							
Textbooks	519						519
Supplies			234				234
Other objects							
Total instruction	<u>519</u>		<u>234</u>				<u>753</u>
Support Services:							
Purchased prof. educ. services					314	722	1,036
Purchased prof. tech. services							
Purchased professional services		1,440		768			2,208
General supplies				32			32
Total support services		<u>1,440</u>		<u>800</u>	<u>314</u>	<u>722</u>	<u>3,276</u>
Facilities acquisition and const. serv.:							
Instructional equipment							
Total facilities acq. and const. serv.							
Total Expenditures	<u>519</u>	<u>1,440</u>	<u>234</u>	<u>800</u>	<u>314</u>	<u>722</u>	<u>4,029</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Proprietary Funds

RIVERTON SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
June 30, 2017

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 15,531
Accounts receivable:	
State	33
Federal	<u>728</u>
Total current assets	<u>16,292</u>
Noncurrent Assets:	
Equipment	21,952
Accumulated depreciation	<u>(7,541)</u>
Total noncurrent assets	<u>14,411</u>
Total Assets	<u>\$ 30,703</u>
LIABILITIES:	
Current liabilities:	
Interfund payable	\$ -
Unearned revenue	<u>3,310</u>
Total current liabilities	<u>3,310</u>
NET POSITION:	
Net investment in capital assets	14,411
Unrestricted	<u>12,982</u>
Total Net Position	<u>\$ 27,393</u>

RIVERTON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales reimbursable programs	\$ 30,738
Daily sales non-reimbursable programs:	
Adult and alacarte sales	<u>7,622</u>
Total Operating Revenue	<u>38,360</u>
OPERATING EXPENSES:	
Supplies and materials	5,577
Cost of sales - reimbursable programs	33,597
Cost of sales - nonreimbursable programs	5,502
Depreciation	2,322
Other expenses	<u>14,085</u>
Total Operating Expenses	<u>61,083</u>
Operating Income (Loss)	<u>(22,723)</u>
Non-Operating Revenues:	
State sources:	
State school lunch program	640
Federal sources:	
National school lunch program	<u>15,169</u>
Total Non-Operating Revenues	<u>15,809</u>
Income (Loss) before Contributions and Transfers	(6,914)
Capital Contributions	<u>2,996</u>
Changes in Net Position	(3,918)
Net Position - July 1, 2016	<u>31,311</u>
Net Position - June 30, 2017	<u>\$ 27,393</u>

RIVERTON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 39,137
Cash payments to suppliers for goods and services	(65,963)
	<hr/>
Net cash used by operating activities	(26,826)
Cash Flows from Noncapital Financing Activities:	
Cash received from state sources	645
Cash received from federal sources	15,336
	<hr/>
Net cash provided by noncapital financing activities	15,981
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of equipment	<hr/>
Cash Flow Provided by Investing Activities:	
Interest on cash equivalents	<hr/>
Net increase (decrease) in cash and cash equivalents	(10,845)
Cash and cash equivalents - July 1, 2016	26,376
	<hr/>
Cash and cash equivalents - June 30, 2017	<u>\$ 15,531</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (22,723)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:	
Change in Assets and Liabilities:	
Depreciation	2,322
Increase (decrease) in interfund payable	(7,200)
Increase (decrease) in deferred revenue	775
	<hr/>
Net cash provided by (used for) operating activities	<u>\$ (26,826)</u>
Noncash Noncapital Financing Activities:	
During the year the District did not receive any food commodities from the U.S. Department of Agriculture.	

Fiduciary Funds

RIVERTON SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2017

	<u>Trust Funds</u>			<u>Agency Funds</u>		<u>Totals</u>
	<u>Unemployment Compensation</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:						
Cash and cash equivalents	\$ 68,887	\$ 1,586	\$ 9,068	\$ 20,195	\$ 19,815	\$ 119,551
Total Assets	<u>\$ 68,887</u>	<u>\$ 1,586</u>	<u>\$ 9,068</u>	<u>\$ 20,195</u>	<u>\$ 19,815</u>	<u>\$ 119,551</u>
LIABILITIES:						
Payroll deductions payable	\$ -	\$ -	\$ -	\$ -	\$ 19,675	\$ 19,675
Interfund Payable					140	140
Due to student groups				20,195		20,195
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 20,195</u>	<u>\$ 19,815</u>	<u>40,010</u>
NET POSITION:						
Held in Trust for Claims	68,887	1,586				70,473
Held in Trust for Scholarships			9,068			9,068
Total Net Position	<u>\$ 68,887</u>	<u>\$ 1,586</u>	<u>\$ 9,068</u>			<u>\$ 79,541</u>

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Flexible Benefits Trust Fund	Unemployment Compensation Insurance Trust Fund	Scholarship Funds	Total
ADDITIONS:				
Contributions	\$ 10,975	\$ 4,486	\$ 5,391	\$ 20,852
Total Contributions	10,975	4,486	5,391	20,852
Investment earnings:				
Interest earned	6	166		172
Total Additions	10,981	4,652	5,391	21,024
DEDUCTIONS:				
Claims Paid	15,987	4,165		20,152
Scholarships paid			650	650
Total Deductions	15,987	4,165	650	20,802
Change in Net Position	(5,006)	487	4,741	222
Net Position - July 1, 2016	6,592	68,400	4,327	79,319
Net Position - June 30, 2017	\$ 1,586	\$ 68,887	\$ 9,068	\$ 79,541

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Interfund Payable</u>	<u>Balance June 30, 2017</u>
Elementary / Junior High	\$ 18,335	\$ 39,018	\$ 37,158	\$ -	\$ 20,195
	<u>\$ 18,335</u>	<u>\$ 39,018</u>	<u>\$ 37,158</u>	<u>\$ -</u>	<u>\$ 20,195</u>

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS:				
Cash and cash equivalents	\$ 19,392	\$ 3,121,744	\$ 3,121,321	\$ 19,815
Total Assets	<u>\$ 19,392</u>	<u>\$ 3,121,744</u>	<u>\$ 3,121,321</u>	<u>\$ 19,815</u>
LIABILITIES:				
Net payroll	\$ -	\$ 1,701,653	\$ 1,701,653	\$ -
Interfund Payable	113	140	113	140
Payroll deductions and withholdings	<u>19,279</u>	<u>1,419,951</u>	<u>1,419,555</u>	<u>19,675</u>
Total Liabilities	<u>\$ 19,392</u>	<u>\$ 3,121,744</u>	<u>\$ 3,121,321</u>	<u>\$ 19,815</u>

Statistical Section

Riverton School District
 Net Position by Component,
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ (51,197)	\$ 48,264	\$ 145,499	\$ 257,546	\$ 389,769	\$ 569,595	\$ 807,842	\$ 924,534	\$ 986,371	\$ 892,548
Restricted for:										
Capital projects			33,587	59,383	94,940	128,530	284,020	358,311	431,664	61,118
Other purposes	166,906	206,250	180,543	272,062	351,630	335,355	270,521	274,096	313,205	908,397
Unrestricted	99,343	(10,575)	(464)	57,933	71,341	95,468	127,527	(502,907)	(517,994)	(633,870)
Total governmental activities net position	<u>\$ 215,052</u>	<u>\$ 243,939</u>	<u>\$ 359,165</u>	<u>\$ 646,924</u>	<u>\$ 907,680</u>	<u>\$ 1,128,948</u>	<u>\$ 1,489,910</u>	<u>\$ 1,054,034</u>	<u>\$ 1,213,246</u>	<u>\$ 1,228,193</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,404	\$ 13,350	\$ 13,737	\$ 14,411
Unrestricted	28,798	20,261	32,703	29,280	36,422	21,524	13,537	26,782	17,574	12,982
Total business-type activities net position	<u>\$ 28,798</u>	<u>\$ 20,261</u>	<u>\$ 32,703</u>	<u>\$ 29,280</u>	<u>\$ 36,422</u>	<u>\$ 21,524</u>	<u>\$ 28,941</u>	<u>\$ 40,132</u>	<u>\$ 31,311</u>	<u>\$ 27,393</u>
District-wide:										
Invested in capital assets, net of related debt	\$ (51,197)	\$ 48,264	\$ 145,499	\$ 257,546	\$ 389,769	\$ 569,595	\$ 823,246	\$ 937,884	\$ 1,000,108	\$ 906,959
Restricted for:										
Capital projects			33,587	59,383	94,940	128,530	284,020	358,311	431,664	61,118
Other purposes	166,906	206,250	180,543	272,062	351,630	335,355	270,521	274,096	313,205	908,397
Unrestricted	128,141	9,686	32,239	87,213	107,763	116,992	141,064	(476,125)	(500,420)	(620,888)
Total district net position	<u>\$ 243,850</u>	<u>\$ 264,200</u>	<u>\$ 391,868</u>	<u>\$ 676,204</u>	<u>\$ 944,102</u>	<u>\$ 1,150,472</u>	<u>\$ 1,518,851</u>	<u>\$ 1,094,166</u>	<u>\$ 1,244,557</u>	<u>\$ 1,255,586</u>

Riverton School District
 Changes in Net Position, Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 1,392,211	\$ 1,567,239	\$ 1,687,246	\$ 1,153,589	\$ 1,288,876	\$ 1,335,602	\$ 1,508,251	\$ 1,646,890	\$ 1,654,757	\$ 1,652,459
Special education	286,610	285,487	413,805	290,751	400,539	347,908	337,929	341,943	354,564	380,849
Other instruction	92,949	114,013	120,448	103,219	112,434	119,759	138,494	134,798	137,638	138,994
Support Services:										
Tuition	1,100,107	1,085,070	1,061,015	1,294,174	1,300,048	1,350,683	1,230,509	1,137,815	1,252,490	1,181,723
Student & instruction related services	459,221	461,401	670,947	593,686	519,105	481,126	515,034	529,087	563,948	547,144
General and business administrative services	334,008	331,645	391,269	336,026	345,328	345,853	357,607	382,415	423,464	406,293
Plant operations and maintenance	367,043	351,201	378,883	382,716	318,312	375,243	365,400	512,904	410,143	543,645
Pupil transportation	84,746	91,112	106,684	106,902	95,438	130,989	93,104	99,009	103,463	101,508
Business and other support services	775									
Employee benefits	914,395	786,892	277,047	716,509	851,974	977,396	928,785	930,058	1,049,827	1,313,100
Interest on long-term debt	44,642	40,454	35,997	31,157	26,100	20,826	16,748	11,310	2,827	
Unallocated depreciation	3,298	3,345	5,813	5,952	6,600	5,564	8,392	10,514	11,184	9,048
Total governmental activities expenses	5,080,005	5,117,859	5,149,154	5,014,681	5,264,754	5,490,949	5,500,253	5,736,743	5,964,305	6,274,763
Food service	30,601	58,641	42,335	56,375	46,688	61,492	46,631	42,518	67,875	61,083
Total business-type activities expense	30,601	58,641	42,335	56,375	46,688	61,492	46,631	42,518	67,875	61,083
Total district expenses	\$ 5,110,606	\$ 5,176,500	\$ 5,191,489	\$ 5,071,056	\$ 5,311,442	\$ 5,552,441	\$ 5,546,884	\$ 5,779,261	\$ 6,032,180	\$ 6,335,846
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 123,059	\$ 225,177	\$ 457,823	\$ 392,421	\$ 449,732	\$ 515,485	\$ 127,305	\$ 531,525	\$ 629,092	\$ 708,401
Charges for services					14,000	17,132				
Total governmental activities program revenues	123,059	225,177	457,823	392,421	463,732	532,617	127,305	531,525	629,092	708,401
Business-type activities:										
Charges for services:										
Food service	\$ 30,914	\$ 38,123	\$ 40,090	\$ 35,408	\$ 35,347	\$ 30,799	\$ 38,594	\$ 40,782	\$ 41,824	\$ 38,360
Operating grants and contributions	9,010	11,981	14,687	17,544	18,483	15,795	15,454	12,927	17,230	15,809
Capital grants and contributions										
Total business type activities program revenues	39,924	50,104	54,777	52,952	53,830	46,594	54,048	53,709	59,054	54,169
Total district program revenues	\$ 162,983	\$ 275,281	\$ 512,600	\$ 445,373	\$ 517,562	\$ 579,211	\$ 181,353	\$ 585,234	\$ 688,146	\$ 762,570
Net (Expense)/Revenue:										
Governmental activities	\$ (4,956,946)	\$ (4,892,682)	\$ (4,691,331)	\$ (4,622,260)	\$ (4,801,022)	\$ (4,958,332)	\$ (5,372,948)	\$ (5,205,218)	\$ (5,335,213)	\$ (5,566,362)
Business-type activities	9,323	(8,537)	12,442	(3,423)	7,142	(14,898)	7,417	11,191	(8,821)	(6,914)
Total district-wide net expense	\$ (4,947,623)	\$ (4,901,219)	\$ (4,678,889)	\$ (4,625,683)	\$ (4,793,880)	\$ (4,973,230)	\$ (5,365,531)	\$ (5,194,027)	\$ (5,344,034)	\$ (5,573,276)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,794,184	\$ 3,949,811	\$ 4,035,363	\$ 4,312,289	\$ 4,411,358	\$ 4,499,585	\$ 4,642,321	\$ 4,668,552	\$ 4,739,666	\$ 4,981,583
Taxes levied for debt service	140,675	141,543	147,193	147,408	147,405	147,185	141,748	141,310	135,655	
Unrestricted grants and contributions	1,033,025	765,278	609,285	425,352	496,448	536,860	893,988	546,370	570,294	543,989
Miscellaneous income	68,131	65,207	14,446	24,970	6,567	5,402	55,853	44,796	48,810	55,707
Transfers										
Total governmental activities	5,036,015	4,921,839	4,806,287	4,910,019	5,061,778	5,189,032	5,733,910	5,401,028	5,494,425	5,581,279
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous										2,996
Total business-type activities	-	-	-	-	-	-	-	-	-	2,996
Total district-wide	\$ 5,036,015	\$ 4,921,839	\$ 4,806,287	\$ 4,910,019	\$ 5,061,778	\$ 5,189,032	\$ 5,733,910	\$ 5,401,028	\$ 5,494,425	\$ 5,584,275
Change in Net Position:										
Governmental activities	\$ 79,069	\$ 29,157	\$ 114,956	\$ 287,759	\$ 260,756	\$ 230,700	\$ 360,962	\$ 195,810	\$ 159,212	\$ 14,917
Business-type activities	9,323	(8,537)	12,442	(3,423)	7,142	(14,898)	7,417	11,191	(8,821)	(3,918)
Total district-wide	\$ 88,392	\$ 20,620	\$ 127,398	\$ 284,336	\$ 267,898	\$ 215,802	\$ 368,379	\$ 207,001	\$ 150,391	\$ 10,999

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

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	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 3,934,859	\$ 4,091,354	\$ 4,182,556	\$ 4,459,697	\$ 4,558,763	\$ 4,646,770	\$ 4,784,069	\$ 4,809,862	\$ 4,875,321	\$ 4,981,583
Tuition charges					14,000	17,132	50,162	39,706	44,601	49,782
Miscellaneous	68,131	65,207	14,446	24,970	6,567	5,402	6,691	5,090	5,959	5,925
State sources	1,053,704	887,767	836,125	710,460	813,272	942,705	900,587	966,761	1,080,320	1,136,453
Federal sources	102,380	102,688	230,983	107,313	132,908	109,640	119,706	111,134	117,316	115,937
Total revenue	<u>5,159,074</u>	<u>5,147,016</u>	<u>5,264,110</u>	<u>5,302,440</u>	<u>5,525,510</u>	<u>5,721,649</u>	<u>5,861,215</u>	<u>5,932,553</u>	<u>6,123,517</u>	<u>6,289,680</u>
Expenditures										
Instruction										
Regular Instruction	1,358,094	1,451,261	1,669,416	1,161,524	1,293,675	1,327,093	1,472,085	1,576,751	1,571,992	1,591,251
Special education instruction	286,610	285,487	413,805	290,751	400,539	347,908	337,929	341,943	354,564	380,849
Other special instruction	92,949	114,013	120,448	103,219	112,434	119,759	138,494	134,798	137,638	138,994
Other instruction										
Support Services:										
Tuition	1,100,107	1,085,070	1,061,015	1,294,174	1,300,048	1,350,683	1,230,509	1,137,815	1,252,490	1,181,723
Student & instruction related services	459,221	461,401	670,948	593,686	519,105	481,126	515,034	529,087	563,948	547,144
General and business admin. services	332,592	329,343	387,815	332,433	341,085	340,288	347,856	371,900	412,281	395,912
Plant operations and maintenance	328,948	344,993	375,430	393,282	307,764	364,916	396,311	495,661	384,269	489,181
Pupil transportation	84,746	91,112	106,684	106,902	95,438	130,989	93,104	99,009	103,463	101,508
Employee benefits	914,395	786,892	277,047	716,509	851,974	977,396	928,785	927,205	1,014,142	1,214,219
Capital outlay	39,810	36,257	21,773	18,822	60,953	115,234	170,094	98,568	58,362	52,730
Debt service:										
Principal	95,000	100,000	110,000	115,000	120,000	125,000	125,000	130,000	130,000	
Interest and other charges	45,675	41,543	37,193	32,408	27,405	22,185	16,748	11,310	5,655	
Total expenditures	<u>5,138,147</u>	<u>5,127,372</u>	<u>5,251,574</u>	<u>5,158,710</u>	<u>5,430,420</u>	<u>5,702,577</u>	<u>5,771,949</u>	<u>5,854,047</u>	<u>5,988,804</u>	<u>6,093,511</u>
Excess (Deficiency) of revenues over (under) expenditures	20,927	19,644	12,536	143,730	95,090	19,072	89,266	78,506	134,713	196,169
Other Financing sources (uses)										
Proceeds from borrowing										
Transfers out										
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 20,927</u>	<u>\$ 19,644</u>	<u>\$ 12,536</u>	<u>\$ 143,730</u>	<u>\$ 95,090</u>	<u>\$ 19,072</u>	<u>\$ 89,266</u>	<u>\$ 78,506</u>	<u>\$ 134,713</u>	<u>\$ 196,169</u>
Debt service as a percentage of noncapital expenditures	2.76%	2.78%	2.81%	2.87%	2.75%	2.63%	2.53%	2.46%	2.29%	0.00%

Source: District records

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

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<u>Fiscal Year Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Donations</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 17,402	\$ 6,700	\$ -	\$ 44,029	\$ -	\$ 68,131
2009	7,187	13,500		44,520		65,207
2010	5,072	7,475		1,790	109	14,446
2011	5,951	15,400		3,457	162	24,970
2012	5,203	14,000		1,364		20,567
2013	4,229	17,132		854	319	22,534
2014	4,382	50,162			2,309	56,853
2015	3,200	39,706			1,890	44,796
2016	3,727	44,601			482	48,810
2017	3,576	49,782		1,762	587	55,707
	<u>\$ 59,929</u>	<u>\$ 258,458</u>	<u>\$ -</u>	<u>\$ 97,776</u>	<u>\$ 5,858</u>	<u>\$ 422,021</u>

Source: District records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2008	\$ 1,460,700	\$ 119,219,500	\$ 7,885,900	\$ 932,000	\$ 3,373,800	\$ 132,871,900	\$ 110,236	\$ 132,982,136	\$ 18,534,900	\$ 3.077	\$ 275,092,506
2009	R 1,659,600	255,357,300	17,030,700	1,600,300	7,261,100	282,909,000	248,007	283,157,007	30,144,600	1.477	278,840,930
2010	978,200	256,017,200	17,879,900	1,600,300	7,261,100	283,736,700	231,522	283,968,222	29,600,100	1.570	301,535,156
2011	1,258,400	255,935,000	17,405,800	1,600,300	7,261,100	283,460,600	207,789	283,668,389	29,326,200	1.607	287,857,457
2012	1,103,200	255,357,500	17,405,800	1,600,300	7,221,000	282,687,800	202,256	282,890,056	29,412,200	1.642	277,186,286
2013	791,600	218,189,400	15,361,900	1,358,900	6,058,500	241,760,300	210,986	241,971,286	26,449,800	1.977	258,962,003
2014	791,600	218,089,800	15,361,900	1,358,900	6,058,500	241,660,700	157,848	241,818,548	26,449,800	1.989	257,409,225
2015	692,300	218,345,700	15,361,900	1,358,900	6,058,500	241,817,300	100	241,817,400	26,449,800	2.016	255,483,001
2016	692,300	218,445,800	15,586,900	1,358,900	6,058,500	242,142,400	100	242,142,500	26,449,800	2.057	263,576,762
2017	744,000	218,261,100	15,586,900	1,358,900	6,058,500	242,009,400	100	242,009,500	26,449,800	2.162	274,264,126

Source:

Municipal Tax Assessor

Note:

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

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

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

R Revaluation

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

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Fiscal Year Ended June 30,	Riverton School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Riverton	Burlington County	
2008	\$ 2.971	\$ 0.106	\$ 3.077	\$ 1.345	\$ 0.804	\$ 5.226
2009	1.427	0.050	1.477	0.599	0.375	2.451
2010	1.520	0.050	1.570	0.598	0.404	2.572
2011	1.557	0.050	1.607	0.598	0.385	2.590
2012	1.592	0.050	1.642	0.606	0.373	2.621
2013	1.919	0.058	1.977	0.754	0.406	3.137
2014	1.931	0.058	1.989	0.796	0.407	3.192
2015	1.960	0.056	2.016	0.818	0.438	3.272
2016	2.057	-	2.057	0.837	0.444	3.338
2017	2.162	-	2.162	0.854	0.462	3.478

Source: Municipal Tax Collector

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

J-8

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
AARCP CV Riverton NH, LLC	\$ 2,450,100	1.01%	D & P Goffredo	\$ 1,247,900	0.94%
National Casein Sales	1,505,900	0.62%	SSJ Holding, LP Shopping Center	1,152,900	0.87%
Cedar Lane Manor Apt., LLC	1,417,600	0.59%	Chas. Cook, Glue Factory	1,007,900	0.76%
Individual #1	1,378,200	0.57%	Moccia Properties	867,350	0.65%
Moccia Properties, LLC	1,252,000	0.52%	Cedar Lane Manor, Apt. Complex	740,000	0.56%
Riverton Square, LLC	1,192,000	0.49%	Individual #1	621,300	0.47%
Individual #2	1,130,400	0.47%	Riverton Country Club	647,000	0.49%
Kapi Realty, LLC	911,300	0.38%	Individual #2	488,800	0.37%
Individual #3	861,300	0.36%	Individual #3	488,580	0.37%
Riverton Country Club	855,200	0.35%	Individual #4	439,100	0.33%
Total	\$ 12,954,000	5.35%		\$ 7,700,830	5.79%

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 3,934,859	\$ 3,934,859	100.00%	-
2009	4,091,354	4,091,354	100.00%	-
2010	4,182,556	4,182,556	100.00%	-
2011	4,459,697	4,459,697	100.00%	-
2012	4,558,763	4,558,763	100.00%	-
2013	4,646,770	4,646,770	100.00%	-
2014	4,784,069	4,784,069	100.00%	-
2015	4,809,862	4,809,862	100.00%	-
2016	4,875,321	4,875,321	100.00%	-
2017	4,981,583	4,981,583	100.00%	-

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

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

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

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income ^b	Per Capita ^c
	General Obligation Bonda ^a	Capital Leases	Capital Leases				
2008	\$ 955,000	\$ -	\$ -		\$ 955,000	0.76%	362
2009	855,000	-	-		855,000	0.68%	325
2010	745,000	-	-		745,000	0.56%	268
2011	630,000	-	-		630,000	0.45%	227
2012	510,000	-	-		510,000	0.36%	184
2013	385,000	-	-		385,000	0.27%	139
2014	260,000	-	-		260,000	0.18%	94
2015	130,000	-	-		130,000	0.09%	47
2016	-	-	-		-	d	-
2017	-	-	-		-	d	d

Sources:

- a District Records
- b Personal Income has been estimated based upon the municipal population and per capita personal income.
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.
- d Unavailable.

Riverton School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable ^b	Per Capita ^c
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding ^a		
2008	\$ 955,000	\$ -	\$ 955,000	0.72%	362
2009	855,000	-	855,000	0.30%	325
2010	745,000	-	745,000	0.26%	268
2011	630,000	-	630,000	0.22%	227
2012	510,000	-	510,000	1.80%	184
2013	385,000	-	385,000	0.16%	139
2014	260,000	-	260,000	0.11%	94
2015	130,000	-	130,000	0.05%	47
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-

Sources:

- a District Records
- b Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- c Per Capita Personal Income Data provided by the NJ Dept. of Labor and Workforce.
- d Unavailable.

Riverton School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2016

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Riverton (1)	\$ 2,006,050	100.000%	\$ 2,006,050
Burlington County General Obligation Debt (1)	314,942,084	0.566% (2)	1,782,572
Subtotal, overlapping debt			3,788,622
Riverton School District Direct Debt			-
Total direct and overlapping debt			\$ 3,788,622

Sources:

- (1) Annual Debt Statement.
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2016 Equalized Valuation. The source for this computation was the 2016 County Abstract of Ratables, provided by the County Board of Taxation.

Riverton School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis

2014	\$ 254,808,836
2015	262,730,661
2016	<u>273,916,742</u>
	<u>\$ 791,456,239</u>

Average equalized valuation of taxable property	<u>\$ 263,818,746</u>
Debt limit (3% of average equalized valuation) (2)	7,914,562
Net bonded school debt	-
Legal debt margin	<u>\$ 7,914,562</u>

Fiscal Year

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 7,563,950	\$ 7,998,344	\$ 8,469,170	\$ 8,630,083	\$ 8,642,533	\$ 8,219,233	\$ 7,914,354	\$ 7,691,025	\$ 7,743,761	\$ 7,914,562
Total net debt applicable to limit (3)	<u>955,000</u>	<u>855,000</u>	<u>745,000</u>	<u>630,000</u>	<u>510,000</u>	<u>385,000</u>	<u>260,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 6,608,950</u>	<u>\$ 7,143,344</u>	<u>\$ 7,724,170</u>	<u>\$ 8,000,083</u>	<u>\$ 8,132,533</u>	<u>\$ 7,834,233</u>	<u>\$ 7,654,354</u>	<u>\$ 7,561,025</u>	<u>\$ 7,743,761</u>	<u>\$ 7,914,562</u>
Total net debt applicable to the limit as a percentage of debt limit	12.63%	10.69%	8.80%	7.30%	5.90%	4.68%	3.29%	1.69%	0.00%	0.00%

Sources:

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

Riverton School District
 Demographic and Economic Statistics
 Last Ten Fiscal Years

J-14

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	2,636	\$ 126,042,976	\$ 47,816	2.9%
2009	2,629	125,269,221	47,649	5.2%
2010	2,781	133,618,707	48,047	5.5%
2011	2,774	138,575,170	49,955	5.4%
2012	2,777	142,710,030	51,390	5.6%
2013	2,765	143,185,525	51,785	7.4%
2014	2,759	148,287,973	53,747	5.5%
2015	2,748	151,763,796	55,227	4.7%
2016	2,713	e	e	3.5%
2017	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been established based upon the municipal population and per capita personal income presented.
- ^c Per Capita personal income provided by the NJ Dept. of Labor and Workforce Development.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development
- ^e Information not available

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

J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	20	20	20	19	19	20	20	21	22	24
Special education	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & instruction related services	3	3	3	3	3	4	4	4	4	4
General and business administrative services	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	2	2	2	2	2	2	2	2	2	2
Business and other support services	2	2	2	2	2	2	2	2	2	2
Total	<u>33</u>	<u>33</u>	<u>33</u>	<u>32</u>	<u>32</u>	<u>34</u>	<u>34</u>	<u>35</u>	<u>36</u>	<u>38</u>

Source:
 District Personnel Records

Riverton School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	254	\$ 4,957,662	\$ 19,518	5.21%	23	1:11	255.7	246.8	5.01%	96.52%
2009	263	4,949,572	18,820	-3.58%	23	1:11	260.2	249.8	1.76%	96.00%
2010	265	5,082,608	19,180	1.91%	23	1:11	269.4	258.9	3.54%	96.10%
2011	279	4,992,480	17,894	-6.70%	22	1:12	279.2	268.8	3.64%	96.28%
2012	280	5,222,062	18,650	4.22%	22	1:12	283.3	274.3	1.47%	96.82%
2013	283	5,440,158	19,223	3.07%	23	1:12	284.0	274.3	0.25%	96.58%
2014	304	5,460,107	17,961	-6.57%	23	1:13	302.9	293.8	6.65%	97.02%
2015	295	5,614,169	19,031	5.96%	24	1:12	293.1	282.9	-3.24%	96.52%
2016	306	5,794,787	18,937	-0.49%	25	1:12	308.6	297.7	5.29%	96.47%
2017	291	6,040,781	20,759	9.62%	27	1:11	291.0	279.3	-5.70%	95.99%

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).

**Riverton School District
School Building Information
Last Ten Fiscal Years**

J-18

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Elementary</u>										
Riverton Elementary (1910)										
Square Feet	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240	42,240
Capacity (students)	322	322	322	322	322	322	322	322	322	322
Enrollment	254	263	265	279	280	283	303	295	306	291

Number of Schools at June 30, 2017

Elementary = 1

Middle School = 0

Senior High School = 0

Other = 0

Source: District Facilities Office

Riverton School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
* School Facilities											
Riverton Public School	\$ 55,543	\$ 55,543	\$ 49,345	\$ 97,192	\$ 43,153	\$ 87,011	\$ 108,440	\$ 180,608	\$ 103,544	\$ 147,853	\$ 928,232
Project # (s)											
Total School Facilities	<u>\$ 55,543</u>	<u>\$ 55,543</u>	<u>\$ 49,345</u>	<u>\$ 97,192</u>	<u>\$ 43,153</u>	<u>\$ 87,011</u>	<u>\$ 108,440</u>	<u>\$ 180,608</u>	<u>\$ 103,544</u>	<u>\$ 147,853</u>	<u>\$ 928,232</u>

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

Source: District records

Riverton School District
 Insurance Schedule
 June 30, 2017

J-20

	<u>Coverage</u>	<u>Self-insured Retention</u>	<u>Member Retention</u>
School Package Policy (1)			
Property	\$ 500,000,000	\$ 100,000	\$ 2,500
Boiler and Machinery	100,000,000	10,000	2,500
Liability (General & Auto)	10,000,000	5,000	1,000
Pollution Liability	1,000,000	10,000	
Workers' Compensation	Statutory		
Blanket Dishonesty Bond	100,000/500,000		2,500
Student Accident (2)	1,000,000		
School Board Legal Liability	10,000,000		
Surety Bonds (3)			
Treasurer	175,000		
Board Secretary	80,000		

- (1) School Alliance Insurance Fund
- (2) National Union
- (3) Selective Insurance Company

Source: District records

Single Audit Section

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 Certified Public Accountants

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

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE
 REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Riverton School District
 County of Burlington
 Riverton, New Jersey

Report on Compliance for Each Major State Program

I have audited Riverton School District (School District), in the County of Burlington, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The School District's major 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

Management of the Riverton School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Riverton School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
October 12, 2017

RIVERTON 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 June 30, 2016			Carryover (Walkover)	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2017		
						(Accounts Receivable)	Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I:															
Fiscal Year 2017	84.010A	S010A160030	NCLB446017	\$ 23,161	7/1/16 - 6/30/17	\$ -	\$ -	\$ -	\$ -	\$ 23,161	\$ (23,161)	\$ -	\$ -	\$ -	\$ -
Title II A:															
Fiscal Year 2017	84.367A	S367A160029	NCLB446017	8,996	7/1/16 - 6/30/17					8,996	(8,996)				
I.D.E.A. Part B - Basic:															
Fiscal Year 2017	84.027	H027A160100	IDEA446017	80,195	7/1/16 - 6/30/17					79,691	(80,681)		(990)		
Fiscal Year 2016	84.027	H027A150100	IDEA446016	80,121	7/1/15 - 6/30/16	(520)				520					
I.D.E.A. Part B - Preschool:															
Fiscal Year 2017	84.173	H173A160114	IDEA446017	3,099	7/1/16 - 6/30/17					3,099	(3,099)				
Total U.S. Department of Education						(520)				115,467	(115,937)		(990)		
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund															
National School Lunch Program															
Fiscal Year 2017	10.555	171NJ304N1099	N/A	15,169	7/1/16 - 6/30/17					14,441	(15,169)		(728)		
Fiscal Year 2016	10.555	16161NJ304N1099	N/A	16,518	7/1/15 - 6/30/16	(895)				895					
Total U.S. Department of Agriculture						(895)				15,336	(15,169)		(728)		
Total Federal Awards						\$ (1,415)	\$ -	\$ -	\$ -	\$ 130,803	\$ (131,106)	\$ -	\$ (1,718)	\$ -	\$ -

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

RIVERTON SCHOOL DISTRICT
Schedule of Expenditures 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 June 30, 2016			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2017		
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due to Grantor
State Department of Education												
General Fund:												
Equalization Aid	17-495-034-5120-078	\$ 284,559	7/1/16- 6/30/17	\$ -	\$ -	\$ -	\$ 267,392	\$ (284,559)	\$ -	\$ (17,167)	\$ -	\$ -
Equalization Aid	16-495-034-5120-078	288,342	7/1/15- 6/30/16	(15,099)			15,099					
Special Education Categorical Aid	17-495-034-5120-089	193,849	7/1/16- 6/30/17				182,154	(193,849)		(11,695)		
Special Education Categorical Aid	16-495-034-5120-089	189,928	7/1/15- 6/30/16	(9,946)			9,946					
Transportation Aid	17-495-034-5120-014	27,967	7/1/16- 6/30/17				26,280	(27,967)		(1,687)		
Transportation Aid	16-495-034-5120-014	26,068	7/1/15- 6/30/16	(1,365)			1,365					
Security Aid	17-495-034-5120-084	30,875	7/1/16- 6/30/17				29,012	(30,875)		(1,863)		
Security Aid	16-495-034-5120-084	30,765	7/1/15- 6/30/16	(1,611)			1,611					
PARCC Readiness Aid	17-495-034-5120-098	3,560	7/1/16- 6/30/17				3,345	(3,560)		(215)		
PARCC Readiness Aid	16-495-034-5120-098	3,560	7/1/15- 6/30/16	(186)			186					
Per Pupil Growth Aid	17-495-034-5120-097	3,560	7/1/16- 6/30/17				3,345	(3,560)		(215)		
Per Pupil Growth Aid	16-495-034-5120-097	3,560	7/1/15- 6/30/16	(186)			186					
Professional Learning Community Aid	17-495-034-5120-101	3,600	7/1/16- 6/30/17				3,383	(3,600)		(217)		
Lead Testing for Schools Aid	17-495-034-5120-104	685	7/1/16- 6/30/17					(685)		(685)		
Extraordinary Aid	16-495-034-5120-044	23,781	7/1/15- 6/30/16	(23,781)			23,781					
On behalf TPAF Pension Contribution	17-495-034-5094-002	230,599	7/1/16- 6/30/17				230,599	(230,599)				
On behalf TPAF Post Retirement Medical	17-495-034-5094-001	192,141	7/1/16- 6/30/17				192,141	(192,141)				
On behalf TPAF LTDI	17-495-034-5094-004	333	7/1/16- 6/30/17				333	(333)				
Reimbursed TPAF Social Security Contr.	17-495-034-5094-003	165,362	7/1/16- 6/30/17				158,493	(165,362)		(6,869)		
Total General Fund				(52,174)			1,148,651	(1,137,090)		(40,613)		
Special Revenue Fund:												
Nonpublic:												
Textbook Aid	17-100-034-5120-064	519	7/1/16- 6/30/17				519	(519)				
Nursing Services	17-100-034-5120-070	1,440	7/1/16- 6/30/17				1,440	(1,440)				
Technology Initiative	17-100-034-5120-373	234	7/1/16- 6/30/17				234	(234)				
Security	17-100-034-5120-509	800	7/1/16- 6/30/17				800	(800)				
Handicapped Services:												
Supplemental Instruction	17-100-034-5120-066	3,139	7/1/16- 6/30/17				3,139	(314)				2,825
Supplemental Instruction	16-100-034-5120-066	3,713	7/1/15- 6/30/16			817			817			
Examination & Classification	17-100-034-5120-066	2,343	7/1/16- 6/30/17				2,343	(722)				1,621
Examination & Classification	16-100-034-5120-066	5,284	7/1/15- 6/30/16			1,533			1,533			
Total Special Revenue Fund						2,350	8,475	(4,029)	2,350			4,446
State Department of Agriculture												
National School Lunch Program (State Share)												
Fiscal Year 2017	17-100-010-3350-023	640	7/1/16- 6/30/17				607	(640)		(33)		
Fiscal Year 2016	16-100-010-3350-023	712	7/1/15- 6/30/16	(39)			39					
Total Enterprise Fund				(39)			646	(640)		(33)		
Total State Financial Assistance				\$ (52,213)	\$ -	\$ 2,350	\$ 1,157,772	\$ (1,141,759)	\$ 2,350	\$ (40,646)	\$ -	\$ 4,446
Less: State Financial Expenditures Not Subject to Major Program Determination												
On-Behalf TPAF Contribution - Pension (Non-Budgeted) (230,599)												
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (192,141)												
On-Behalf TPAF Contribution - LTDI (Non-Budgeted) (333)												
Total State Financial Expenditures Subject to Major Program Determination \$ (719,019)												

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

Riverton School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$4,666) in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Fund	Federal	State	Total
General	\$ -	\$ 1,132,424	\$ 1,132,424
Special Revenue	115,937	4,029	119,966
Food Service	15,169	640	15,809
	<u>\$ 131,106</u>	<u>\$ 1,137,093</u>	<u>\$ 1,268,199</u>

**Riverton School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2017
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 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.

6. MAJOR PROGRAMS

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

RIVERTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable? 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>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>17-495-034-5120-011</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u> </u>	<u> </u>

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

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

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

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

A state single audit was not required.

**RIVERTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.