# SCHOOL DISTRICT OF THE
# BOROUGH OF RINGWOOD
# COUNTY OF PASSAIC, NEW JERSEY
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
# FOR THE FISCAL YEAR ENDED
# JUNE 30, 2010

# BOARD OF EDUCATION

# BOROUGH OF RINGWOOD

# STATE OF NEW JERSEY

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

# FOR THE YEAR ENDED JUNE 30, 2010

## PREPARED BY

WARREN MITCHELL
BUSINESS ADMINISTRATOR, BOARD SECRETARY

## OUTLINE OF CAFR

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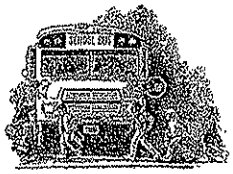
# INTRODUCTORY SECTION

# RINGWOOD BOARD OF EDUCATION

WARREN C. MITCHELL
BUSINESS ADMINISTRATOR
BOARD SECRETARY



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

October 18, 2010

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, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and the District's list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133 "Audits of State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of 1,316 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.

| Fiscal Year | Average Daily Enrollment | Percent Change |
|---|---|---|
| 2009-10 | 1,316 | (3.80%) |
| 2008-09 | 1,368 | (.29%) |
| 2007-08 | 1,372 | (2.8%) |
| 2006-07 | 1,412 | (1.3%) |
| 2005-06 | 1,431 | .9% |
| 2004-05 | 1,418 | (3.50%) |
| 2003-04 | 1,468 | 0% |
| 2002-03 | 1,468 | .20% |
| 2001-02 | 1,465 | 2.45% |
| 2000-01 | 1,430 | 6.2% |

2. **ECONOMIC CONDITION AND OUTLOOK:**
The community appears to have maintained the same level of development as in the previous year.

3. **MAJOR INITIATIVES:**

Major Initiatives:

1. During the 2009-2010 school year school district parents and volunteers from a Ringwood community organization entitled "Eat Local" worked with teachers and children in the Robert Erskine and Peter Cooper schools to complete their garden. Each school received the first installment (total of grant award is $12,000) of $3,000 from the Gardening Program of the New Jersey Agricultural Society.

   A curriculum was completed by members of the Eat Local Program along with a board of education member. With the garden-based curriculum in place, students were able to actually plant and harvest the vegetables planted. The school year culminated with students, teachers, and parent volunteers preparing various dishes from the harvested crops.

   A garden dedication ceremony took place at the Erskine School to formally recognize those community members that played such a vital role in making the garden program a success.

   A teacher from the Robert Erskine School was selected as the Teacher-of-the-Year by the New Jersey Agricultural Society for her work with the garden program at her school.

2. The district was able to upgrade its' technology infrastructure with the funds made available through the ARRA Funding (MOE). A fiber optic network was installed district wide. This network now provides more efficient access to the internet for all schools. This foundation now opens more doors of opportunity for the district's technology initiative.

   40 lap top computers were purchased for use in the district's special education program. These computers were also purchased through IDEA ARRA funding.

3. In the area of language arts, the district during the 2009-2010 school year incorporated the Muzzy Spanish Program in the curriculum. Students in grades K-5 will be working with the new program. This program is designed to provide students with basic understanding of the Spanish language. Teachers participated in a workshop designed to help them implement the program in their classrooms.

4. During the 2009-2010 school year, academic proficiency tests continued to be administered to all students twice a year. Typically the tests are administered at the mid-year point and at the end-of-year point of the academic year. In this year the middle school tests were administered at the beginning of the school year and then again at the mid-year point. This was done to give the middle school faculty a look at the achievement levels of the students when they first encounter them in September.

5. During the 2009-2010 school year, the Ringwood Board of Education's Curriculum Committee (composed of teachers, administrators, and board of education members) continued to meet regularly. In the curriculum area of language arts, the committee worked to ensure that stories and books taught at each grade level were pedagogically appropriate and were not repeated in subsequent grades.

6. The district's staff and faculty continued their emphasis on conflict resolution and anti-bullying efforts throughout the four schools. Through these efforts, the district continues to experience a low incidence rate of negative behavioral incidents. Statistics included in the annual state Violence and Vandalism Report reflect this aspect of the school district's performance.

7. The district in an effort to explore ways to reduce operating expenses purchased two new propane buses at the end of the 2009-2010 school year. The data on propane buses show them to be less expensive to operate than your diesel fuel buses and they are less costly to maintain.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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, 2010 the Ringwood Board of Education had outstanding qualifying Debt Service, in the amount of $1,255,000.00.

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

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

10. **OTHER INFORMATION:** A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva was selected by the Board's finance committee. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

12. **SERVICE EFFORTS AND ACCOMPLISHMENTS:** Tri-District Board of Education Committees composed of members from the Ringwood, Lakeland Regional High School, and Wanaque Boards of Education again, during the 2009-10 school year, held several collaborative meetings in which the districts continued to identify areas of common needs and goals. The districts are continuing their efforts along the lines of curriculum articulation and organizing common professional development experiences for the staff of the three districts.

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

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

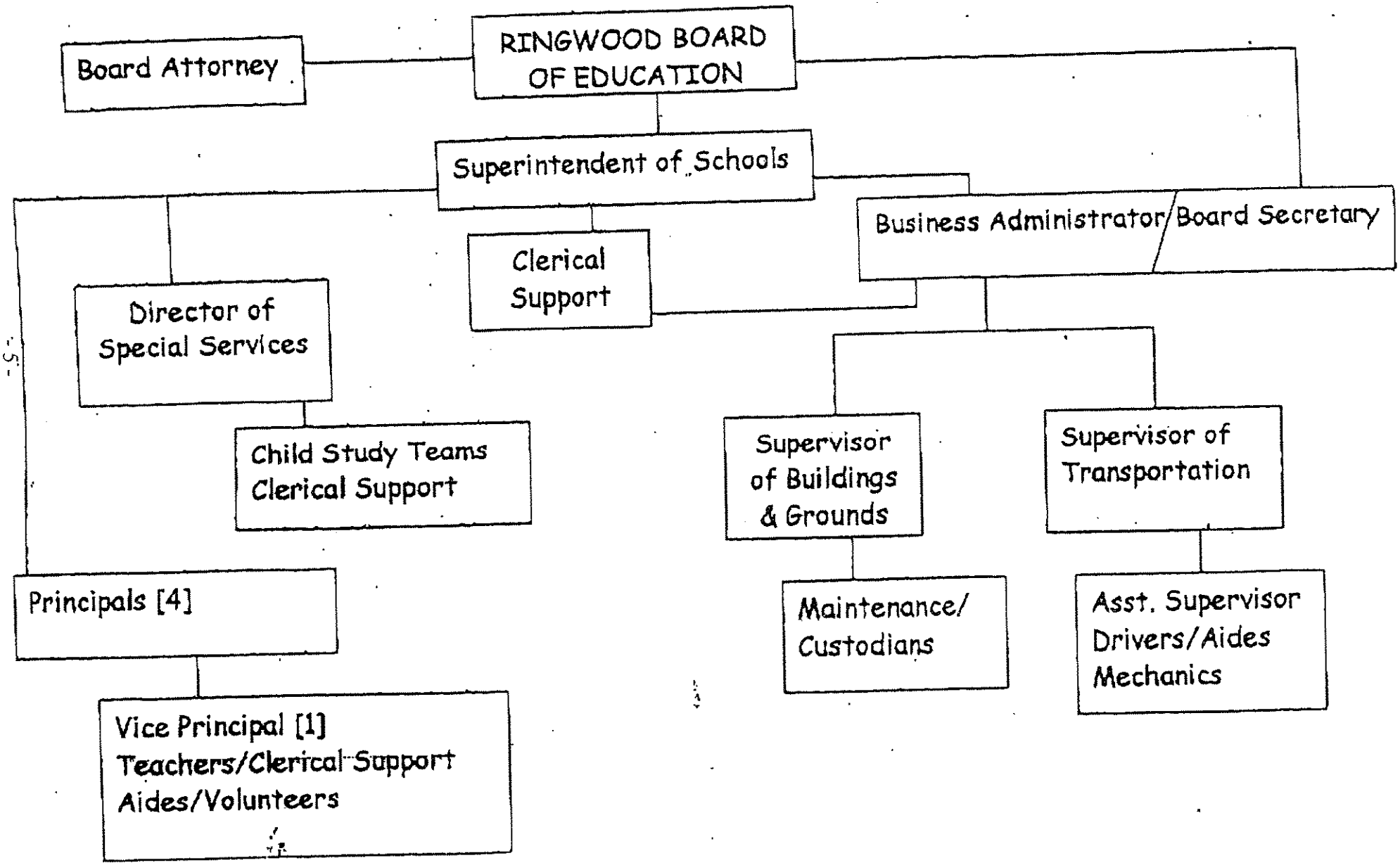
13. **MAJOR OPERATIONS OR FINANCIAL CONCERNS:** The district Facilities Committee examined the options for long range facilities needs and continues to work with the Board and community.

Respectfully submitted,

Dr. Rudolph Sellitti
Interim Superintendent

Warren C. Mitchell
Business Administrator
Board Secretary

# Ringwood Public Schools
## Table of Organization



# RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

## ROSTER OF OFFICIALS

June 30, 2010

| Members of the Board of Education | Term Expires |
|---|---|
| Janet Citranglo, Trustee | 2011 |
| Ronald Schiavello, Trustee | 2011 |
| Cynthia Tassitano, President | 2011 |
| Lynne Klosowski, Trustee | 2012 |
| Katy McKeever, Vice-President | 2012 |
| Richard Schaefer, Trustee | 2012 |
| Gina Goffredo Donatien, Trustee | 2013 |
| Melissa Griegel, Trustee | 2013 |
| Sam Nastory, Jr., Trustee | 2013 |

**Other Officials**

Dr. Patrick W. Martin, Superintendent

Warren C. Mitchell, School Business Administrator/Board Secretary

Gail Bado, Treasurer

# RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

## CONSULTANTS AND ADVISORS

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Pompton Lakes, NJ 07442

***Attorney***

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***Official Depository***

TD Bank
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Ramsey, NJ 07446

# FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Board of Education of the Ringwood School District, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ringwood School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Ringwood Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

FWCC

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2010 on our consideration of the Ringwood Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

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

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

October 18, 2010

FWCC

# REQUIRED SUPPLEMENTARY INFORMATION - PART I

## RINGWOOD BOARD OF EDUCATION

## MANAGEMENT DISCUSSION AND ANALYSIS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010
## (UNAUDITED)

As management of the Ringwood Board of Education (the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the Ringwood Board of Education for the fiscal year ended June 30, 2010.

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

### FINANCIAL HIGHLIGHTS

- In total, net assets increased $271,079, net assets of governmental activities increased $264,279 while net assets of business-type activity increased by $6,800.

- General revenues accounted for $21,364,371 in revenue or 97 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $757,939 or 3 percent of total revenues of $22,122,310.

- Total assets of governmental activities increased by $148,019 as cash and cash equivalents increased by $331,207, receivables increased by $87,451, and capital assets decreased by $270,639.

- The School District had $22,294,785 in expenses; only $1,200,699 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of $21,364,371 were adequate to provide for these programs.

## USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

### Reporting the School District as a Whole

#### Statement of Net Assets and the Statement of Activities

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

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

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

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

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

### Reporting the District's Most Significant Funds

#### Fund Financial Statements

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

#### Governmental Funds

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

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

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

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

### Enterprise Funds

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

### Notes to the Financial Statements

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

### Other Information

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### The School District as a Whole

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

The School District's net assets were $1,364,024 at June 30, 2010. Of this amount $(147,437) was unrestricted balances. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis on the next page focuses on the net assets (Table 1) and change in net assets (Table 2) of the School District. Table 1 provides a summary of the School District's net assets for 2010 and 2009.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

### Table 1

### Net Assets
### June 30, 2010

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and Other Assets | 1,323,354 | 904,696 | 112,311 | 80,387 | 1,435,665 | 985,083 |
| Capital Assets | 2,101,417 | 2,372,056 | 4,200 | 5,143 | 2,105,617 | 2,377,199 |
| Total Assets | 3,424,771 | 3,276,752 | 116,511 | 85,530 | 3,541,282 | 3,362,282 |
| Current Liabilities | 130,886 | 114,105 | 34,836 | 10,655 | 165,722 | 124,760 |
| Noncurrent Liabilities | | | | | | |
| Bonds Payable | 1,255,000 | 1,328,000 | | | 1,255,000 | |
| Obligations Under Capital Leases | 275,446 | 340,515 | | | 275,446 | 340,515 |
| Claims and Judgments Payable | 17,262 | 34,529 | | | 17,262 | 34,529 |
| Deferred PERS Contributions | 100,793 | 100,793 | | | 100,793 | |
| Compensated Absences Payable | 363,035 | 340,740 | | | 363,035 | 340,740 |
| Total Liabilities | 2,142,422 | 2,258,682 | 34,836 | 10,655 | 2,177,258 | 2,269,337 |
| Net Assets | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Debt | 570,971 | 703,541 | 4,200 | 5,143 | 575,171 | 708,684 |
| Restricted | 936,290 | 578,176 | | | 936,290 | 578,176 |
| Unrestricted | (224,912) | (263,647) | 77,475 | 69,732 | (147,437) | (193,915) |
| Total Net Assets | 1,282,349 | 1,018,070 | 81,675 | 74,875 | 1,364,024 | 1,092,945 |

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 2 below show the changes in net assets for the fiscal year 2010 and 2009.

### Table 2

### Changes in Net Assets
### Year Ended June 30, 2010

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| **Revenues** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services & Sales | | | 354,173 | 355,717 | 354,173 | 355,717 |
| Operating Grants & Contributions | 757,939 | 660,714 | 88,587 | 82,589 | 846,526 | 743,303 |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Local Property Taxes | 15,282,478 | 15,029,689 | | | 15,282,478 | 15,029,689 |
| Federal & State Aid Not Restricted | 4,778,732 | 4,660,088 | | | 4,778,732 | 4,660,088 |
| Investment Earnings | 22,118 | 13,716 | 794 | | 22,912 | 13,716 |
| Miscellaneous Income | 1,281,043 | 1,204,315 | | | 1,281,043 | 1,204,315 |
| Total Revenues & Transfers | 22,122,310 | 21,568,522 | 443,554 | 438,306 | 22,565,864 | 22,006,828 |

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| **Functions/Program Expenses** | | | | | | |
| Instruction: | | | | | | |
| Regular | 6,853,405 | 7,072,550 | | | 6,853,405 | 7,072,550 |
| Special Education | 2,655,082 | 2,464,620 | | | 2,655,082 | 2,464,620 |
| Other Special Instruction | 186,475 | 193,650 | | | 186,475 | 193,650 |
| Other Instruction | 29,509 | 34,034 | | | 29,509 | 34,034 |
| Support Services: | | | | | | |
| Student and Instruction Related Services | 2,537,614 | 2,513,248 | | | 2,537,614 | 2,513,248 |
| School Administrative Services | 826,100 | 801,327 | | | 826,100 | 801,327 |
| General Administrative Services | 401,918 | 559,418 | | | 401,918 | 559,418 |
| Central Services | 316,567 | 311,735 | | | 316,567 | 311,735 |
| Admin. Info. Tech. | 36,000 | 30,085 | | | 36,000 | 30,085 |
| Plant Operations and Maintenance | 1,564,299 | 1,552,789 | | | 1,564,299 | 1,552,789 |
| Pupil Transportation | 1,487,826 | 1,515,697 | | | 1,487,826 | 1,515,697 |
| Unallocated Benefits | 1,690,346 | 1,591,583 | | | 1,690,346 | 1,591,583 |
| Indirect Expense | 2,893,675 | 2,650,124 | | | 2,893,675 | 2,650,124 |
| Unallocated Depreciation | 323,491 | 318,807 | | | 323,491 | 318,807 |
| Interest on Long-Term Debt | 55,724 | 41,233 | | | 55,724 | |
| Food Services | | | 436,754 | 430,614 | 436,754 | 430,614 |
| Total Expenses | 21,858,031 | 21,650,900 | 436,754 | 430,614 | 22,294,785 | 22,081,514 |
| Increase or (Decrease) in Net Assets | 264,279 | (82,378) | 6,800 | 7,692 | 271,079 | (74,686) |

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was $22,294,785.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

### Business-Type Activities

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

- Food service revenues exceeded expenditures by $6,800 (profit). This increase in profit is particularly significant since the district opted to abide by the new guidelines for child nutrition and wellness ahead of the requirement.

- Charges for services represent $354,173 of revenue. This represents the amounts paid by patrons for daily food service, and amounts charged to attend the District's Safety Town Program.

- Federal and state reimbursement for meals, including payments for free and reduced lunches and free milk, and donated commodities was $88,587.

## 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.

## 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**

| | Total cost of Services 2010 | Total Cost of Services 2009 | Net Cost of Services 2010 | Net Cost of Services 2009 |
|---|---|---|---|---|
| Instruction | 11,637,792 | 11,536,097 | 11,137,865 | 11,025,824 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 2,817,886 | 2,758,439 | 2,622,938 | 2,607,998 |
| General Administration, School Administration, Business Operation and Maintenance of Facilities | 3,602,338 | 3,670,371 | 3,602,338 | 3,670,371 |
| Pupil Transportation | 1,730,454 | 1,734,370 | 1,730,454 | 1,734,370 |
| Other | 2,069,561 | 1,951,623 | 2,006,497 | 1,951,623 |
| **Total Expenses** | 21,858,031 | 21,650,900 | 21,100,092 | 20,990,186 |

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.

## 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 $181,420, 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 $4,025 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.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2010 the School District had $9,423,327 invested in sites, buildings, and equipment. Of this amount $7,321,910 in depreciation has been taken over the years. We currently have a net book value of $2,101,417. Total additions for the year were $52,852, the majority of which was for the purchase of school buses. Table 3 shows fiscal year 2010 balances compared to 2009.

**Table 3**

**Capital Assets at June 30, 2010**
**(Net of Depreciation)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Buildings and Improvements | 1,431,621 | 1,566,410 | | | 1,431,621 | 1,566,410 |
| Furniture, Equipment and Vehicles | 669,796 | 805,646 | 4,200 | 5,143 | 673,996 | 810,789 |
| Total Net Assets | 2,101,417 | 2,372,056 | 4,200 | 5,143 | 2,105,617 | 2,377,199 |

### Debt Administration

At June 30, 2010, the District had $2,011,536 in outstanding debt. Of this amount, $363,035 is for compensated absences, $100,793 is for deferred PERS pension contributions, $17,262 is for judgments payable, $275,446 is for capital lease obligations and $1,255 000 is serial bonds payable.

**Table 4**

**Outstanding Serial Bonds at June 30, 2010**

| | 2010 | 2009 |
|---|---|---|
| School Bonds - Series 2008 | 1,255,000 | 1,328,000 |

## ECONOMIC FACTORS AND NEXT YEARS' BUDGETS

The State of New Jersey's revenues is very dismal. The District's State Aid funding for the 2010-2011 school years was reduced by $1,006,712. The Borough Council voted to reduce the tax levy by $417,000. Fourteen (14) veteran teachers retired at the end of th 2009-2010 school year. Teachers will be entering the final year of their 3-year contract with a 4.5% increase in salaries planned for the 2011-2012 school year. The District is limited to a 2% budget cap for the upcoming school year. The 2011-2012 budget will be very challenging. The District can hope that State Aid funding will remain flat for the 2011-2012 school year. The District will continue to review all areas of operations for potential cost cuts.

## REQUESTS FOR INFORMATION

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

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

# BASIC FINANCIAL STATEMENTS

# DISTRICT-WIDE FINANCIAL STATEMENTS

# BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
## Statement of Net Assets
## June 30, 2010

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 159,121 | $ 100,769 | $ 259,890 |
| Receivables, net | 503,762 | 7,295 | 511,057 |
| Inventory | | 4,247 | 4,247 |
| Restricted assets: | | | |
| Cash and cash equivalents | 131,752 | | 131,752 |
| Capital reserve account - cash | 528,719 | | 528,719 |
| Capital assets, net | 2,101,417 | 4,200 | 2,105,617 |
| Total Assets | 3,424,771 | 116,511 | 3,541,282 |
| **LIABILITIES** | | | |
| Accounts payable and accrued liabilities | 12,297 | 32,614 | 44,911 |
| Due to other funds | | 2,222 | 2,222 |
| Payable to state government | 30,354 | | 30,354 |
| Deferred revenue | 88,235 | | 88,235 |
| Noncurrent liabilities: | | | |
| Due within one year | 202,055 | | 202,055 |
| Due beyond one year | 1,809,481 | | 1,809,481 |
| Total liabilities | 2,142,422 | 34,836 | 2,177,258 |
| **NET ASSETS** | | | |
| Invested in capital assets, net of related debt | 570,971 | 4,200 | 575,171 |
| Restricted for: | | | |
| Capital projects | 528,719 | | 528,719 |
| Other purposes | 407,571 | | 407,571 |
| Unrestricted | (224,912) | 77,475 | (147,437) |
| Total net assets | $ 1,282,349 | $ 81,675 | $ 1,364,024 |

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

Exhibit A-2

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Statement of Activities**
**For the Year Ended June 30, 2010**

| Functions/Programs | Expenses | Indirect Expense Allocation | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets: Governmental Activities | Net (Expense) Revenue and Changes in Net Assets: Business-type Activities | Net (Expense) Revenue and Changes in Net Assets: Total |
|---|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | $ 6,853,405 | $ 1,353,359 | | $ 499,927 | $ (7,706,837) | | $ (7,706,837) |
| Special education | 2,655,082 | 513,331 | | | (3,168,413) | | (3,168,413) |
| Other special instruction | 186,475 | 46,631 | | | (233,106) | | (233,106) |
| Other instruction | 29,509 | | | | (29,509) | | (29,509) |
| Support services: | | | | | | | |
| Tuition | 829,591 | | | | (829,591) | | (829,591) |
| Student & instruction related services | 1,708,023 | 280,272 | | 194,948 | (1,793,347) | | (1,793,347) |
| School administrative services | 826,100 | 169,870 | | | (995,970) | | (995,970) |
| General and business administrative services | 401,918 | 54,392 | | | (456,310) | | (456,310) |
| Central Services | 316,567 | 65,194 | | | (381,761) | | (381,761) |
| Admin. Info. Tech. | 36,000 | | | | (36,000) | | (36,000) |
| Plant operations and maintenance | 1,564,299 | 167,998 | | | (1,732,297) | | (1,732,297) |
| Pupil transportation | 1,487,826 | 242,628 | | | (1,730,454) | | (1,730,454) |
| Unallocated Benefits | 1,690,346 | | | | (1,690,346) | | (1,690,346) |
| Capital Outlay - non-depreciable | | | | | - | | - |
| Interest on long-term debt | 55,724 | | | 63,064 | 7,340 | | 7,340 |
| Unallocated depreciation | 323,491 | | | | (323,491) | | (323,491) |
| Total governmental activities | 18,964,356 | 2,893,675 | - | 757,939 | (21,100,092) | - | (21,100,092) |
| Business-type activities: | | | | | | | |
| Food Service | 432,803 | | 349,948 | 88,587 | | 5,732 | 5,732 |
| Safety Town | 3,951 | | 4,225 | | | 274 | 274 |
| Total business-type activities | 436,754 | - | 354,173 | 88,587 | | 6,006 | 6,006 |
| Total primary government | $19,401,110 | $2,893,675 | $ 354,173 | $ 846,526 | $ (21,100,092) | $ 6,006 | $ (21,094,086) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | 15,282,478 | | 15,282,478 |
| Tuition Received | | | | | 760,966 | | 760,966 |
| Federal and State aid not restricted | | | | | 4,778,732 | | 4,778,732 |
| Investment Earnings | | | | | 22,118 | 794 | 22,912 |
| Miscellaneous Income | | | | | 79,405 | | 79,405 |
| Transportation Fees | | | | | 440,672 | | 440,672 |
| Transfers | | | | | | | - |
| Total general revenues, special items, extraordinary items and transfers | | | | | 21,364,371 | 794 | 21,365,165 |
| Change in Net Assets | | | | | 264,279 | 6,800 | 271,079 |
| Net Assets—beginning | | | | | 1,018,070 | 74,875 | 1,092,945 |
| Net Assets—ending | | | | | $ 1,282,349 | $ 81,675 | $ 1,364,024 |

**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, 2010**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 301,191 | $ (142,070) | $ 131,752 | $ - | $ 290,873 |
| Due from other funds | 3,464 | | | 5,770 | 9,234 |
| Receivables from other governments | 239,639 | 260,352 | | | 499,991 |
| Receivables - Other | | 307 | | | 307 |
| Restricted cash and cash equivalents | 528,719 | | | | 528,719 |
| Total assets | $ 1,073,013 | $ 118,589 | $ 131,752 | $ 5,770 | $ 1,329,124 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | | | | | - |
| Due to other funds | | | 5,770 | | 5,770 |
| Payable to state government | | 30,354 | | | 30,354 |
| Deferred revenue | | 88,235 | | | 88,235 |
| Total liabilities | - | 118,589 | 5,770 | - | 124,359 |
| Fund Balances: | | | | | |
| Reserved: | | | | | |
| For Encumbrances | 87,705 | | | | 87,705 |
| Capital reserve account | 528,719 | | | | 528,719 |
| Excess surplus -- designated for subsequent year's expenditures | 172,060 | | | | 172,060 |
| Excess Surplus | 147,806 | | | | 147,806 |
| Unreserved: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | | - |
| Undesignated | 136,723 | | 125,982 | 5,770 | 268,475 |
| Total Fund balances | 1,073,013 | - | 125,982 | 5,770 | 1,204,765 |
| Total liabilities and fund balances | $ 1,073,013 | $ 118,589 | $ 131,752 | $ 5,770 | |

| | |
|---|---|
| Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $9,423,327 and the accumulated depreciation is $7,321,910. | 2,101,417 |
| 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. | (12,297) |
| 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. | (2,011,536) |
| Net assets of governmental activities | $ 1,282,349 |

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Statement of Revenues, Expenditures, And Changes in Fund Balances**
**Governmental Funds**
**For the Year Ended June 30, 2010**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Local sources: | | | | | |
| Local tax levy | $ 15,282,478 | $ - | $ - | $ - | $ 15,282,478 |
| Miscellaneous | 1,297,706 | 4,405 | 1,050 | | 1,303,161 |
| Total - Local Sources | 16,580,184 | 4,405 | 1,050 | - | 16,585,639 |
| State sources | 4,509,573 | 187,081 | | 63,064 | 4,759,718 |
| Federal sources | 269,159 | 507,794 | | | 776,953 |
| Total revenues | 21,358,916 | 699,280 | 1,050 | 63,064 | 22,122,310 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| Regular instruction | $ 6,349,073 | $ 504,332 | | | $ 6,853,405 |
| Special education instruction | 2,655,082 | | | | 2,655,082 |
| Other special instruction | 186,475 | | | | 186,475 |
| Other instruction | 29,509 | | | | 29,509 |
| Support services and undistributed costs: | | | | | |
| Tuition | 829,591 | | | | 829,591 |
| Student & instruction related services | 1,513,075 | 194,948 | | | 1,708,023 |
| School administrative services | 826,100 | | | | 826,100 |
| Other administrative services | 419,185 | | | | 419,185 |
| Central Services | 316,567 | | | | 316,567 |
| Admin. Info. Tech. | 36,000 | | | | 36,000 |
| Plant operations and maintenance | 1,564,299 | | | | 1,564,299 |
| Pupil transportation | 1,605,747 | | | | 1,605,747 |
| Unallocated benefits | 4,561,726 | | | | 4,561,726 |
| Debt Service: | | | | | |
| Principal | | | | 73,000 | 73,000 |
| Interest and other charges | | | | 56,440 | 56,440 |
| Capital outlay | 52,852 | | | | 52,852 |
| Total expenditures | 20,945,281 | 699,280 | - | 129,440 | 21,774,001 |
| Excess (Deficiency) of revenues over expenditures | 413,635 | - | 1,050 | (66,376) | 348,309 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Capital leases (non-budgeted) | 52,852 | | | | 52,852 |
| Transfers in | | | | 67,426 | 67,426 |
| Transfers out | (66,376) | | (1,050) | | (67,426) |
| Total other financing sources and uses | (13,524) | - | (1,050) | 67,426 | 52,852 |
| Net change in fund balances | 400,111 | - | - | 1,050 | 401,161 |
| Fund balance—July 1 | 672,902 | - | 125,982 | 4,720 | 803,604 |
| Fund balance—June 30 | $ 1,073,013 | $ - | $ 125,982 | $ 5,770 | $ 1,204,765 |

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Reconciliation of the Statement of Revenues, Expenditures,**
**and Changes in Fund Balances of Governmental Funds**
**to the Statement of Activities**
**For the Year Ended June 30, 2010**

| | | |
|---|---|---|
| **Total net change in fund balances - governmental funds (from B-2)** | | $ 401,161 |
| 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 | $ (323,491) | |
| Depreciable Capital outlays | 52,852 | (270,639) |
| Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of: | | |
| Principal payments on judgments payable | | 17,267 |
| Principal payments on bonds payable | | 73,000 |
| Capital lease principal | | 117,921 |
| Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. | | |
| Proceeds of long-term debt | | - |
| Deferred PERS pension contributions | | - |
| Capital lease proceeds | | (52,852) |
| 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. | | 716 |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | | |
| Increase in compensated absences payable | | (22,295) |
| **Change in net assets of governmental activities** | | $ 264,279 |

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Statement of Net Assets**
**Proprietary Funds**
**June 30, 2010**

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Food Service | Safety Town | Totals |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 96,724 | $ 4,045 | $ 100,769 |
| Accounts receivable: | | | |
| State | 579 | | 579 |
| Federal | 6,456 | | 6,456 |
| Other receivables | - | 260 | 260 |
| Inventories | 4,247 | - | 4,247 |
| Total current assets | 108,006 | 4,305 | 112,311 |
| Noncurrent assets: | | | |
| Furniture, machinery & equipment | 98,857 | | 98,857 |
| Less accumulated depreciation | (94,657) | | (94,657) |
| Total noncurrent assets | 4,200 | - | 4,200 |
| Total assets | 112,206 | 4,305 | 116,511 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 29,744 | 2,870 | 32,614 |
| Interfund payables | 2,222 | | 2,222 |
| Total current liabilities | 31,966 | 2,870 | 34,836 |
| Total liabilities | 31,966 | 2,870 | 34,836 |
| **NET ASSETS** | | | |
| Invested in capital assets net of related debt | 4,200 | - | 4,200 |
| Unrestricted | 76,040 | 1,435 | 77,475 |
| Total net assets | $ 80,240 | $ 1,435 | $ 81,675 |

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**
**Proprietary Funds**
**For the Year Ended June 30, 2010**

| | Business-type Activities - Enterprise Fund | | |
|---|---|---|---|
| | Food Service | Safety Town | Total Enterprise |
| Operating revenues: | | | |
| Charges for services: | | | |
| Daily sales - reimbursable programs | $ 346,942 | $ - | $ 346,942 |
| Special functions | 2,820 | - | 2,820 |
| Miscellaneous | 186 | 4,225 | 4,411 |
| Total operating revenues | 349,948 | 4,225 | 354,173 |
| Operating expenses: | | | |
| Cost of sales | 192,456 | - | 192,456 |
| Salaries | 130,583 | 3,951 | 134,534 |
| Employee benefits | 47,980 | - | 47,980 |
| Cleaning, repair and maintenance services | 5,457 | - | 5,457 |
| Purchased services | 28,464 | - | 28,464 |
| Miscellaneous Expense | 8,495 | - | 8,495 |
| General supplies | 18,425 | - | 18,425 |
| Depreciation | 943 | - | 943 |
| Total Operating Expenses | 432,803 | 3,951 | 436,754 |
| Operating income (loss) | (82,855) | 274 | (82,581) |
| Non-operating revenues (expenses): | | | |
| State sources: | | | |
| State school lunch program | 6,292 | - | 6,292 |
| Federal sources: | | | |
| National school lunch program | 67,436 | - | 67,436 |
| Special milk program | 1,562 | - | 1,562 |
| Food distribution program | 13,297 | - | 13,297 |
| Interest and investment revenue | 784 | 10 | 794 |
| Total non-operating revenues (expenses) | 89,371 | 10 | 89,381 |
| Income (loss) before contributions & transfers | 6,516 | 284 | 6,800 |
| Capital contributions | - | - | - |
| Transfers in (out) | | | - |
| Change in net assets | 6,516 | 284 | 6,800 |
| Total net assets—beginning | 73,724 | 1,151 | 74,875 |
| Total net assets—ending | $ 80,240 | $ 1,435 | $ 81,675 |

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Year Ended June 30, 2010**

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Food Service | Safety Town | Total Enterprise |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers and other funds | $ 349,948 | $ 4,225 | $ 354,173 |
| Payments to employees | (130,583) | (4,453) | (135,036) |
| Payments for employee benefits | (47,980) | - | (47,980) |
| Payments to suppliers | (230,995) | - | (230,995) |
| Net cash provided by (used for) operating activities | (59,610) | (228) | (59,838) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| State sources | 6,312 | - | 6,312 |
| Federal sources | 81,946 | - | 81,946 |
| Net cash provided by (used for) non-capital financing activities | 88,258 | - | 88,258 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest and dividends | 784 | 10 | 794 |
| Net cash provided by (used for) investing activities | 784 | 10 | 794 |
| Net increase (decrease) in cash and cash equivalents | 29,432 | (218) | 29,214 |
| Balances—beginning of year | 67,292 | 4,263 | 71,555 |
| Balances—end of year | $ 96,724 | $ 4,045 | $ 100,769 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | |
| Operating income (loss) | $ (82,855) | $ 274 | $ (82,581) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | |
| Depreciation and net amortization | 943 | | 943 |
| (Increase) decrease in inventories | (2,381) | | (2,381) |
| Increase (decrease) in accounts payable | 24,683 | (502) | 24,181 |
| | | | - |
| Total adjustments | 23,245 | (502) | 22,743 |
| Net cash provided by (used for) operating activities | $ (59,610) | $ (228) | $ (59,838) |

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

# BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
## Statement of Fiduciary Net Assets
## Fiduciary Funds
## June 30, 2010

| | Unemployment Compensation Trust | Agency Fund |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 18,425 | $ 37,452 |
| Total assets | 18,425 | 37,452 |
| **LIABILITIES** | | |
| Accounts payable | 4,862 | 2,372 |
| Interfunds payable | | 1,242 |
| Payable to student groups | | 12,419 |
| Payroll deductions and withholdings | | 21,419 |
| Total liabilities | 4,862 | $ 37,452 |
| **NET ASSETS** | | |
| Held in trust for unemployment claims and other purposes | $ 13,563 | |

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

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Statement of Changes in Fiduciary Net Assets**
**Fiduciary Funds**
**For the Year Ended June 30, 2010**

| | Unemployment Compensation Trust |
|---|---|
| **ADDITIONS** | |
| Contributions: | |
| Plan member | $ 37,748 |
| Total Contributions | 37,748 |
| Investment earnings: | |
| Interest | 183 |
| Net investment earnings | 183 |
| Total additions | 37,931 |
| **DEDUCTIONS** | |
| Quarterly contribution reports | 16,812 |
| Unemployment Claims | 58,176 |
| Total deductions | 74,988 |
| Change in net assets | (37,057) |
| Net assets—beginning of the year | 50,620 |
| Net assets—end of the year | $ 13,563 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

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

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

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

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Ringwood School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

### A. Basis of Presentation:

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

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

### A. Basis of Presentation, (continued)

**District-wide Financial Statements:**

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

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

**Fund Financial Statements:**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *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:

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

### A. Basis of Presentation, (continued)

#### GOVERNMENTAL FUNDS, (continued)

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

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

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

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

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

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

#### PROPRIETARY FUNDS

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

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

### A. Basis of Presentation, (continued)

#### PROPRIETARY FUNDS, (continued)

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

The Board's Enterprise Fund is comprised of the Food Service Fund.

#### FIDUCIARY FUNDS

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

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

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

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

### B. Measurement Focus:

#### District-wide Financial Statements

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

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

### B. Measurement Focus: (continued)

#### Fund Financial Statements

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

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

### C. Basis of Accounting:

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

#### Revenues - Exchange and Non-exchange Transactions

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

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

### C. Basis of Accounting: (continued)

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

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

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

#### Expenses/Expenditures

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

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

### D. Budgets/Budgetary Control:

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

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

### D. Budgets/Budgetary Control: (continued)

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

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

### E. Encumbrances:

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

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

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

### F. Cash, Cash Equivalents and Investments:

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

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

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

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

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

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

### G. Tuition Expenses/Payables:

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

### H. Inventories:

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

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

### I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

### J. Short-Term Interfund Receivables/Payables:

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

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

### K. Capital Assets:

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

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

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

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

### L. Compensated Absences:

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

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

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

### M. Deferred Revenue:

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

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

### N. Accrued Liabilities and Long-term Obligations:

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

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

### O. Fund Balance Reserves:

The Board reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, excess surplus, and capital reserve.

### P. Net Assets:

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

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

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

### Q. Operating Revenues and Expenses:

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

### R. Extraordinary and Special Items:

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

### S. Allocation of Indirect Expenses:

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

### T. Use of Estimates:

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

## NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

### Cash

### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2010, $-0- of the District's bank balance of $1,580,456 was exposed to custodial credit risk.

## NOTE 3. 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 allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

### Concentration of Credit Risk

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

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

As of June 30, 2010, the District had $1,138 on deposit with the New Jersey Cash Management Fund.

## NOTE 4. RECEIVABLES

Receivables at June 30, 2010, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

| | Governmental Fund Financial Statements | Enterprise Fund | District Wide Financial Statements |
|---|---|---|---|
| State Aid | $220,284 | $579 | $220,863 |
| Federal Aid | 260,352 | 6,456 | 266,808 |
| Accounts Receivable | 19,662 | 260 | 19,922 |
| Interfunds | 3,464 | | 3,464 |
| Gross Receivables | 503,762 | 7,295 | 511,057 |
| Less: Allowance for Uncollectibles | | | |
| Total Receivables, Net | $503,762 | $7,295 | $511,057 |

## NOTE 5. INTERFUND BALANCES AND ACTIVITY

As of June 30, 2010, the District had the following interfund balances:

| | |
|---|---|
| $1,242 | Due to the General Fund from the Agency Fund for accumulated interest earned. |
| 2,222 | Due to the General Fund from the Enterprise Fund for reimbursement of expenditures. |

Interfund transfer for the year ended June 30, 2010 consisted of the following:

| | |
|---|---|
| $75,290 | From the General Fund to the Enterprise Fund for Federal and State lunch subsidy. |

## NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

| | Balance 6/30/09 | Additions | Deductions | Balance 6/30/10 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | $5,748,455 | $ | $ | $5,748,455 |
| Furniture, Equipment and Vehicles | 3,622,020 | 52,852 | | 3,674,872 |
| Total Capital Assets, Being Depreciated | 9,370,475 | 52,852 | | 9,423,327 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | 4,182,045 | 134,789 | | 4,316,834 |
| Furniture, Equipment and Vehicles | 2,816,374 | 188,702 | | 3,005,076 |
| Total Accumulated Depreciation | 6,998,419 | 323,491 | | 7,321,910 |
| Total Capital Assets, Being Depreciated, Net | 2,372,056 | (270,639) | | 2,101,417 |
| Governmental Activities Capital Assets, Net | $2,372,056 | ($270,639) | $ | $2,101,417 |

| | Balance 6/30/09 | Additions | Deductions | Balance 6/30/10 |
|---|---|---|---|---|
| **Business-Type Activity** | | | | |
| Furniture and Equipment | $98,856 | $ -0- | $ -0- | $98,856 |
| Totals | 98,856 | -0- | -0- | 98,856 |
| Less Accumulated Depreciation | | | | |
| Furniture and Equipment | 93,713 | 943 | -0- | 94,656 |
| Total Accumulated Depreciation | 93,713 | 943 | -0- | 94,656 |
| Business-Type Activity Capital Assets, Net | $5,143 | $943 | $ -0- | $4,200 |

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

## NOTE 7. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the fiscal year ended June 30, 2010 were as follows:

| | Balance June 30, 2009 | Issued | Retired | Balance June 30, 2010 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Bonds Payable | $1,328,000 | $ | $73,000 | $1,255,000 | $75,000 |
| Deferred PERS Pension Contributions | 100,793 | | | 100,793 | |
| Capital Leases Payable | 340,515 | 52,852 | 117,921 | 275,446 | 109,793 |
| Claims and Judgments Payable | 34,529 | | 17,267 | 17,262 | 17,262 |
| Compensated Absences Payable | 340,740 | 22,295 | | 363,035 | |
| | $2,144,577 | $75,147 | $208,188 | $2,011,536 | $202,055 |

A. Bonds Payable:

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

Outstanding bonds payable at June 30, 2010 consisted of the following:

| Issue | Issue Date | Interest Rate | Date of Maturity | Principal Balance June 30, 2010 |
|---|---|---|---|---|
| School Bonds Series 2008 | 07/15/08 | 4.250% | 01/15/23 | $1,255,000 |

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

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2011 | $75,000 | $53,338 | $128,338 |
| 2012 | 80,000 | 50,150 | 130,150 |
| 2013 | 80,000 | 46,750 | 126,750 |
| 2014 | 85,000 | 43,350 | 128,350 |
| 2015 | 90,000 | 39,737 | 129,737 |
| 2016-2020 | 500,000 | 139,188 | 639,188 |
| 2021-2023 | 345,000 | 29,750 | 374,750 |
| | $1,255,000 | $402,263 | $1,657,263 |

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

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the Board has no authorized but not issued bonds.

C. Capital Leases Payable:

The District is leasing transportation equipment under capital leases. All capital leases are for terms of three to eight years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2011 | $109,793 | $12,538 | $122,331 |
| 2012 | 74,580 | 7,450 | 82,030 |
| 2013 | 39,973 | 4,032 | 44,005 |
| 2014 | 41,753 | 2,252 | 44,005 |
| 2015 | 9,347 | 393 | 9,740 |
| Total Minimum Lease Payments | $275,446 | $26,665 | $302,111 |

## NOTE 8. OPERATING LEASES

The District has commitments to lease copiers under operating leases that expire in 2013. Total operating lease payments made during the year ended June 30, 2010 were $44,988. Future minimum lease payments are as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2012 | $44,988 |
| 2013 | 11,247 |
| Total Future Minimum Lease Payments | $56,235 |

## NOTE 9. PENSION PLANS

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

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

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

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

## NOTE 9. PENSION PLANS, (continued)

**Significant Legislation**- - Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and TPAF, effective July 12, 2002.

**Contribution Requirements** - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 5.0% for TPAF of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

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

| Year Ending | |
|---|---|
| 6/30/10 | $273,018 |
| 6/30/09 | 126,385 |
| 6/30/08 | 161,385 |

## NOTE 9. PENSION PLANS, (continued)

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

| Year Ending | Pension Contributions | Post-Retirement Medical Contributions | NCGI Premium |
|---|---|---|---|
| 6/30/10 | $ | $580,729 | $30,921 |
| 6/30/09 | | 533,420 | 27,961 |
| 6/30/08 | 622,678 | 826,368 | 28,949 |

During the fiscal year ended June 30, 2010, the State of New Jersey contributed $611,649 to the TPAF for NCGI Premium contributions and post-retirement benefits on behalf of the District, $30,920 was for NCGI Premium contributions and $580,729 was for post-retirement medical benefits. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $703,449 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

## NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2009, the State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members.

## NOTE 11. DEFERRED COMPENSATION

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

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

## NOTE 12. RISK MANAGEMENT

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

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

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

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

| Fiscal Year | Interest Earnings/ District Contributions | Employee Contributions | Amount Reimbursed | Ending Balance |
|---|---|---|---|---|
| 2009-2010 | $183 | $37,748 | $74,988 | $13,563 |
| 2008-2009 | 466 | 35,037 | 16,000 | 50,620 |
| 2007-2008 | 804 | 27,913 | 15,090 | 31,117 |

## NOTE 12. RISK MANAGEMENT, (continued)

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

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

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

## NOTE 13. CAPITAL RESERVE ACCOUNT

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

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, 2009 to June 30, 2010 fiscal year is as follows:

| | |
|---|---|
| Beginning balance, July 1, 2009 | $404,374 |
| Reimburse State share of Debt Service | 22,576 |
| Transfer by Board Resolution, June 28, 2010 | 200,000 |
| Interest earnings | 2,721 |
| Audit Adjustment | (12,000) |
| Withdrawals: | |
| Board Resolution, June 22, 2009 | (28,220) |
| Board Resolution, January 19, 2010 | (60,732) |
| Ending balance, June 30, 2010 | $528,719 |

## NOTE 14. FUND BALANCE APPROPRIATED

**General Fund** - Of the $1,073,013 General Fund fund balance at June 30, 2010, $87,705 is reserved for encumbrances; $319,866 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 ($172,060 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); $528,719 has been reserved in the Capital Reserve Account; $-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2011; and $136,723 is unreserved and undesignated.

**Debt Service Fund** - Of the Debt Service Fund fund balance at June 30, 2010, $5,770 is unreserved and undesignated.

## NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is $147,806.

## NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

| | |
|---|---|
| Food | $3,333 |
| Supplies | 914 |
| | $4,247 |

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

## NOTE 17. COMPENSATED ABSENCES

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

## NOTE 17. COMPENSATED ABSENCES, (continued)

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no liability existed for compensated absences in the Food Service Fund.

## NOTE 18. CLAIMS AND JUDGMENTS

The District has been assessed a penalty from the Department of Environmental Protection for violations of the Clear Water Standards Act. As a result of this litigation, the District is required to pay a fine of $259,000 over fifteen (15) years. This amount has been recorded in the General Long-Term Debt Account Group. The balance of the penalty as of June 30, 2010 is $17,262. The amount due within one year is $17,262.

## NOTE 19. CONTINGENT LIABILITIES

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

# 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, 2010

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **REVENUES:** | | | | | |
| **Local Sources:** | | | | | |
| Local Tax Levy | $ 15,282,478 | $ - | $ 15,282,478 | $ 15,282,478 | $ - |
| Tuition | 486,240 | - | 486,240 | 760,966 | 274,726 |
| Transportation Fees | 437,264 | - | 437,264 | 440,672 | 3,408 |
| Interest Earned on Capital Reserve Funds | 7,500 | - | 7,500 | 2,721 | (4,779) |
| Interest on Investments | 91,900 | - | 91,900 | 18,347 | (73,553) |
| Miscellaneous | 143,905 | - | 143,905 | 75,000 | (68,905) |
| Total - Local Sources | 16,449,287 | - | 16,449,287 | 16,580,184 | 130,897 |
| **State Sources:** | | | | | |
| Equalization Aid | 1,483,409 | (269,159) | 1,214,250 | 1,214,250 | - |
| Transportation Aid | 707,473 | - | 707,473 | 664,174 | (43,299) |
| Special Education Categorical Aid | 716,082 | - | 716,082 | 716,082 | - |
| Security Aid | 99,397 | - | 99,397 | 99,397 | - |
| Adjustment Aid | 503,268 | - | 503,268 | 327,124 | (176,144) |
| Extraordinary Aid | 121,859 | - | 121,859 | 181,420 | 59,561 |
| Other State Aid - Reimburse Nonpublic Transportation | - | - | - | 4,025 | 4,025 |
| On-behalf TPAF NCGI Premium (non-budgeted) | - | - | - | 30,920 | 30,920 |
| On-behalf TPAF Post Retirement Medical (non-budgeted) | - | - | - | 580,729 | 580,729 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | - | - | - | 703,449 | 703,449 |
| Total State Sources | 3,631,488 | (269,159) | 3,362,329 | 4,521,570 | 1,159,241 |
| **Federal Sources:** | | | | | |
| Equalization Aid - ARRA GSF | | 10,031 | 10,031 | 10,031 | - |
| Equalization Aid - ARRA ESF | | 259,128 | 259,128 | 259,128 | - |
| Total Federal Sources | - | 269,159 | 269,159 | 269,159 | - |
| **Total Revenues** | 20,080,775 | - | 20,080,775 | 21,370,913 | 1,290,138 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **EXPENDITURES:** | | | | | |
| **Current Expense:** | | | | | |
| **Regular Programs - Instruction:** | | | | | |
| Kindergarten - Salaries of Teachers | $ 294,264 | $ 21,577 | $ 315,841 | $ 313,711 | $ 2,130 |
| Grades 1-5 - Salaries of Teachers | 3,516,449 | (188,856) | 3,327,593 | 3,306,053 | 21,540 |
| Grades 6-8 - Salaries of Teachers | 2,200,732 | (91,674) | 2,109,058 | 2,073,208 | 35,850 |
| **Regular Programs - Home Instruction:** | | | | | |
| Salaries of Teachers | 9,650 | (5,949) | 3,701 | 3,701 | - |
| Purchased Professional-Educational Services | | 7,248 | 7,248 | 7,248 | - |
| **Regular Programs - Undistributed Instruction:** | | | | | |
| Other Salaries for Instruction | 435,687 | (14,459) | 421,228 | 421,228 | - |
| Purchased Technical Services | 28,879 | (24,526) | 4,353 | 4,353 | - |
| Other Purchased Services (400-500 series) | 1,100 | 20,488 | 21,588 | 21,526 | 62 |
| General Supplies | 202,697 | (14,607) | 188,090 | 187,791 | 299 |
| Textbooks | 10,100 | (926) | 9,174 | 9,174 | - |
| Other Objects | | 1,080 | 1,080 | 1,080 | - |
| **TOTAL REGULAR PROGRAMS - INSTRUCTION** | 6,699,558 | (290,604) | 6,408,954 | 6,349,073 | 59,881 |
| **SPECIAL EDUCATION - INSTRUCTION** | | | | | |
| **Learning and/or Language Disabilities:** | | | | | |
| Salaries of Teachers | 397,901 | 35,579 | 433,480 | 433,480 | - |
| General Supplies | 1,400 | 2,371 | 3,771 | 3,771 | - |
| **Total Learning and/or Language Disabilities** | 399,301 | 37,950 | 437,251 | 437,251 | - |
| **Multiple Disabilities:** | | | | | |
| Salaries of Teachers | 88,188 | 3,597 | 91,785 | 91,785 | - |
| General Supplies | | 78 | 78 | 78 | - |
| **Total Multiple Disabilities** | 88,188 | 3,675 | 91,863 | 91,863 | - |
| **Resource Room/Resource Center:** | | | | | |
| Salaries of Teachers | 628,614 | 44,316 | 672,930 | 672,930 | - |
| General Supplies | 6,000 | (123) | 5,877 | 5,877 | - |
| **Total Resource Room/Resource Center** | 634,614 | 44,193 | 678,807 | 678,807 | - |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Autism:** | | | | | |
| Salaries of Teachers | 286,725 | 75,828 | 362,553 | 362,553 | - |
| Other Salaries for Instruction | 610,276 | 79,225 | 689,501 | 689,501 | - |
| Purchased Professional-Educational Services | 211,300 | 71,374 | 282,674 | 266,940 | 15,734 |
| Other Purchased Services (400-500 series) | | 5,512 | 5,512 | 5,512 | - |
| General Supplies | 24,100 | (10,253) | 13,847 | 13,433 | 414 |
| Other Objects | 2,000 | (1,915) | 85 | 85 | - |
| **Total Autisim** | 1,134,401 | 219,771 | 1,354,172 | 1,338,024 | 16,148 |
| **Preschool Disabilities - Part-Time:** | | | | | |
| Salaries of Teachers | 78,835 | (16,448) | 62,387 | 62,387 | - |
| Other Salaries for Instruction | 17,443 | 9,700 | 27,143 | 27,143 | - |
| General Supplies | 2,500 | (86) | 2,414 | 2,414 | - |
| **Total Preschool Disabilities - Part-Time** | 98,778 | (6,834) | 91,944 | 91,944 | - |
| **Home Instruction:** | | | | | |
| Salaries of Teachers | 10,000 | 7,193 | 17,193 | 17,193 | - |
| **Total Home Instruction** | 10,000 | 7,193 | 17,193 | 17,193 | - |
| **TOTAL SPECIAL EDUCATION - INSTRUCTION** | 2,365,282 | 305,948 | 2,671,230 | 2,655,082 | 16,148 |
| **Basic Skills/Remedial - Instruction** | | | | | |
| Salaries of Teachers | 206,532 | (34,607) | 171,925 | 171,925 | - |
| Textbooks | 300 | (300) | - | | - |
| **Total Basic Skills/Remedial - Instruction** | 206,832 | (34,907) | 171,925 | 171,925 | - |
| **Bilingual Education - Instruction:** | | | | | |
| Salaries of Teachers | - | 14,550 | 14,550 | 14,550 | - |
| **Total Bilingual Education - Instruction** | - | 14,550 | 14,550 | 14,550 | - |
| **School-Spon. Cocurricular Actvts. - Inst.** | | | | | |
| Salaries | 28,085 | (450) | 27,635 | 27,635 | - |
| Other Objects | 2,000 | - | 2,000 | 1,874 | 126 |
| **Total School-Spon. Cocurricular Actvts. - Inst.** | 30,085 | (450) | 29,635 | 29,509 | 126 |
| **TOTAL INSTRUCTION** | 9,301,757 | (5,463) | 9,296,294 | 9,220,139 | 76,155 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Undistributed Expenditures - Instruction:** | | | | | |
| Tuition to Other LEAs Within the State - Special | 29,550 | (24,048) | 5,502 | 5,502 | - |
| Tuition to CSSD & Regional Day Schools | 178,761 | (115,719) | 63,042 | 63,042 | - |
| Tuition to Private Schools for the Disabled - Within State | 595,908 | 170,310 | 766,218 | 761,047 | 5,171 |
| **Total Undistributed Expenditures - Instruction:** | 804,219 | 30,543 | 834,762 | 829,591 | 5,171 |
| **Undistributed Expend. - Attend. & Social Work** | | | | | |
| Salaries | 14,273 | (2,273) | 12,000 | 12,000 | - |
| **Total Undistributed Expend. - Attend. & Social Work** | 14,273 | (2,273) | 12,000 | 12,000 | - |
| **Undist. Expend. - Health Services** | | | | | |
| Salaries | 315,867 | 10,095 | 325,962 | 325,962 | - |
| Purchased Professional and Technical Services | 5,800 | 1,403 | 7,203 | 7,203 | - |
| Supplies and Materials | 7,665 | (1,713) | 5,952 | 5,952 | - |
| **Total Undistributed Expenditures - Health Services** | 329,332 | 9,785 | 339,117 | 339,117 | - |
| **Undist. Expend. - Speech/Occupational Therapy, Physical Therapy & Related Serv.** | | | | | |
| Salaries | 204,873 | 6,061 | 210,934 | 210,934 | - |
| Purchased Professional - Educational Services | 800 | 7,150 | 7,950 | 7,950 | - |
| Supplies and Materials | 1,800 | - | 1,800 | 933 | 867 |
| **Total Undist. Expend. - Speech/Occ Therapy, PT & Related Serv.** | 207,473 | 13,211 | 220,684 | 219,817 | 867 |
| **Undist. Expend. Other Support Services - Students - Reg.** | | | | | |
| Salaries of Other Professional Staff | 72,349 | 151 | 72,500 | 72,500 | - |
| Salaries of Secretarial and Clerical Assistants | 12,266 | (2,266) | 10,000 | 10,000 | - |
| Purchased Professional - Educational Services | 2,800 | 1,425 | 4,225 | 4,225 | - |
| **Total Undist. Expend. - Other Supp. Serv. Students - Reg.** | 87,415 | (690) | 86,725 | 86,725 | - |
| **Undist. Expend. Other Support Services - Students - Spec.** | | | | | |
| Salaries of Other Professional Staff | 386,425 | 20,706 | 407,131 | 407,131 | - |
| Salaries of Secretarial and Clerical Assistants | 44,662 | 1,016 | 45,678 | 45,678 | - |
| Purchased Professional - Educational Services | 196,575 | 2,997 | 199,572 | 155,642 | 43,930 |
| Other Purchased Prof. and Tech. Services | 16,500 | (4,430) | 12,070 | 8,795 | 3,275 |
| Misc. Purchased Services (400-500 series Other Than Residential) | 4,000 | (1,493) | 2,507 | 2,425 | 82 |
| Supplies and Materials | 4,500 | 1,587 | 6,087 | 6,087 | - |
| Other Objects | 4,500 | 4,500 | 9,000 | 9,000 | - |
| **Total Undist. Expend. - Other Supp. Serv. Students - Spec.** | 657,162 | 24,883 | 682,045 | 634,758 | 47,287 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Undist. Expend. - Edu. Media Serv./Sch. Library** | | | | | |
| Salaries | 200,315 | 2,355 | 202,670 | 202,670 | - |
| Supplies and Materials | 14,000 | (2,574) | 11,426 | 11,424 | 2 |
| **Total Undist. Expend. - Edu. Media Serv./Sch. Library** | 214,315 | (219) | 214,096 | 214,094 | 2 |
| **Undist. Expend. - Instructional Staff Training Serv.** | | | | | |
| Other Purchased Services (400-500 series) | 8,500 | 2,825 | 11,325 | 6,564 | 4,761 |
| Other Objects | 2,500 | (2,500) | | | - |
| **Total Undist. Expend. - Instructional Staff Training Serv.** | 11,000 | 325 | 11,325 | 6,564 | 4,761 |
| **Undist. Expend. - Supp. Serv. - General Admin.** | | | | | |
| Salaries | 257,740 | (7,995) | 249,745 | 249,745 | - |
| Legal Services | 41,875 | (359) | 41,516 | 17,883 | 23,633 |
| Audit Fees | 18,400 | 1,623 | 20,023 | 20,023 | - |
| Other Purchased Professional Services | 53,250 | 1,371 | 54,621 | 36,257 | 18,364 |
| Purchased Technical Services | 4,776 | (4,776) | | | - |
| Communications/Telephone | 54,713 | (8,719) | 45,994 | 26,647 | 19,347 |
| BOE Other Purchased Services | 3,485 | 21,157 | 24,642 | 21,147 | 3,495 |
| General Supplies | 6,100 | (3,840) | 2,260 | 2,140 | 120 |
| Judgements Against the School District | 17,267 | - | 17,267 | 17,267 | - |
| Miscellaneous Expenditures | 29,400 | (3,494) | 25,906 | 16,561 | 9,345 |
| BOE Membership Dues and Fees | 11,975 | - | 11,975 | 11,515 | 460 |
| **Total Undist. Expend. - Supp. Serv. - General Admin.** | 498,981 | (5,032) | 493,949 | 419,185 | 74,764 |
| **Undist. Expend. - Support Serv. - School Admin.** | | | | | |
| Salaries of Principals/Assistant Principals | 554,467 | (2,124) | 552,343 | 552,343 | - |
| Salaries of Secretarial and Clerical Assistants | 221,077 | 6,541 | 227,618 | 227,618 | - |
| Purchased Professional and Technical Services | | 4,558 | 4,558 | 4,558 | - |
| Other Purchased Services (400-500 series) | 21,603 | (152) | 21,451 | 20,804 | 647 |
| Supplies and Materials | 21,363 | (3,071) | 18,292 | 15,742 | 2,550 |
| Other Objects | 3,875 | 1,815 | 5,690 | 5,035 | 655 |
| **Total Undist. Expend. - Support Serv. - School Admin.** | 822,385 | 7,567 | 829,952 | 826,100 | 3,852 |
| **Undistributed Expenditures - Central Services** | | | | | |
| Salaries | 301,927 | 9,320 | 311,247 | 299,339 | 11,908 |
| Purchased Technical Services | | 3,143 | 3,143 | 3,143 | - |
| Supplies and Materials | 15,000 | (4,257) | 10,743 | 9,971 | 772 |
| Miscellaneous Expenditures | 3,000 | 1,114 | 4,114 | 4,114 | - |
| **Total Undistributed Expenditures - Central Services** | 319,927 | 9,320 | 329,247 | 316,567 | 12,680 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Undistributed Expenditures - Admin. Info. Tech.** | | | | | |
| Purchased Technical Services | 37,720 | (249) | 37,471 | 36,000 | 1,471 |
| **Total Undistributed Expenditures - Admin. Info. Tech.** | 37,720 | (249) | 37,471 | 36,000 | 1,471 |
| **Undist. Expend. -Required Maintenance for School Facilities** | | | | | |
| Salaries | 307,320 | (4,539) | 302,781 | 302,781 | - |
| Cleaning, Repair, and Maintenance Services | 258,127 | (108,710) | 149,417 | 116,330 | 33,087 |
| General Supplies | 44,288 | 21,332 | 65,620 | 58,665 | 6,955 |
| Other Objects | | 713 | 713 | 365 | 348 |
| **Total Undist. Expend. -Required Maintenance for School Facilities** | 609,735 | (91,204) | 518,531 | 478,141 | 40,390 |
| **Undist. Expend. - Other Oper. & Maint. Of Plant** | | | | | |
| Salaries | 427,507 | 41,079 | 468,586 | 468,586 | - |
| Cleaning, Repair and Maintenance Services | 24,150 | (8,140) | 16,010 | 7,755 | 8,255 |
| Other Purchased Property Services | 22,446 | (6,582) | 15,864 | 13,640 | 2,224 |
| Insurance | 102,865 | 687 | 103,552 | 103,552 | - |
| Miscellaneous Purchased Services | 5,000 | 6,613 | 11,613 | 10,852 | 761 |
| General Supplies | 44,945 | 6,492 | 51,437 | 50,466 | 971 |
| Energy (Natural Gas) | 279,703 | (75,431) | 204,272 | 188,812 | 15,460 |
| Energy (Electricity) | 185,922 | 65,343 | 251,265 | 239,651 | 11,614 |
| Energy (Oil) | 2,500 | 24 | 2,524 | 2,524 | - |
| Other Objects | | 570 | 570 | 320 | 250 |
| **Total Undist. Expend. - Other Oper. & Maint. Of Plant** | 1,095,038 | 30,655 | 1,125,693 | 1,086,158 | 39,535 |
| **Undist. Expend. - Care and Upkeep of Grounds:** | | | | | |
| Salaries | 5,755 | (5,755) | | | - |
| **Total Undist. Expend. - Care & Upkeep of Grounds** | 5,755 | (5,755) | - | - | - |
| **Total Undist. Expend. - Oper. & Maint. Of Plant** | 1,710,528 | (66,304) | 1,644,224 | 1,564,299 | 79,925 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Undist. Expend. - Student Transportation Serv.** | | | | | |
| Sal. For Pup.Trans. (Bet. Home and School) - Regular | 750,358 | (25,152) | 725,206 | 725,206 | - |
| Sal. For Pup.Trans. (Bet. Home and School) - Special | 269,763 | 14,965 | 284,728 | 284,728 | - |
| Sal. For Pup. Trans. (Other than Bet. Home and School) | 35,312 | (15,551) | 19,761 | 19,345 | 416 |
| Sal. For Pup. Trans. (Bet. Home and School) Non-Public | 95,966 | (11,213) | 84,753 | 84,753 | - |
| Other Purchased Prof. and Tech. Services | | 300 | 300 | 253 | 47 |
| Cleaning, Repair and Maintenance Services | 50,000 | (7,576) | 42,424 | 34,864 | 7,560 |
| Lease Purchase Payments - School Buses | 182,921 | - | 182,921 | 133,709 | 49,212 |
| Contract Services - (Between Home and School) - Vendors | 109,000 | (48,202) | 60,798 | 44,954 | 15,844 |
| Contract Services - Aid in Lieu Payments - Non Public | 24,570 | - | 24,570 | 15,185 | 9,385 |
| Misc. Purchased Serv. - Transportation | 15,500 | (2,857) | 12,643 | 10,419 | 2,224 |
| General Supplies | 265,400 | (1,365) | 264,035 | 189,728 | 74,307 |
| Transportation Supplies | 54,000 | - | 54,000 | 50,146 | 3,854 |
| Other Objects | 12,000 | 1,117 | 13,117 | 12,457 | 660 |
| **Total Undist. Expend. - Student Transportation Serv.** | 1,864,790 | (95,534) | 1,769,256 | 1,605,747 | 163,509 |
| **UNALLOCATED BENEFITS** | | | | | |
| Group Insurance | | 389 | 389 | 389 | - |
| Social Security Contributions | 338,650 | (27,288) | 311,362 | 306,357 | 5,005 |
| Other Retirement Contributions - Regular | 237,430 | 37,615 | 275,045 | 274,824 | 221 |
| Workmen's Compensation | 135,244 | 23,716 | 158,960 | 156,989 | 1,971 |
| Health Benefits | 2,423,674 | 47,440 | 2,471,114 | 2,464,830 | 6,284 |
| Tuition Reimbursement | 57,000 | - | 57,000 | 43,239 | 13,761 |
| **TOTAL UNALLOCATED BENEFITS** | 3,191,998 | 81,872 | 3,273,870 | 3,246,628 | 27,242 |
| On-behalf TPAF NCGI Premium (non-budgeted) | | - | | 30,920 | (30,920) |
| On-behalf TPAF Post Retirement Medical (non-budgeted) | | - | | 580,729 | (580,729) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | - | | 703,449 | (703,449) |
| **TOTAL ON-BEHALF CONTRIBUTIONS** | - | - | - | 1,315,098 | (1,315,098) |
| **TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS** | 3,191,998 | 81,872 | 3,273,870 | 4,561,726 | (1,287,856) |
| **TOTAL UNDISTRIBUTED EXPENDITURES** | 10,771,518 | 7,205 | 10,778,723 | 11,672,290 | (893,567) |
| **TOTAL GENERAL CURRENT EXPENSE** | 20,073,275 | 1,742 | 20,075,017 | 20,892,429 | (817,412) |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **CAPITAL OUTLAY** | | | | | |
| **Increase in Capital Reserve** | 7,500 | - | 7,500 | | |
| **Equipment** | | | | | |
| Undistributed Expenditures - Oper. & Maint. Of Plant Serv. | | - | | | - |
| **Total Equipment** | - | - | - | - | - |
| **Assets Acquired Under Capital Leases (non-budgeted)** | | | | | |
| **Undistributed Expenditures:** | | | | | |
| Student Transportation | - | - | - | 52,852 | (52,852) |
| **Assets Acquired Under Capital Leases (non-budgeted)** | - | - | - | 52,852 | (52,852) |
| **TOTAL CAPITAL OUTLAY** | 7,500 | - | 7,500 | 52,852 | (52,852) |
| **TOTAL EXPENDITURES** | 20,080,775 | 1,742 | 20,082,517 | 20,945,281 | (870,264) |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | - | (1,742) | (1,742) | 425,632 | 427,374 |
| **Other Financing Sources (Uses):** | | | | | |
| **Operating Transfer Out:** | | | | | |
| **Capital Reserve - Transfer to Debt Service Fund** | (77,664) | | (77,664) | (66,376) | 11,288 |
| **Capital Leases (non-budgeted)** | | | - | 52,852 | 52,852 |
| **Total Other Financing Sources (Uses):** | (77,664) | - | (77,664) | (13,524) | 64,140 |
| **Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses** | (77,664) | (1,742) | (79,406) | 412,108 | 491,514 |
| **Fund Balance, July 1** | 979,315 | | 979,315 | 979,315 | - |
| **Fund Balance, June 30** | $ 901,651 | $ (1,742) | $ 899,909 | $ 1,391,423 | $ 491,514 |
| Adjustment for prior year encumbrances | | (1,742) | (1,742) | (1,742) | |
| Budgeted Withdrawal from Capital Reserve | (77,664) | | (77,664) | (77,664) | |
| Budgeted Fund Balance | - | | - | 491,514 | 491,514 |
| Total | (77,664) | (1,742) | (79,406) | 412,108 | 491,514 |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2010

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **Recapitulation:** | | | | | |
| **Reserve for Encumbrances** | | | | 87,705 | |
| **Capital Reserve** | | | | 528,719 | |
| **Excess Surplus** | | | | 147,806 | |
| **Excess Surplus - Designated for Subsequent Year's Expenditures** | | | | 172,060 | |
| **Unrestricted Fund Balance** | | | | 455,133 | |
| | | | | 1,391,423 | |
| **Reconciliation to Governmental Funds Statements (GAAP):** | | | | | |
| **Last State Aid Payment not recognized on GAAP basis** | | | | (318,410) | |
| **Fund Balance per Governmental Funds (GAAP)** | | | | $ 1,073,013 | |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**American Recovery and Reinvestment Act Budgetary Comparison Schedule**
**General Fund**
**Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| **REVENUES:** | | | | | |
| **Federal Sources:** | | | | | |
| Equalization Aid - ARRA GSF | | 10,031 | 10,031 | 10,031 | - |
| Equalization Aid - ARRA ESF | | 259,128 | 259,128 | 259,128 | - |
| Total Federal Sources | - | 269,159 | 269,159 | 269,159 | - |
| **Total Revenues** | - | 269,159 | 269,159 | 269,159 | - |
| **EXPENDITURES:** | | | | | |
| **ARRA Funds:** | | | | | |
| **Regular Programs - Instruction:** | | | | | |
| ARRA - ESF | | | | | |
| Grades 1-5 - Salaries of Teachers | | 116,545 | 116,545 | 116,545 | - |
| Grades 6-8 - Salaries of Teachers | | 25,913 | 25,913 | 25,913 | - |
| ARRA - GSF | | | | | |
| Grades 1-5 - Salaries of Teachers | | 9,028 | 9,028 | 9,028 | - |
| Grades 6-8 - Salaries of Teachers | | 1,003 | 1,003 | 1,003 | - |
| **TOTAL REGULAR PROGRAMS - INSTRUCTION** | - | 152,489 | 152,489 | 152,489 | - |
| **SPECIAL EDUCATION - INSTRUCTION** | | | | | |
| **Learning and/or Language Disabilities:** | | | | | |
| ARRA - ESF | | | | | |
| Salaries of Teachers | | 49,958 | 49,958 | 49,958 | - |
| **Total Learning and/or Language Disabilities** | - | 49,958 | 49,958 | 49,958 | - |
| **Resource Room/Resource Center:** | | | | | |
| ARRA - ESF | | | | | |
| Salaries of Teachers | | 66,712 | 66,712 | 66,712 | - |
| **Total Resource Room/Resource Center** | - | 66,712 | 66,712 | 66,712 | - |
| **TOTAL SPECIAL EDUCATION - INSTRUCTION** | - | 116,670 | 116,670 | 116,670 | - |
| **TOTAL INSTRUCTION** | - | 269,159 | 269,159 | 269,159 | - |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**Special Revenue Fund**
**For the Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|---|---|---|---|---|---|
| **REVENUES:** | | | | | |
| Local Sources | $ - | $ 6,000 | $ 6,000 | $ 4,405 | $ (1,595) |
| State Sources | 276,875 | (56,923) | 219,952 | 189,598 | (30,354) |
| Federal Sources | 404,515 | 440,503 | 845,018 | 591,822 | (253,196) |
| **Total Revenues** | **681,390** | **389,580** | **1,070,970** | **785,825** | **(285,145)** |
| **EXPENDITURES:** | | | | | |
| **Instruction** | | | | | |
| Salaries of Teachers | 52,400 | 7,299 | 59,699 | 58,155 | 1,544 |
| Other Salaries for Instruction | 19,100 | (2,848) | 16,252 | 16,252 | - |
| Purchased Professional -Educational Services | 41,000 | (40,000) | 1,000 | 1,000 | - |
| Other Purchased Professional Services | 230,400 | (60,538) | 169,862 | 143,070 | 26,792 |
| Tuition | 195,000 | 21,906 | 216,906 | 199,219 | 17,687 |
| General Supplies | 9,300 | 89,124 | 98,424 | 71,346 | 27,078 |
| Textbooks | 19,900 | 18,016 | 37,916 | 21,098 | 16,818 |
| **Total Instruction** | 567,100 | 32,959 | 600,059 | 510,140 | 89,919 |
| **Support Services** | | | | | |
| Salaries of Other Professional Staff | | 43,628 | 43,628 | 21,674 | 21,954 |
| Personal Services - Employee Benefits | 8,960 | 7,239 | 16,199 | 11,836 | 4,363 |
| Purchased Professional - Educational Services | 98,330 | 219,169 | 317,499 | 236,935 | 80,564 |
| Other Purchased Professional Services | | 5,585 | 5,585 | 4,016 | 1,569 |
| General Supplies | 7,000 | 7,000 | 14,000 | 1,224 | 12,776 |
| **Total Support Services** | 114,290 | 282,621 | 396,911 | 275,685 | 121,226 |
| **Facilities Acquisition and Construction Services:** | | | | | |
| Instructional Equipment | | 74,000 | 74,000 | | 74,000 |
| **Total Facilities Acquisition and Construction Services** | - | 74,000 | 74,000 | - | 74,000 |
| Total Expenditures | **681,390** | **389,580** | **1,070,970** | **785,825** | **285,145** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)** | $ - | $ - | $ - | $ - | $ - |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Required Supplementary Information**
**Budgetary Comparison Schedule**
**Note to Required Supplementary Information**
**For the Fiscal Year Ended June 30, 2010**

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

| | | General Fund | Special Revenue Fund |
|---|---|---|---|
| **Sources/inflows of resources** | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1]&[C-2] | $ 21,370,913 | $ 785,825 |
| 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 | | | 95 |
| Less Current Year Encumbrances | | | (86,640) |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 306,413 | - |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | (318,410) | - |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | $ 21,358,916 | $ 699,280 |
| **Uses/outflows of resources** | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1]&[C-2] | $ 20,945,281 | $ 785,825 |
| Differences - budget to GAAP | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for *budgetary* purposes, but in the year the supplies are received for *financial reporting* purposes. | | | |
| Add Prior Year Encumbrances | | | 95 |
| Less Current Year Encumbrances | | | (86,640) |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | $ 20,945,281 | $ 699,280 |

# 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, 2010

| | Total Brought Forward (Ex. E-1a) | Title I 2009-2010 | Title I ARRA 2009-2010 | Title II, Part A 2009-2010 | Title II, Part D 2009-2010 | Totals 2010 |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Local Sources | $ 4,405 | $ - | $ - | $ - | $ - | $ 4,405 |
| State Sources | 189,598 | | | | | 189,598 |
| Federal Sources | 505,284 | 49,160 | 5,586 | 31,348 | 444 | 591,822 |
| **Total Revenues** | **699,287** | **49,160** | **5,586** | **31,348** | **444** | **785,825** |
| **EXPENDITURES:** | | | | | | |
| **Instruction:** | | | | | | |
| Salaries of Teachers | 25,155 | 30,000 | | 3,000 | | 58,155 |
| Other Salaries for Instruction | - | | | 16,252 | | 16,252 |
| Purchased Professional - Educational Services | - | | | 1,000 | | 1,000 |
| Purchased Professional and Technical Services | 143,070 | | | | | 143,070 |
| Tuition | 199,219 | | | | | 199,219 |
| General Supplies | 54,610 | 9,104 | 5,586 | 1,727 | 319 | 71,346 |
| Textbooks | 21,098 | | | | | 21,098 |
| **Total instruction** | 443,152 | 39,104 | 5,586 | 21,979 | 319 | 510,140 |
| **Support services:** | | | | | | |
| Salaries of Other Professional Staff | 21,674 | | | | | 21,674 |
| Personal Services - Employee Benefits | 4,363 | 6,000 | | 1,473 | | 11,836 |
| Purchased Professional - Educational Services | 224,858 | 4,056 | | 7,896 | 125 | 236,935 |
| Other Purchased Professional Services | 4,016 | | | | | 4,016 |
| Travel | - | | | | | - |
| General Supplies | 1,224 | | | | | 1,224 |
| Textbooks | - | | | | | - |
| Indirect Costs | - | | | | | - |
| **Total support services** | 256,135 | 10,056 | - | 9,369 | 125 | 275,685 |
| **Facilities acquisition and const. serv.:** | | | | | | |
| Buildings | - | | | | | - |
| Instructional Equipment | - | | | | | - |
| Non-instructional Equipment | - | | | | | - |
| **Total facilities acquisition and const. serv.** | - | - | - | - | - | - |
| **Total Expenditures** | **699,287** | **49,160** | **5,586** | **31,348** | **444** | **785,825** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)** | $ - | $ - | $ - | $ - | $ - | $ - |

Exhibit E-1a

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, 2010

| | Total Brought Forward (Ex. E-1b) | Title IV 2009-2010 | I.D.E.A. Preschool 2009-2010 | I.D.E.A. Preschool ARRA 2009-2010 | Total Carried Forward |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Local Sources | $ 4,405 | $ - | $ - | $ - | $ 4,405 |
| State Sources | 189,598 | | | | 189,598 |
| Federal Sources | 489,876 | 2,576 | 12,832 | - | 505,284 |
| **Total Revenues** | **683,879** | **2,576** | **12,832** | - | **699,287** |
| **EXPENDITURES:** | | | | | |
| **Instruction:** | | | | | |
| Salaries of Teachers | 25,155 | | | | 25,155 |
| Other Salaries for Instruction | - | | | | - |
| Purchased Professional - Educational Services | - | | | | - |
| Purchased Professional and Technical Services | 143,070 | | | | 143,070 |
| Tuition | 186,387 | | 12,832 | | 199,219 |
| General Supplies | 54,110 | 500 | | | 54,610 |
| Textbooks | 21,098 | | | | 21,098 |
| **Total instruction** | 429,820 | 500 | 12,832 | - | 443,152 |
| **Support services:** | | | | | |
| Salaries of Other Professional Staff | 21,674 | | | | 21,674 |
| Personal Services - Employee Benefits | 4,363 | | | | 4,363 |
| Purchased Professional - Educational Services | 222,782 | 2,076 | | | 224,858 |
| Other Purchased Professional Services | 4,016 | | | | 4,016 |
| Travel | - | | | | - |
| General Supplies | 1,224 | | | | 1,224 |
| Textbooks | - | | | | - |
| Indirect Costs | - | | | | - |
| **Total support services** | 254,059 | 2,076 | - | - | 256,135 |
| **Facilities acquisition and const. serv.:** | | | | | |
| Buildings | - | | | | - |
| Instructional Equipment | - | | | | - |
| Noninstructional Equipment | - | | | | - |
| **Total facilities acquisition and const. serv.** | - | - | - | - | - |
| **Total Expenditures** | 683,879 | 2,576 | 12,832 | - | 699,287 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)** | $ - | $ - | $ - | $ - | $ - |

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

| | Total Brought Forward (Ex. E-1c) | I.D.E.A., Part B Basic 2009-2010 | I.D.E.A., Part B Basic Carryover | I.D.E.A., Part B Basic ARRA 2009-2010 | Total Carried Forward |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Local Sources | $ 4,405 | $ - | $ - | $ - | $ 4,405 |
| State Sources | 189,598 | | | | 189,598 |
| Federal Sources | - | 310,614 | 20,964 | 158,298 | 489,876 |
| **Total Revenues** | **194,003** | **310,614** | **20,964** | **158,298** | **683,879** |
| **EXPENDITURES** | | | | | |
| **Instruction:** | | | | | |
| Salaries of Teachers | 25,155 | | | | 25,155 |
| Other Salaries for Instruction | - | | | | - |
| Purchased Professional - Educational Services | - | | | | - |
| Purchased Professional and Technical Services | 143,070 | | | | 143,070 |
| Tuition | - | 186,387 | | | 186,387 |
| General Supplies | 4,680 | | | 49,430 | 54,110 |
| Textbooks | 21,098 | | | | 21,098 |
| **Total instruction** | 194,003 | 186,387 | - | 49,430 | 429,820 |
| **Support services:** | | | | | |
| Salaries of Other Professional Staff | - | | | 21,674 | 21,674 |
| Personal Services - Employee Benefits | - | | | 4,363 | 4,363 |
| Purchased Professional - Educational Services | - | 118,987 | 20,964 | 82,831 | 222,782 |
| Other Purchased Professional Services | - | 4,016 | | | 4,016 |
| Travel | - | | | | - |
| General Supplies | - | 1,224 | | | 1,224 |
| Textbooks | - | | | | - |
| Indirect Costs | - | | | | - |
| **Total support services** | - | 124,227 | 20,964 | 108,868 | 254,059 |
| **Facilities acquisition and const. serv.:** | | | | | |
| Building | - | | | | - |
| Instructional Equipment | - | | | | - |
| Noninstructional Equipment | - | | | | - |
| **Total facilities acquisition and const. serv.** | - | - | - | - | - |
| **Total Expenditures** | **194,003** | **310,614** | **20,964** | **158,298** | **683,879** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)** | $ - | $ - | $ - | $ - | $ - |

Exhibit E-1c

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, 2010

| | Total Brought Forward (Ex. E-1d) | N.J. Nonpublic Handicapped Services Ch. 193 | | | Total Carried Forward |
|---|---|---|---|---|---|
| | | Supplemental Instruction | Examination & Classification | Corrective Speech | |
| **REVENUES** | | | | | |
| Local Sources | $ 4,405 | $ - | $ - | $ - | $ 4,405 |
| State Sources | 92,805 | 27,077 | 50,437 | 19,279 | 189,598 |
| Federal Sources | - | | | | - |
| **Total Revenues** | **97,210** | **27,077** | **50,437** | **19,279** | **194,003** |
| **EXPENDITURES** | | | | | |
| **Instruction:** | | | | | |
| Salaries of Teachers | 25,155 | | | | 25,155 |
| Other Salaries for Instruction | - | | | | - |
| Purchased Professional - Educational Services | - | | | | - |
| Purchased Professional and Technical Services | 46,277 | 27,077 | 50,437 | 19,279 | 143,070 |
| Tuition | - | | | | - |
| General Supplies | 4,680 | | | | 4,680 |
| Textbooks | 21,098 | | | | 21,098 |
| **Total instruction** | 97,210 | 27,077 | 50,437 | 19,279 | 194,003 |
| **Support services:** | | | | | |
| Salaries of Other Professional Staff | - | | | | - |
| Personal Services - Employee Benefits | - | | | | - |
| Purchased Professional - Educational Services | - | | | | - |
| Other Purchased Professional Services | - | | | | - |
| Travel | - | | | | - |
| General Supplies | - | | | | - |
| Textbooks | - | | | | - |
| Indirect Costs | - | | | | - |
| **Total support services** | - | - | - | - | - |
| **Facilities acquisition and const. serv.:** | | | | | |
| Building | - | | | | - |
| Instructional Equipment | - | | | | - |
| Noninstructional Equipment | - | | | | - |
| **Total facilities acquisition and const. serv.** | - | - | - | - | - |
| **Total Expenditures** | **97,210** | **27,077** | **50,437** | **19,279** | **194,003** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)** | $ - | $ - | $ - | $ - | $ - |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Special Revenue Fund**
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (Cont'd.)**
**For the Fiscal Year Ended June 30, 2010**

| | N.J. Nonpublic Textbook Aid | N.J. Nonpublic Nursing Aid | N.J. Nonpublic Auxiliary Services Chapter 192 | | Learn Through Gardening | Total Carried Forward |
|---|---|---|---|---|---|---|
| | | | Comp. Ed. | ESL | | |
| **REVENUES** | | | | | | |
| Local Sources | $ - | $ - | $ - | $ - | $ 4,405 | $ 4,405 |
| State Sources | 21,098 | 25,430 | 45,298 | 979 | | 92,805 |
| Federal Sources | | | | | | - |
| **Total Revenues** | **21,098** | **25,430** | **45,298** | **979** | **4,405** | **97,210** |
| **EXPENDITURES** | | | | | | |
| **Instruction:** | | | | | | |
| Salaries of Teachers | | 25,155 | | | | 25,155 |
| Other Salaries for Instruction | | | | | | - |
| Purchased Professional - Educational Services | | | | | | - |
| Purchased Professional and Technical Services | | | 45,298 | 979 | | 46,277 |
| Tuition | | | | | | - |
| General Supplies | | 275 | | | 4,405 | 4,680 |
| Textbooks | 21,098 | | | | | 21,098 |
| **Total instruction** | 21,098 | 25,430 | 45,298 | 979 | 4,405 | 97,210 |
| **Support services:** | | | | | | |
| Salaries of Other Professional Staff | | | | | | - |
| Personal Services - Employee Benefits | | | | | | - |
| Purchased Professional - Educational Services | | | | | | - |
| Other Purchased Professional Services | | | | | | - |
| Travel | | | | | | - |
| General Supplies | | | | | | - |
| Textbooks | | | | | | - |
| Indirect Costs | | | | | | - |
| **Total support services** | - | - | - | - | - | - |
| **Facilities acquisition and const. serv.:** | | | | | | |
| Building | | | | | | - |
| Instructional Equipment | | | | | | - |
| Noninstructional Equipment | | | | | | - |
| **Total facilities acquisition and const. serv.** | - | - | - | - | - | - |
| **Total Expenditures** | **21,098** | **25,430** | **45,298** | **979** | **4,405** | **97,210** |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)** | $ - | $ - | $ - | $ - | $ - | $ - |

# CAPITAL PROJECTS FUND

Exhibit F-1

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Capital Projects Fund**
**Summary Schedule of Project Expenditures**
**For the Fiscal Year Ended June 30, 2010**

| Project Title/Issue | Approval Date | Revised Budgetary Appropriations | GAAP Expenditures to Date Prior Years | GAAP Expenditures to Date Current Year | Unexpended Appropriations June 30, 2010 |
|---|---|---|---|---|---|
| Roof Replacement - M.J. Ryerson Middle School | 4/15/2008 | 1,328,000 | 1,202,018 | | 125,982 |
| Totals | | $ 1,328,000 | $ 1,202,018 | $ - | $ 125,982 |

# 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, 2010

| | |
|---|---|
| **Revenues and Other Financing Sources:** | |
| Local Sources: | |
| Interest Income | $ 1,050 |
| Total Revenues | 1,050 |
| | |
| **Expenditures and Other Financing Uses:** | |
| Other Financing Uses: | |
| Transferred to Debt Service Fund | 1,050 |
| Total Expenditures | 1,050 |
| | |
| Excess (Deficiency) of revenues over (under) expenditures | - |
| | |
| Fund Balance - Beginning | 125,982 |
| | |
| Fund Balance - Ending | $ 125,982 |

Exhibit F-2a

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**
**Roof Replacement - M.J. Ryerson Middle School**
**From Inception and for the Year Ended June 30, 2010**

| | Prior Periods | Current Period | Totals | Revised Authorized Cost |
|---|---|---|---|---|
| **Revenues and Other Financing Sources:** | | | | |
| Bond proceeds and transfers | $ 1,328,000 | | $ 1,328,000 | $ 1,328,000 |
| Transfer from capital reserve | - | | - | - |
| Transfer from capital outlay | - | | - | - |
| Total Revenues | 1,328,000 | - | 1,328,000 | 1,328,000 |
| **Expenditures and Other Financing Uses:** | | | | |
| Purchased professional and technical services | 97,480 | | 97,480 | 97,480 |
| Construction services | 1,067,353 | | 1,067,353 | 1,067,353 |
| Other Objects | 37,185 | | 37,185 | 37,185 |
| Total Expenditures | 1,202,018 | - | 1,202,018 | 1,202,018 |
| Excess (Deficiency) of revenues over (under) expenses | $ 125,982 | $ - | $ 125,982 | $ 125,982 |

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

# PROPRIETARY FUNDS

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Combining Statement of Net Assets**
**Enterprise Funds**
**June 30, 2010**

| | Food Service | Safety Town | Totals |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 96,724 | $ 4,045 | $ 100,769 |
| Accounts receivable | | | |
| State | 579 | - | 579 |
| Federal | 6,456 | - | 6,456 |
| Other receivables | - | 260 | 260 |
| Inventories | 4,247 | - | 4,247 |
| Total current assets | 108,006 | 4,305 | 112,311 |
| Noncurrent assets: | | | |
| Furniture, machinery & equipment | 98,857 | - | 98,857 |
| Less accumulated depreciation | (94,657) | - | (94,657) |
| Total noncurrent assets | 4,200 | - | 4,200 |
| Total assets | 112,206 | 4,305 | 116,511 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 29,744 | 2,870 | 32,614 |
| Interfund payables | 2,222 | - | 2,222 |
| Total current liabilities | 31,966 | 2,870 | 34,836 |
| Total liabilities | 31,966 | 2,870 | 34,836 |
| **NET ASSETS** | | | |
| Invested in capital assets net of related debt | 4,200 | - | 4,200 |
| Unrestricted | 76,040 | 1,435 | 77,475 |
| Total net assets | $ 80,240 | $ 1,435 | $ 81,675 |

Exhibit G-2

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**
**Enterprise Funds**
**For the Year Ended June 30, 2010**

| | Food Service | Safety Town | Total Enterprise |
|---|---|---|---|
| Operating revenues: | | | |
| Charges for services: | | | |
| Daily sales - reimbursable programs | $ 346,942 | $ - | $ 346,942 |
| Special functions | 2,820 | - | 2,820 |
| Miscellaneous | 186 | 4,225 | 4,411 |
| Total operating revenues | 349,948 | 4,225 | 354,173 |
| Operating expenses: | | | |
| Cost of sales | 192,456 | - | 192,456 |
| Salaries | 130,583 | 3,951 | 134,534 |
| Employee benefits | 47,980 | - | 47,980 |
| Cleaning, repair and maintenance services | 5,457 | - | 5,457 |
| Purchased services | 28,464 | - | 28,464 |
| Miscellaneous Expense | 8,495 | - | 8,495 |
| General supplies | 18,425 | - | 18,425 |
| Depreciation | 943 | - | 943 |
| Total Operating Expenses | 432,803 | 3,951 | 436,754 |
| Operating income (loss) | (82,855) | 274 | (82,581) |
| Non-operating revenues (expenses): | | | |
| State sources: | | | |
| State school lunch program | 6,292 | - | 6,292 |
| Federal sources: | | | |
| National school lunch program | 67,436 | - | 67,436 |
| Special milk program | 1,562 | - | 1,562 |
| Food distribution program | 13,297 | - | 13,297 |
| Interest and investment revenue | 784 | 10 | 794 |
| Total non-operating revenues (expenses) | 89,371 | 10 | 89,381 |
| Income (loss) before contributions & transfers | 6,516 | 284 | 6,800 |
| Capital contributions | - | - | - |
| Transfers in (out) | | | - |
| Change in net assets | 6,516 | 284 | 6,800 |
| Total net assets—beginning | 73,724 | 1,151 | 74,875 |
| Total net assets—ending | $ 80,240 | $ 1,435 | $ 81,675 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Combining Statement of Cash Flows**
**Enterprise Funds**
**For the Year Ended June 30, 2010**

| | Food Service | Safety Town | Total Enterprise |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers and other funds | $ 349,948 | $ 4,225 | $ 354,173 |
| Payments to employees | (130,583) | (4,453) | (135,036) |
| Payments for employee benefits | (47,980) | - | (47,980) |
| Payments to suppliers | (230,995) | - | (230,995) |
| Net cash provided by (used for) operating activities | (59,610) | (228) | (59,838) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| State sources | 6,312 | - | 6,312 |
| Federal sources | 81,946 | - | 81,946 |
| Net cash provided by (used for) non-capital financing activities | 88,258 | - | 88,258 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest and dividends | 784 | 10 | 794 |
| Net cash provided by (used for) investing activities | 784 | 10 | 794 |
| Net increase (decrease) in cash and cash equivalents | 29,432 | (218) | 29,214 |
| Balances—beginning of year | 67,292 | 4,263 | 71,555 |
| Balances—end of year | $ 96,724 | $ 4,045 | $ 100,769 |
| **Reconciliation of operating income (loss) to net cash provided (used) by operating activities:** | | | |
| Operating income (loss) | $ (82,855) | $ 274 | $ (82,581) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities | | | |
| Depreciation and net amortization | 943 | - | 943 |
| (Increase) decrease in accounts receivable, net | | - | - |
| (Increase) decrease in inventories | (2,381) | - | (2,381) |
| Increase (decrease) in accounts payable | 24,683 | (502) | 24,181 |
| Total adjustments | 23,245 | (502) | 22,743 |
| Net cash provided by (used for) operating activities | $ (59,610) | $ (228) | $ (59,838) |

# FIDUCIARY FUND

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Combining Statement of Fiduciary Net Assets**
**Trust and Agency Funds**
**June 30, 2010**

| | Trust | | Agency | | |
|---|---|---|---|---|---|
| | Unemployment Compensation | Total Trust Fund | Student Activity | Payroll | Total Agency Fund |
| **Assets** | | | | | |
| Cash and cash equivalents | $ 18,425 | $ 18,425 | $ 14,791 | $ 22,661 | $ 37,452 |
| Total assets | 18,425 | 18,425 | 14,791 | 22,661 | 37,452 |
| **Liabilities** | | | | | |
| Accounts payable | 4,862 | 4,862 | 2,372 | | 2,372 |
| Interfund payables | | - | | 1,242 | 1,242 |
| Payable to student groups | | - | 12,419 | | 12,419 |
| Payroll deductions and withholdings | | - | | 21,419 | 21,419 |
| Total liabilities | 4,862 | 4,862 | $ 14,791 | $ 22,661 | $ 37,452 |
| **Net Assets** | | | | | |
| Reserved | 13,563 | 13,563 | | | |
| Total net assets | $ 13,563 | $ 13,563 | | | |

# BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
## Combining Statement of Changes in Fiduciary Net Assets
## Trust Funds
## For the Year Ended June 30, 2010

| | Unemployment Compensation Trust | Total Trusts |
|---|---|---|
| **ADDITIONS** | | |
| Contributions: | | |
| Plan member | $ 37,748 | $ 37,748 |
| Other | - | - |
| Total Contributions | 37,748 | 37,748 |
| Investment earnings: | | |
| Interest | 183 | 183 |
| Net investment earnings | 183 | 183 |
| Total additions | 37,931 | 37,931 |
| **DEDUCTIONS** | | |
| Quarterly contribution reports | 16,812 | 16,812 |
| Unemployment claims | 58,176 | 58,176 |
| Total deductions | 74,988 | 74,988 |
| Change in net assets | (37,057) | (37,057) |
| Net assets—beginning of the year | 50,620 | 50,620 |
| Net assets—end of the year | $ 13,563 | $ 13,563 |

Exhibit H-3

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Student Activity Agency Fund**
**Schedule of Receipts and Disbursements**
**For the Fiscal Year Ended June 30, 2010**

| | Balance July 1, 2009 | Cash Receipts | Cash Disbursed | Accounts Payable June 30, 2010 | Balance June 30, 2010 |
|---|---|---|---|---|---|
| Elementary Schools | $ 208 | 15,438 | 12,843 | | $ 2,803 |
| Middle School | 15,421 | 91,816 | 95,249 | 2,372 | 9,616 |
| Total Elementary Schools | $ 15,629 | $ 107,254 | $ 108,092 | $ 2,372 | $ 12,419 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Payroll Agency Fund**
**Schedule of Receipts and Disbursements**
**For the Fiscal Year Ended June 30, 2010**

| | Balance June 30, 2009 | Cash Receipts | Cash Disbursements | Balance June 30, 2010 |
|---|---|---|---|---|
| Net Payroll | $ - | $ 8,368,481 | $ 8,368,481 | $ - |
| Payroll deductions and withholdings | 108,358 | 6,344,391 | 6,431,330 | 21,419 |
| Interfund payable | 145 | 1,097 | | 1,242 |
| Totals | $ 108,503 | $ 14,713,969 | $ 14,799,811 | $ 22,661 |

# LONG-TERM DEBT

Exhibit I-1

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Long-Term Debt**
**Schedule of Bonds Payable**
**Year Ended June 30, 2010**

| Issue | Date of Issue | Amount of Issue | Annual Maturities Date | Annual Maturities Amount | Interest Rate | Balance July 1, 2009 | Issued | Retired | Balance June 30, 2010 |
|---|---|---|---|---|---|---|---|---|---|
| School District Bonds | July 15, 2008 | 1,328,000 | 1/15/2011 | 75,000 | 4.25% | | | | |
| | | | 1/15/2012 | 80,000 | 4.25% | | | | |
| | | | 1/15/2013 | 80,000 | 4.25% | | | | |
| | | | 1/15/2014 | 85,000 | 4.25% | | | | |
| | | | 1/15/2015 | 90,000 | 4.25% | | | | |
| | | | 1/15/2016 | 90,000 | 4.25% | | | | |
| | | | 1/15/2017 | 95,000 | 4.25% | | | | |
| | | | 1/15/2018 | 100,000 | 4.25% | | | | |
| | | | 1/15/2019 | 105,000 | 4.25% | | | | |
| | | | 1/15/2020 | 110,000 | 4.25% | | | | |
| | | | 1/15/2021 | 110,000 | 4.25% | | | | |
| | | | 1/15/2022 | 115,000 | 4.25% | | | | |
| | | | 1/15/2023 | 120,000 | 3.80% | | | | |
| | | | | | | $ 1,328,000 | $ - | $ 73,000 | $ 1,255,000 |

Exhibit I-2

**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, 2010**

| Series | Interest Rate | Amount of Orig. Issue | Amount Outstanding July 1, 2009 | Issued | Retired | Amount Outstanding June 30, 2010 |
|---|---|---|---|---|---|---|
| Acquisition of School Bus | 4.78% | 60,940 | 10,858 | | 10,858 | - |
| Acquisition of School Bus | 4.65% | 69,964 | 24,339 | | 11,893 | 12,446 |
| Acquisition of School Bus | 4.65% | 69,964 | 24,339 | | 11,893 | 12,446 |
| Acquisition of School Bus | 4.88% | 76,158 | 26,545 | | 12,956 | 13,589 |
| Acquisition of School Buses | | 203,922 | 104,092 | | 33,109 | 70,983 |
| Acquisition of School Bus | 4.97% | 72,637 | 59,017 | | 10,687 | 48,330 |
| Acquisition of School Bus | 4.69% | 55,208 | 44,921 | | 8,180 | 36,741 |
| Acquisition of School Bus | 3.78% | 56,763 | 46,404 | | 8,606 | 37,798 |
| Acquisition of School Bus | 4.20% | 52,852 | | 52,852 | 9,739 | 43,113 |
| | | | $ 340,515 | $ 52,852 | $ 117,921 | $ 275,446 |

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT**
**Budgetary Comparison Schedule**
**Debt Service Fund**
**For the Fiscal Year Ended June 30, 2010**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---|---|---|---|---|
| **REVENUES:** | | | | | |
| Local Sources: | | | | | |
| Miscellaneous | | $ - | | | $ - |
| State Sources: | | | | | |
| Debt Service Aid Type II | 63,064 | - | 63,064 | 63,064 | - |
| Total - State Sources | 63,064 | - | 63,064 | 63,064 | - |
| Total Revenues | 63,064 | - | 63,064 | 63,064 | - |
| **EXPENDITURES:** | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 67,728 | - | 67,728 | 56,440 | (11,288) |
| Redemption of Principal | 73,000 | - | 73,000 | 73,000 | - |
| Total expenditures | 140,728 | - | 140,728 | 129,440 | (11,288) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (77,664) | - | (77,664) | (66,376) | 11,288 |
| Other Financing Sources: | | | | | |
| Operating Transfers In: | | | | | |
| Interest earned in Capital Projects Fund | | - | | 1,050 | 1,050 |
| Transfer from Capital Reserve- | | | | | |
| Local share of debt service | 77,664 | - | 77,664 | 66,376 | (11,288) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | - | - | - | 1,050 | 1,050 |
| Fund Balance, July 1 | | - | | 4,720 | 4,720 |
| Fund Balance, June 30 | $ - | $ - | $ - | $ 5,770 | $ 5,770 |

# STATISTICAL SECTION

# STATISTICAL SECTION (UNAUDITED)

## Introduction to the Statistical Section

## Financial Trends


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


## Revenue Capacity


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

## STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

## J SERIES

**Contents** **Page**


**Financial Trends**
These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time. **J-1 to J-5**

**Revenue Capacity**
These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax. **J-6 to J-9**

**Debt Capacity**
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future. **J-10 to J-13**

**Demographic and Economic Information**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. **J-14 to J-15**

**Operating Information**
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. **J-16 to J-20**


**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Exhibit J-1

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

| | Fiscal Year Ending June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Governmental Activities** | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 1,671,974 | 1,493,073 | 1,191,497 | 1,074,734 | 985,778 | 1,002,124 | 703,541 | 570,971 |
| Restricted | 100,261 | 485,955 | 1,009,860 | 1,444,597 | 1,110,343 | 524,326 | 578,176 | 936,290 |
| Unrestricted | 32,466 | (65,668) | 287,527 | (28,438) | (118,375) | (426,002) | (263,647) | (224,912) |
| Total Governmental Activities Net Assets | 1,804,701 | 1,913,360 | 2,488,884 | 2,490,893 | 1,977,746 | 1,100,448 | 1,018,070 | 1,282,349 |
| **Business-type Activities** | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 2,395 | 2,156 | 6,426 | 7,971 | 7,028 | 6,086 | 5,143 | 4,200 |
| Restricted | - | - | - | - | - | - | - | - |
| Unrestricted | 21,923 | 37,553 | 41,588 | 48,827 | 54,923 | 61,097 | 69,732 | 77,475 |
| Total Business-type Activities Net Assets | 24,318 | 39,709 | 48,014 | 56,798 | 61,951 | 67,183 | 74,875 | 81,675 |
| **District-wide** | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 1,674,369 | 1,495,229 | 1,197,923 | 1,082,705 | 992,806 | 1,008,210 | 708,684 | 575,171 |
| Restricted | 100,261 | 485,955 | 1,009,860 | 1,444,597 | 1,110,343 | 524,326 | 578,176 | 936,290 |
| Unrestricted | 54,389 | (28,115) | 329,115 | 20,389 | (63,452) | (364,905) | (193,915) | (147,437) |
| Total District Net Assets | 1,829,019 | 1,953,069 | 2,536,898 | 2,547,691 | 2,039,697 | 1,167,631 | 1,092,945 | 1,364,024 |

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

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

| | Fiscal Year Ending June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Expenses** | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | 5,722,299 | 6,984,983 | 7,260,736 | 7,338,224 | 8,017,286 | 8,457,445 | 8,358,243 | 8,206,764 |
| Special Education | 886,811 | 1,510,673 | 1,545,870 | 2,007,384 | 2,531,784 | 2,661,336 | 2,898,870 | 3,168,413 |
| Other Special Instruction | 381,692 | 396,895 | 471,478 | 258,364 | 219,566 | 246,678 | 239,041 | 233,106 |
| Other Instruction | 29,632 | 41,932 | 36,290 | 39,928 | 40,133 | 44,816 | 39,943 | 29,509 |
| Support Services: | | | | | | | | |
| Tuition | 659,086 | 898,274 | 897,713 | 718,693 | 800,445 | 843,078 | 907,833 | 829,591 |
| Student & Instruction Related Services | 1,410,260 | 1,664,122 | 1,599,936 | 1,727,776 | 1,760,116 | 1,821,888 | 1,850,606 | 1,988,295 |
| School Administrative Services | 768,803 | 864,090 | 889,748 | 873,473 | 929,285 | 915,344 | 951,541 | 995,970 |
| General Administrative Services | 486,814 | 530,973 | 491,434 | 570,037 | 527,585 | 568,839 | 609,626 | 456,310 |
| Central Services & Admin. Info. Technology | - | - | 374,238 | 431,898 | 470,813 | 439,360 | 401,364 | 417,761 |
| Plant Operations and Maintenance | 1,453,434 | 1,674,896 | 1,641,335 | 1,794,687 | 1,831,750 | 1,830,897 | 1,707,840 | 1,732,297 |
| Pupil Transportation | 1,294,053 | 1,583,873 | 1,676,608 | 1,724,747 | 1,836,210 | 1,846,766 | 1,734,370 | 1,730,454 |
| Business and Other Support Services | 293,015 | 367,990 | - | - | - | - | - | - |
| Unallocated Benefits | 3,123,545 | 1,432,156 | 1,603,135 | 2,107,808 | 2,337,371 | 2,734,595 | 1,591,583 | 1,690,346 |
| Capital outlay-undepreciable | 10,951 | 2,815 | 141,416 | - | - | - | - | - |
| Interest on Long-term Debt | - | - | - | - | - | - | 41,233 | 55,724 |
| Unallocated Depreciation | 955,559 | 406,685 | 363,449 | 311,507 | 310,032 | 298,107 | 318,807 | 323,491 |
| Total Governmental Activities Expenses | 17,475,954 | 18,360,357 | 18,993,386 | 19,904,526 | 21,612,376 | 22,709,149 | 21,650,900 | 21,858,031 |
| Business-type Activities: | | | | | | | | |
| Food Service | 395,520 | 396,109 | 388,161 | 389,512 | 427,374 | 422,685 | 430,614 | 432,803 |
| Safety Town | | | | | | | | 3,951 |
| Total Business-type Activities Expenses | 395,520 | 396,109 | 388,161 | 389,512 | 427,374 | 422,685 | 430,614 | 436,754 |
| Total District Expenses | 17,871,474 | 18,756,466 | 19,381,547 | 20,294,038 | 22,039,750 | 23,131,834 | 22,081,514 | 22,294,785 |
| **Program Revenues** | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| Operating Grants and Contributions | 515,488 | 578,908 | 720,623 | 649,929 | 718,679 | 671,830 | 660,714 | 757,939 |
| Total Governmental Activities Program Revenues | 515,488 | 578,908 | 720,623 | 649,929 | 718,679 | 671,830 | 660,714 | 757,939 |

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

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

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

Exhibit J-3

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

| | Fiscal Year Ending June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| **General Fund** | | | | | | | | |
| Reserved | 100,261 | 485,955 | 1,009,860 | 1,444,597 | 1,110,343 | 524,326 | 578,176 | 936,290 |
| Unreserved | 773,350 | 561,151 | 758,784 | 434,303 | 298,743 | (8,636) | 94,726 | 136,723 |
| Total General fund | 873,611 | 1,047,106 | 1,768,644 | 1,878,900 | 1,409,086 | 515,690 | 672,902 | 1,073,013 |
| **All Other Governmental Funds** | | | | | | | | |
| Reserved | - | - | - | - | - | - | - | - |
| Unreserved, Reported in: | | | | | | | | |
| Special Revenue Fund | (3,216) | - | - | - | - | - | - | - |
| Capital Projects Fund | - | - | - | - | - | - | 125,982 | 125,982 |
| Debt Service Fund | - | - | - | - | - | - | 4,720 | 5,770 |
| Total All Other Governmental Funds | (3,216) | - | - | - | - | - | 130,702 | 131,752 |

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

Exhibit J-4

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

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Tax Levy | 10,295,000 | 10,859,158 | 11,875,526 | 12,565,218 | 13,173,749 | 13,300,243 | 13,567,275 | 14,152,624 | 15,029,689 | 15,282,478 |
| Other Local Revenue | 517,039 | 387,596 | 574,025 | 664,468 | 998,222 | 1,046,543 | 1,200,262 | 1,308,376 | 1,218,031 | 1,303,161 |
| State Sources | 4,285,114 | 3,746,787 | 4,158,788 | 4,832,747 | 4,932,253 | 5,130,618 | 5,892,277 | 5,945,899 | 4,894,869 | 4,759,718 |
| Federal Sources | 266,928 | 317,754 | 342,472 | 372,872 | 464,392 | 429,131 | 439,416 | 424,952 | 425,933 | 776,953 |
| Total Revenues | 15,364,081 | 15,311,295 | 16,950,811 | 18,435,305 | 19,568,616 | 19,906,535 | 21,099,230 | 21,831,851 | 21,568,522 | 22,122,310 |
| **Expenditures** | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | 5,284,896 | 5,654,862 | 5,722,299 | 5,861,746 | 6,074,111 | 6,167,515 | 6,504,184 | 7,172,429 | 7,072,550 | 6,853,405 |
| Special | 844,562 | 847,474 | 886,811 | 1,263,399 | 1,288,386 | 1,689,095 | 2,062,112 | 2,259,313 | 2,464,620 | 2,655,082 |
| Other Special Instruction | 418,594 | 369,293 | 381,692 | 328,165 | 387,241 | 214,126 | 174,391 | 205,675 | 193,650 | 186,475 |
| Other Instruction | 28,213 | 51,597 | 29,632 | 35,570 | 30,017 | 34,030 | 32,470 | 37,930 | 34,034 | 29,509 |
| Support Services: | | | | | | | | | | |
| Tuition | 734,100 | 977,349 | 659,086 | 898,274 | 897,713 | 718,693 | 800,445 | 843,078 | 907,833 | 829,591 |
| Student & inst. related services | 1,373,299 | 1,400,306 | 1,410,260 | 1,424,830 | 1,372,657 | 1,487,437 | 1,473,219 | 1,577,481 | 1,605,415 | 1,708,023 |
| General administration | 728,282 | 528,085 | 629,081 | 627,145 | 582,778 | 544,781 | 490,941 | 520,069 | 576,685 | 419,185 |
| School administrative services | 629,471 | 729,132 | 794,547 | 750,822 | 788,138 | 780,113 | 795,642 | 769,869 | 801,327 | 826,100 |
| Central services | | | | | 281,683 | 314,165 | 344,549 | 338,843 | 311,735 | 316,567 |
| Admin. information technology | | | | | 34,037 | 52,460 | 39,611 | 36,246 | 30,085 | 36,000 |
| Plant operations and maintenance | 1,199,902 | 1,315,797 | 1,453,434 | 1,507,032 | 1,471,321 | 1,633,156 | 1,638,586 | 1,680,587 | 1,552,789 | 1,564,299 |
| Pupil transportation | 1,258,366 | 1,440,513 | 1,451,018 | 1,532,315 | 1,608,018 | 1,648,057 | 1,694,317 | 1,757,165 | 1,650,275 | 1,605,747 |
| Other support services | 278,004 | 284,036 | 293,015 | 312,634 | | | | | | |
| Employee benefits | 2,562,995 | 2,558,079 | 3,101,740 | 3,688,659 | 4,015,994 | 4,512,651 | 5,503,017 | 5,375,348 | 4,165,744 | 4,561,726 |
| Capital Outlay | 170,246 | 245,522 | 365,045 | 92,871 | 271,044 | 216,086 | 219,482 | 279,059 | 1,270,409 | 52,852 |
| Debt Service: | | | | | | | | | | |
| Principal | | | | | | | | | | 73,000 |
| Interest and Other Charges | | | | | | | | | 28,220 | 56,440 |
| Total Governmental Fund Expenditures | 15,510,930 | 16,402,045 | 17,177,660 | 18,323,462 | 19,103,138 | 20,012,365 | 21,772,966 | 22,853,092 | 22,665,371 | 21,774,001 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (146,849) | (1,090,750) | (226,849) | 111,843 | 465,478 | (105,830) | (673,736) | (1,021,241) | (1,096,849) | 348,309 |
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Operating Transfers In | | | | | 294 | | | | 32,940 | 67,426 |
| Operating Transfers Out | | (3,925) | (1,081) | (489) | | | | | (32,940) | (67,426) |
| Proceeds from Borrowing | | | | | | | | | 1,328,000 | |
| Funding of Temporary Notes | | | | | | | | | | |
| Capital Leases (non-budgeted) | | 131,005 | 252,206 | 65,357 | 255,766 | 216,086 | 203,922 | 127,845 | 56,763 | 52,852 |
| Total Other Financing Sources (Uses) | | 127,080 | 251,125 | 64,868 | 256,060 | 216,086 | 203,922 | 127,845 | 1,384,763 | 52,852 |
| Net Changes in Fund Balance | (146,849) | (963,670) | 24,276 | 176,711 | 721,538 | 110,256 | (469,814) | (893,396) | 287,914 | 401,161 |
| Debt Service as a percentage of noncapital expenditures | | | | | | | | | 0.13% | 0.60% |

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.

**Exhibit J-5**

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

| Fiscal Year Ended June 30, | Interest Income | Transportation Fees | Tuition | Rentals | Miscellaneous | Annual Totals |
|---|---|---|---|---|---|---|
| 2001 | 138,457 | 338,582 | | 40,000 | | 517,039 |
| 2002 | 30,473 | 298,008 | | 25,000 | 34,115 | 387,596 |
| 2003 | 14,555 | 444,470 | | 75,000 | 40,000 | 574,025 |
| 2004 | 26,692 | 385,830 | 163,652 | 50,000 | 38,294 | 664,468 |
| 2005 | 39,509 | 452,581 | 401,359 | 55,000 | 49,773 | 998,222 |
| 2006 | 97,635 | 498,766 | 338,956 | 55,000 | 56,186 | 1,046,543 |
| 2007 | 133,993 | 345,795 | 610,794 | 55,000 | 54,680 | 1,200,262 |
| 2008 | 70,176 | 340,752 | 754,211 | 100,000 | 43,237 | 1,308,376 |
| 2009 | 13,716 | 438,574 | 685,381 | 75,000 | 5,360 | 1,218,031 |
| 2010 | 22,118 | 440,672 | 760,966 | 75,000 | 4,405 | 1,303,161 |

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: Tax Exempt Property | Public Utilities a | Net Assessed Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate b |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2000 | 44,853,700 | 701,389,260 | 2,544,430 | 26,540,500 | 14,311,400 | 0 | 789,639,290 | 0 | 2,120,629 | 791,759,919 | 929,580,448 | 1.301 |
| 2001 | 45,322,400 | 713,991,560 | 2,739,230 | 26,689,000 | 15,158,600 | 0 | 803,900,790 | 0 | 2,043,602 | 805,944,392 | 1,030,707,441 | 1.348 |
| 2002 | 42,717,900 | 727,131,710 | 3,300,230 | 26,948,100 | 15,741,800 | 0 | 815,839,740 | 0 | 1,963,132 | 817,802,872 | 1,154,604,754 | 1.453 |
| 2003 | 42,389,000 | 736,406,210 | 3,220,830 | 27,423,100 | 15,741,800 | 0 | 825,180,940 | 0 | 1,927,100 | 827,108,040 | 1,301,629,321 | 1.520 |
| 2004 | 44,012,000 | 746,783,660 | 3,240,030 | 28,407,800 | 16,220,000 | 0 | 838,663,490 | 0 | 1,652,700 | 840,316,190 | 1,493,140,322 | 1.569 |
| 2005 | 43,162,200 | 766,121,860 | 3,127,830 | 28,564,000 | 16,224,300 | 0 | 857,200,190 | 0 | 1,439,861 | 858,640,051 | 1,671,744,206 | 1.550 |
| 2006 | 36,491,500 | 776,476,460 | 2,735,230 | 27,927,400 | 17,687,900 | 0 | 861,318,490 | 0 | 1,179,728 | 862,498,218 | 1,827,554,813 | 1.574 |
| 2007 | 34,966,300 | 784,304,460 | 2,853,430 | 26,239,900 | 17,824,100 | 0 | 866,188,190 | 0 | 1,129,473 | 867,317,663 | 1,838,700,889 | 1.632 |
| 2008 | 34,544,900 | 787,768,560 | 2,853,730 | 26,299,900 | 17,824,100 | 0 | 869,291,190 | 0 | 1,084,483 | 870,375,673 | 1,986,231,254 | 1.727 |
| 2009 | 78,944,500 | 1,538,576,800 | 4,820,700 | 67,758,300 | 33,800,900 | 0 | 1,723,901,200 | 0 | 2,638,490 | 1,726,539,690 | 1,969,028,284 | 0.885 |

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***

| | Ringwood School District Direct Rate | | | Overlapping Rates | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year Ended June 30, | Basic Rate [a] | General Obligation Debt Service [b] | Total Direct School Tax Rate | Lakeland Regional School District | Borough of Ringwood | County of Passaic | Total Direct and Overlapping Tax Rate |
| 2000 | 1.301 | - | 1.301 | 0.735 | 0.766 | 0.638 | 3.440 |
| 2001 | 1.348 | - | 1.348 | 0.766 | 0.766 | 0.700 | 3.580 |
| 2002 | 1.453 | - | 1.453 | 0.785 | 0.801 | 0.781 | 3.820 |
| 2003 | 1.520 | - | 1.520 | 0.834 | 0.797 | 0.819 | 3.970 |
| 2004 | 1.569 | - | 1.569 | 0.887 | 0.831 | 0.873 | 4.160 |
| 2005 | 1.550 | - | 1.550 | 0.983 | 0.852 | 0.935 | 4.320 |
| 2006 | 1.574 | - | 1.574 | 1.024 | 0.894 | 1.018 | 4.510 |
| 2007 | 1.632 | - | 1.632 | 1.005 | 0.977 | 1.046 | 4.660 |
| 2008 | 1.727 | - | 1.727 | 1.020 | 1.024 | 1.152 | 4.923 |
| 2009 | 0.885 | - | 0.885 | 0.531 | 0.529 | 0.584 | 2.529 |

**Source: Municipal Tax Collector**

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
**b** Rates for debt service are based on each year's requirements.

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

| | 2009 | | | 1999 | | |
|---|---|---|---|---|---|---|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| North Jersey District Water Supply | $ 59,146,200 | 1 | 3.42% | $ 23,179,000 | 1 | 2.97% |
| Ringwood Plaza, Ltd. Partnership | 12,456,000 | 2 | 0.72% | 5,673,600 | 2 | 0.73% |
| Pitts (Daret) | | | | 4,138,800 | 3 | 0.53% |
| Serler, LLC | 5,375,100 | 5 | 0.31% | | | |
| Ringwood Associates (c/o Berger) | 5,802,000 | 3 | 0.34% | 2,858,100 | 5 | 0.37% |
| Cheese Works, 16-81 Inc. | 5,686,700 | 4 | 0.33% | | | |
| New Jersey Bell | | | | 3,107,911 | 4 | 0.43% |
| Public Service Electric & Gas Co. | 3,428,100 | 7 | 0.20% | 1,904,900 | 8 | 0.25% |
| Individual Taxpayer | | | | 2,004,400 | 7 | 0.26% |
| Verizon New Jersey | 3,331,890 | 8 | 0.19% | | | |
| Saddle Mountain, LP | | | | 2,262,600 | 6 | 0.29% |
| Ringwood Commons, LLC | 3,208,200 | 9 | 0.18% | | | |
| Ponderosa Group, LLC | 3,850,900 | 6 | 0.22% | | | |
| Remy Associates | | | | 1,753,900 | 9 | 0.23% |
| Tennessee Gas Transmission | 3,051,700 | 10 | 0.18% | 1,434,100 | 10 | 0.18% |
| Total | $ 105,336,790 | | 6.09% | $ 48,317,311 | | 6.24% |

**Source:** Municipal Tax Assessor

Exhibit J-9

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

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy[a] | | Collections in Subsequent Years |
|---|---|---|---|---|
| | | Amount | Percentage of Levy | |
| 2001 | 10,295,000 | 10,295,000 | 100.00% | - |
| 2002 | 10,859,158 | 10,859,158 | 100.00% | - |
| 2003 | 11,875,526 | 11,875,526 | 100.00% | - |
| 2004 | 12,565,218 | 12,565,218 | 100.00% | - |
| 2005 | 13,173,749 | 13,173,749 | 100.00% | - |
| 2006 | 13,300,243 | 13,300,243 | 100.00% | - |
| 2007 | 13,567,275 | 13,567,275 | 100.00% | - |
| 2008 | 14,152,624 | 14,152,624 | 100.00% | - |
| 2009 | 15,029,689 | 15,029,689 | 100.00% | |
| 2010 | 15,282,478 | 15,282,478 | 100.00% | - |

**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**

| | Governmental Activities | | | | Business-Type Activities | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ended June 30, | General Obligation Bonds [b] | Certificates of Participation | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | Total District | Percentage of Personal Income [a] | Per Capita [a] |
| 2001 | - | - | 394,481 | - | - | 394,481 | 2.62% | 31.82 |
| 2002 | - | - | 394,532 | - | - | 394,532 | 2.52% | 31.60 |
| 2003 | - | - | 464,029 | - | - | 464,029 | 2.91% | 37.04 |
| 2004 | - | - | 360,502 | - | - | 360,502 | 2.23% | 28.75 |
| 2005 | - | - | 428,257 | - | - | 428,257 | 2.59% | 34.24 |
| 2006 | - | - | 449,600 | - | - | 449,600 | 2.57% | 35.84 |
| 2007 | - | - | 453,724 | - | - | 453,724 | 2.42% | 36.14 |
| 2008 | - | - | 418,330 | - | - | 418,330 | 2.10% | 33.30 |
| 2009 | 1,328,000 | - | 340,515 | - | - | 1,668,515 | 8.07% | 132.40 |
| 2010 | 1,255,000 | - | 275,446 | - | - | 1,530,446 | Not Available | Not Available |

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

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

| | General Bonded Debt Outstanding | | | | |
|---|---|---|---|---|---|
| Fiscal Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value [a] of Property | Per Capita [b] |
| 2001 | - | - | - | 0.00% | - |
| 2002 | - | - | - | 0.00% | - |
| 2003 | - | - | - | 0.00% | - |
| 2004 | - | - | - | 0.00% | - |
| 2005 | - | - | - | 0.00% | - |
| 2006 | - | - | - | 0.00% | - |
| 2007 | - | - | - | 0.00% | - |
| 2008 | - | - | - | 0.00% | - |
| 2009 | 1,328,000 | - | 1,328,000 | 0.15% | 104.47 |
| 2010 | 1,255,000 | - | 1,255,000 | 0.07% | Not Available |

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.
**a** See Exhibit J-6 for property tax data.
**b** Population data can be found in Exhibit J-14.

# BOROUGH OF RINGWOOD SCHOOL DISTRICT
## Direct and Overlapping Governmental Activities Debt
## As of June 30, 2010
## Unaudited

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable [a] | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt repaid with property taxes | | | |
| Borough of Ringwood | $ 13,235,789 | 100.000% | $ 13,235,789 |
| County of Passaic | 355,741,071 | 3.350% | 11,917,326 |
| Other debt | | | |
| None | | | - |
| Subtotal, overlapping debt | | | 25,153,115 |
| **Borough of Ringwood School District Direct Debt** | | | 1,255,000 |
| **Total direct and overlapping debt** | | | $ 26,408,115 |

**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 2010**

| | | |
|---|---|---|
| Equalized valuation basis | | |
| 2009 | $ | 1,853,657,204 |
| 2008 | | 1,955,220,850 |
| 2007 | | 1,977,147,204 |
| | $ | 5,786,025,258 |
| Average equalized valuation of taxable property | $ | 1,928,675,086 |
| Debt limit (3 % of average equalization value) | | 57,860,253 |
| Total Net Debt Applicable to Limit | | 1,255,000 |
| Legal debt margin | $ | 56,605,253 |

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| Debt limit | $ 33,258,727 | $ 34,717,373 | $ 37,431,859 | $ 41,450,204 | $ 46,413,436 | $ 52,584,420 | $ 44,614,942 | $ 49,881,671 | $ 57,587,431 | $ 57,860,253 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | 1,328,000 | 1,255,000 |
| Legal debt margin | $ 33,258,727 | $ 34,717,373 | $ 37,431,859 | $ 41,450,204 | $ 46,413,436 | $ 52,584,420 | $ 44,614,942 | $ 49,881,671 | $ 56,259,431 | $ 56,605,253 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.31% | 2.17% |

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

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

| Year | Population [a] | Personal Income (County) [b] | Per Capita Personal Income [c] | Unemployment Rate [d] |
|---|---|---|---|---|
| 2000 | 12,396 | 15,061,350 | 30,687 | 2.40% |
| 2001 | 12,484 | 15,637,125 | 31,746 | 2.90% |
| 2002 | 12,529 | 15,932,154 | 32,313 | 3.80% |
| 2003 | 12,541 | 16,149,596 | 32,807 | 4.00% |
| 2004 | 12,508 | 16,540,912 | 33,721 | 3.30% |
| 2005 | 12,546 | 17,464,260 | 35,699 | 3.70% |
| 2006 | 12,555 | 18,717,948 | 38,392 | 3.80% |
| 2007 | 12,561 | 19,894,085 | 40,845 | 2.80% |
| 2008 | 12,602 | 20,684,200 | 42,354 | 4.60% |
| 2009 | 12,712 | Not Available | Not Available | 9.00% |

**Source:**

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

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

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

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

Exhibit J-15

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

| | 2009 | | | 1999 | | |
|---|---|---|---|---|---|---|
| Employer | Employees | Rank [Optional] | Percentage of Total Municipal Employment | Employees | Rank [Optional] | Percentage of Total Municipal Employment |
| Information Not Available | | | | | | |
| | - | | 0.00% | - | | 0.00% |

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

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Instruction: | | | | | | | | | | |
| Regular | 99 | 90 | 87 | 100 | 69 | 84 | 88 | 85 | 84 | 80 |
| Special Education | 14 | 16 | 16 | 15 | 17 | 22 | 22 | 21 | 22 | 22 |
| Other Special Instruction | 3 | 3 | 3 | 2 | 4 | 4 | 4 | 4 | 4 | 4 |
| Other Instruction | 7 | 9 | 9 | 10 | 9 | 10 | 10 | - | - | - |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 5 | 6 | 6 | 5 | 7 | 6 | 5 | 8 | 13 | 16 |
| School Administrative Services | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 12 | 11 | 11 |
| General Administrative Services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Central Services & Admin. Info. Technology | - | - | - | - | - | - | - | - | - | |
| Plant Operations and Maintenance | 12 | 14 | 14 | 13 | 13 | 14 | 15 | 15 | 15 | 15 |
| Pupil Transportation | 28 | 29 | 29 | 30 | 30 | 30 | 30 | 32 | 30 | 30 |
| Business and Other Support Services | - | - | - | - | - | - | - | 6 | 6 | 6 |
| Special Schools | - | - | - | - | - | - | - | - | - | - |
| Food Service | - | - | - | - | - | - | - | - | - | - |
| Child Care | - | - | - | - | - | - | - | - | - | - |
| Total | 175 | 174 | 171 | 182 | 156 | 177 | 181 | 186 | 188 | 187 |

**Source:** District Personnel Records

Exhibit J-17

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

| Fiscal Year | Enrollment | Operating Expenditures [a] | Cost Per Pupil | Percentage Change | Teaching Staff [b] | Pupil/Teacher Ratio Elementary | Pupil/Teacher Ratio Middle School | Average Daily Enrollment (ADE) [c] | Average Daily Attendance (ADA) [c] | % Change in Average Daily Enrollment | Student Attendance Percentage |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2001 | 1,440 | 15,340,684 | 10,653 | -2.38% | 121.00 | 12:01 | 11:01 | 1430 | 1,360 | 6.24% | 95.10% |
| 2002 | 1,470 | 16,156,523 | 10,991 | 3.17% | 121.00 | 14.3:1 | 11.4:1 | 1465 | 1,391 | 2.45% | 94.95% |
| 2003 | 1,460 | 16,812,615 | 11,515 | 4.77% | 128.00 | 13:01 | 12:01 | 1468 | 1,409 | 0.20% | 95.98% |
| 2004 | 1,467 | 18,230,591 | 12,427 | 7.92% | 126.00 | 13:01 | 12:01 | 1468 | 1,373 | 0.00% | 93.53% |
| 2005 | 1,419 | 18,832,094 | 13,271 | 6.79% | 122.00 | 13:01 | 10:01 | 1418 | 1,350 | -3.41% | 95.20% |
| 2006 | 1,440 | 19,796,279 | 13,747 | 3.59% | 126.00 | 15:01 | 11:01 | 1431 | 1,371 | 0.92% | 95.81% |
| 2007 | 1,412 | 21,553,484 | 15,265 | 8.88% | 130.00 | 13:01 | 12:01 | 1412 | 1,375 | -1.33% | 97.38% |
| 2008 | 1,369 | 22,574,033 | 16,489 | 4.73% | 129.00 | 10:01 | 12:01 | 1372 | 1,315 | -2.83% | 95.85% |
| 2009 | 1,360 | 21,366,742 | 15,711 | -5.35% | 123.00 | 12:01 | 13:01 | 1368 | 1,310 | -0.29% | 95.76% |
| 2010 | 1,320 | 21,591,709 | 16,357 | 1.05% | 125.00 | 13:01 | 12:01 | 1316 | 1,258 | -3.80% | 95.59% |



**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).

Exhibit J-18

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

| District Building | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Elementary** | | | | | | | | | | |
| E.G. Hewitt School (1937) | | | | | | | | | | |
| Square Feet | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 | 40,911 |
| Capacity (students) | 270 | 270 | 270 | 270 | 270 | 268 | 268 | 270 | 270 | 270 |
| Enrollment | n/a | 313 | 337 | 332 | 335 | 313 | 330 | 310 | 308 | 308 |
| Robert Erskine School (1960) | | | | | | | | | | |
| Square Feet | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 | 31,700 |
| Capacity (students) | 219 | 219 | 219 | 219 | 219 | 212 | 212 | 219 | 219 | 219 |
| Enrollment a | n/a | 273 | 318 | 319 | 321 | 316 | 297 | 267 | 267 | 267 |
| Peter Cooper School (1963) | | | | | | | | | | |
| Square Feet | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 | 40,213 |
| Capacity (students) | 291 | 291 | 291 | 291 | 291 | 277 | 277 | 291 | 291 | 291 |
| Enrollment | n/a | 297 | 315 | 305 | 313 | 304 | 276 | 303 | 284 | 284 |
| **Middle School** | | | | | | | | | | |
| Martin J. Ryerson (1970) | | | | | | | | | | |
| Square Feet | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 | 78,306 |
| Capacity (students) | 483 | 483 | 483 | 483 | 483 | 509 | 509 | 483 | 483 | 483 |
| Enrollment | n/a | 453 | 478 | 509 | 478 | 491 | 509 | 489 | 501 | 501 |
| **Other** | | | | | | | | | | |
| Administration Building | | | | | | | | | | |
| Square Feet | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26,240 | 26240 | 26,240 | 26,240 | 26,240 |
| Transportation Office and Garage | | | | | | | | | | |
| Square Feet | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 | 492 |

Number of Schools at June 30, 2010

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.

Exhibit J-19

**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 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Martin J. Ryerson Middle School | N/A | 173,100 | 131,157 | 135,250 | 240,547 | 222,000 | 195,628 | 192,555 | 202,008 | 197,835 | 171,639 |
| E.G. Hewitt Intermediate School | N/A | 66,597 | 69,068 | 83,375 | 113,101 | 104,381 | 91,981 | 90,536 | 94,981 | 92,817 | 80,527 |
| Robert Erskine Elementary School | N/A | 133,820 | 143,332 | 92,950 | 87,171 | 80,449 | 70,893 | 69,779 | 73,205 | 71,919 | 62,396 |
| Peter Cooper Elementary School | N/A | 104,624 | 120,753 | 133,671 | 110,894 | 102,344 | 90,186 | 88,769 | 93,128 | 91,233 | 79,153 |
| Total School Facilities | | 478,141 | 464,310 | 445,246 | 551,713 | 509,174 | 448,688 | 441,639 | 463,322 | 453,804 | 393,715 |

# BOROUGH OF RINGWOOD SCHOOL DISTRICT
## INSURANCE SCHEDULE
## JUNE 30, 2010
## UNAUDITED

| | Coverage | Deductible |
|---|---|---|
| Commercial Package Policy (1) | | |
| Blanket Building and Contents, Limits of Liability per Occurrence | $ 31,124,549 | $ 1,000 |
| Crime Coverage | | |
| Faithful Performance | $ 400,000 | $ 1,000 |
| Comprehensive General Liability | $ 5,000,000 | $ 1,000 |
| General Automobile Liability | $ 5,000,000 | $ 1,000 |
| Boiler and Machinery (1) | $ 31,124,549 | $ 1,000 |
| School Board Legal Liability (2) | $ 1,000,000 | $ 10,000 |
| Workers' Compensation (3) | Statutory | |
| Student Accident Insurance (4) | $ 500,000 | |
| Surety Bonds (5) | | |
| Treasurer | 200,000 | N/A |
| Board Secretary | 50,000 | N/A |

(1) School Alliance Insurance Fund
(2) National Union Insurance Company
(3) New Jersey Intergovernmental Insurance Fund
(4) AIG Life Insurance Company
(5) Hartford Insurance Company

**Source: District Records**

# SINGLE AUDIT SECTION

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Ringwood School District in the County of Passaic as of and for the fiscal year ended June 30, 2010 which collectively comprise the basic financial statements of the Board of Education of the Borough of Ringwood School District in the County of Passaic, and have issued our report thereon dated October 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

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

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

October 18, 2010

FWCC

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

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

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

Compliance

We have audited the compliance of the Board of Education of the Borough of Ringwood School District in the County of Passaic, New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010. Borough of Ringwood School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Ringwood School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Ringwood School District Board of Education's compliance based on our audit.

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

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In our opinion, the Borough of Ringwood School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The management of the Borough of Ringwood School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Ringwood School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ringwood School District Board of Education's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

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

October 18, 2010

FWCC

BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2009 | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2010 (Accounts Receivable) | Balance at June 30, 2010 Deferred Revenue | Balance at June 30, 2010 Due to Grantor | MEMO Cumulative Total Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **U.S. Department of Education** | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| ARRA-SFSF-ESF (Educ. State Grants) | 84.394 | N/A | 259,128 | 7/1/09 | 6/30/10 | | | 259,128 | (259,128) | | | | | | 259,128 |
| ARRA-SFSF-GSF (Government Services) | 84.397 | N/A | 10,031 | 7/1/09 | 6/30/10 | | | 10,031 | (10,031) | | | | | | 10,031 |
| Total General Fund | | | | | | - | - | 269,159 | (269,159) | - | - | - | - | - | 269,159 |
| **U.S. Department of Education** | | | | | | | | | | | | | | | |
| **Passed-through State Department of Education** | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Title I | 84.010A | NCLB440010 | 50,316 | 9/1/09 | 8/31/10 | | (34,431) | 52,443 | (49,160) | | | (31,148) | | | 49,160 |
| Title I | 84.010A | NCLB440009 | 34,431 | 9/1/08 | 8/31/09 | (34,431) | 34,431 | | | | | | | | 34,431 |
| ARRA-Title I, Part A | 84.389 | NCLB440010 | 16,812 | 9/1/09 | 8/31/10 | | | 5,586 | (5,586) | | | | | | 5,586 |
| Title II, Part A | 84.367A | NCLB440010 | 33,197 | 9/1/09 | 8/31/10 | | (32,118) | 36,780 | (31,348) | | | (26,686) | | | 31,348 |
| Title II, Part A | 84.367A | NCLB440009 | 32,268 | 9/1/08 | 8/31/09 | (32,118) | 32,118 | | | | | | | | 32,268 |
| Title II, Part D | 84.318X | NCLB440010 | 515 | 9/1/09 | 8/31/10 | | (288) | 288 | (444) | | | (444) | | | 444 |
| Title II, Part D | 84.318X | NCLB440009 | 288 | 9/1/08 | 8/31/09 | (288) | 288 | | | | | | | | 288 |
| Title IV | 84.186A | NCLB440010 | 2,980 | 9/1/09 | 8/31/10 | | (2,142) | 3,535 | (2,576) | | | (1,183) | | | 2,576 |
| Title IV | 84.186A | NCLB440009 | 3,045 | 9/1/08 | 8/31/09 | (2,142) | 2,142 | | | | | | | | 3,045 |
| IDEA Part B, Basic Regular | 84.027 | IDEA440010 | 330,573 | 9/1/09 | 8/31/10 | | (161,895) | 386,437 | (331,578) | | | (107,036) | | | 331,578 |
| IDEA Part B, Basic Regular | 84.027 | FT440009 | 334,483 | 9/1/08 | 8/31/09 | (161,895) | 161,895 | | | | | | | | 306,488 |
| ARRA-IDEA Part B | 84.391 | IDEA440010 | 355,724 | 7/1/09 | 8/31/11 | | | 75,467 | (158,298) | | | (82,831) | | | 158,298 |
| IDEA Part B, Preschool | 84.173 | IDEA440010 | 14,039 | 9/1/09 | 8/31/10 | | (1,000) | 2,808 | (12,832) | | | (11,024) | | | 12,832 |
| IDEA Part B, Preschool | 84.173 | PS440009 | 14,084 | 9/1/08 | 8/31/09 | (1,000) | 1,000 | | | | | | | | 14,084 |
| ARRA-Preschool Grants | 84.392 | IDEA440010 | 12,867 | 7/1/09 | 8/31/11 | | | | | | | | | | |
| Total Special Revenue Fund | | | | | | (231,874) | - | 563,344 | (591,822) | - | - | (260,352) | - | - | 982,476 |
| **U.S. Department of Agriculture** | | | | | | | | | | | | | | | |
| **Passed-through State Department of Education** | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| Food Distribution Program | 10.550 | N/A | 15,309 | 7/1/09 | 6/30/10 | | | 15,309 | (11,297) | | | | 4,012 | | 11,297 |
| Food Distribution Program | 10.550 | N/A | 10,662 | 7/1/08 | 6/30/09 | 2,000 | | | (2,000) | | | | | | 10,662 |
| National School Lunch Program | 10.555 | N/A | 67,436 | 7/1/09 | 6/30/10 | | | 61,153 | (67,436) | | | (6,283) | | | 67,436 |
| National School Lunch Program | 10.555 | N/A | 62,820 | 7/1/08 | 6/30/09 | (5,922) | | 5,922 | | | | | | | 62,820 |
| Special Milk Program | 10.556 | N/A | 1,564 | 7/1/09 | 6/30/10 | | | 1,391 | (1,564) | | | (173) | | | 1,564 |
| Special Milk Program | 10.556 | N/A | 1,693 | 7/1/08 | 6/30/09 | (185) | | 185 | | | | | | | 1,693 |
| Total Enterprise Fund | | | | | | (4,107) | - | 83,960 | (82,297) | - | | (6,456) | 4,012 | - | 155,472 |
| Total Federal Financial Awards | | | | | | $ (235,981) | $ - | $ 916,463 | $ (943,278) | $ - | $ - | $ (266,808) | $ 4,012 | $ - | $ 1,407,057 |

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

# BOROUGH OF RINGWOOD SCHOOL DISTRICT
## Schedule of State Financial Assistance
## for the Fiscal Year Ended June 30, 2010

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From | Grant Period To | Balance at June 30, 2009 Deferred Revenue (Accts. Receivable) | Balance at June 30, 2009 Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments/ Repayment of Prior Years' Balances | Balance at June 30, 2010 (Accounts Receivable) | Balance at June 30, 2010 Deferred Revenue | Balance at June 30, 2010 Due to Grantor | MEMO Budgetary Receivable | MEMO Cumulative Total Expenditures |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **State Department of Education** | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Equalization Aid | 10-495-034-5120-078 | $ 1,214,250 | 7/01/09 | 6/30/10 | | | | 1,214,250 | (1,214,250) | | | | | 148,340 | 1,214,250 |
| Transportation Aid | 10-495-034-5120-014 | 664,174 | 7/01/09 | 6/30/10 | | | | 664,174 | (664,174) | | | | | 70,748 | 664,174 |
| Special Education Categorical Aid | 10-495-034-5120-089 | 716,082 | 7/01/09 | 6/30/10 | | | | 716,082 | (716,082) | | | | | 71,608 | 716,082 |
| Security Aid | 10-495-034-5120-084 | 99,397 | 7/01/09 | 6/30/10 | | | | 99,397 | (99,397) | | | | | 9,937 | 99,397 |
| Adjustment Aid | 10-495-034-5120-085 | 327,124 | 7/01/09 | 6/30/10 | | | | 327,124 | (327,124) | | | | | 17,777 | 327,124 |
| Extraordinary Aid | 10-100-034-5120-473 | 181,420 | 7/01/09 | 6/30/10 | | | | | (181,420) | | (181,420) | | | | 181,420 |
| Extraordinary Aid | 09-100-034-5120-473 | 121,859 | 7/01/08 | 6/30/09 | (121,859) | | | 121,859 | | | | | | | |
| Non-Public Transportation Aid | 10-495-034-5120-014 | 4,025 | 7/01/09 | 6/30/10 | | | | | (4,025) | | (4,025) | | | | 4,025 |
| Non-Public Transportation Aid | 09-495-034-5120-014 | 11,849 | 7/01/08 | 6/30/09 | (11,849) | | | 11,849 | | | | | | | |
| On-Behalf TPAF NCGI Premium | 09-495-034-5095-007 | 30,920 | 7/01/09 | 6/30/10 | | | | 30,920 | (30,920) | | | | | | 30,920 |
| On-Behalf TPAF Postretirement Contrib. | 09-495-034-5095-001 | 580,729 | 7/01/09 | 6/30/10 | | | | 580,729 | (580,729) | | | | | | 580,729 |
| Reimbursed TPAF Social Security Contrib. | 10-495-034-5095-002 | 703,449 | 7/01/09 | 6/30/10 | | | | 668,610 | (703,449) | | (34,839) | | | | 703,449 |
| Reimbursed TPAF Social Security Contrib. | 09-495-034-5095-002 | 691,798 | 7/01/08 | 6/30/09 | (35,008) | | | 35,008 | | | | | | | |
| Total General Fund | | | | | (168,716) | - | - | 4,470,002 | (4,521,570) | - | (220,284) | - | - | 318,410 | 4,521,570 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| N.J. Nonpublic Aid: | | | | | | | | | | | | | | | |
| Textbook Aid | 10-100-034-5120-064 | 22,916 | 7/01/09 | 6/30/10 | | | | 22,916 | (21,098) | | | | 1,818 | | 21,098 |
| Auxiliary Services: | | | | | | | | | | | | | | | |
| Compensatory Education | 10-100-034-5120-067 | 46,449 | 7/01/09 | 6/30/10 | | | | 46,449 | (45,298) | | | | 1,151 | | 45,298 |
| Compensatory Education | 09-100-034-5120-067 | 81,617 | 7/01/08 | 6/30/09 | | 31,154 | | | | (31,154) | | | | | |
| English as a Second Language | 10-100-034-5120-067 | 3,915 | 7/01/09 | 6/30/10 | | | | 3,915 | (979) | | | | 2,936 | | 979 |
| English as a Second Language | 09-100-034-5120-067 | 1,015 | 7/01/08 | 6/30/09 | | 102 | | | | (102) | | | | | |
| Handicapped Services: | | | | | | | | | | | | | | | |
| Supplemental Instruction | 10-100-034-5120-066 | 35,043 | 7/01/09 | 6/30/10 | | | | 35,043 | (27,077) | | | | 7,966 | | 27,077 |
| Supplemental Instruction | 09-100-034-5120-066 | 50,386 | 7/01/08 | 6/30/09 | | 13,133 | | | | (13,133) | | | | | |
| Examination & Classification | 10-100-034-5120-066 | 56,657 | 7/01/09 | 6/30/10 | | | | 56,657 | (50,437) | | | | 6,220 | | 50,437 |
| Examination & Classification | 09-100-034-5120-066 | 56,490 | 7/01/08 | 6/30/09 | | 20,525 | | | | (20,525) | | | | | |
| Corrective Speech | 10-100-034-5120-066 | 27,798 | 7/01/09 | 6/30/10 | | | | 27,798 | (19,279) | | | | 8,519 | | 19,279 |
| Corrective Speech | 09-100-034-5120-066 | 38,130 | 7/01/08 | 6/30/09 | | 10,416 | | | | (10,416) | | | | | |
| Nursing Services | 10-100-034-5120-070 | 27,174 | 7/01/09 | 6/30/10 | | | | 27,174 | (25,430) | | | | 1,744 | | 25,430 |
| Technology Initiative | 09-100-034-5120-373 | 14,800 | 7/01/08 | 6/30/09 | | 56 | | | | (56) | | | | | |
| Total Special Revenue Fund | | | | | - | 75,386 | - | 219,952 | (189,598) | (75,386) | - | - | 30,354 | - | 189,598 |
| Debt Service Fund: | | | | | | | | | | | | | | | |
| Debt Service Aid | 10-495-034-5120-017 | 63,064 | 7/01/09 | 6/30/10 | | | | 63,064 | (63,064) | | | | | | 63,064 |
| **State Department of Agriculture** | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| State School Lunch Program | 10-100-010-3350-023 | 6,292 | 7/01/09 | 6/30/10 | | | | 5,713 | (6,292) | | (579) | | | | 6,292 |
| State School Lunch Program | 09-100-010-3350-023 | 6,420 | 7/01/08 | 6/30/09 | (599) | | | 599 | | | | | | | |
| Total Enterprise Fund | | | | | (599) | - | - | 6,312 | (6,292) | - | (579) | - | - | - | 6,292 |
| Total State Financial Assistance | | | | | $ (169,315) | $ 75,386 | $ - | $ 4,759,330 | $(4,780,524) | $ (75,386) | $ (220,863) | $ - | $ 30,354 | $ 318,410 | $ 4,780,524 |

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

## NOTE 1. GENERAL

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

## NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

## NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $(11,997) for the general fund and $(86,545) 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:

| | Federal | State | Total |
|---|---|---|---|
| General Fund | $269,159 | $4,509,573 | $4,778,732 |
| Special Revenue Fund | 507,794 | 187,081 | 694,875 |
| Debt Service Fund | | 63,064 | 63,064 |
| Food Service Fund | 82,295 | 6,292 | 88,587 |
| Total Financial Awards | $859,248 | $4,766,010 | $5,625,258 |

## 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, 2010. 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, 2010.

# BOROUGH OF RINGWOOD SCHOOL DISTRICT
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2010

## *Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? ____ yes ____X____ no

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

Noncompliance material to basic financial statements noted? ____ yes ____X____ no

**Federal Awards**

Internal Control over major programs:

1. Material weakness(es) identified? ____ yes ____X____ no

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

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

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

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.027 | IDEA Cluster |
| 84.173 | |
| 84.391 | |
| 84.392 | |

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

Auditee qualified as low-risk auditee? ____ yes ____X____ no

**BOROUGH OF RINGWOOD SCHOOL DISTRICT**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**
**(continued)**

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

**State Awards**

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

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

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

Internal Control over major programs:

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

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

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

Identification of major programs:

| GMIS Number(s) | Name of State Program |
|---|---|
| 10-495-034-5120-078 | Equalization Aid |
| 10-495-034-5120-089 | Special Education Categorical Aid |
| 10-495-034-5095-002 | TPAF Social Security |

# BOROUGH OF RINGWOOD SCHOOL DISTRICT
# SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2010

## *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, 2010

## Status of Prior Year Findings

No matters were reported.