

**SCHOOL DISTRICT OF THE  
BOROUGH OF RINGWOOD  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

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

# OUTLINE OF CAFR

## INTRODUCTORY SECTION

Letter of Transmittal .....	1
Table of Organization .....	5
Roster of Officials .....	6
Consultants and Advisors .....	7

## FINANCIAL SECTION

Independent Auditor's Report .....	8
Required Supplementary Information - Part I Management's Discussion and Analysis .....	12

### BASIC FINANCIAL STATEMENTS

#### A. District-wide Financial Statements:

A-1 Statement of Net Position .....	24
A-2 Statement of Activities .....	25

#### B. Fund Financial Statements:

##### Governmental Funds:

B-1 Balance Sheet .....	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances .....	27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	28

##### Proprietary Funds:

B-4 Statement of Net Position .....	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position .....	30
B-6 Statement of Cash Flows .....	31

##### Fiduciary Funds:

B-7 Statement of Fiduciary Net Position .....	32
B-8 Statement of Changes in Fiduciary Net Position .....	33

Notes to the Financial Statements .....	34
---	----

#### Required Supplementary Information - Part II

## OUTLINE OF CAFR

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund . . . . .	73
C-1a	Not Applicable	
C-1b	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund . . . . .	84

Notes to the Required Supplementary Information

C-3	Budgetary Comparison Schedule . . . . .	85
-----	---	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS . . . . .	86
L-2	Schedule of District Contributions – PERS . . . . .	87
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF . . . . .	88
L-4	Notes to Requires Schedules of Supplementary Information - Part III . . . . .	89

M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)

M-1	Schedule of Districts Proportionate Share of the State OPEB Liability . . . . .	90
M-2	Notes Required Schedules of Supplementary Information OPEB Liability . . . . .	91

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis . . . . .	92
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis . . . . .	93
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis . . . . .	94
E-1c	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis . . . . .	95
E-2	Not Applicable	
E-3	Not Applicable	
E-4	Not Applicable	
E-5	Not Applicable	

## OUTLINE OF CAFR

### F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures .....	96
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary .....	97
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Eleanor G. Hewitt School Renovation .....	98
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Boiler Replacement - M.J. Ryerson Middle School .....	99
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Boiler Replacement - Peter Cooper Elementary School .....	100
F-2d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis -Boiler- Robert Erskine Elementary School School .....	101
F-2e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Window Replacement - M.J. Ryerson Middle School .....	102

### G. Proprietary Funds:

#### Enterprise Fund:

G-1	Combining Statement of Net Position .....	103
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position ...	104
G-3	Combining Statement of Cash Flows .....	105

#### Internal Service Fund:

Not Applicable

### H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position .....	106
H-2	Combining Statement of Changes in Fiduciary Net Position .....	107
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements .....	108
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements .....	109

### I. Long-Term Debt:

I-1	Schedule of Bonds Payable .....	110
I-2	Statement of Obligations under Capital Leases .....	112
I-3	Debt Service Fund Budgetary Comparison Schedule .....	113

## OUTLINE OF CAFR

### J. Statistical Section (Unaudited):

#### Financial Trends

##### Introduction to the Statistical Section

J-1	Net Position by Component .....	114
J-2	Changes in Net Position .....	115
J-3	Fund Balances - Governmental Funds .....	117
J-4	Changes in Fund Balances - Governmental Funds .....	118
J-5	General Fund Other Local Revenue by Source .....	119

#### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property .....	120
J-7	Direct and Overlapping Property Tax Rates .....	121
J-8	Principal Property Taxpayers .....	122
J-9	Property Tax Levies and Collections .....	123

#### Debt Capacity

J-10	Ratios of Outstanding Debt by Type .....	124
J-11	Ratios of Net General Bonded Debt Outstanding .....	125
J-12	Direct and Overlapping Governmental Activities Debt .....	126
J-13	Legal Debt Margin Information .....	127

#### Demographic and Economic Information

J-14	Demographic and Economic Statistics .....	128
J-15	Principal Employers .....	129

#### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program .....	130
J-17	Operating Statistics .....	131
J-18	School Building Information .....	132
J-19	Schedule of Required Maintenance for School Facilities .....	133
J-20	Insurance Schedule .....	134

## OUTLINE OF CAFR

### K. SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . .	135
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular 15-08 . . . . .	137
K-3	Schedule of Expenditures of Federal Awards - Schedule A . . . . .	140
K-4	Schedule of State Financial Assistance - Schedule B . . . . .	141
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance . . . . .	143
K-6	Schedule of Findings and Questioned Costs . . . . .	146
K-7	Schedule of Financial, Federal and State Findings . . . . .	148
K-8	Summary Schedule of Prior Audit Findings . . . . .	149

## **INTRODUCTORY SECTION**



# RINGWOOD PUBLIC SCHOOLS

121 CARLETONDALE ROAD

RINGWOOD, NJ 07456



Business Office

businessoffice@njrps.org

Phone: 973-962-7029

Fax: 973-962-9211

January 18, 2019,

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

Dear Board Member:

The comprehensive annual financial report of the Ringwood Public Schools for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for students. The District completed the 2017-18 fiscal year with an average daily enrollment of 1,171 students, which is a decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2017-18	1,171	(4.01%)
2016-17	1,218	1.23%
2015-16	1,203	(2.36%)
2014-15	1,232	.5%
2013-14	1,226	(2.39%)
2012-13	1,256	(.24%)
2011-12	1,259	(1.72%)
2010-11	1,281	(2.65%)
2009-10	1,316	(3.80%)
2008-09	1,368	(.29%)

## 2. ECONOMIC CONDITION AND OUTLOOK:

From the August 2018 Moody's Investors Service Annual Comment Document:

*The credit position for Ringwood Borough SD is sound. However, its A1 rating is a little weaker than the median rating of Aa3 for US school districts. Notable credit factors include a negligible debt burden, an affordable pension liability and a very strong wealth and income profile. The credit position also reflects a solid tax base and a moderate financial position.*

*Debt and Pensions: The district has light debt and pension burdens overall, which are quite favorable in relation to the assigned rating of A1. Net direct debt to full value (0.6%) is materially lower than the US median, and did not change between 2013 and 2017. Furthermore, Ringwood Borough SD's Moody's-adjusted net pension liability to operating revenues (0.47x) favorably is materially below the US median.*

*Economy and Tax Base: The economy and tax base of the district are very healthy and are strengths in comparison to its A1 rating. Median family income equals a robust 174.4% of the US level. Also, full value per capita (\$131,873) is much stronger than the US median, however this number fell modestly from 2013 to 2017. Lastly, total full value (\$1.6 billion) is consistent with other school districts nationwide.*

*Finances: Ringwood Borough SD has a moderate financial position, and this factor is relatively weak when compared to the assigned rating of A1. Fund balance as a percent of operating revenues (3.6%) is far below the US median, and decreased slightly from 2013 to 2017. In addition, cash balance as a percent of operating revenues (2.6%) is significantly beneath the US median.*

## 3. MAJOR INITIATIVES:

- 1) The district has purchased Chromebooks, and will continue to add to this number in all schools, for teachers and students to use to enhance instruction and apps have been reviewed for class use.
- 2) District Curriculum Core Team was designated and this collection of teachers are working with the Superintendent/Director of Curriculum and Instruction on the realignment of the entire K-8 curriculum to the 2014/2016 New Jersey Student Learning Standards. This effort is being done using the Rubicon Atlas Curriculum Platform.
- 3) A major change was made through the work of the District Evaluation Advisory Committee to shift to the Danielson Framework for Teaching. Frontline's My Learning Plan (MLP) is currently being employed to assess and record teacher and administration evaluations. DEAC will continue their work as they look to change the online platform for the 2019-2020 school year.
- 4) STAR Assessment software continues to be utilized as formative assessments to assess students and direct the flow of classroom instruction. We will be making a transition in our benchmarking system for 2019-2020. This system is slated for pilot in the spring of 2019.
- 5) Grades K-8 science teachers are implementing the Next Generation Science Standards. The middle school science teachers are looking to use an online information system. A committee has been formed for teachers to explore and collect data on the most helpful resources.
- 6) Grades K-8 are now employing balanced literacy through a workshop approach for the teaching of writing. Grades 4-8 are employing a workshop approach for the teaching of reading. The full transition to K-8 balanced literacy is scheduled for 2019. This requires the purchasing of leveled classroom libraries for the remaining Language Arts Classrooms K-3.

- 7) The mathematics program requires strict attention. In the 2018-2019 school year, Grade 5-8 Math teachers will be provided professional development on standards based teaching. This will be expanded in 2019-2020. Moreover, exploration of possible replacement of the math series will begin in the spring of 2019.
- 8) The School Improvement Panel (SciP) has worked diligently on designing high quality professional development (PD) for both certificated and paraprofessional staff. They will continue to suggest PD that raises the instructional capacity as well as the collective efficacy of Ringwood's team of employees.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves of fund balance at June 30, 2018.

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

7. **DEBT ADMINISTRATION:** As of **June 30, 2018** the Ringwood Board of Education had outstanding qualifying Debt Service, in the amount of **\$9,470,000**.

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

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

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


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

12. **SERVICE EFFORTS AND ACCOMPLISHMENTS:** Tri-District Board of Education Committees composed of members from the Ringwood, Lakeland Regional High School, and Wanaque Boards of Education again, during the 2018-2019 school year, will hold several collaborative meetings in which the districts will continue to identify areas of common needs and goals. The districts will continue their efforts along the lines of curriculum articulation and organizing professional development experiences for the staff of the three districts. An offshoot of transportation shared services has been the district's Transportation Efficiency Rating which remains very high in Passaic County. The transportation revenue is down over prior years as the high school district is handling more of their athletics trips.


Practice drills at each school location to ensure preparedness for emergent situations that may require response. Documented evidence of fire drills, lock down drills, and school bus evacuation drills are provided to the County Office. Close communication with the Ringwood Police Department and Ringwood Fire Department was maintained. The district is working with a consultant on surveillance upgrades and perimeter hardening for all schools.

13. **MAJOR OPERATIONS OR FINANCIAL CONCERNS:** The district Facilities Committee examined the options for long range facilities needs and continues to work with the Board and community. A five-year plan is being developed for adoption in this academic year.

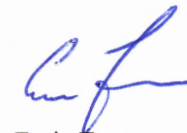
.Respectfully submitted,



Dr. Nicholas Bernice  
Superintendent

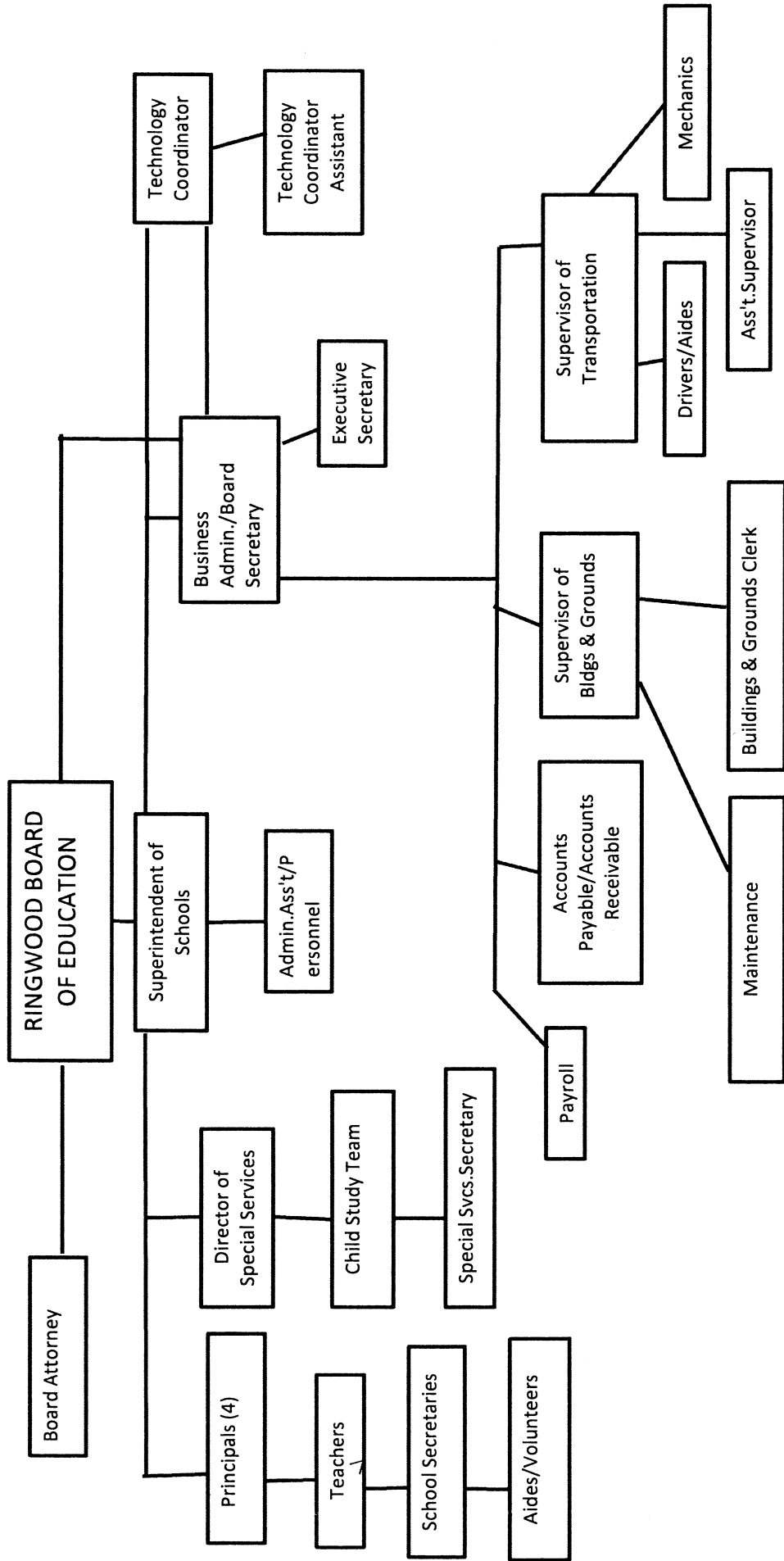


Mark Kenney  
Business Administrator



Ernie Turner  
Board Secretary

# Ringwood Public Schools Table of Organization



# **RINGWOOD BOARD OF EDUCATION**

121 Carletondale Road  
Ringwood, New Jersey 07456

## **ROSTER OF OFFICIALS**

June 30, 2018

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Cheryl Botsolas, Vice President	2019
Jenny Brown, Trustee	2018
Torrence E. Burrowes, III, Trustee	2018
Cynthia Carey, Trustee	2019
Raymond Dwyer, President	2018
Henry Gertcher	2020
Zachary Kolstein, Trustee	2019
Mary Kunert, Trustee	2020
Paul Rubacky, Trustee	2020

### **Other Officials**

Dr. Nicholas Bernice, Superintendent

Mark A. Kenney, Interim School Business Administrator

Ernest J. Turner, Interim Board Secretary

Laurie Montague, Treasurer

**RINGWOOD BOARD OF EDUCATION**

121 Carletondale Road  
Ringwood, New Jersey 07456

**CONSULTANTS AND ADVISORS**

*Audit Firm*

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

*Attorney*

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

*Official Depository*

Lakeland Bank  
166 Changebridge Road  
Montville, NJ 07045

**FINANCIAL SECTION**



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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Ringwood School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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



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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ringwood Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Change in Accounting Principle*

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

### ***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, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although



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

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ringwood Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Honorable President and  
Members of the Board of Education  
Page 4.

The introductory section, financial schedules and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the Borough of Ringwood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ringwood Board of Education's internal control over financial reporting and compliance.

*Paul J. Cuva*

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

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

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

January 18, 2019



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

## **RINGWOOD BOARD OF EDUCATION**

### **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

As management of the Ringwood Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of the Ringwood Board of Education for the fiscal year ended June 30, 2018.

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

#### **FINANCIAL HIGHLIGHTS**

- In total, net position increased \$708,014, net position of governmental activities increased \$703,629 while net position of business-type activity decreased by \$4,385.
- General revenues accounted for \$32,536,816 in revenue or 98 percent of all governmental activity revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$746,985 or 2 percent of total revenues of \$33,283,801.
- Total assets of governmental activities increased by \$45,214 as cash and cash equivalents increased by \$1,420,438, receivables decreased by \$587,429, and capital assets decreased by \$787,795.
- The School District had \$33,078,836 in expenses; only \$1,897,296 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$32,537,622 were not adequate to provide for these programs.

## **RINGWOOD BOARD OF EDUCATION**

### **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2018 (CONTINUED)**

#### **USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

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

#### **Reporting the School District as a Whole**

##### **Statement of Net Position and the Statement of Activities**

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

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

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

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

**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

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

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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



**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

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

**Enterprise Funds**

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

**Notes to the Financial Statements**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**The School District as a Whole**

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

The School District's net position was \$(7,106,644) at June 30, 2018. Of this amount \$(10,519,168) was unrestricted balances. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis on the next page focuses on the net position (Table 1) and change in net position (Table 2) of the School District. Table 1 provides a summary of the School District's net position for 2018 and 2017, as restated.

**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**Table 1**

**Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>
Current and Other Assets	2,799,612	1,966,603	87,960	71,418	2,887,572	2,038,021
Capital Assets	<u>10,756,435</u>	<u>11,481,689</u>	<u>16,743</u>	<u>34,557</u>	<u>10,773,178</u>	<u>11,516,246</u>
Total Assets	<u>13,556,047</u>	<u>13,448,292</u>	<u>104,703</u>	<u>105,975</u>	<u>13,660,750</u>	<u>13,554,267</u>
Deferred Outflows of Resources	<u>3,124,010</u>	<u>4,158,649</u>	_____	_____	<u>3,124,010</u>	<u>4,158,649</u>
Total Deferred Outflows of Resources	<u>3,124,010</u>	<u>4,158,649</u>	_____	_____	<u>3,124,010</u>	<u>4,158,649</u>
Current Liabilities	650,429	858,954	39,121	13,409	689,550	872,363
Bonds Payable	9,470,000	10,045,000			9,470,000	10,045,000
Obligations Under Capital Leases	418,688	541,785			418,688	541,785
Net Pension Liability PERS	10,748,373	13,553,156			10,748,373	13,553,156
Compensated Absences Payable	<u>261,732</u>	<u>293,073</u>	_____	_____	<u>261,732</u>	<u>293,073</u>
Total Liabilities	<u>21,549,222</u>	<u>25,291,968</u>	<u>39,121</u>	<u>13,409</u>	<u>21,588,343</u>	<u>25,305,377</u>
Deferred Inflows of Resources	<u>2,303,061</u>	<u>190,828</u>	_____	_____	<u>2,303,061</u>	<u>190,828</u>
Total Deferred Inflows of Resources	<u>2,303,061</u>	<u>190,828</u>	_____	_____	<u>2,303,061</u>	<u>190,828</u>
Net Position						
Invested in Capital Assets						
Net of Debt	867,747	894,904	16,743	3,188	884,490	898,092
Restricted	2,528,034	1,200,975			2,528,034	1,200,975
Unrestricted	<u>(10,568,007)</u>	<u>(9,971,734)</u>	<u>48,839</u>	<u>58,009</u>	<u>(10,519,168)</u>	<u>(9,913,725)</u>
Total Net Position	<u>(7,172,226)</u>	<u>(7,875,855)</u>	<u>65,582</u>	<u>61,197</u>	<u>(7,106,644)</u>	<u>(7,814,658)</u>

**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

Table 2 below show the changes in net position for the fiscal year 2018 and 2017.

**Table 2**  
**Changes in Net Position**  
**Year Ended June 30, 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
<u>Program Revenues:</u>						
Charges for Services & Sales			401,311	386,233	401,311	386,233
Operating Grants & Contributions	746,985	1,409,275	100,932	101,788	847,917	1,511,063
<u>General Revenues:</u>						
<u>Taxes:</u>						
Local Property Taxes	19,765,641	19,212,512			19,765,641	19,212,512
Federal & State Aid Not Restricted	11,295,853	9,083,125			11,295,853	9,083,125
Miscellaneous Income	<u>1,475,322</u>	<u>1,238,479</u>	<u>806</u>	<u>221</u>	<u>1,476,128</u>	<u>1,238,700</u>
Total Revenues	<u>33,283,801</u>	<u>30,943,391</u>	<u>503,049</u>	<u>488,242</u>	<u>33,786,850</u>	<u>31,431,633</u>

**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Functions/Program Expenses</b>						
<u>Instruction:</u>						
Regular	8,090,656	8,776,228			8,090,656	8,776,228
Special Education	3,479,887	3,854,266			3,479,887	3,854,266
Other Special Instruction	330,719	275,246			330,719	275,246
Other Instruction	30,624	36,138			30,624	36,138
<u>Support Services:</u>						
Tuition, Student and Instruction Related Services	2,979,567	3,332,743			2,979,567	3,332,743
School Administrative Services	763,045	816,210			763,045	816,210
General Administrative Services	470,612	469,474			470,612	469,474
Central Service	270,836	357,345			270,836	357,345
Admin. Info. Tech.	92,563	74,305			92,563	74,305
Plant Operations and Maintenance	1,857,247	2,176,871			1,857,247	2,176,871
Pupil Transportation	1,340,697	1,776,462			1,340,697	1,776,462
Unallocated Benefits	11,680,533	8,666,922			11,680,533	8,666,922
Capital Outlay - Non- Depreciable	11,747	9,548			11,747	9,548
Unallocated Depreciation	846,659	820,199			846,659	820,199
Interest on Long-Term Debt	334,780	351,749			334,780	351,749
Enterprise Fund			498,664	490,062	498,664	490,062
Total Expenses and Transfers	<u>32,580,172</u>	<u>31,793,706</u>	<u>498,664</u>	<u>490,062</u>	<u>33,078,836</u>	<u>32,283,768</u>
Increase or (Decrease) in Net Position	<u>703,629</u>	<u>(850,315)</u>	<u>4,385</u>	<u>(1,820)</u>	<u>708,014</u>	<u>(852,135)</u>

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$30,654,830.

**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**Business-Type Activities**

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

- Revenues exceeded expenditures by \$\$4,385 (gain).
- Charges for services represent \$401,311 of revenue. This represents the amounts paid by patrons for daily food service, and amounts charged to attend the District's Safety Town and Summer Music Programs.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and free milk, and donated commodities was \$100,932.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

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

**RINGWOOD BOARD OF EDUCATION**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)**

**Governmental Activities**

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

**Table 3**

	<b><u>Total Cost of Services 2018</u></b>	<b><u>Total Cost of Services 2017</u></b>	<b><u>Net Cost of Services 2018</u></b>	<b><u>Net Cost of Services 2017</u></b>
Instruction	11,931,886	12,941,878	11,426,189	12,414,635
Support Services:				
Pupils and Instructional Staff	2,979,567	3,332,743	2,793,563	3,166,051
General Administration, School Administration, Business Operation and Maintenance of Facilities	3,454,303	3,894,205	3,454,303	3,894,205
Pupil Transportation	1,340,697	1,776,462	1,340,697	1,115,881
Other	<u>12,873,719</u>	<u>9,848,418</u>	<u>12,818,435</u>	<u>9,793,659</u>
<b>Total Expenses</b>	<b><u>32,580,172</u></b>	<b><u>31,793,706</u></b>	<b><u>31,833,187</u></b>	<b><u>30,384,431</u></b>

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

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

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

**RINGWOOD BOARD OF EDUCATION**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)**

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

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

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

“Other” includes special schools and unallocated depreciation.

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

- Extraordinary Aid is state aid for special education students whose individual program costs exceed \$40,000 per year. Although additional Extraordinary Aid was ultimately awarded in the amount of \$46,677, as of the writing of this report, the funds were not yet received. More than likely, the grant will be used to increase the special education tuition budget to offset unanticipated out-of-district placements.
- Reimbursement of Nonpublic School Transportation costs in the amount of \$11,020 was received.
- TPAF, which is the state’s contribution to the pension fund, is neither a revenue item nor an expenditure item to the district, but is required to be reflected in the financial statements.
- Staff members who retired from the district were replaced with staff members at lower salary levels. The breakage from salaries funded a number of accounts which had been under-budgeted, such as contracted transportation and paraprofessionals.

**RINGWOOD BOARD OF EDUCATION**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2018 the School District had \$23,265,767 invested in sites, buildings, and equipment. Of this amount \$12,492,589 in depreciation has been taken over the years. We currently have a net book value of \$10,773,178. Total additions for the year were \$121,405, the majority of which was for equipment purchases and improvements to District facilities, the leasing of school buses, and copiers. Table 3 shows fiscal year 2018 balances compared to 2017, as restated.

**Table 3**

**Capital Assets at June 30, 2018  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>
Land, Buildings and Improvements	9,895,215	10,501,032			9,895,215	10,501,032
Furniture, Equipment and Vehicles	<u>861,220</u>	<u>980,657</u>	<u>16,743</u>	<u>3,188</u>	<u>877,963</u>	<u>983,845</u>
Total Net Assets	<u>10,756,435</u>	<u>11,481,689</u>	<u>16,743</u>	<u>3,188</u>	<u>10,773,178</u>	<u>11,484,877</u>

**Debt Administration**

At June 30, 2018, the District had \$20,898,793 in outstanding debt. Of this amount, \$261,732 is for compensated absences, \$418,688 is for capital lease obligations, \$9,470,000 is serial bonds payable, and \$10,748,373 is the District's net pension liability.

**Table 4**

**Outstanding Serial Bonds at June 30, 2018**

	<u>2018</u>	<u>2017</u>
School Bonds - Series 2008	560,000	660,000
School Bonds - Series 2011	<u>8,910,000</u>	<u>9,385,000</u>
	<u>9,470,000</u>	<u>10,045,000</u>



**RINGWOOD BOARD OF EDUCATION**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**ECONOMIC FACTORS AND NEXT YEARS' BUDGETS**

In fiscal year ending June 30, 2017, the state funding formula was calculated and funded for the first time since 2009. Ringwood's Schools saw a decrease of \$58,393 from 2016-2017 in the reshuffling of state aid. For the fiscal year ending June 30, 2018, the District saw a decrease in state aid of \$211,954. The District was able to recover from this for many reasons. Primarily, the Board of Education took the necessary steps to privatize the custodial staff. This substantial change yielded significant savings over keeping custodians as employees of Ringwood's Schools. Additional cost savings measures in 2018 included the elimination of the Assistant Superintendent for Curriculum and Instruction central office position, along with the office's secretary. These changes will have cost savings on future budgets. The goal of the 2019-2020 budget will be to maintain current staffing levels and to build on curricular and technology advances that have been made in the immediate short-term in order to create long-term successes for our students.

**REQUESTS FOR INFORMATION**

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

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

# **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,721,671	\$ 78,418	\$ 1,800,089
Receivables, net	328,829	2,590	331,419
Internal balances	(4,523)	4,523	-
Inventory		2,429	2,429
Restricted assets:			
Cash and cash equivalents	753,635		753,635
Capital assets; net			
Land/Construction in Process	329,940		329,940
Other Capital Assets, Net	10,426,495	16,743	10,443,238
Total Assets	<u>13,556,047</u>	<u>104,703</u>	<u>13,660,750</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to PERS	<u>3,124,010</u>		<u>3,124,010</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	585,209	39,121	624,330
Payable to state government	46,606		46,606
Advanced revenue	18,614		18,614
Noncurrent liabilities:			
Due within one year	785,766		785,766
Due beyond one year	20,113,027		20,113,027
Total liabilities	<u>21,549,222</u>	<u>39,121</u>	<u>21,588,343</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to PERS	<u>2,303,061</u>		<u>2,303,061</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	867,747	16,743	884,490
Restricted for:			
Capital projects	683,305		683,305
Debt Service	3,630		3,630
Other purposes	1,841,099		1,841,099
Unrestricted	(10,568,007)	48,839	(10,519,168)
Total net position	<u>\$ (7,172,226)</u>	<u>\$ 65,582</u>	<u>\$ (7,106,644)</u>

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 7,360,348	\$ 730,308	\$	\$ 505,697	\$ (7,584,959)	\$ (7,584,959)
Special education	\$ 3,169,787	310,100			(3,479,887)	(3,479,887)
Other special instruction	\$ 330,719				(330,719)	(330,719)
Other instruction	\$ 30,624				(30,624)	(30,624)
Support services:						
Tuition	\$ 298,901				(298,901)	(298,901)
Student & instruction related services	\$ 2,488,057	192,609		186,004	(2,494,662)	(2,494,662)
School administrative services	\$ 763,045				(763,045)	(763,045)
General and business administrative services	\$ 470,612				(470,612)	(470,612)
Central Services	\$ 270,836				(270,836)	(270,836)
Admin. Info. Tech.	\$ 92,563				(92,563)	(92,563)
Plant operations and maintenance	\$ 1,836,652	20,595			(1,857,247)	(1,857,247)
Pupil transportation	\$ 1,073,474	267,223			(1,340,697)	(1,340,697)
Unallocated Benefits	\$ 11,680,533				(11,680,533)	(11,680,533)
Non-depreciable capital outlay	\$ 11,747		11,747		-	-
Interest on long-term debt	\$ 334,780		43,537		(291,243)	(291,243)
Unallocated depreciation	\$ 846,659				(846,659)	(846,659)
Total governmental activities	\$ 31,059,337	\$ 1,520,835	\$ -	\$ 746,985	\$ (31,833,187)	\$ (31,833,187)
<b>Business-type activities:</b>						
Food Service	487,423		394,711	100,932	8,220	8,220
Safety Town	3,196		3,150		(46)	(46)
Summer Music	8,045		3,450		(4,595)	(4,595)
Total business-type activities	498,664		401,311	100,932	3,579	3,579
Total primary government	\$31,558,001	\$1,520,835	\$ 401,311	\$ 847,917	\$ (31,833,187)	\$ (31,829,608)

General revenues:

Taxes:						
Property taxes, levied for general purposes				18,893,447		18,893,447
Property taxes, levied for debt service				872,194		872,194
Federal and State aid not restricted				11,295,853		11,295,853
Miscellaneous Income				1,475,322	806	1,476,128
Other financing sources/(uses)						0
Total general revenues, special items, extraordinary items and transfers				32,536,816	806	32,537,622
Change in Net Position				703,629	4,385	708,014
Net Position—beginning (Restated)				(7,875,855)	61,197	(7,814,658)
Net Position—ending				(7,172,226)	65,582	(7,106,644)

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

**FUND FINANCIAL STATEMENTS**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,438,922	\$ 49,193	\$ 233,555	\$ 1	\$ 1,721,671
Due from other funds	231,422			3,629	235,051
Receivables from other governments	64,442	28,192	229,600		322,234
Receivables - Other	6,288	307			6,595
Restricted cash and cash equivalents	753,635				753,635
Total assets	<u>\$ 2,494,709</u>	<u>\$ 77,692</u>	<u>\$ 463,155</u>	<u>\$ 3,630</u>	<u>\$ 3,039,186</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	22,363	12,472			34,835
Due to other funds	6,745		232,829		239,574
Payable to state government		46,606			46,606
Advanced revenue		18,614			18,614
Total liabilities	<u>29,108</u>	<u>77,692</u>	<u>232,829</u>	<u>-</u>	<u>339,629</u>
Fund Balances:					
Restricted for:					
Excess surplus - current year	774,305				774,305
Excess surplus - prior year - designated for subsequent year's expenditures	102,832				102,832
Capital reserve	452,979				452,979
Maintenance reserve	50,656				50,656
Emergency reserve	250,000				250,000
Debt service				3,630	3,630
Capital projects			230,326		230,326
Assigned to:					
Other purposes	178,598				178,598
Designated for subsequent year's expenditures	484,708				484,708
Unassigned:					
General fund	171,523				171,523
Total Fund balances	<u>2,465,601</u>	<u>-</u>	<u>230,326</u>	<u>3,630</u>	<u>2,699,557</u>
Total liabilities and fund balances	<u>\$ 2,494,709</u>	<u>\$ 77,692</u>	<u>\$ 463,155</u>	<u>\$ 3,630</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,958,965 and the accumulated depreciation is \$12,202,530.	10,756,435
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(114,074)
Accounts payable for subsequent pension payment is not a payable in the funds.	(436,300)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources related to PERS pension liability	3,124,010
Deferred Inflows of Resources related to PERS pension liability	(2,303,061)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(20,898,793)</u>
Net position of governmental activities	<u>\$ (7,172,226)</u>

See accompanying Notes to the Financial Statements.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 18,893,447			\$ 872,194	\$ 19,765,641
Miscellaneous	1,473,091	78,512	2,231		1,553,834
Total - Local Sources	20,366,538	78,512	2,231	872,194	21,319,475
State sources	5,824,716	166,105		43,537	6,034,358
Federal sources		458,831			458,831
Total revenues	26,191,254	703,448	2,231	915,731	27,812,664
<b>EXPENDITURES</b>					
Current:					
Regular instruction	\$ 7,584,959	\$ 505,697			\$ 8,090,656
Special education instruction	3,479,887				3,479,887
Other special instruction	330,719				330,719
Other instruction	30,624				30,624
Support services and undistributed costs:					
Tuition	298,901				298,901
Student & instruction related services	2,494,662	186,004			2,680,666
School administrative services	763,045				763,045
Other administrative services	470,612				470,612
Central Services	270,836				270,836
Admin. Info. Tech.	92,563				92,563
Plant operations and maintenance	1,857,247				1,857,247
Pupil transportation	1,578,090				1,578,090
Unallocated benefits	5,877,015				5,877,015
Debt Service:					
Principal				575,000	575,000
Interest and other charges				340,731	340,731
Capital outlay	121,405	11,747			133,152
Total expenditures	25,250,565	703,448	-	915,731	26,869,744
Excess (Deficiency) of revenues over expenditures	940,689	-	2,231	-	942,920
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	114,296				114,296
Transfers in				2,231	2,231
Transfers out			(2,231)		(2,231)
Total other financing sources and uses	114,296	-	(2,231)	2,231	114,296
Net change in fund balances	1,054,985	-	-	2,231	1,057,216
Fund balance—July 1	1,410,616	-	230,326	1,399	1,642,341
Fund balance—June 30	\$ 2,465,601	\$ -	\$ 230,326	\$ 3,630	\$ 2,699,557

See accompanying Notes to the Financial Statements.



**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

**Total net change in fund balances - governmental funds (from B-2)** \$ 1,057,216

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

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

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

	Depreciation expense	\$ (846,659)	
	Depreciable capital outlays	<u>121,405</u>	(725,254)

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

Principal payments on bonds payable		575,000	
Capital lease principal		237,393	

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

Capital lease proceeds			(114,296)
------------------------	--	--	-----------

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

5,951

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

Decrease in compensated absences payable			31,341
--	--	--	--------

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

	District Pension Contributions	427,745	
	Less: Pension Expense	<u>(791,467)</u>	
	Increase in Pension Expense		(363,722)

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

Increase in On-behalf State Aid TPAF Pension		3,047,131	
Increase in On-behalf TPAF Pension Expense		(3,047,131)	

Per GASB No. 75 Non-employer contributing entities are required to record an increase in revenue and expense for On-behalf other post-retirement health benefits paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

Increase in On-behalf Other Post-Employment Health Benefits		2,424,006	
Increase in On-behalf Other Post-Employment Health Benefits Expense		(2,424,006)	

<b>Change in net position of governmental activities</b>		<u>\$ 703,629</u>	
--	--	-------------------	--

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Business-type Activities - Enterprise Funds			Totals
	Food Service	Safety Town	Summer Music	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 76,662	\$ 1,756		\$ 78,418
Accounts receivable:				
Interfund	6,745			6,745
Other		2,590		2,590
Inventories	2,429			2,429
Total current assets	85,836	4,346	-	90,182
Noncurrent assets:				
Furniture, machinery & equipment	306,802			306,802
Less accumulated depreciation	(290,059)			(290,059)
Total noncurrent assets	16,743	-	-	16,743
Total assets	102,579	4,346	-	106,925
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	36,244	2,877		39,121
Interfund payables	2,222			2,222
Total current liabilities	38,466	2,877	-	41,343
Total liabilities	38,466	2,877	-	41,343
<b>NET POSITION</b>				
Net Investment in capital assets	16,743	-	-	16,743
Unrestricted	47,370	1,469	-	48,839
Total net position	\$ 64,113	\$ 1,469	\$ -	\$ 65,582

See accompanying Notes to the Financial Statements.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities - Enterprise Fund			Total Enterprise
	Food Service	Safety Town	Summer Music	
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 259,913			\$ 259,913
Daily sales - non - reimbursable programs	130,717			130,717
Special functions	4,073			4,073
Miscellaneous	8	3,150	3,450	6,608
Total operating revenues	<u>394,711</u>	<u>3,150</u>	<u>3,450</u>	<u>401,311</u>
Operating expenses:				
Cost of food - reimbursable programs	150,142			150,142
Cost of food - non-reimbursable programs	26,496			26,496
Cost of sales - other	39,412			39,412
Salaries	153,913	2,877		156,790
Employee benefits	67,302			67,302
Cleaning, repair and maintenance services	4,119			4,119
Purchased services	28,978			28,978
Miscellaneous Expense	9,140	319	8,045	17,504
General supplies	4,857			4,857
Depreciation	3,064			3,064
Total Operating Expenses	<u>487,423</u>	<u>3,196</u>	<u>8,045</u>	<u>498,664</u>
Operating income (loss)	<u>(92,712)</u>	<u>(46)</u>	<u>(4,595)</u>	<u>(97,353)</u>
Non-operating revenues (expenses):				
State sources:				
State school lunch program	5,227			5,227
Federal sources:				
National school lunch program	70,071			70,071
Food distribution program	25,634			25,634
Interest and investment revenue	747	22	37	806
Total non-operating revenues (expenses)	<u>101,679</u>	<u>22</u>	<u>37</u>	<u>101,738</u>
Income (loss) before contributions & transfers	<u>8,967</u>	<u>(24)</u>	<u>(4,558)</u>	<u>4,385</u>
Capital contributions	-	-		-
Transfers in (out)				
Change in net position	<u>8,967</u>	<u>(24)</u>	<u>(4,558)</u>	<u>4,385</u>
Total net position—beginning, as previously reported	86,515	1,493	4,558	92,566
Prior period adjustment:				
Adjustment of equipment to appraised value	(31,369)			(31,369)
Total net position—beginning, as restated	<u>55,146</u>	<u>1,493</u>	<u>4,558</u>	<u>61,197</u>
Total net position—ending	<u>\$ 64,113</u>	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 65,582</u>

See accompanying Notes to the Financial Statements.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business-type Activities -</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Food</b>	<b>Safety</b>	<b>Summer</b>	<b>Enterprise</b>
	<b>Service</b>	<b>Town</b>	<b>Music</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and other funds	\$ 394,711	\$ 560	\$ 3,450	\$ 398,721
Payments to employees	(153,913)			(153,913)
Payments for employee benefits	(67,302)			(67,302)
Payments to suppliers	(231,415)	(3,196)	(12,845)	(247,456)
Net cash provided by (used for) operating activities	<u>(57,919)</u>	<u>(2,636)</u>	<u>(9,395)</u>	<u>(69,950)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State sources	5,075			5,075
Federal sources	94,538			94,538
Net cash provided by (used for) non-capital financing activities	<u>99,613</u>	<u>-</u>	<u>-</u>	<u>99,613</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	(16,619)			(16,619)
Net cash provided by (used for) capital and related financing activities	<u>(16,619)</u>	<u>-</u>	<u>-</u>	<u>(16,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	747	22	37	806
Net cash provided by (used for) investing activities	<u>747</u>	<u>22</u>	<u>37</u>	<u>806</u>
Net increase (decrease) in cash and cash equivalents	25,822	(2,614)	(9,358)	13,850
Balances—beginning of year	50,840	4,370	9,358	64,568
Balances—end of year	<u>\$ 76,662</u>	<u>\$ 1,756</u>	<u>\$ -</u>	<u>\$ 78,418</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (92,712)	\$ (46)	\$ (4,595)	\$ (97,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and net amortization	3,064			3,064
(Increase) decrease in inventories	1,218			1,218
(Increase) decrease in accounts receivable		(2,590)		(2,590)
Increase (decrease) in accounts payable	30,511		(4,800)	25,711
Total adjustments	<u>34,793</u>	<u>(2,590)</u>	<u>(4,800)</u>	<u>27,403</u>
Net cash provided by (used for) operating activities	<u>\$ (57,919)</u>	<u>\$ (2,636)</u>	<u>\$ (9,395)</u>	<u>\$ (69,950)</u>

See accompanying Notes to the Financial Statements.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,277	\$ 34,482
Total assets	6,277	34,482
<b>LIABILITIES</b>		
Accounts payable	5,467	1,912
Payable to student groups		31,570
Payroll deductions and withholdings		1,000
Total liabilities	5,467	\$ 34,482
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	\$ 810	

See accompanying Notes to the Financial Statements.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

	Unemployment Compensation Trust
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ 42,642
Other	30,000
Total Contributions	72,642
Investment earnings:	
Interest	137
Net investment earnings	137
Total additions	72,779
<b>DEDUCTIONS</b>	
Quarterly contribution reports	17,897
Unemployment Claims	115,862
Total deductions	133,759
Change in net position	(60,980)
Net position—beginning of the year	61,790
Net position—end of the year	\$ 810

See accompanying Notes to the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Description of the School District and Reporting Entity:**

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

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools and a middle school, located in the Borough of Ringwood. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**B. Basis of Presentation:**

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



**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Basis of Presentation, (continued)**

**District-wide Financial Statements:**

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

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

**Fund Financial Statements:**

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

**GOVERNMENTAL FUNDS**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Basis of Presentation, (continued)**

**GOVERNMENTAL FUNDS, (continued)**

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

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

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

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

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

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

**PROPRIETARY FUNDS**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**B. Basis of Presentation, (continued)**

**PROPRIETARY FUNDS, (continued)**

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

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

**FIDUCIARY FUNDS**

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

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

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

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

**C. Measurement Focus:**

**District-wide Financial Statements**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**C. Measurement Focus: (continued)**

**Fund Financial Statements**

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

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

**D. Basis of Accounting:**

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

**Revenues - Exchange and Non-exchange Transactions**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**D. Basis of Accounting: (continued)**

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

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

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

**Expenses/Expenditures**

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

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

**E. Budgets/Budgetary Control:**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**E. Budgets/Budgetary Control: (continued)**

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

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

**F. Encumbrances:**

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

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

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

**G. Cash, Cash Equivalents and Investments:**

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

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**G. Cash, Cash Equivalents and Investments: (continued)**

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

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

**H. Tuition Expenses/Payables:**

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

**I. Inventories:**

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

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

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables:**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**L. Capital Assets:**

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

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

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

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

**M. Compensated Absences:**

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

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



**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**N. Advanced Revenue:**

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

Advanced revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**O. Accrued Liabilities and Long-term Obligations:**

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

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

**P. Accounting and Financial Reporting for Pensions**

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

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**P. Accounting and Financial Reporting for Pensions, (continued)**

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

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

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

**Q. Deferred Outflows/Inflows of Resources**

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

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**R. Fund Balances:**

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

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

**S. Net Position:**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**S. Net Position: (continued)**

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

**T. Operating Revenues and Expenses:**

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

**U. Extraordinary and Special Items:**

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

**V. Allocation of Indirect Expenses:**

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

**W. Use of Estimates:**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**X. Recent Accounting Pronouncements:**

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017 and was implemented by the District for the year ended June 30, 2018

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

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

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

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District implemented this Statement for the year ended June 30, 2018.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District had no transactions of this type for the year ended June 30, 2018.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**X. Recent Accounting Pronouncements:(continued)**

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

In March 2018, Government Accounting Standards Board issued GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

**Y. Rounding**

Certain balances may be off due to dollar rounding.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$-0- of the District's bank balance of \$2,866,359 was exposed to custodial credit risk.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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

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

As of June 30, 2018, the District had \$-0- on deposit with the New Jersey Cash Management Fund.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2018, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$287,770	\$	\$287,770
Federal Aid	34,464		34,464
Other Receivables	6,595	2,590	9,185
Interfunds	<u>235,051</u>	<u>6,745</u>	<u>          </u>
Gross Receivables	563,880	9,335	331,419
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$563,880</u></u>	<u><u>\$9,335</u></u>	<u><u>\$331,419</u></u>

**NOTE 4. INVENTORIES**

Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2018, the District had the following inventory in the enterprise fund:

Food	\$1,559
Supplies	<u>870</u>
	<u><u>\$2,429</u></u>

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

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

As of June 30, 2018, the District had the following interfund balances:

\$2,222	Due to the General Fund from the Enterprise Fund for reimbursement of expenditures.
229,200	Due to the General Fund from the Capital Projects Fund for repayment of debt service.
3,629	Due to the Debt Service Fund from the Capital Projects Fund for interest earned.
6,745	Due to the Enterprise Fund from the General Fund for Federal and State lunch reimbursements.

Interfund transfer for the year ended June 30, 2018 consisted of the following:

\$68,554	From the General Fund to the Enterprise Fund for Federal and State Lunch Subsidy.
----------	---



**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance <u>6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	Adjustment <u>(Note 19)</u>	Balance <u>6/30/18</u>
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$329,940	\$ -0-	\$ -0-	\$ -0-	\$329,940
Total Capital Assets, Not Being Depreciated	<u>329,940</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>329,940</u>
Capital Assets Being Depreciated					
Buildings and Improvements	17,564,454		-0-	126,531	17,690,985
Furniture, Equipment and Vehicles	<u>4,309,704</u>	<u>121,405</u>	<u>-0-</u>	<u>506,931</u>	<u>4,938,040</u>
Total Capital Assets, Being Depreciated	<u>21,874,158</u>	<u>121,405</u>	<u>-0-</u>	<u>633,462</u>	<u>22,629,025</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(7,479,852)	(605,817)		(40,041)	(8,125,710)
Furniture, Equipment and Vehicles	<u>(3,180,016)</u>	<u>(240,842)</u>	<u>-0-</u>	<u>(655,962)</u>	<u>(4,076,820)</u>
Total Accumulated Depreciation	<u>(10,659,868)</u>	<u>(846,659)</u>	<u>-0-</u>	<u>(696,003)</u>	<u>(12,202,530)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,214,290</u>	<u>(725,254)</u>	<u>-0-</u>	<u>(62,541)</u>	<u>10,426,495</u>
Governmental Activities Capital Assets, Net	<u>\$11,544,230</u>	<u>(\$725,254)</u>	<u>-0-</u>	<u>(\$62,541)</u>	<u>\$10,756,435</u>

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

	Balance <u>6/30/17</u>	<u>Additions</u>	<u>Deductions</u>	Adjustment <u>(Note 19)</u>	Balance <u>6/30/18</u>
<b>Business-Type Activity</b>					
Furniture and Equipment	\$368,435	\$16,619	\$ -0-	(\$78,252)	\$306,802
Totals	<u>368,435</u>	<u>16,619</u>	<u>-0-</u>	<u>(78,252)</u>	<u>306,802</u>
Less Accumulated Depreciation					
Furniture and Equipment	<u>333,878</u>	<u>3,064</u>	<u>-0-</u>	<u>(46,883)</u>	<u>290,059</u>
Total Accumulated Depreciation	<u>333,878</u>	<u>3,064</u>	<u>-0-</u>	<u>(46,883)</u>	<u>290,059</u>
Business-Type Activity Capital Assets,	<u>\$34,557</u>	<u>\$13,555</u>	<u>\$ -0-</u>	<u>(\$31,369)</u>	<u>\$16,743</u>

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 7. LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the fiscal year ended June 30, 2018 were as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable	\$10,045,000	\$	\$575,000	\$9,470,000	\$595,000
Capital Leases Payable	541,785	114,296	237,393	418,688	190,766
Compensated Absences Payable	293,073	5,477	36,818	261,732	
Net Pension Liability PERS	<u>13,553,156</u>		<u>2,804,783</u>	<u>10,748,373</u>	
	<u>\$24,433,014</u>	<u>\$119,773</u>	<u>\$3,653,994</u>	<u>\$20,898,793</u>	<u>\$785,766</u>

**A. Bonds Payable:**

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

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

Outstanding bonds payable at June 30, 2018 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal Balance</u> <u>June 30, 2018</u>
School Bonds Series 2008	07/15/08	3.80%-4.250%	01/15/23	\$560,000
School Bonds Series 2011	09/13/11	2.50%-4.00%	09/01/31	<u>8,910,000</u>
				<u>\$9,470,000</u>

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$595,000	\$324,419	\$919,419
2020	615,000	306,256	921,256
2021	630,000	286,206	916,206
2022	660,000	265,556	925,556
2023	680,000	244,094	924,094
2024-2028	3,180,000	907,078	4,087,078
2029-2032	<u>3,110,000</u>	<u>256,000</u>	<u>3,366,000</u>
	<u>\$9,470,000</u>	<u>\$2,589,609</u>	<u>\$12,059,609</u>

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 7. LONG-TERM OBLIGATIONS, (continued)**

**B. Bonds Authorized But Not Issued:**

As of June 30, 2018, the Board had \$-0- of authorized bonds.

**C. Capital Leases Payable:**

The District is leasing transportation and photocopy and other equipment under capital leases. All capital leases are for terms of three to eight years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2018.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$190,766	\$9,448	\$200,214
2020	157,454	5,452	162,906
2021	39,671	2,090	41,761
2022	24,511	803	25,314
2023	<u>6,286</u>	<u>43</u>	<u>6,329</u>
Total Minimum Lease Payments	<u>\$418,688</u>	<u>\$17,836</u>	<u>\$436,524</u>

**NOTE 8. PENSION PLANS**

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

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLAN, (continued)**

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

Defined Contribution Retirement Program

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

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

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

Contributions Requirements Fund Based Statements

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

Year <u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/18	\$427,745	\$42,653
6/30/17	406,536	35,618
6/30/16	401,550	19,510

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

Year <u>Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>Long-Term Disability Insurance</u>
6/30/18	\$1,298,732	\$859,180	\$31,517	\$2,304
6/30/17	1,017,292	878,348	36,859	2,681
6/30/16	619,316	774,169	30,850	

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$708,167 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

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

**Public Employees Retirement System (PERS)**

At June 30, 2018, the District had a liability of \$10,748,373 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportion was .0461731584 percent, which was a decrease of .0004119544 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$791,467. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$253,087	\$
Changes of assumptions	2,165,427	2,157,488
Net difference between projected and actual earnings on pension plan investments	73,189	
Changes in proportion and differences between District contributions and proportionate share of contributions	196,007	145,573
District contributions subsequent to the measurement date	<u>436,300</u>	<u>                    </u>
Total	<u>\$3,124,010</u>	<u>\$2,303,061</u>

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

The \$436,300 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, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$253,027
2019	381,824
2020	231,366
2021	(307,717)
2022	(224,285)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's Proportion	.0461731584%	.0457612040%



**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2017</u>		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$13,334,086	\$10,748,373	\$8,594,154

**Pension Plan Fiduciary Net Position**

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

**Teachers Pensions and Annuity Fund (TPAF)**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>63,188,513</u>
	<u>\$63,188,513</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2017. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .0937186787%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$4,377,380 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

**Mortality Rates**

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

The actuarial assumptions used in the July 1, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS, (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

**NOTE 9. POST-RETIREMENT BENEFITS**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

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

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 9. POST-RETIREMENT BENEFITS, (continued)**

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>58,078,752</u>
	<u>\$58,078,752</u>

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 9. POST-RETIREMENT BENEFITS: (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.



**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 9. POST-RETIREMENT BENEFITS: (continued)**

**(a) *Health Care Trend Assumptions***

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**(b) *Discount Rate***

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

***Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate***

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

***Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:***

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$3,283,186 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Ringwood School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 10. DEFERRED COMPENSATION**

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

Valic	Metropolitan
Lincoln	Equitable

**NOTE 11. RISK MANAGEMENT**

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

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

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

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

<u>Fiscal Year</u>	Interest Earnings/ District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2017-2018	\$30,137	\$42,642	\$133,759	\$810
2016-2017	214	45,854	37,802	61,790
2015-2016	81	41,555	32,843	53,524

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

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 11. RISK MANAGEMENT, (continued)**

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

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

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

**NOTE 12. CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$451,029
Interest Earnings	<u>1,950</u>
Ending balance, June 30, 2018	<u><u>\$452,979</u></u>

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 13. EMERGENCY RESERVE ACCOUNT**

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

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	<u>\$250,000</u>
Ending balance, June 30, 2018	<u>\$250,000</u>

**NOTE 14. MAINTENANCE RESERVE ACCOUNT:**

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

Beginning balance, July 1, 2017	\$58,834
Interest Earnings	554
	<u>59,388</u>
Withdrawals	<u>8,732</u>
Ending balance, June 30, 2018	<u>\$50,656</u>

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund [Exhibit B-1]** - Of the \$2,465,601 General Fund fund balance at June 30, 2018, \$178,598 is reserved for encumbrances; \$877,137 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$102,832 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$452,979 has been reserved in the Capital Reserve Account; \$50,656 has been reserved in the Maintenance Reserve Account; \$250,000 has been reserved in the Emergency Reserve Account; \$484,708 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; and \$171,523 is unreserved and undesignated.

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget. The excess fund balance at June 30, 2018 is \$877,137. Of this amount, \$774,305 is a result of the current year's operations and \$102,832 is the result of prior year operations.

**NOTE 17. INVENTORY**

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$1,559
Supplies	<u>870</u>
	<u>\$2,429</u>

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

**NOTE 18. CONTINGENT LIABILITIES**

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

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

**NOTE 19. PRIOR PERIOD ADJUSTMENT**

During the 2017-2018 school year, the District completed an appraisal of its capital assets. Based on the results of this appraisal, the following adjustments were necessary to the District's capital assets as of June 30, 2017:

**Borough of Ringwood School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 19. PRIOR PERIOD ADJUSTMENT, (continued)**

	<u>Furniture, Machinery and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Net Investment in Capital Assets</u>
<u>Governmental Activities:</u>			
July 1, 2017, as Previously Reported	\$22,204,098	\$(10,659,868)	\$11,544,230
Restatement	<u>633,462</u>	<u>(696,003)</u>	<u>(62,541)</u>
July 1, 2017, as Restated	<u>\$22,837,560</u>	<u>(\$11,355,871)</u>	<u>\$11,481,689</u>
	<u>Furniture, Machinery and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Net Investment in Capital Assets</u>
<u>Business-Type Activities:</u>			
July 1, 2017, as Previously Reported	\$368,435	\$(333,878)	\$34,557
Restatement	<u>(78,252)</u>	<u>46,883</u>	<u>(31,369)</u>
July 1, 2017, as Restated	<u>\$290,183</u>	<u>(\$286,995)</u>	<u>\$3,188</u>

**NOTE 20. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through January 18, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 18,893,447	\$ -	\$ 18,893,447	\$ 18,893,447	\$ -
Tuition	875,232	-	875,232	1,194,011	318,779
Transportation Fees	161,970	-	161,970	227,844	65,874
Interest Earned on Emergency Reserve	1,600	-	1,600	2,576	976
Interest Earned on Maintenance Reserve	900	-	900	554	(346)
Interest Earned on Capital Reserve Funds	3,000	-	3,000	1,950	(1,050)
Miscellaneous	57,720	-	57,720	46,156	(11,564)
Total - Local Sources	19,993,869	-	19,993,869	20,366,538	372,669
<b>State Sources:</b>					
Equalization Aid	1,139,507	-	1,139,507	1,139,507	-
Transportation Aid	660,581	-	660,581	660,581	-
Special Education Categorical Aid	727,841	-	727,841	727,841	-
Security Aid	98,526	-	98,526	98,526	-
Adjustment Aid	258,392	(58,393)	199,999	199,999	-
PARCC Readiness Aid	11,505	-	11,505	11,505	-
Per Pupil Growth Aid	11,505	-	11,505	11,505	-
Extraordinary Aid	75,000	-	75,000	46,677	(28,323)
Professional Learning Community Aid	11,810	-	11,810	11,810	-
Other State Aid - Reimburse Nonpublic Transportation	-	-	-	11,020	11,020
On-behalf TPAF Pension (non-budgeted)	-	-	-	1,298,732	1,298,732
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	31,517	31,517
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	859,180	859,180
On-behalf TPAF Long-Term Disability Contrib. (non-budgeted)	-	-	-	2,304	2,304
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	708,167	708,167
Total State Sources	2,994,667	(58,393)	2,936,274	5,818,871	2,882,597
<b>Federal Sources:</b>					
Equalization Aid - ARRA GSF	-	-	-	-	-
Medical Assistance Program	-	-	-	-	-
Total Federal Sources	-	-	-	-	-
<b>Total Revenues</b>	22,988,536	(58,393)	22,930,143	26,185,409	3,255,266

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	\$ 397,976	(9,227)	\$ 388,749	\$ 388,732	\$ 17
Grades 1-5 - Salaries of Teachers	3,230,873	(78,406)	3,152,467	3,152,352	115
Grades 6-8 - Salaries of Teachers	2,018,543	25,937	2,044,480	2,044,440	40
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	6,500	1,640	8,140	8,104	36
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	655,538	84,851	740,389	740,063	326
Unused Vacation Pay to Term./Retired Staff		6,000	6,000	6,000	-
Purchased Professional-Educational Services	121,500	-	121,500	55,939	65,561
Purchased Technical Services	60,000	(29,895)	30,105	29,782	323
Other Purchased Services (400-500 series)	140,288	39,956	180,244	173,957	6,287
General Supplies	271,850	(2,160)	269,690	254,082	15,608
Textbooks	1,700	-	1,700	1,200	500
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>6,904,768</b>	<b>38,696</b>	<b>6,943,464</b>	<b>6,854,651</b>	<b>88,813</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	237,856	(50,511)	187,345	186,172	1,173
General Supplies	1,100	-	1,100	397	703
<b>Total Learning and/or Language Disabilities Behavioral Disabilities:</b>	<b>238,956</b>	<b>(50,511)</b>	<b>188,445</b>	<b>186,569</b>	<b>1,876</b>
Salaries of Teachers	58,192	-	58,192	58,192	-
Other Salaries for Instruction	48,321	(20,360)	27,961	27,961	-
General Supplies	1,500	-	1,500	334	1,166
<b>Total Behavioral Disabilities Multiple Disabilities:</b>	<b>108,013</b>	<b>(20,360)</b>	<b>87,653</b>	<b>86,487</b>	<b>1,166</b>
Salaries of Teachers	75,242	-	75,242	75,242	-
Other Salaries for Instruction	52,241	-	52,241	51,954	287
General Supplies	1,500	-	1,500	95	1,405
<b>Total Multiple Disabilities Resource Room/Resource Center:</b>	<b>128,983</b>	<b>-</b>	<b>128,983</b>	<b>127,291</b>	<b>1,692</b>
Salaries of Teachers	1,421,961	(32,275)	1,389,686	1,388,127	1,559
General Supplies	3,700	-	3,700	450	3,250
<b>Total Resource Room/Resource Center</b>	<b>1,425,661</b>	<b>(32,275)</b>	<b>1,393,386</b>	<b>1,388,577</b>	<b>4,809</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Autism:</b>					
Salaries of Teachers	302,211	52,719	354,930	354,697	233
Other Salaries for Instruction	800,371	3,381	803,752	799,569	4,183
Unused Vacation Pay to Term./Retired Staff		2,450	2,450	2,450	-
Purchased Professional-Educational Services	196,024	(60,050)	135,974	110,473	25,501
Other Purchased Services (400-500 series)	3,250	-	3,250	2,637	613
General Supplies	3,200	45	3,245	3,245	-
Other Objects	975	(45)	930	531	399
<b>Total Autism</b>	<b>1,306,031</b>	<b>(1,500)</b>	<b>1,304,531</b>	<b>1,273,602</b>	<b>30,929</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	69,213	-	69,213	67,773	1,440
Other Salaries for Instruction	39,681	(110)	39,571	39,047	524
General Supplies	1,100	(149)	951	441	510
<b>Total Preschool Disabilities - Part-Time</b>	<b>109,994</b>	<b>(259)</b>	<b>109,735</b>	<b>107,261</b>	<b>2,474</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>3,317,638</b>	<b>(104,905)</b>	<b>3,212,733</b>	<b>3,169,787</b>	<b>42,946</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	170,198	6,068	176,266	176,266	-
Purchased Professional - Educational Services		1,500	1,500	1,205	295
General Supplies	700	-	700	697	3
<b>Total Basic Skills/Remedial - Instruction</b>	<b>170,898</b>	<b>7,568</b>	<b>178,466</b>	<b>178,168</b>	<b>298</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	36,565	-	36,565	33,091	3,474
Unused Vacation Pay to Term./Retired Staff		21,514	21,514	21,514	-
General Supplies		149	149	149	-
<b>Total Bilingual Education - Instruction</b>	<b>36,565</b>	<b>21,663</b>	<b>58,228</b>	<b>54,754</b>	<b>3,474</b>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	26,965	(1,600)	25,365	23,105	2,260
Other Objects	7,500	4,550	12,050	7,519	4,531
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>34,465</b>	<b>2,950</b>	<b>37,415</b>	<b>30,624</b>	<b>6,791</b>
<b>Summer School - Instruction</b>					
Purchased Professional and Technical Services	92,000	5,797	97,797	97,797	-
<b>Total Summer School - Instruction</b>	<b>92,000</b>	<b>5,797</b>	<b>97,797</b>	<b>97,797</b>	<b>-</b>
<b>TOTAL INSTRUCTION</b>	<b>10,556,334</b>	<b>(28,231)</b>	<b>10,528,103</b>	<b>10,385,781</b>	<b>142,322</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Private Schools for the Disabled - Within State	210,356	90,968	301,324	298,901	2,423
Tuition to Private Schools for the Disabled - Outside State		-			-
<b>Total Undistributed Expenditures - Instruction:</b>	<u>210,356</u>	<u>90,968</u>	<u>301,324</u>	<u>298,901</u>	<u>2,423</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	11,976	274	12,250	12,250	-
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>11,976</u>	<u>274</u>	<u>12,250</u>	<u>12,250</u>	<u>-</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	397,742	(4,350)	393,392	393,392	-
Unused Vacation Pay to Term./Retired Staff		18,000	18,000	18,000	-
Purchased Professional and Technical Services	7,300	4,563	11,863	11,563	300
Supplies and Materials	5,600	-	5,600	4,729	871
Other Objects		3,900	3,900	2,974	926
<b>Total Undistributed Expenditures - Health Services</b>	<u>410,642</u>	<u>22,113</u>	<u>432,755</u>	<u>430,658</u>	<u>2,097</u>
<b>Undist. Expend. - Speech, OT, PT &amp; Related Serv.</b>					
Salaries	357,227	2,175	359,402	359,402	-
Purchased Professional - Educational Services	73,800	(13,486)	60,314	52,541	7,773
Supplies and Materials	3,500	-	3,500	1,847	1,653
<b>Total Undist. Expend. - Speech, OT, PT &amp; Related Serv.</b>	<u>434,527</u>	<u>(11,311)</u>	<u>423,216</u>	<u>413,790</u>	<u>9,426</u>
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	228,107	80,222	308,329	308,329	-
Salaries of Secretarial and Clerical Assistants	47,904	238	48,142	48,142	-
Purchased Professional - Educational Services	3,000	981	3,981	3,981	-
Supplies and Materials	200	364	564	564	-
<b>Total Undist. Expend. - Other Supp. Serv. Students - Reg. Undist. Expend. Child Study Teams</b>	<u>279,211</u>	<u>81,805</u>	<u>361,016</u>	<u>361,016</u>	<u>-</u>
Salaries of Other Professional Staff	595,625	28,949	624,574	616,692	7,882
Salaries of Secretarial and Clerical Assistants	62,183	(5,011)	57,172	56,170	1,002
Purchased Professional - Educational Services	205,500	(22,938)	182,562	136,654	45,908
Other Purchased Services (400-500 series)	6,500	1,305	7,805	5,298	2,507
Supplies and Materials	11,000	-	11,000	5,693	5,307
Other Objects	11,000	-	11,000	10,822	178
<b>Total Undist. Expend. - Other Supp. Serv. Students - Spec.</b>	<u>891,808</u>	<u>2,305</u>	<u>894,113</u>	<u>831,329</u>	<u>62,784</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undist. Expend. Imp. Of Instructional Services</b>					
Other Salaries	5,000	-	5,000	1,520	3,480
Purchased Professional - Educational Services	8,800	-	8,800	4,975	3,825
Supplies and Materials		29	29		-
<b>Total Undist. Expend. Imp. Of Instructional Services</b>	<b>13,800</b>	<b>29</b>	<b>13,829</b>	<b>6,524</b>	<b>7,305</b>
Salaries					
Supplies and Materials	214,735	400	215,135	215,135	-
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>13,800</b>	<b>-</b>	<b>13,800</b>	<b>11,024</b>	<b>2,776</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>	<b>228,535</b>	<b>400</b>	<b>228,935</b>	<b>226,159</b>	<b>2,776</b>
Purchased Professional - Educational Services					
Other Purchased Services (400-500 series)	16,000	9,415	9,415	4,815	4,600
Supplies and Materials		-	16,000	13,712	2,288
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>16,000</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>-</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>16,000</b>	<b>11,215</b>	<b>27,215</b>	<b>20,327</b>	<b>6,888</b>
Salaries					
Unused Vacation Pay to Term./Retired Staff	224,904	442	225,346	225,346	-
Legal Services	11,053	11,053	11,053	10,667	386
Audit Fees	30,875	2,344	33,219	32,845	374
Architectural/Engineering Services	26,000	(200)	25,800	23,540	2,260
Other Purchased Professional Services	10,000	-	10,000	10,000	10,000
Communications/Telephone	19,450	5,000	24,450	23,112	1,338
BOE Other Purchased Services	24,822	5,503	30,325	30,203	122
Misc. Purchased Services (400-500 series)	465	(39)	426	426	426
General Supplies	21,481	3,873	25,354	21,649	3,705
Judgments Against the School District	2,500	(1,584)	916	705	211
Miscellaneous Expenditures	10,218	85,000	85,000	85,000	-
BOE Membership Dues and Fees	11,646	(3,617)	6,601	6,599	2
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>382,361</b>	<b>(609)</b>	<b>11,037</b>	<b>10,946</b>	<b>91</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>	<b>107,166</b>	<b>489,527</b>	<b>489,527</b>	<b>470,612</b>	<b>18,915</b>
Salaries of Principals/Assistant Principals	518,207	2,123	520,330	520,330	-
Salaries of Secretarial and Clerical Assistants	215,883	(3,052)	212,831	212,831	-
Other Salaries	4,603	9,797	14,400	13,273	1,127
Unused Vacation Pay to Term./Retired Staff	2,686	600	3,286	2,627	659
Other Purchased Services (400-500 series)	500	157	657	231	426
Supplies and Materials	6,285	-	6,285	3,767	2,518
Other Objects	11,400	(583)	10,817	9,986	831
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>759,564</b>	<b>9,042</b>	<b>768,606</b>	<b>763,045</b>	<b>5,561</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Central Services</b>					
Salaries	277,971	(38,989)	238,982	238,982	-
Unused Vacation Pay to Term./Retired Staff		5,590	5,590	5,590	-
Purchased Professional Services		19,050	19,050	18,350	700
Purchased Technical Services	800	(220)	580	580	-
Supplies and Materials	5,000	1,854	6,854	6,380	474
Miscellaneous Expenditures	2,300	(1,171)	1,129	954	175
<b>Total Undistributed Expenditures - Central Services</b>	<b>286,071</b>	<b>(13,886)</b>	<b>272,185</b>	<b>270,836</b>	<b>1,349</b>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Salaries	67,302	2,698	70,000	70,000	-
Purchased Professional Services		22,663	22,663	22,563	100
Other Objects	300	-	300	300	0
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>67,602</b>	<b>25,361</b>	<b>92,963</b>	<b>92,563</b>	<b>400</b>
<b>Undist. Expend. - Required Maintenance for School Facilities</b>					
Salaries	285,508	(64,386)	221,122	221,071	51
Unused Vacation Pay to Term./Retired Staff		8,365	8,365	8,365	-
Cleaning, Repair, and Maintenance Services	186,085	11,940	198,025	150,815	47,210
General Supplies	68,380	1,403	69,783	45,320	24,463
Other Objects	357	2,250	2,607	1,228	1,379
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>	<b>540,330</b>	<b>(40,428)</b>	<b>499,902</b>	<b>426,799</b>	<b>73,103</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries of Non-Instructional Aides	11,124	(4,252)	6,872	6,838	34
Purchased Professional and Technical Services	653,580	12,000	665,580	665,580	-
Cleaning, Repair and Maintenance Services	17,250	1,253	18,503	9,577	8,926
Insurance	176,665	(1,253)	175,412	174,753	659
Miscellaneous Purchased Services	11,400	-	11,400	8,228	3,172
General Supplies	50,700	(1,000)	49,700	45,030	4,670
Energy (Natural Gas)	130,775	-	130,775	113,666	17,109
Energy (Electricity)	215,700	(6,682)	209,018	201,826	7,192
Energy (Oil)	13,500	5,624	19,124	19,124	-
Energy (Gasoline)	23,190	1,058	24,248	24,248	-
Other Objects	500	-	500	225	275
Interest - Energy Savings Impr. Prog. Bonds	6,249	-	6,249	6,249	-
Principal - Energy Savings Impr. Prog. Bonds	114,896	-	114,896	114,896	-
<b>Total Undist. Expend. - Custodial Services</b>	<b>1,425,529</b>	<b>6,748</b>	<b>1,432,277</b>	<b>1,390,240</b>	<b>42,037</b>
<b>Undist. Expend. - Care and Upkeep of Grounds:</b>					
Salaries	12,000	(2,529)	9,471	8,424	1,047
<b>Total Undist. Expend. - Care &amp; Upkeep of Grounds</b>	<b>12,000</b>	<b>(2,529)</b>	<b>9,471</b>	<b>8,424</b>	<b>1,047</b>
<b>Security:</b>					
Purchased Professional and Technical Services	13,000	-	13,000	11,189	1,811
<b>Total Security</b>	<b>13,000</b>	<b>-</b>	<b>13,000</b>	<b>11,189</b>	<b>1,811</b>
<b>Total Undist. Expend. - Oper. &amp; Maint. Of Plant</b>	<b>1,990,859</b>	<b>(36,209)</b>	<b>1,954,650</b>	<b>1,836,652</b>	<b>117,998</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries of Non-Instructional Aides	68,132	(4,679)	63,453	58,912	4,541
Sal. For Pup.Trans. (Bet. Home and School) - Regular	587,484	48,267	635,751	632,054	3,697
Sal. For Pup.Trans. (Bet. Home and School) - Special	173,876	(43,361)	130,515	129,774	741
Sal. For Pup. Trans. (Other than Bet. Home and School)	3,500	2,455	5,955	5,955	-
Sal. For Pup. Trans. (Bet. Home and School) Non-Public	194,598	(69,933)	124,665	123,580	1,085
Unused Vacation Pay to Term./Retired Staff		13,207	13,207	13,207	-
Cleaning, Repair and Maintenance Services	45,000	-	45,000	39,023	5,977
Lease Purchase Payments - School Buses	160,424	(57,000)	103,424	103,424	-
Contract Services - Aid in Lieu Payments - Non Public	31,062	6,265	37,327	37,327	-
Contract Services - (Between Home and School) - Vendors	122,649	(87,353)	35,296	35,295	1
Misc. Purchased Serv. - Transportation	16,035	-	16,035	14,372	1,663
General Supplies	109,500	2,048	111,548	72,787	38,761
Transportation Supplies	43,000	-	43,000	33,856	9,144
Fuel Costs Funded by Advertising Revenues	450	-	450	-	450
Other Objects	11,950	-	11,950	11,301	649
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>1,567,660</b>	<b>(190,084)</b>	<b>1,377,576</b>	<b>1,310,867</b>	<b>66,709</b>
<b>ALLOCATED BENEFITS:</b>					
<b>Regular Programs-Instruction</b>					
Health Benefits	1,839,350	(1,108,167)	731,183	730,308	875
<b>Total Regular Programs-Instruction</b>	<b>1,839,350</b>	<b>(1,108,167)</b>	<b>731,183</b>	<b>730,308</b>	<b>875</b>
<b>Special Programs-Instruction</b>					
Health Benefits	635,379	(325,279)	310,100	310,100	-
<b>Total Special Programs-Instruction</b>	<b>635,379</b>	<b>(325,279)</b>	<b>310,100</b>	<b>310,100</b>	<b>-</b>
<b>Health Services</b>					
Health Benefits	58,755	(30,058)	28,697	28,697	-
<b>Total Health Services</b>	<b>58,755</b>	<b>(30,058)</b>	<b>28,697</b>	<b>28,697</b>	<b>-</b>
<b>Other Support Services-Speech, OT, PT Related Services</b>					
Health Benefits	60,926	(31,216)	29,710	29,710	-
<b>Total Other Support Services-Speech, OT, PT Related Services</b>	<b>60,926</b>	<b>(31,216)</b>	<b>29,710</b>	<b>29,710</b>	<b>-</b>
<b>Other Support Services-Guidance</b>					
Health Benefits	71,282	(36,508)	34,774	34,774	-
<b>Total Other Support Services-Guidance</b>	<b>71,282</b>	<b>(36,508)</b>	<b>34,774</b>	<b>34,774</b>	<b>-</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Other Support Services-Child Study Teams</b>					
Health Benefits	194,373	(99,503)	94,870	94,870	-
<b>Total Other Support Services-Child Study Teams</b>	<b>194,373</b>	<b>(99,503)</b>	<b>94,870</b>	<b>94,870</b>	<b>-</b>
<b>Educational Media Services-School Library</b>					
Health Benefits	9,476	(4,918)	4,558	4,558	-
<b>Total Educational Media Services-School Library</b>	<b>9,476</b>	<b>(4,918)</b>	<b>4,558</b>	<b>4,558</b>	<b>-</b>
<b>Required Maintenance for School Facilities</b>					
Health Benefits	42,057	(21,462)	20,595	20,595	-
<b>Total Required Maintenance for School Facilities</b>	<b>42,057</b>	<b>(21,462)</b>	<b>20,595</b>	<b>20,595</b>	<b>-</b>
<b>Transportation Services</b>					
Health Benefits	547,500	(280,277)	267,223	267,223	-
<b>Total Transportation Services</b>	<b>547,500</b>	<b>(280,277)</b>	<b>267,223</b>	<b>267,223</b>	<b>-</b>
<b>TOTAL ALLOCATED BENEFITS</b>	<b>3,459,098</b>	<b>(1,937,388)</b>	<b>1,521,710</b>	<b>1,520,835</b>	<b>875</b>
<b>UNALLOCATED BENEFITS</b>					
Group Insurance	1,700	-	1,700	764	936
Social Security Contributions	426,487	(49,050)	377,437	328,992	48,445
Other Retirement Contributions - PERS	425,795	21,173	446,968	446,968	-
Other Retirement Contributions - Regular	25,550	21,575	47,125	42,653	4,472
Unemployment Compensation		30,000	30,000	30,000	-
Workmen's Compensation	414,100	(221,097)	193,003	156,363	36,640
Health Benefits		1,918,235	1,918,235	1,827,349	90,886
Tuition Reimbursement	57,000	1,650	58,650	57,324	1,326
Other Employee Benefits	66,000	20,702	86,702	86,702	-
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,416,632</b>	<b>1,743,188</b>	<b>3,159,820</b>	<b>2,977,115</b>	<b>182,705</b>



**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
On-behalf TPAF Pension (non-budgeted)		-		1,298,732	(1,298,732)
On-behalf TPAF NCGI Premium (non-budgeted)		-		31,517	(31,517)
On-behalf TPAF Post Retirement Medical (non-budgeted)		-		859,180	(859,180)
On-behalf TPAF Long-Term Disability Contrib. (non-budgeted)		-		2,304	(2,304)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		708,167	(708,167)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	-	-	-	2,899,900	(2,899,900)
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	4,875,730	(194,200)	4,681,530	7,397,850	(2,716,320)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	12,426,702	(95,012)	12,331,690	14,743,379	(2,411,689)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	22,983,036	(123,243)	22,859,793	25,129,160	(2,269,367)
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5		7,109	7,109	7,109	-
<b>Total Equipment</b>		7,109	7,109	7,109	-
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>					
Undistributed Expenditures:					
General Administration	5,500	(5,500)		114,296	(114,296)
Student Transportation		178,528	178,528	178,528	178,528
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>	5,500	173,028	178,528	114,296	64,232
<b>TOTAL CAPITAL OUTLAY</b>	5,500	180,137	185,637	121,405	64,232
<b>TOTAL EXPENDITURES</b>	22,988,536	56,894	23,045,430	25,250,565	(2,205,135)

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(115,287)	(115,287)	934,844	1,050,131
<b>Other Financing Sources (Uses):</b>					
Capital Leases (non-budgeted)			-	114,296	114,296
Total Other Financing Sources (Uses):	-	-	-	114,296	114,296
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	-	(115,287)	(115,287)	1,049,140	1,164,427
<b>Fund Balance, July 1</b>	1,700,685		1,700,685	1,700,685	-
<b>Fund Balance, June 30</b>	\$ 1,700,685	\$ (115,287)	\$ 1,585,398	\$ 2,749,825	\$ 1,164,427
Adjustment for prior year encumbrances		(106,555)	(106,555)	(106,555)	-
Increase in Capital Reserve - Interest				1,950	1,950
Increase in Maintenance Reserve - Interest				554	554
Withdrawal from Maintenance Reserve		(8,732)	(8,732)	(8,732)	-
Budgeted Fund Balance				1,161,923	1,161,923
Total	-	(115,287)	(115,287)	1,049,140	1,164,427

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				452,979	
Maintenance Reserve				50,656	
Emergency Reserve				250,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				102,832	
Excess Surplus - Current Year				774,305	
<b>Committed Fund Balance:</b>					
Year End Encumbrances				178,598	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				484,708	
<b>Unassigned Fund Balance</b>				455,747	
				<u>2,749,825</u>	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last State Aid Payment not recognized on GAAP basis				(284,224)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<u>\$ 2,465,601</u>	

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$	55,240	\$ 55,240	\$ 54,890	\$ (350)
State Sources	198,175	14,537	212,712	166,105	(46,607)
Federal Sources	425,234	53,806	479,040	458,831	(20,209)
<b>Total Revenues</b>	<b>623,409</b>	<b>123,583</b>	<b>746,992</b>	<b>679,826</b>	<b>(67,166)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	61,260	9,907	71,167	64,959	6,208
Other Salaries for Instruction	9,000	3,750	12,750	12,750	-
Purchased Professional - Educational Services		3,626	3,626	3,626	-
Other Purchased Professional Services	148,700	9,731	158,431	122,319	36,112
Tuition	195,000	5,772	200,772	200,772	-
General Supplies	20,919	46,552	67,471	66,950	521
Textbooks	12,100	(1,363)	10,737	10,699	38
Other Objects					
<b>Total Instruction</b>	<b>446,979</b>	<b>77,975</b>	<b>524,954</b>	<b>482,075</b>	<b>42,879</b>
<b>Support Services</b>					
Personal Services - Employee Benefits	16,253	1,513	17,766	17,766	-
Purchased Professional - Educational Services	149,277	16,537	165,814	146,437	19,377
General Supplies		22,633	22,633	21,801	832
Other Objects					
<b>Total Support Services</b>	<b>165,530</b>	<b>40,683</b>	<b>206,213</b>	<b>186,004</b>	<b>20,209</b>
<b>Facilities Acquisition and Construction Services:</b>					
Non-instructional Equipment	10,900	4,925	15,825	11,747	4,078
<b>Total Facilities Acquisition and Construction Services</b>	<b>10,900</b>	<b>4,925</b>	<b>15,825</b>	<b>11,747</b>	<b>4,078</b>
<b>Total Expenditures</b>	<b>623,409</b>	<b>123,583</b>	<b>746,992</b>	<b>679,826</b>	<b>67,166</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**For the Fiscal Year Ended June 30, 2018**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	\$ 26,185,409	\$ 679,826
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			41,886
Less Current Year Encumbrances			(18,264)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		290,069	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(284,224)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 26,191,254	\$ 703,448
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	\$ 25,250,565	\$ 679,826
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			41,886
Less Current Year Encumbrances			(18,264)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 25,250,565	\$ 703,448

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

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

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Covered Payroll -PERS Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0452943393%	\$ 8,480,339	\$ 3,105,240	273.10%	52.08%
2016	0.0466334964%	10,468,285	3,185,939	328.58%	47.93%
2017	0.0457612040%	13,553,156	3,084,175	439.44%	40.14%
2018	0.0461731584%	10,748,373	2,334,584	460.40%	48.10%

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

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

<u>Fiscal Year Ending June30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's PERS Covered- Employee Payroll</u>	<u>Contributions as a Percentage of PERS Covered- Employee Payroll</u>
2015	\$ 373,400	\$ 373,400	\$ -	\$3,105,240	12.02%
2016	400,923	400,923	-	3,185,939	12.58%
2017	406,536	406,536	-	3,084,175	13.18%
2018	427,745	427,745	-	2,334,584	18.32%

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



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

<u>Fiscal Year Ending June30,</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>District's Proportion Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)</u>	<u>District's Covered Payroll -TPAF Employee's</u>	<u>District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2015	0.0907566602%	\$ -	\$ 48,506,481	\$ 9,405,646	0.00%	33.64%
2016	0.0879285641%	\$ -	55,574,607	9,138,481	0.00%	28.71%
2017	0.0812059223%	\$ -	63,881,749	9,768,507	0.00%	22.33%
2018	0.0937186787%	\$ -	63,188,513	9,767,456	0.00%	25.41%

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the fiscal year ended June 30, 2018**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22% to 4.25%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the District's Proportionate Share of the State OPEB Liability**  
**Last 10 Fiscal Years\***

	2018
<b>Total OPEB Liability</b>	
Service Costs	\$ 2,259,344
Interest on Total OPEB Liability	1,834,334
Changes in Assumptions	(7,465,794)
Gross Benefit Payments	(1,345,227.00)
Contribution from the Member	49,535
<b>Net Changes in total Share of OPEB Liability</b>	(4,667,808)
<b>Total OPEB Liability - Beginning</b>	62,746,560
<b>Total OPEB Liability - Ending</b>	\$ 58,078,752
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	58,078,752
Total OPEB Liability - Ending	\$ 58,078,752
District's Covered Employee Payroll	\$ 12,102,040
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Notes to Required Schedules of Supplementary Information OPEB Liability**  
**For the fiscal year ended June 30, 2018**

Change in benefit terms	None
Change in assumptions	Assumptions used in calculating the OPEB liability are presented in Note 8.

## **Supplementary Schedules**

**SPECIAL REVENUE FUND**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

	Total Brought Forward (Ex. E-1a)	Title I 2017-2018	Title I Carryover	Title II, Part A 2017-2018	Totals 2018
<b>REVENUES</b>					
Local Sources	\$ 54,890				\$ 54,890
State Sources	166,105				\$ 166,105
Federal Sources	304,011	116,793	2,192	35,835	\$ 458,831
<b>Total Revenues</b>	<b>525,006</b>	<b>116,793</b>	<b>2,192</b>	<b>35,835</b>	<b>679,826</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	24,959	40,000			64,959
Other Salaries for Instruction	-			12,750	12,750
Purchased Professional - Educational Services	-	3,626			3,626
Other Purchased Professional Services	122,319				122,319
Tuition	200,772				200,772
General Supplies	66,950				66,950
Textbooks	10,699				10,699
Other Objects	-				-
<b>Total instruction</b>	<b>425,699</b>	<b>43,626</b>	<b>-</b>	<b>12,750</b>	<b>482,075</b>
<b>Support services:</b>					
Salaries of Other Professional Staff	-				-
Personal Services - Employee Benefits	2,996	11,200		3,570	17,766
Purchased Professional - Educational Services	84,564	42,566	2,192	17,115	146,437
General Supplies	-	19,401		2,400	21,801
Other Objects	-				-
<b>Total support services</b>	<b>87,560</b>	<b>73,167</b>	<b>2,192</b>	<b>23,085</b>	<b>186,004</b>
<b>Facilities acquisition and const. serv.:</b>					
Non-instructional Equipment	11,747				11,747
<b>Total facilities acquisition and const. serv.</b>	<b>11,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,747</b>
<b>Total Expenditures</b>	<b>525,006</b>	<b>116,793</b>	<b>2,192</b>	<b>35,835</b>	<b>679,826</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Total Brought Forward (Ex. E-1b)</b>	<b>L.D.E.A., Basic 2017-2018</b>	<b>Carryover</b>	<b>L.D.E.A., Preschool 2017-2018</b>	<b>N.J Non-Public Technology Aid</b>	<b>Total Carried Forward</b>
<b>REVENUES</b>						
Local Sources	\$ 54,890					\$ 54,890
State Sources	159,024		3,541	13,799	7,081	166,105
Federal Sources	-	286,671				304,011
<b>Total Revenues</b>	<b>213,914</b>	<b>286,671</b>	<b>3,541</b>	<b>13,799</b>	<b>7,081</b>	<b>525,006</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	14,259			10,700		24,959
Other Salaries for Instruction	-					-
Purchased Professional - Educational Services	-					-
Other Purchased Professional Services	122,319					122,319
Tuition	-	200,772				200,772
General Supplies	54,890	4,876		103	7,081	66,950
Textbooks	10,699					10,699
Other Objects	-					-
<b>Total instruction</b>	<b>202,167</b>	<b>205,648</b>	<b>-</b>	<b>10,803</b>	<b>7,081</b>	<b>425,699</b>
<b>Support services:</b>						
Salaries of Other Professional Staff	-					-
Personal Services - Employee Benefits	-		3,541	2,996		2,996
Purchased Professional - Educational Services	-	81,023				84,564
General Supplies	-					-
Other Objects	-					-
<b>Total support services</b>	<b>-</b>	<b>81,023</b>	<b>3,541</b>	<b>2,996</b>	<b>-</b>	<b>87,560</b>
<b>Facilities acquisition and const. serv.:</b>						
Non-instructional Equipment	11,747					11,747
<b>Total facilities acquisition and const. serv.</b>	<b>11,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,747</b>
<b>Total Expenditures</b>	<b>213,914</b>	<b>286,671</b>	<b>3,541</b>	<b>13,799</b>	<b>7,081</b>	<b>525,006</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1c)	N.J. Non-Public Nursing Aid	N.J. Nonpublic Handicapped Services			Total Carried Forward
			Supplemental Instruction	Chapter 193 Examination & Classification	Corrective Speech	
<b>REVENUES</b>						
Local Sources	\$ 54,890				\$	54,890
State Sources	65,850	14,259	23,790	35,126	19,999	159,024
Federal Sources	-					-
<b>Total Revenues</b>	<b>120,740</b>	<b>14,259</b>	<b>23,790</b>	<b>35,126</b>	<b>19,999</b>	<b>213,914</b>
<b>EXPENDITURES</b>						
<b>Instruction:</b>						
Salaries of Teachers	-	\$ 14,259				14,259
Other Salaries for Instruction	-					-
Purchased Professional - Educational Services	43,404		23,790	35,126	19,999	122,319
Other Purchased Professional Services	-					-
Tuition	54,890					54,890
General Supplies	10,699					10,699
Textbooks						
Other Objects						
<b>Total instruction</b>	<b>108,993</b>	<b>14,259</b>	<b>23,790</b>	<b>35,126</b>	<b>19,999</b>	<b>202,167</b>
<b>Support services:</b>						
Salaries of Other Professional Staff	-					-
Personal Services - Employee Benefits	-					-
Purchased Professional - Educational Services	-					-
General Supplies	-					-
Other Objects	-					-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities acquisition and const. serv.:</b>						
Non-instructional Equipment	11,747					11,747
<b>Total facilities acquisition and const. serv.</b>	<b>11,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,747</b>
<b>Total Expenditures</b>	<b>120,740</b>	<b>14,259</b>	<b>23,790</b>	<b>35,126</b>	<b>19,999</b>	<b>213,914</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Revenues and Expenditures - Budgetary Basis (Cont'd.)  
 For the Fiscal Year Ended June 30, 2018

	N.J. Nonpublic Aux. Services Chapter 192	Non-Public Security Aid	N.J. Non-Public Textbook Aid	Donations	Total Carried Forward
<b>REVENUES</b>					
Local Sources	43,404			\$ 54,890	\$ 54,890
State Sources		11,747	10,699		65,850
Federal Sources					-
<b>Total Revenues</b>	<b>43,404</b>	<b>11,747</b>	<b>10,699</b>	<b>54,890</b>	<b>120,740</b>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional - Educational Services					-
Other Purchased Professional Services	43,404				43,404
Tuition					-
General Supplies				54,890	54,890
Textbooks			10,699		10,699
Other Objects					-
<b>Total instruction</b>	<b>43,404</b>	<b>-</b>	<b>10,699</b>	<b>54,890</b>	<b>108,993</b>
<b>Support services:</b>					
Salaries of Other Professional Staff					-
Personal Services - Employee Benefits					-
Purchased Professional - Educational Services					-
General Supplies					-
Other Objects					-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities acquisition and const. serv.:</b>					
Non-instructional Equipment		11,747			11,747
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>11,747</b>	<b>-</b>	<b>-</b>	<b>11,747</b>
<b>Total Expenditures</b>	<b>43,404</b>	<b>11,747</b>	<b>10,699</b>	<b>54,890</b>	<b>120,740</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CAPITAL PROJECTS FUND**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2018**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2018
			Prior Years	Current Year	
Renovations - Eleanor G. Hewitt School	4/27/2011	11,195,000	11,003,935		191,065
Boiler Replacement - M.J. Ryerson Middle School	8/20/2015	498,058	497,429		629
Boiler Replacement - Peter Cooper Elementary School	8/20/2015	382,138	370,177		11,961
Boiler Replacement - Robert Erskine Elementary School	8/20/2015	328,848	322,052		6,796
Window Replacement - M.J. Ryerson Middle School	8/20/2015	216,000	196,125		19,875
Totals		\$ 12,620,044	\$ 12,389,718	\$ -	\$ 230,326

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budgetary Basis**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2018**

**Revenues and Other Financing Sources:**

Interest Income	2,231
Total Revenues	2,231

**Expenditures and Other Financing Uses:**

Transfer to Debt Service Fund	2,231
Total Expenditures	2,231

Excess (Deficiency) of revenues over (under) expenditures	-
---	---

Fund Balance - Beginning	230,326
--------------------------	---------

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

Recapitulation:

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

Reconciliation to Governmental Funds Statements (GAAP):

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

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Eleanor G. Hewitt School Renovations**  
**From Inception and for the Year Ended June 30, 2018**

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

**Additional Project Information:**

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Boiler Replacement - M.J. Ryerson Middle School**  
**From Inception and for the Year Ended June 30, 2018**

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

**Additional Project Information:**

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Boiler Replacement - Peter Cooper Elementary School**  
**From Inception and for the Year Ended June 30, 2018**

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

**Additional Project Information:**

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



**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Boiler Replacement - Robert Erskine Elementary School**  
**From Inception and for the Year Ended June 30, 2018**

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

**Additional Project Information:**

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Window Replacement - Martin J. Ryerson Middle School**  
**From Inception and for the Year Ended June 30, 2018**

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

**Additional Project Information:**

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

**PROPRIETARY FUNDS**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2018**

	<u>Food Service</u>	<u>Safety Town</u>	<u>Summer Music</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 76,662	\$ 1,756		\$ 78,418
Interfund receivables	6,745			6,745
Accounts receivable - other		2,590		2,590
Inventories	2,429			2,429
Total current assets	<u>85,836</u>	<u>4,346</u>	<u>-</u>	<u>90,182</u>
Noncurrent assets:				
Furniture, machinery & equipment	306,802			306,802
Less accumulated depreciation	<u>(290,059)</u>			<u>(290,059)</u>
Total noncurrent assets	<u>16,743</u>	<u>-</u>	<u>-</u>	<u>16,743</u>
Total assets	<u>102,579</u>	<u>4,346</u>	<u>-</u>	<u>106,925</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	36,244	2,877		39,121
Interfund payables	2,222			2,222
Total current liabilities	<u>38,466</u>	<u>2,877</u>	<u>-</u>	<u>41,343</u>
Total liabilities	<u>38,466</u>	<u>2,877</u>	<u>-</u>	<u>41,343</u>
<b>NET POSITION</b>				
Net Investment in capital assets	16,743			16,743
Unrestricted	47,370	1,469	-	48,839
Total net position	<u>\$ 64,113</u>	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 65,582</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2018**

	Food Service	Safety Town	Summer Music	Total Enterprise
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 259,913			\$ 259,913
Daily sales - non-reimbursable programs	130,717			130,717
Special functions	4,073			4,073
Miscellaneous	8	3,150	3,450	6,608
Total operating revenues	<u>394,711</u>	<u>3,150</u>	<u>3,450</u>	<u>401,311</u>
Operating expenses:				
Cost of food - reimbursable programs	150,142			150,142
Cost of food - non-reimbursable programs	26,496			26,496
Cost of sales - other	39,412			39,412
Salaries	153,913	2,877		156,790
Employee benefits	67,302			67,302
Cleaning, repair and maintenance services	4,119			4,119
Purchased services	28,978			28,978
Miscellaneous Expense	9,140	319	8,045	17,504
General supplies	4,857			4,857
Depreciation	3,064			3,064
Total Operating Expenses	<u>487,423</u>	<u>3,196</u>	<u>8,045</u>	<u>498,664</u>
Operating income (loss)	<u>(92,712)</u>	<u>(46)</u>	<u>(4,595)</u>	<u>(97,353)</u>
Non-operating revenues (expenses):				
State sources:				
State school lunch program	5,227			5,227
Federal sources:				
National school lunch program	70,071			70,071
Food distribution program	25,634			25,634
Interest and investment revenue	747	22	37	806
Total non-operating revenues (expenses)	<u>101,679</u>	<u>22</u>	<u>37</u>	<u>101,738</u>
Income (loss) before contributions & transfers	8,967	(24)	(4,558)	4,385
Capital contributions	-			-
Transfers in (out)				
Change in net position	<u>8,967</u>	<u>(24)</u>	<u>(4,558)</u>	<u>4,385</u>
Total net position—beginning, as previously reported	86,515	1,493	4,558	92,566
Prior period adjustment:				
Adjustment of equipment to appraised value	(31,369)			(31,369)
Total net position—beginning, as restated	<u>55,146</u>	<u>1,493</u>	<u>4,558</u>	<u>61,197</u>
Total net position—ending	<u>\$ 64,113</u>	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 65,582</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2018**

	<u>Food Service</u>	<u>Safety Town</u>	<u>Summer Music</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and other funds	\$ 394,711	\$ 560	\$ 3,450	\$ 398,721
Payments to employees	(153,913)			(153,913)
Payments for employee benefits	(67,302)			(67,302)
Payments to suppliers	(231,415)	(3,196)	(12,845)	(247,456)
Net cash provided by (used for) operating activities	<u>(57,919)</u>	<u>(2,636)</u>	<u>(9,395)</u>	<u>(69,950)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State sources	5,075			5,075
Federal sources	94,538			94,538
Net cash provided by (used for) non-capital financing activities	<u>99,613</u>	<u>-</u>	<u>-</u>	<u>99,613</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	(16,619)			(16,619)
Net cash provided by (used for) capital and related financing activities	<u>(16,619)</u>	<u>-</u>	<u>-</u>	<u>(16,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	747	22	37	806
Net cash provided by (used for) investing activities	<u>747</u>	<u>22</u>	<u>37</u>	<u>806</u>
Net increase (decrease) in cash and cash equivalents	25,822	(2,614)	(9,358)	13,850
Balances—beginning of year	50,840	4,370	9,358	64,568
Balances—end of year	<u>\$ 76,662</u>	<u>\$ 1,756</u>	<u>\$ -</u>	<u>\$ 78,418</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (92,712)	\$ (46)	\$ (4,595)	\$ (97,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and net amortization	3,064			3,064
(Increase) decrease in inventories	1,218			1,218
(Increase) decrease in accounts receivable		(2,590)		(2,590)
Increase (decrease) in accounts payable	30,511		(4,800)	25,711
Total adjustments	<u>34,793</u>	<u>(2,590)</u>	<u>(4,800)</u>	<u>27,403</u>
Net cash provided by (used for) operating activities	<u>\$ (57,919)</u>	<u>\$ (2,636)</u>	<u>\$ (9,395)</u>	<u>\$ (69,950)</u>

**FIDUCIARY FUND**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Trust and Agency Funds**  
**June 30, 2018**

	Trust		Agency		Total Agency Fund
	Unemployment Compensation	Total Trust Fund	Student Activity	Payroll	
<b>Assets</b>					
Cash and cash equivalents	\$ 6,277	\$ 6,277	\$ 33,482	\$ 1,000	\$ 34,482
Total assets	<u>6,277</u>	<u>6,277</u>	<u>33,482</u>	<u>1,000</u>	<u>34,482</u>
<b>Liabilities</b>					
Accounts payable	5,467	5,467	1,912		1,912
Payable to student groups		-	31,570		31,570
Payroll deductions and withholdings		-		1,000	1,000
Total liabilities	<u>5,467</u>	<u>5,467</u>	<u>\$ 33,482</u>	<u>\$ 1,000</u>	<u>\$ 34,482</u>
<b>Net Position</b>					
Reserved	810	810			
Total net position	<u>\$ 810</u>	<u>\$ 810</u>			



**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**For the Year Ended June 30, 2018**

	Unemployment Compensation Trust		Total Trusts
	<u>          </u>		<u>          </u>
<b>ADDITIONS</b>			
Contributions:			
Plan member	\$ 42,642		\$ 42,642
Other	30,000		30,000
Total Contributions	<u>72,642</u>		<u>72,642</u>
Investment earnings:			
Interest	137		137
Net investment earnings	<u>137</u>		<u>137</u>
Total additions	<u>72,779</u>		<u>72,779</u>
<b>DEDUCTIONS</b>			
Quarterly contribution reports	17,897		17,897
Unemployment claims	<u>115,862</u>		<u>115,862</u>
Total deductions	<u>133,759</u>		<u>133,759</u>
Change in net position	(60,980)		(60,980)
Net position—beginning of the year	<u>61,790</u>		<u>61,790</u>
Net position—end of the year	<u>\$ 810</u>		<u>\$ 810</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2018**

	<u>Balance June 30, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Accounts Payable June 30, 2018</u>	<u>Balance June 30, 2018</u>
Elementary Schools	\$ 11,621	16,346	16,559		\$ 11,408
Middle School	16,053	127,375	121,354	1,912	20,162
Total Elementary Schools	<u>\$ 27,674</u>	<u>\$ 143,721</u>	<u>\$ 137,913</u>	<u>\$ 1,912</u>	<u>\$ 31,570</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Balance June 30, 2017</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2018</b>
Net Payroll	\$ -	\$ 8,961,295	\$ 8,961,295	\$ -
Payroll deductions and withholdings	31,217	7,129,537	7,159,754	1,000
Interfund payable	-	1,761	1,761	-
Totals	<u>\$ 31,217</u>	<u>\$ 16,092,593</u>	<u>\$ 16,122,810</u>	<u>\$ 1,000</u>

**LONG-TERM DEBT**

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**

**Long-Term Debt**

**Schedule of Bonds Payable  
Year Ended June 30, 2018**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Retired	Balance
			Date	Amount		July 1, 2017		June 30, 2018
School District Bonds	July 15, 2008	1,328,000						
			1/15/2019	105,000	4.250%			
			1/15/2020	110,000	4.250%			
			1/15/2021	110,000	4.250%			
			1/15/2022	115,000	4.250%			
			1/15/2023	120,000	3.800%			
						\$ 660,000	\$ 100,000	\$ 560,000

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Bonds Payable**  
**Year Ended June 30, 2018**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance	
						July 1, 2017	June 30, 2018
School District Bonds	September 13, 2011	11,195,000	9/1/2018	490,000	2.500%		
			9/1/2019	505,000	3.000%		
			9/1/2020	520,000	3.000%		
			9/1/2021	545,000	3.000%		
			9/1/2022	560,000	3.000%		
			9/1/2023	580,000	3.000%		
			9/1/2024	605,000	3.125%		
			9/1/2025	640,000	3.375%		
			9/1/2026	665,000	3.500%		
			9/1/2027	690,000	3.625%		
			9/1/2028	720,000	4.000%		
			9/1/2029	765,000	4.000%		
			9/1/2030	795,000	4.000%		
			9/1/2031	830,000	4.000%		
						\$ 9,385,000	\$ 8,910,000
Grand Total						\$ 10,045,000	\$ 9,470,000

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
**Statement of Obligations Under Capital Leases**  
**For the Fiscal Year Ended June 30, 2018**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Orig. Issue</u>	<u>Amount Outstanding July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2018</u>
Acquisition of School Buses	2.40%	101,875	17,580		17,580	-
Acquisition of School Buses	2.40%	179,216	30,926		30,926	-
Acquisition of School Buses	1.95%	213,404	72,486		35,893	36,593
Acquisition of School Bus	1.90%	94,196	62,779		15,255	47,524
Acquisition of Photocopiers	1.85%	128,576	7,151		7,151	-
Acquisition of Photocopiers		114,296		114,296	15,693	98,603
Boilers/Window Replacements	1.78%		350,863		114,896	235,967
			<u>\$ 541,785</u>	<u>\$ 114,296</u>	<u>\$ 237,394</u>	<u>\$ 418,687</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 872,194		\$ 872,194	\$ 872,194	\$ -
State Sources:					
Debt Service Aid Type II	43,537		43,537	43,537	-
Total - State Sources	43,537	-	43,537	43,537	-
Total Revenues	915,731	-	915,731	915,731	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	340,731		340,731	340,731	-
Redemption of Principal	575,000		575,000	575,000	-
Total expenditures	915,731	-	915,731	915,731	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund				2,231	2,231
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	2,231	2,231
Fund Balance, July 1		-		1,399	1,399
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 3,630	\$ 3,630



**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED)

### **Introduction to the Statistical Section**

### **Financial Trends**

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

### **Revenue Capacity**

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

### **Debt Capacity**

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

### **Operating Information**

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	703,541	570,971	143,031	(9,723,632)	(827,219)	(350,659)	(904,942)	633,495	957,445	867,747
Restricted	578,176	936,290	1,090,895	11,661,862	3,833,114	2,670,181	3,156,626	1,751,762	1,200,975	2,528,034
Unrestricted	(263,647)	(224,912)	(174,310)	(415,855)	(222,190)	(254,934)	(9,018,577)	(9,348,256)	(9,971,734)	(10,568,007)
Total Governmental Activities Net Position	1,018,070	1,282,349	1,059,616	1,522,375	2,783,705	2,064,588	(6,766,893)	(6,962,999)	(7,813,314)	(7,172,226)
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	5,143	4,200	7,827	11,352	23,034	28,419	39,482	37,550	34,557	16,743
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	69,732	77,475	80,437	88,993	84,212	75,214	56,384	56,493	58,009	48,839
Total Business-type Activities Net Position	74,875	81,675	88,264	100,345	107,246	103,633	95,866	94,043	92,566	65,582
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	708,684	575,171	150,858	(9,712,280)	(804,185)	(322,240)	(865,460)	671,045	992,002	884,490
Restricted	578,176	936,290	1,090,895	11,661,862	3,833,114	2,670,181	3,156,626	1,751,762	1,200,975	2,528,034
Unrestricted	(193,915)	(147,437)	(93,873)	(326,862)	(137,978)	(179,720)	(8,962,193)	(9,291,763)	(9,913,725)	(10,519,168)
Total District Net Position	1,092,945	1,364,024	1,147,880	1,622,720	2,890,951	2,168,221	(6,671,027)	(6,868,956)	(7,720,748)	(7,106,644)

**BOROUGH OF RINGWOOD SCHOOL DISTRICT**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	8,358,243	8,206,764	7,599,176	7,383,642	7,396,607	7,608,013	8,337,825	8,419,710	8,776,228	8,090,656
Special Education	2,898,870	3,168,413	3,042,314	3,059,783	3,182,943	3,364,977	3,616,889	3,589,287	3,854,266	3,479,887
Other Special Instruction	239,041	233,106	278,732	341,543	283,203	237,416	261,340	252,965	275,246	330,719
Other Instruction	39,943	29,509	33,088	31,578	24,024	26,896	25,238	33,978	36,138	30,624
Support Services:										
Tuition	907,833	829,591	764,547	737,252	615,023	771,388	431,431	326,046	246,995	298,901
Student & Instruction Related Services	1,850,606	1,988,295	2,121,111	2,060,512	2,279,982	2,869,204	2,793,211	2,966,620	3,085,748	2,680,666
School Administrative Services	951,541	995,970	1,031,395	1,078,452	996,319	843,468	797,930	824,357	816,210	763,045
General Administrative Services	609,626	456,310	445,715	444,839	472,915	433,252	456,353	458,785	469,474	470,612
Central Services & Admin. Info. Technology	401,364	417,761	392,527	431,756	345,563	372,581	402,185	399,326	431,650	363,399
Plant Operations and Maintenance	1,707,840	1,732,297	1,796,831	1,818,857	1,826,745	2,054,148	2,040,536	1,953,042	2,176,871	1,857,247
Pupil Transportation	1,734,370	1,730,454	1,911,477	1,867,112	1,848,653	1,927,602	1,769,348	1,876,856	1,776,462	1,340,697
Unallocated Benefits	1,591,583	1,690,346	2,198,759	2,575,653	2,883,901	2,677,363	5,091,191	6,282,031	8,666,922	11,680,533
Capital outlay-undepreciable	-	-	27,679	1,609	-	-	30,633	158,006	9,548	11,747
Interest on Long-term Debt	41,233	55,724	52,603	334,485	334,323	474,526	381,359	381,966	351,749	334,780
Unallocated Depreciation	318,807	323,491	706,780	243,058	29,701	977,285	809,875	685,192	820,199	846,659
Total Governmental Activities Expenses	21,650,900	21,858,031	22,402,734	22,410,131	22,519,902	24,638,119	27,245,344	28,608,167	31,793,706	32,580,172
Business-type Activities:										
Food Service	430,614	432,803	423,811	441,814	440,760	428,696	437,785	456,914	476,029	487,423
Safety Town	-	3,951	3,736	3,670	3,577	3,937	4,250	3,609	3,749	3,196
Summer Music	-	-	-	3,137	9,548	12,869	13,721	17,702	10,284	8,045
Total Business-type Activities Expenses	430,614	436,754	427,547	448,621	453,885	445,502	455,756	478,225	490,062	498,664
Total District Expenses	22,081,514	22,294,785	22,830,281	22,858,752	22,973,787	25,083,621	27,701,100	29,086,392	32,283,768	33,078,836
<b>Program Revenues</b>										
Governmental Activities:										
Operating Grants and Contributions	660,714	660,714	1,018,940	698,326	662,535	756,899	1,323,147	1,347,328	1,409,275	746,985
Total Governmental Activities Program Revenues	660,714	660,714	1,018,940	698,326	662,535	756,899	1,323,147	1,347,328	1,409,275	746,985

**BOROUGH OF RINGWOOD SCHOOL DISTRICT**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-type Activities:</b>										
Charges for Services:										
Food Service	355,717	349,948	329,075	339,900	336,165	316,517	320,988	354,964	372,654	394,711
Safety Town		4,225	4,894	3,315	3,445	4,385	4,355	3,365	2,800	3,150
Summer Music				7,800	10,200	12,145	16,540	14,337	10,779	3,450
Operating Grants and Contributions	82,589	88,587	99,384	109,507	110,976	108,220	106,084	103,610	101,788	100,932
Total Business-type Activities Program Revenues	438,306	442,760	433,353	460,522	460,786	441,267	447,967	476,276	488,021	502,243
Total District Program Revenues	1,099,020	1,103,474	1,452,293	1,158,848	1,123,321	1,198,166	1,771,114	1,823,604	1,897,296	1,249,228
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(20,990,186)	(21,197,317)	(21,383,794)	(21,711,805)	(21,857,367)	(23,881,220)	(25,922,197)	(27,260,839)	(30,384,431)	(31,833,187)
Business-type Activities	7,692	6,006	5,806	11,901	6,901	(4,235)	(7,789)	(1,949)	(2,041)	3,579
Total District-wide Net Expense	(20,982,494)	(21,191,311)	(21,377,988)	(21,699,904)	(21,850,466)	(23,885,455)	(25,929,986)	(27,262,788)	(30,386,472)	(31,829,608)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	15,029,689	15,282,478	15,629,602	15,934,379	16,774,455	17,497,089	17,884,484	18,254,173	19,212,512	19,765,641
Unrestricted Federal and State Aid	4,660,088	4,778,732	4,050,113	4,696,118	4,892,662	4,661,948	6,424,029	7,557,395	9,083,125	11,295,853
Tuition Received	685,381	760,966	992,864	1,074,021	1,204,649	928,731	1,075,453	872,134	877,332	1,194,011
Interest on Investments	13,716	22,118	24,459		11,015	3,319	5,561	6,551	5,991	5,080
Miscellaneous Income	80,360	79,405	75,875	87,489	100,227	65,105	110,039	115,369	98,613	48,387
Transportation Fees	438,574	440,672	388,148	382,557	396,689	337,631	338,919	259,111	256,543	227,844
Federal and State Aid - Capital Outlay	-	-	-	-	-	-	-	-	-	-
Donated Assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	20,907,808	21,364,371	21,161,061	22,174,564	23,379,697	23,493,823	25,838,485	27,064,733	29,534,116	32,536,816
Business-type Activities:										
Interest on Investments	-	794	783	180	-	622	22	126	221	806
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	20,907,808	21,365,165	21,161,844	22,174,744	23,379,697	23,494,445	25,838,507	27,064,859	29,534,337	32,537,622
Total District-wide										
<b>Change in Net Position</b>										
Governmental Activities	(82,378)	167,054	(222,733)	462,759	1,522,330	(387,397)	(83,712)	(196,106)	(850,315)	703,629
Business-type Activities	7,692	6,800	6,589	12,081	6,901	(3,613)	(7,767)	(1,823)	(1,820)	4,385
Total District	(74,686)	173,854	(216,144)	474,840	1,529,231	(391,010)	(91,479)	(197,929)	(852,135)	708,014

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	578,176	936,290	1,090,895	1,750,417	2,671,778	2,443,516	1,799,896	1,419,070	969,250	2,294,078
Unreserved	94,726	136,723	180,357	146,363	122,213	148,211	160,866	138,834	441,366	171,523
Total General fund	672,902	1,073,013	1,271,252	1,896,780	2,793,991	2,591,727	1,960,762	1,557,904	1,410,616	2,465,601
<b>All Other Governmental Funds</b>										
Reserved	-	-	-	9,911,445	1,161,336	226,665	1,356,730	332,692	231,725	233,956
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	125,982	125,982	76,482	23,682	-	-	-	-	-	-
Debt Service Fund	4,720	5,770	6,644	6,644	-	-	-	-	-	-
Total All Other Governmental Funds	130,702	131,752	83,126	9,941,771	1,161,336	226,665	1,356,730	332,692	231,725	233,956

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	15,029,689	15,282,478	15,629,602	15,934,379	16,774,455	17,497,089	17,884,484	18,254,173	19,212,512	19,765,641
Other Local Revenue	1,218,031	1,303,161	1,483,555	1,550,406	1,728,124	1,380,383	1,529,972	1,253,165	1,191,623	1,553,834
State Sources	4,894,869	4,759,718	4,329,802	4,845,306	5,163,178	4,928,476	5,208,369	5,677,403	6,206,829	6,034,358
Federal Sources	425,933	776,953	737,042	542,800	381,876	444,774	404,077	484,156	488,072	458,831
Total Revenues	21,568,522	22,122,310	22,180,001	22,872,891	24,047,633	24,250,722	25,026,902	25,668,897	27,099,036	27,812,664
<b>Expenditures</b>										
Instruction:										
Regular	7,072,550	6,853,405	7,599,176	7,414,884	7,435,734	7,608,013	8,337,825	8,419,710	8,776,228	8,090,656
Special	2,464,620	2,655,082	3,042,314	3,059,783	3,182,943	3,564,977	3,616,889	3,589,287	3,854,266	3,479,887
Other Special Instruction	193,650	186,475	278,732	341,543	283,203	237,416	261,340	252,965	275,246	330,719
Other Instruction	34,034	29,509	33,088	31,578	24,024	26,896	25,238	33,978	36,138	30,624
Support Services:										
Tuition	907,833	829,591	764,547	737,252	615,023	771,388	431,431	326,046	246,995	298,901
Student & inst. related services	1,605,415	1,708,023	2,121,111	2,060,512	2,279,982	2,869,204	2,793,211	2,966,620	3,085,748	2,680,666
General administration	576,685	419,185	462,977	444,839	434,990	433,252	456,353	458,785	469,474	470,612
School administrative services	801,327	826,100	1,031,395	1,078,452	996,319	843,468	797,930	824,357	816,210	763,045
Central services	311,735	316,567	392,527	393,831	345,563	332,888	334,223	330,748	357,345	270,836
Admin. information technology	30,085	36,000	37,925	37,925	39,693	67,962	68,578	74,305	92,563	92,563
Plant operations and maintenance	1,552,789	1,564,299	1,796,831	1,818,857	1,845,887	2,054,148	2,040,536	1,953,042	2,176,871	1,857,247
Pupil transportation	1,650,275	1,605,747	2,071,994	2,012,073	2,026,773	2,148,439	1,959,030	2,079,154	2,060,072	1,578,090
Employee benefits	4,165,744	4,561,726	2,236,356	2,705,237	2,898,226	2,693,093	2,922,803	3,224,591	3,990,468	5,877,015
Capital Outlay	1,270,409	52,852	349,616	1,494,586	9,280,393	1,253,130	487,543	1,261,282	310,087	133,152
Debt Service:										
Principal	28,220	56,440	53,338	50,150	568,138	400,056	386,488	388,595	356,519	340,731
Interest and Other Charges	22,665,371	21,774,001	22,309,002	23,761,502	32,335,123	25,601,061	25,453,802	27,201,049	27,445,972	26,869,744
Total Governmental Fund Expenditures	(1,096,849)	348,309	(129,001)	(888,611)	(8,287,490)	(1,350,339)	(426,900)	(1,532,152)	(346,936)	942,920
Excess (Deficiency) of Revenues Over (Under) Expenditures										
<b>Other Financing Sources (Uses)</b>										
Operating Transfers In	32940	67,426	85,577	99,190	77,011	84,711	817,922	199,414	389	2,231
Operating Transfers Out	-32940	(67,426)	(85,577)	(99,190)	(82,413)	(84,711)	(817,922)	(199,414)	(389)	(2,231)
Proceeds from Borrowing	1328000			11,195,000						
Capital Leases (non-budgeted)	56,763	52,852	278,614	177,784	409,668	213,404	926,000	105,256	98,681	114,296
Total Other Financing Sources (Uses)	1,384,763	52,852	278,614	11,372,784	404,266	213,404	926,000	105,256	98,681	114,296
Net Changes in Fund Balance	287,914	401,161	149,613	10,484,173	(7,883,224)	(1,136,935)	499,100	(1,426,896)	(248,255)	1,057,216
Debt Service as a percentage of noncapital expenditures	0.13%	0.60%	0.58%	0.58%	2.81%	3.80%	3.69%	5.44%	3.38%	3.43%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

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

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

<b>Fiscal Year Ended June 30,</b>	<b>Interest Income</b>	<b>Transportation Fees</b>	<b>Tuition</b>	<b>Rentals</b>	<b>Miscellaneous</b>	<b>Annual Totals</b>
2009	13,716	438,574	685,381	75,000	5,360	1,218,031
2010	22,118	440,672	760,966	75,000	4,405	1,303,161
2011	25,334	388,148	992,864	75,000	2,209	1,483,555
2012	13,291	382,557	1,074,021	75,000	5,537	1,550,406
2013	16,417	396,689	1,204,649	95,000	15,369	1,728,124
2014	3,319	337,631	928,731	65,000	105	1,334,786
2015	5,561	338,919	1,075,453	49,000	1,608	1,470,541
2016	6,181	259,111	872,134	4,600	1,288	1,143,314
2017	474	256,543	877,332	5,000	60	1,139,409
2018	5,080	227,844	1,194,011	9,000	37,156	1,473,091

Source: District records.



**BOROUGH OF RINGWOOD SCHOOL DISTRICT**

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less:		Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
								Tax Exempt Property	a				
2008	34,544,900	787,768,560	2,853,730	26,299,900	17,824,100	0	869,291,190	0	1,084,483	870,375,673	1,986,231,254	1.727	
2009	78,944,500	1,538,576,800	4,820,700	67,758,300	33,800,900	0	1,723,901,200	0	2,638,490	1,726,539,690	1,969,028,284	0.885	
2010	77,893,500	1,534,609,300	5,638,700	65,443,100	33,014,800	0	1,716,599,400	0	2,386,377	1,718,985,777	1,849,100,408	0.909	
2011	76,695,000	1,532,454,400	6,372,600	65,268,000	32,787,200	0	1,713,577,200	0	0	1,713,577,200	1,788,226,664	0.930	
2012	75,741,900	1,532,168,100	6,040,500	64,018,300	32,787,200	0	1,710,756,000	0	0	1,710,756,000	1,732,676,783	0.981	
2013*	72,592,500	1,296,995,400	4,944,700	58,605,700	27,696,500	0	1,460,834,800	0	0	1,460,834,800	1,663,039,694	1.198	
2014	72,228,000	1,299,371,100	4,943,600	57,819,200	26,997,700	0	1,461,359,600	0	0	1,461,359,600	1,631,134,925	1.224	
2015	72,018,900	1,299,987,900	4,942,500	67,867,900	24,401,100	0	1,469,218,300	0	0	1,469,218,300	1,638,586,197	1.242	
2016	71,481,100	1,300,644,000	4,514,000	67,941,200	23,407,800	5,607,700	1,473,595,800	0	0	1,473,595,800	1,644,909,923	1.304	
2017	71,111,600	1,302,382,700	4,331,400	69,497,700	23,313,400	0	1,470,636,800	0	0	1,470,636,800	1,632,305,507	1.344	

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

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

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

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

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

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

Fiscal Year Ended June 30,	Ringwood School District Direct Rate				Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct School Tax Rate	Lakeland Regional School District	Borough of Ringwood	County of Passaic			
2008	1.727	-	1.727	1.020	1.024	1.152		4.923	
2009	0.885	-	0.885	0.531	0.539	0.574		2.529	
2010	0.909	-	0.909	0.537	0.586	0.578		2.610	
2011	0.930	-	0.930	0.524	0.599	0.601		2.654	
2012	0.981	-	0.981	0.525	0.632	0.643		2.781	
2013	1.161	0.037	1.198	0.566	0.748	0.767		3.279	
2014	1.178	0.046	1.224	0.631	0.753	0.789		3.397	
2015	1.194	0.048	1.242	0.668	0.757	0.849		3.516	
2016	1.256	0.048	1.304	0.707	0.769	0.837		3.617	
2017	1.299	0.045	1.344	0.713	0.779	0.819		3.655	

**Source: Municipal Tax Collector**

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

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

<sup>b</sup> Rates for debt service are based on each year's requirements.

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

	2018			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
North Jersey District Water Supply	\$ 54,040,400	1	3.67%	\$ 23,179,000	1	2.67%
Ringwood Plaza, Ltd. Partnership	9,894,900	3	0.67%	5,237,400	2	0.60%
Franciscan Sisters of Ringwood				4,530,900	3	0.52%
Pitts (Daret)				2,189,000	5	0.25%
Serlet, LLC	3,615,700	6	0.25%	2,702,400	4	0.31%
Ringwood Associates (c/o Berger)	6,562,200	4	0.45%			
BHR Ringwood Real Estate LLC	4,685,400	5	0.32%			
Public Service Electric & Gas Co.	2,967,500	7	0.20%	1,904,900	6	0.22%
Carey & Company, LLC				1,680,100	7	0.19%
Spring Lake Land, LLC	2,944,400	8	0.20%	1,613,000	8	0.19%
Ponderosa Group, LLC	2,718,100	10	0.18%	1,592,600	9	0.18%
Ringwood Commons, LLC	2,852,900	9	0.19%			
Verizon						
Tennessee Gas Transmission	12,452,400	2	0.85%	1,475,900	10	0.17%
<b>Total</b>	<b>\$ 102,733,900</b>		<b>6.98%</b>	<b>\$ 46,105,200</b>		<b>5.30%</b>

**Source:** Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	15,029,689	15,029,689	100.00%	-
2010	15,282,478	15,282,478	100.00%	-
2011	15,629,602	15,629,602	100.00%	-
2012	15,934,379	15,934,379	100.00%	-
2013	16,774,455	16,774,455	100.00%	-
2014	17,497,089	17,497,089	100.00%	-
2015	17,884,484	17,884,484	100.00%	-
2016	18,254,173	18,254,173	100.00%	-
2017	19,212,512	19,212,512	100.00%	-
2018	19,765,641	19,765,641	100.00%	-

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

**a**

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	1,328,000	-	340,515	-	-	-	1,668,515	0.32%	132.40
2010	1,255,000	-	275,446	-	-	-	1,530,446	0.30%	120.39
2011	1,180,000	-	393,543	-	-	-	1,573,543	0.29%	128.60
2012	12,295,000	-	435,319	-	-	-	12,730,319	2.41%	1,039.55
2013	12,215,000	-	666,863	-	-	-	12,881,863	2.33%	1,044.42
2014	11,690,000	-	659,430	-	-	-	12,349,430	2.24%	998.90
2015	11,155,000	-	1,395,748	-	-	-	12,550,748	2.31%	1,010.53
2016	10,605,000	-	825,395	-	-	-	11,430,395	2.10%	918.25
2017	10,045,000	-	541,785	-	-	-	10,586,785	1.81%	853.84
2018	9,470,000	-	418,687	-	-	-	9,888,687	1.67%	794.02

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	1,328,000	-	1,328,000	0.15%	105.38
2010	1,255,000	-	1,255,000	0.07%	98.73
2011	1,180,000	-	1,180,000	0.07%	96.44
2012	12,295,000	-	12,295,000	0.72%	1,004.00
2013	12,215,000	-	12,215,000	0.71%	990.35
2014	11,690,000	-	11,690,000	0.80%	945.56
2015	11,155,000	-	11,155,000	0.76%	898.15
2016	10,605,000	-	10,605,000	0.72%	851.94
2017	10,045,000	-	10,045,000	0.68%	810.15
2018	9,470,000	-	9,470,000	0.64%	760.40

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

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

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

**BOROUGH OF RINGWOOD SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Ringwood	\$ 12,372,717	100.000%	\$ 12,372,717
County of Passaic	356,654,874	4.255%	15,174,238
Other debt			-
Subtotal, overlapping debt			<u>27,546,955</u>
<b>Borough of Ringwood School District Direct Debt:</b>			
Authorized but Not Issued			-
Issued and Outstanding			<u>9,470,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 37,016,955</u></u>

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

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2017**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 57,587,431	\$ 57,860,253	\$ 55,994,271	\$ 53,789,473	\$ 51,930,187	\$ 50,323,199	\$ 49,267,423	\$ 48,984,003	\$ 49,035,171	\$ 49,362,780
Total net debt applicable to limit	<u>1,328,000</u>	<u>1,255,000</u>	<u>12,375,000</u>	<u>12,295,000</u>	<u>12,215,000</u>	<u>11,690,000</u>	<u>11,155,000</u>	<u>10,605,000</u>	<u>10,045,000</u>	<u>9,470,000</u>
Legal debt margin	<u>\$ 56,259,431</u>	<u>\$ 56,605,253</u>	<u>\$ 43,619,271</u>	<u>\$ 41,494,473</u>	<u>\$ 39,715,187</u>	<u>\$ 38,633,199</u>	<u>\$ 38,112,423</u>	<u>\$ 38,379,003</u>	<u>\$ 38,990,171</u>	<u>\$ 39,892,780</u>
Total net debt applicable to the limit as a percentage of debt limit	2.31%	2.17%	22.10%	22.86%	23.52%	23.23%	22.64%	21.65%	20.49%	19.18%

Equalized valuation basis	2017	\$ 1,661,924,285
	2016	\$ 1,634,967,048
	2015	\$ 1,639,386,632
		<u>\$ 4,936,277,965</u>
Average equalized valuation of taxable property		\$ 1,645,425,988
Debt limit (3% of average equalization value)		49,362,780
Total Net Debt Applicable to Limit		<u>9,470,000</u>
Legal debt margin		<u>\$ 39,892,780</u>

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



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

Year	Population <sup>a</sup>	Personal Income (Thousands) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2008	12,602	523,688,712	41,556	4.60%
2009	12,712	513,895,312	40,426	8.80%
2010	12,236	516,701,808	42,228	9.20%
2011	12,246	529,137,414	43,209	9.00%
2012	12,334	553,796,600	44,900	8.90%
2013	12,363	552,477,744	44,688	5.90%
2014	12,420	542,592,540	43,687	4.70%
2015	12,448	543,815,776	43,687	4.70%
2016	12,399	585,096,411	47,189	4.60%
2017	12,454	592,150,338	47,547	4.30%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development. Estimates as of July 1, 2008-17.

<sup>b</sup> Personal Income of the District is based on the population and per capita income.

<sup>c</sup> Per capita personal income by county estimated based upon Census Bureau midyear population estimates.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

	2018		2008			
Employer	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	-		0.00%	-		0.00%

Information Not Available

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	84	80	72	77	70	75	79	77	80	77
Special Education	22	22	24	26	24	25	30	29	29	29
Other Special Instruction	4	4	5	5	4	5	3	4	4	3
Other Instruction	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & Instruction Related Services	13	16	9	13	18	17	17	19	19	19
School Administrative Services	11	11	11	11	11	10	11	11	11	11
General Administrative Services	3	3	3	3	3	5	6	6	5	3
Central Services & Admin. Info. Technology	-	-	-	-	-	-	1	1	1	1
Plant Operations and Maintenance	15	15	13	13	13	14	15	14	11	3
Pupil Transportation	30	30	31	29	29	29	26	25	24	22
Business and Other Support Services	6	6	6	6	6	6	5	5	5	6
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>188</b>	<b>187</b>	<b>174</b>	<b>183</b>	<b>178</b>	<b>186</b>	<b>193</b>	<b>191</b>	<b>189</b>	<b>174</b>

**Source:** District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>			Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School	High School	Elementary	Middle School	High School				
2008	1,369	22,574,033	16,489	4.73%	129,00	10:01	12:01	13:01	13:01	13:01	13:01	1,315	-2.83%	95.85%
2009	1,360	21,366,742	15,711	-5.35%	123,00	12:01	13:01	13:01	13:01	13:01	13:01	1,310	-0.29%	95.76%
2010	1,320	21,591,709	16,357	1.05%	125,00	13:01	12:01	12:01	12:01	12:01	12:01	1,258	-3.80%	95.59%
2011	1,287	20,608,892	16,013	-4.55%	122,00	12:01	12:01	12:01	12:01	12:01	12:01	1,221	-2.66%	95.32%
2012	1,260	22,136,766	17,569	7.41%	121,00	10:01	12:01	12:01	12:01	12:01	12:01	1,226	-1.72%	97.38%
2013	1,247	22,406,592	17,968	1.22%	119,00	10:01	12:01	12:01	12:01	12:01	12:01	1,199	-0.24%	95.46%
2014	1,227	23,422,875	19,090	4.54%	109,00	11:01	11:01	11:01	11:01	11:01	11:01	1,170	-2.39%	95.43%
2015	1,217	24,044,771	19,757	7.31%	113,00	11:01	10:01	10:01	10:01	10:01	10:01	1,179	0.49%	95.70%
2016	1,199	24,527,861	20,457	9.47%	108,00	11:01	11:01	11:01	11:01	11:01	11:01	1,153	-2.35%	95.84%
2017	1,216	26,219,366	21,562	11.94%	113,00	11:01	11:01	11:01	11:01	11:01	11:01	1,163	1.08%	95.64%
2018	1,170	25,820,861	22,069	10.24%	109,00	11:01	11:01	11:01	11:01	11:01	11:01	1,128	-3.29%	95.92%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
E.G. Hewitt School (1937)	40,911	40,911	40,911	40,911	48,695	48,695	48,695	48,695	48,695	48,695
Square Feet	270	270	270	270	420	420	420	420	420	420
Capacity (students)	308	308	290	290	272	284	288	273	253	247
Enrollment										
Robert Erskine School (1960)	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700
Square Feet	219	219	219	219	219	219	219	219	219	219
Capacity (students)	267	267	246	236	234	247	248	249	229	229
Enrollment										
Peter Cooper School (1963)	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213
Square Feet	291	291	291	291	291	291	291	291	291	291
Capacity (students)	284	284	292	290	290	263	260	253	263	260
Enrollment										
<b><u>Middle School</u></b>										
Martin J. Ryerson (1970)	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306
Square Feet	483	483	483	483	483	483	483	483	483	483
Capacity (students)	501	501	459	444	451	432	421	424	436	434
Enrollment										
<b><u>Other</u></b>										
Administration Building	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240
Square Feet	492	492	492	492	492	492	492	492	492	492
Transportation Office and Garage										
Square Feet										
Number of Schools at June 30, 2018										
Elementary = 3										
Middle School = 1										
Other = 2										

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

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

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

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

School Facilities	Project #'s	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Martin J. Ryerson Middle School	N/A	151,294	205,834	163,118	216,579	185,108	176,945	170,113	169,020	173,100	131,157
E.G. Hewitt Intermediate School	N/A	91,734	114,789	107,193	120,798	102,726	110,051	86,957	74,664	66,597	69,068
Robert Erskine Elementary School	N/A	82,772	74,742	97,872	78,672	103,156	71,659	114,999	139,063	133,820	143,332
Peter Cooper Elementary School	N/A	100,999	95,832	97,872	100,846	130,955	90,900	109,612	107,058	104,624	120,753
<b>Total School Facilities</b>		<b>426,799</b>	<b>491,197</b>	<b>466,055</b>	<b>516,895</b>	<b>521,945</b>	<b>449,555</b>	<b>481,681</b>	<b>489,805</b>	<b>478,141</b>	<b>464,310</b>

**BOROUGH OF RINGWOOD SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED**

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

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

**Source: District Records**

**SINGLE AUDIT SECTION**



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

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

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

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

K-1  
Page 1 of 2

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ringwood School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

### ***Internal Control Over Financial Reporting***

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

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



corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

We noted certain matters that were required to be reported to the Board of Education of the Borough of Ringwood School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated January 18, 2019.

### ***Purpose of this Report***

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

*Paul J. Cuva*

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

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

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

January 18, 2019

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

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

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

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

K-2  
Page 1 of 3

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

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

## **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Borough of Ringwood School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Ringwood Board of Education's major federal and state programs for the year ended June 30, 2018. The Borough of Ringwood Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

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

## ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Ringwood Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether



noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ringwood Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Borough of Ringwood Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Borough of Ringwood Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Ringwood Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Ringwood Board of Education's internal control over compliance.

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

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

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

*Paul J. Cuva*

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

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

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

January 18, 2019

**BOROUGH OF RINGWOOD SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO Cumulative Total Expenditures
											(Accounts Receivable)	Deferred Revenue	
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
Title I	84.010	S010A160030		119,905	7/1/2017 6/30/2018	(21,845)	(21,845)	136,926	(118,985)		(3,904)		*
Title II, Part A	84.010	S010A160030	NCLB440017	119,440	7/1/2016 6/30/2017	(21,845)	21,845	40,357	(35,835)		(1,615)		*
Title II, Part A	84.367A	S-367A170029		37,278	7/1/2017 6/30/2018	(6,137)	(6,137)	277,444	(290,212)		(22,673)		*
IDEA Part B, Basic Regular	84.027	H027A170100	NCLB440017	308,180	7/1/2017 6/30/2018	(9,905)	(9,905)	19,721	(13,799)				*
IDEA Part B, Basic Regular	84.027	H027A160100	IDEA440017	318,089	7/1/2016 6/30/2017	(9,905)	9,905	5,104					*
IDEA Part B, Preschool	84.173	H173A170114		13,799	7/1/2017 6/30/2018	(5,922)	(5,922)						*
IDEA Part B, Preschool	84.173	H173A160114	IDEA440017	26,322	7/1/2016 6/30/2017	(5,922)	5,922						*
Total Special Revenue Fund						(43,809)	-	474,448	(458,831)		(28,192)		*
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Education</b>													
Enterprise Fund:													
Food Distribution Program	10.550	171NJ304N1099	N/A	25,414	7/1/2017 6/30/2018	385		25,414	(25,249)		165		*
Food Distribution Program	10.550	171NJ304N1099	N/A	26,358	7/1/2016 6/30/2017			63,800	(385)				*
National School Lunch Program	10.555	171NJ304N1099	N/A	70,071	7/1/2017 6/30/2018	(5,104)		5,104	(70,071)		(6,271)		*
National School Lunch Program	10.555	171NJ304N1099	N/A	71,112	7/1/2016 6/30/2017			94,318	(95,705)				*
Total Enterprise Fund						(4,719)	-	568,766	(554,536)		(6,271)	165	*
Total Federal Financial Awards						(48,528)	-	568,766	(554,536)		(34,463)	165	*
													\$ 1,137,234

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

**BOROUGH OF RINGWOOD SCHOOL DISTRICT**  
Schedule of State Financial Assistance  
for the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor					Deferred Revenue	Due to Grantor		Budgetary Receivable
<b>State Department of Education</b>														
<b>General Fund:</b>														
Equalization Aid	18-495-034-5120-078	\$ 1,139,507	7/1/2017	6/30/2018				1,027,459	(1,139,507)				112,048	1,139,507
Transportation Aid	18-495-034-5120-014	660,581	7/1/2017	6/30/2018				594,523	(660,581)				66,058	660,581
Special Education Categorical Aid	18-495-034-5120-089	727,841	7/1/2017	6/30/2018				655,057	(727,841)				72,784	727,841
Security Aid	18-495-034-5120-084	98,526	7/1/2017	6/30/2018				88,674	(98,526)				9,852	98,526
Adjustment Aid	18-495-034-5120-085	199,999	7/1/2017	6/30/2018				179,997	(199,999)				20,002	199,999
Per Pupil Growth Aid	18-495-034-5120-097	11,505	7/1/2017	6/30/2018				10,355	(11,505)				1,150	11,505
PARCC Readiness	18-495-034-5120-098	11,505	7/1/2017	6/30/2018				10,355	(11,505)				1,150	11,505
Professional Learning Community Aid	18-495-034-5120-101	11,810	7/1/2017	6/30/2018				10,630	(11,810)				1,180	11,810
Extraordinary Aid	18-495-034-5120-044	46,496	7/1/2017	6/30/2018				328,201	(46,496)	(46,496)				46,496
Non-Public Transportation Aid	18-495-034-5120-044	328,201	7/1/2016	6/30/2017		(638,201)			(11,020)	(11,020)				11,020
Non-Public Transportation Aid	18-495-034-5120-014	11,020	7/1/2017	6/30/2018				10,523	(11,020)				10,523	11,020
On-Behalf TPAF Pension	18-495-034-5094-002	1,298,732	7/1/2017	6/30/2018		(10,523)		1,298,732	(1,298,732)				1,298,732	1,298,732
On-Behalf TPAF NCGI Premium	18-495-034-5094-004	31,517	7/1/2017	6/30/2018				31,517	(31,517)					31,517
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	859,180	7/1/2017	6/30/2018				859,180	(859,180)					859,180
Reimbursed TPAF Long-Term Disability	18-495-034-5094-001	2,304	7/1/2017	6/30/2018				2,304	(2,304)					2,304
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	708,167	7/1/2017	6/30/2018				708,167	(708,167)					708,167
Reimbursed TPAF Social Security Contrib.	17-495-034-5094-003	723,616	7/1/2016	6/30/2017		(35,222)		35,222					284,224	723,616
Total General Fund						(673,946)		5,850,896	(5,818,690)	(67,206)			284,224	6,881,030
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Textbook Aid	18-100-034-5120-064	10,737	7/1/2017	6/30/2018				10,737	(10,699)					10,699
Auxiliary Services:														
Compensatory Education	18-100-034-5120-067	54,036	7/1/2017	6/30/2018				54,036	(43,404)	(21,500)				43,404
Compensatory Education	17-100-034-5120-067	64,498	7/1/2016	6/30/2017			21,500						10,632	42,998
English as a Second Language	18-100-034-5120-067	903	7/1/2017	6/30/2018				903					903	
English as a Second Language	17-100-034-5120-067	914	7/1/2016	6/30/2017			914							
Transportation	17-100-034-5120-068	22,707	7/1/2016	6/30/2017			22,707			(22,707)				
Handicapped Services:														
Supplemental Instruction	18-100-034-5120-066	29,340	7/1/2017	6/30/2018				29,340	(23,790)					23,790
Supplemental Instruction	17-100-034-5120-066	31,388	7/1/2016	6/30/2017			6,740			(6,740)				24,648
Examination & Classification	18-100-034-5120-066	50,046	7/1/2017	6/30/2018				50,046	(35,126)					35,126
Examination & Classification	17-100-034-5120-066	40,522	7/1/2016	6/30/2017			9,004			(9,004)				31,518
Corrective Speech	18-100-034-5120-066	24,106	7/1/2017	6/30/2018				24,106	(19,999)					19,999
Corrective Speech	17-100-034-5120-066	19,967	7/1/2016	6/30/2017			1,335							18,632
Nursing Services	18-100-034-5120-070	20,467	7/1/2017	6/30/2018				20,467	(14,259)					14,259
Nursing Services	17-100-034-5120-070	20,790	7/1/2016	6/30/2017			3			(3)				20,787
Technology Initiative	18-100-034-5120-373	7,252	7/1/2017	6/30/2018				7,252	(7,081)					7,081
Technology Initiative	17-100-034-5120-373	5,642	7/1/2016	6/30/2017			8							5,634
Security Aid	18-100-034-5120-509	15,825	7/1/2017	6/30/2018				15,825	(11,747)					11,747
Security Aid	17-100-034-5120-509	11,550	7/1/2016	6/30/2017			1			(1)				11,549
Total Special Revenue Fund							62,212	212,712	(166,105)	(62,212)				321,871

**BOROUGH OF RINGWOOD SCHOOL DISTRICT**  
Schedule of State Financial Assistance  
for the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2017		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO
				Deferred Revenue (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	
Debt Service Fund:												
Debt Service Aid	18-495-034-5120-075	43,537	7/1/2017	6/30/2018			43,537	(43,537)				43,537
Capital Projects Fund:												
Schools Development Authority (SDA)	4400-053-14-1001	156,000			(156,000)		62,400					156,000
Schools Development Authority (SDA)	4400-055-14-1002	124,000			(124,000)		99,200			(93,600)		124,000
Schools Development Authority (SDA)	4400-060-14-1003	124,000			(124,000)		99,200			(24,800)		124,000
Schools Development Authority (SDA)	4400-053-14-1004	86,400			(86,400)					(86,400)		86,400
Total Capital Projects Fund					(490,400)		260,800			(229,600)		490,400
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	18-100-010-3350-023	5,227	7/1/2017	6/30/2018			4,754	(5,227)		(473)		5,227
State School Lunch Program	17-100-010-3350-023	4,318	7/1/2016	6/30/2017	(321)		321					4,318
Total Enterprise Fund					(321)		5,075	(5,227)		(473)		9,545
TOTAL STATE FINANCIAL ASSISTANCE					\$ (864,667)	\$ 62,212	\$ 6,373,020	\$ (6,033,559)	\$ (62,212)	\$ (287,589)	\$ -	\$ 284,224
Less: On-Behalf TPAF Pension and Annuity Aid:												
On-Behalf TPAF - Post Retirement Medical							859,180	(859,180)				859,180
On-Behalf TPAF - Pension Contributions							1,298,732	(1,298,732)				1,298,732
On-Behalf TPAF - Long-Term Disability Contributions							2,304	(2,304)				2,304
On-Behalf TPAF - Non-contributory insurance							31,517	(31,517)				31,517
TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION					\$ (864,667)	\$ 62,212	\$ 4,181,287	\$ (3,841,826)	\$ (62,212)	\$ (287,589)	\$ -	\$ 284,224



**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,845 for the general fund and \$23,622 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$5,824,716	\$5,824,716
Special Revenue Fund	458,831	166,105	624,936
Debt Service Fund		43,537	43,537
Food Service Fund	<u>95,705</u>	<u>5,227</u>	<u>100,932</u>
Total Financial Awards	<u>\$554,536</u>	<u>\$6,039,585</u>	<u>\$6,594,121</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. 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, 2018.

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

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

**NOTE 7. INDIRECT COST RATE**

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

**NOTE 8. SCHOOLWIDE PROGRAM FUNDS - (APPLICABLE TO SCHOOL DISTRICTS ONLY)**

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$118,985
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	<u>35,835</u>
Total	<u>\$154,820</u>

**BOROUGH OF RINGWOOD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

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

**Federal Awards**

Not Applicable

**BOROUGH OF RINGWOOD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

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

**State Awards**

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

Auditee qualified as low-risk auditee?                               X   yes                            no

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

Internal Control over major programs:

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

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

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

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>18-495-034-5120-078</u>	(A) <u>Equalization Aid</u>
<u>18-495-034-5120-089</u>	(A) <u>Special Education Aid</u>
<u>18-495-034-5120-084</u>	(A) <u>Security Aid</u>
<u>18-495-034-5120-085</u>	(A) <u>Adjustment Aid</u>
<u>18-495-034-5120-097</u>	(A) <u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	(A) <u>PARCC Readiness Aid</u>
<u>18-495-034-5120-101</u>	(A) <u>Professional Learning Community Aid</u>

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

**BOROUGH OF RINGWOOD SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

*Section II - Financial Statement Findings*

None

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

None

**BOROUGH OF RINGWOOD SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Status of Prior Year Findings**

No matters were reported.