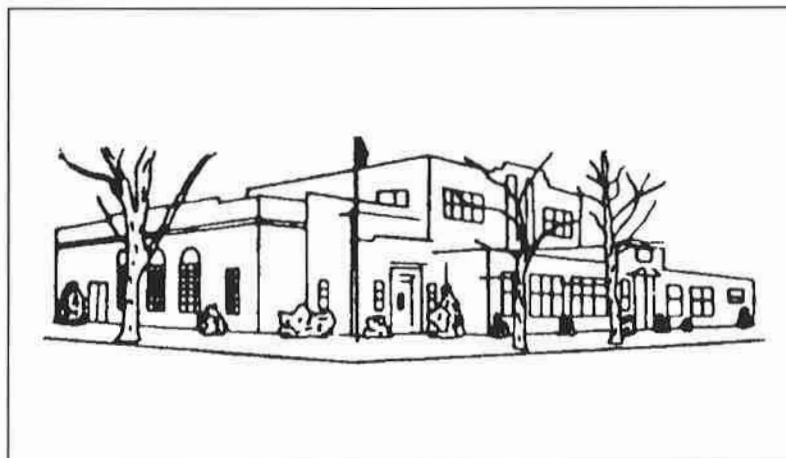


SCHOOL DISTRICT
OF
RIVERTON



Riverton Board of Education
Riverton, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

**Comprehensive Annual
Financial Report**

of the

Riverton Board of Education

Riverton, New Jersey

For the Fiscal Year Ended June 30, 2016

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

RIVERTON SCHOOL DISTRICT

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Introductory Section

Riverton Board of Education

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Donna Gidjunis

Board Secretary/Business Administrator

August 31, 2016

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

Dear Citizens:

The comprehensive annual financial report of the Riverton School District for the fiscal year ending June 30, 2016 is hereby submitted. Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner intended to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", 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, regulations, findings, and recommendations are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Preschool(integrated - not universal program) through eight. This includes programming for students eligible for special education services, students identified as gifted and talented and others identified as at risk in specific academic areas. It also includes a comprehensive physical education, health, fine arts, music, media, computer and Spanish instruction. The District completed the 2015/2016 fiscal year with an enrollment of 311 students, which is 18 students more than the previous year's end-of-year enrollment. The budget supports 51 students attending Palmyra High School, our receiving district. The following details the changes in the elementary student enrollment of the District over the last ten years:

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2006-07 | 241 | 5.24% |
| 2007-08 | 253 | 4.98% |
| 2008-09 | 259 | 2.37% |
| 2009-10 | 271 | 4.63% |
| 2010-11 | 282 | 4.06% |
| 2011-12 | 288 | 2.13% |
| 2012-13 | 286 | (0.70%) |
| 2013-14 | 302 | 5.59% |
| 2014-15 | 293 | (2.93%) |
| 2015-16 | 311 | 6.14% |

2. ECONOMIC CONDITION AND OUTLOOK: The Riverton School district is a one building district, which is located on the Delaware River in close proximity to Philadelphia and considered part of western Burlington County. Riverton School is a Kindergarten through eighth grade district, but also has an Integrated Preschool. Enrollment is approximately 311 students.

The past and most recent changes in the funding formula and the laws pertaining to school budget have made it difficult for The Riverton Board of Education to budget long term. Each year we face the challenge of paying the high mandated special education costs and high school tuition

while working to maintain an overall effective school program. With a mandated limited surplus, it is impossible to meet the unanticipated costs associated with students with special needs or those who have been placed by another agency, moving into our district. In addition, an increase in "homelessness" has added to unanticipated costs.

Currently, we are providing an excellent education where students perform at the top of the county on state mandated tests while maintaining an efficient budget. The taxpayers in Riverton support more than 89% of the current expense budget. The members of our town have remained supportive and involved even as we moved the election to November.

In the past, the District benefitted from a Foundation, the Friends of Riverton School, which served to strictly fund raise for the district. The funds have been used for facility improvements, including playground, and technology initiatives.

We continue to share services whenever possible. We currently share services for transportation, media/technology, related services, food services, insurance services, energy services, communications services and professional development.

Our PTO continues to support the school with contributions to our educational programs through materials and programming. They are most active in helping to rally the community's support and making field trips a reality for all students.

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

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

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

All students in grades K-8 benefit from weekly instruction from the fine arts teacher, the physical education teacher and in grades K-7, from the vocal music teacher. Our media specialist meets with the elementary school students and the middle school students' weekly to provide library skills instruction. The media specialist also coordinates lessons weekly with the computer teacher for research projects.

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

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

Sixth, seventh, and eighth grade students have the opportunity to participate in chorus. The chorus performs at the Burlington County Mall, Moorestown Mall and at school and community events.

Technology Literacy is taught in both the computer lab equipped with 30 personal computers, the Media Center equipped with 20 computers or in the Science lab with our laptop cart. Children are taught familiarity with computer hardware, keyboarding, and higher level thinking skills. They are given opportunities to refine their research abilities using a variety of software sources and the Internet. They apply this knowledge when producing projects assigned by classroom and subject teachers. They are also encouraged and given time to enjoy software and activities that address reading, math, and other academic skills. This year we participated in the State recommended Learning.com curriculum. 100% of our students passed the Technology Literacy Assessment in Grade 8.

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

We used benchmark assessments to best diagnose students needs and fine tune instruction. We used Title I funds to provide after school academic support. Riverton students historically score in the top quartile on all nationally normed tests. Third through eighth grade students must take State-mandated PARCC assessments. The Assessment of Skills and Knowledge (ASK) in Grades 4 and 8 in science are administered each spring. All grades perform at the top

of our county. Scores are used as part of a rubric to determine eligibility for a Gifted and Talented Program and our Basic Skills Improvement Program.

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end either are canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

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

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

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Inverso and Stewart, CPA. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984, the related OMB Circular A-133 and the 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.

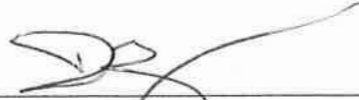
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Riverton School Board for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district and

thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our office staff.

Respectfully submitted,



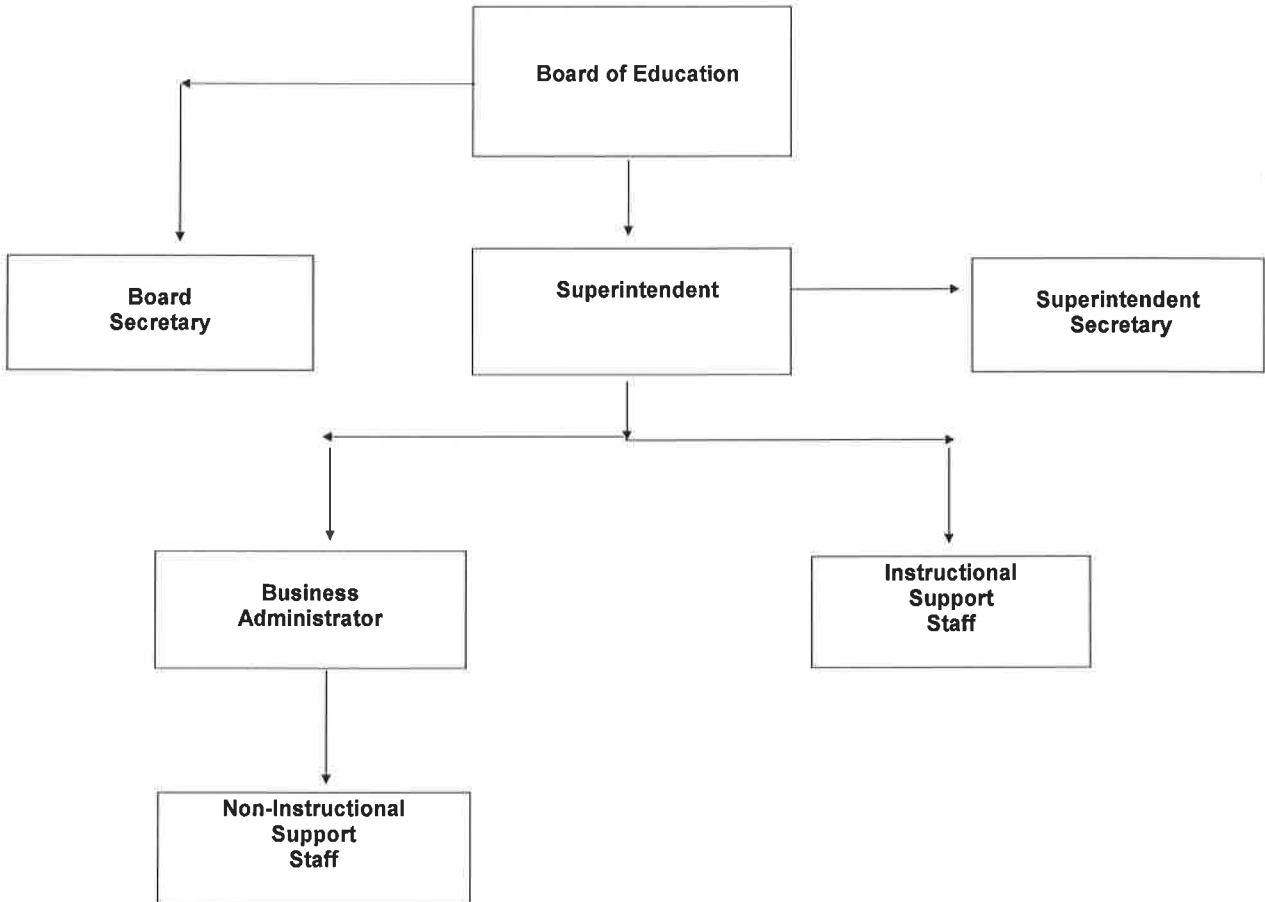
Mary Ellen Eck
Superintendent



Donna Gidjunis
Board Secretary/Business Administrator

RIVERTON BOARD OF EDUCATION

Organizational Chart (UNIT CONTROL)



RIVERTON SCHOOL DISTRICT

Roster of Officials June 30, 2016

Members of the Board of Education:

Term Expires

| | |
|-----------------------------|-----------|
| Walter Croft, President | Jan. 2019 |
| Scott Koste, Vice President | Jan. 2017 |
| JoAnn Corbi | Jan. 2018 |
| Mark DiLeo | Jan. 2017 |
| Jeffrey Elliot | Jan. 2019 |
| Helen Mack | Jan. 2018 |
| Michael V. Sencindiver | Jan. 2019 |
| Robin McGinnis | Jan. 2017 |
| Scott Warnock | Jan. 2018 |

Other Officials:

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

**RIVERTON SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
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Marlton, NJ 08053

Attorney

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Financial Section

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New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Riverton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Riverton School District, in the County of Burlington, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Riverton School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Treasury Circular OMB 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 31, 2016 on my consideration of the Riverton School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Riverton School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
August 31, 2016

INVERSO & STEWART, LLC
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 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverton School District, in the County of Burlington, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated August 31, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant

Marlton, New Jersey
August 31, 2016

Required Supplementary Information - Part I
Management's Discussion and Analysis

**Riverton School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

As management of the Board of Education of the Borough of Riverton, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$1,244,557 (*net position*).
- Governmental activities have a deficit unrestricted balance of \$517,994. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this minimal amount.
- The total net position of the School District increased by \$150,391, or a 13.74% increase from the prior fiscal year-end balance. The majority of this increase is attributable to the payment of long-term debt including reduction in the compensated absences balance at year end.
- Fund balance of the School District's governmental funds increased by \$134,713 resulting in an ending fund balance of \$990,257. This was a result of spending approximately 98% of the approved budget.
- Business-type activities have an unrestricted balance of \$17,574, which may be used to meet the School District's ongoing obligations of the Food Service Fund.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2017. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2017.

The assets of the primary government activities exceeded liabilities by \$1,213,246 with a deficit unrestricted balance of \$517,994. The net position of the primary government does not include internal balances.

A balance of \$744,869 has been restricted as follows:

| | | |
|--|----|----------------|
| Reserve for Encumbrances | \$ | 12,592 |
| Restricted for Future Maintenance Projects | | 241,613 |
| Restricted for Future Capital Projects | | 431,664 |
| Restricted for Future Tuition Payments | | 59,000 |
| | | <hr/> |
| Total | \$ | <u>744,869</u> |

**Comparative Summary of Net Position
As of June 30, 2016 and 2015**

| | Governmental Activities | | Business-Type Activities | | District-Wide | |
|--------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| ASSETS | | | | | | |
| Current assets | \$ 1,017,594 | \$ 894,407 | \$ 27,310 | \$ 28,985 | \$ 1,044,904 | \$ 923,392 |
| Capital assets | 986,371 | 1,054,534 | 13,737 | 13,350 | 1,000,108 | 1,067,884 |
| Total assets | <u>2,003,965</u> | <u>1,948,941</u> | <u>41,047</u> | <u>42,335</u> | <u>2,045,012</u> | <u>1,991,276</u> |
| Deferred Outflows of Resources | <u>212,332</u> | <u>52,867</u> | | | <u>212,332</u> | <u>52,867</u> |
| LIABILITIES | | | | | | |
| Current liabilities | 27,337 | 171,691 | 9,736 | 2,203 | 37,073 | 173,894 |
| Noncurrent liabilities | 961,749 | 737,421 | | | 961,749 | 737,421 |
| Total liabilities | <u>989,086</u> | <u>909,112</u> | <u>9,736</u> | <u>2,203</u> | <u>998,822</u> | <u>911,315</u> |
| Deferred Inflows of Resources | <u>13,965</u> | <u>38,662</u> | | | <u>13,965</u> | <u>38,662</u> |
| Net Position | <u>\$ 1,213,246</u> | <u>\$ 1,054,034</u> | <u>\$ 31,311</u> | <u>\$ 40,132</u> | <u>\$ 1,244,557</u> | <u>\$ 1,094,166</u> |
| Net Position Consists of: | | | | | | |
| Invested in Capital Assets | \$ 986,371 | \$ 924,534 | \$ 13,737 | \$ 13,350 | \$ 1,000,108 | \$ 937,884 |
| Restricted Assets | 744,869 | 632,407 | | | 744,869 | 632,407 |
| Unrestricted Assets | <u>(517,994)</u> | <u>(502,907)</u> | <u>17,574</u> | <u>26,782</u> | <u>(500,420)</u> | <u>(476,125)</u> |
| Net Position | <u>\$ 1,213,246</u> | <u>\$ 1,054,034</u> | <u>\$ 31,311</u> | <u>\$ 40,132</u> | <u>\$ 1,244,557</u> | <u>\$ 1,094,166</u> |

Governmental Activities

Governmental activities increased the net position of the School District by \$159,212 during the current fiscal year, thereby accounting for almost all the total increase in the net position of the School District. Key elements of the increase in net position for governmental activities are as follows:

- Excess of current year revenues over expenditures in the amount of \$130,423
- Fixed asset additions in the amount of \$43,672

Business-type Activities

Business-type activities decreased the School District's net position by \$8,821. Operations of the Food Service Fund produced a loss for the current fiscal year.

**Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2016 and 2015**

| | Governmental Activities | | Business-Type Activities | | District-Wide | |
|--|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Charges for services | \$ - | \$ - | \$ 41,824 | \$ 40,782 | \$ 41,824 | \$ 40,782 |
| Operating grants and contributions | 629,092 | 531,525 | 17,230 | 12,927 | 646,322 | 544,452 |
| Property taxes | 4,739,666 | 4,668,552 | | | 4,739,666 | 4,668,552 |
| Debt service taxes | 135,655 | 141,310 | | | 135,655 | 141,310 |
| State aid | 570,294 | 546,370 | | | 570,294 | 546,370 |
| Other revenues | 48,810 | 44,796 | | | 48,810 | 44,796 |
| Total Revenues | 6,123,517 | 5,932,553 | 59,054 | 53,709 | 6,182,571 | 5,986,262 |
| Expenses: | | | | | | |
| Governmental Activities: | | | | | | |
| Instruction | 2,146,959 | 2,123,631 | | | 2,146,959 | 2,123,631 |
| Tuition | 1,252,490 | 1,137,815 | | | 1,252,490 | 1,137,815 |
| Related services | 563,948 | 529,087 | | | 563,948 | 529,087 |
| Administrative services | 423,464 | 382,415 | | | 423,464 | 382,415 |
| Operations and Maintenance | 410,143 | 512,904 | | | 410,143 | 512,904 |
| Transportation | 103,463 | 99,009 | | | 103,463 | 99,009 |
| Employee benefits | 1,049,827 | 930,058 | | | 1,049,827 | 930,058 |
| Interest on debt | 2,827 | 11,310 | | | 2,827 | 11,310 |
| Other | 11,184 | 10,514 | | | 11,184 | 10,514 |
| Business-Type Activities: | | | | | | |
| Food Service | | | 67,875 | 42,518 | 67,875 | 42,518 |
| Total Expenses | 5,964,305 | 5,736,743 | 67,875 | 42,518 | 6,032,180 | 5,779,261 |
| Increase (Decrease) in Net Position before transfers | 159,212 | 195,810 | (8,821) | 11,191 | 150,391 | 207,001 |
| Transfers | | | | | | |
| Change in Net Position | 159,212 | 195,810 | (8,821) | 11,191 | 150,391 | 207,001 |
| Net Position July 1 | 1,054,034 | 858,224 | 40,132 | 28,941 | 1,094,166 | 887,165 |
| Net Position June 30 | \$ 1,213,246 | \$ 1,054,034 | \$ 31,311 | \$ 40,132 | \$ 1,244,557 | \$ 1,094,166 |

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$990,257, an increase of \$134,713 in comparison with the prior year.

The School District has an unassigned fund balance for the General Fund of \$245,388. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been assigned, as follows: 1) \$12,592 for year-end encumbrances, 2) \$241,613 restricted for future maintenance costs, 3) \$431,664 restricted for future capital projects and 4) \$59,000 restricted for tuition payments

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

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

General Fund Budgetary Highlights

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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the General Fund was \$273,781, while total fund balance (budgetary basis) was \$1,018,650. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total General Fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$5,724,650. Unassigned fund balance (budgetary basis) represents 4.78% of expenditures while total fund balance (budgetary basis) represents 17.79% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental activities as of June 30, 2016, totaled \$1,000,108 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was 67,776 or a 1.25% increase.

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

- Depreciation expense for the current fiscal year was \$113,973.
- The District purchased equipment totaling \$46,197 during the current fiscal year.

Capital Asset (net of accumulated depreciation) June 30, 2016 and 2015

| | Governmental Activities | | Business-type Activities | | District-Wide | |
|---------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 649,600 | \$ 649,600 | \$ - | \$ - | \$ 649,600 | \$ 649,600 |
| Site Improvements | 33,736 | 36,465 | | | 33,736 | 36,465 |
| Building and Building Improvements | 16,655 | 26,684 | | | 16,655 | 26,684 |
| Equipment | 286,380 | 341,785 | 13,737 | 13,350 | 300,117 | 355,135 |
| Total | \$ 986,371 | \$ 1,054,534 | \$ 13,737 | \$ 13,350 | \$ 1,000,108 | \$ 1,067,884 |

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

Economic Factors and Next Year's Budgets and Rates

For the 2016-2017 school year, the School District will be able to sustain its budget through the tax levy, federal aid, state aid, and miscellaneous revenue sources. One of the most important factors affecting the School District's budget is the amount of state aid it will receive in comparison to its enrollment. The 2016-2017 budget was adopted based on a \$5,747 increase in aid from the State of New Jersey and a \$241,917 increase in school property taxes. The School District continues to examine its costs in an effort to prevent additional burden on the taxpayers of the municipality.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

RIVERTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 988,044 | \$ 26,376 | \$ 1,014,420 |
| Receivables, net | | | |
| Intergovernmental | 29,437 | 934 | 30,371 |
| Other | 113 | | 113 |
| Capital assets, net (Note 5) | 986,371 | 13,737 | 1,000,108 |
| Total Assets | 2,003,965 | 41,047 | 2,045,012 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred outflows of resources from pensions | 212,332 | | 212,332 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 2,216,297 | 41,047 | 2,257,344 |
| LIABILITIES: | | | |
| Accounts payable | 31,837 | | 31,837 |
| Unearned revenue | 350 | 2,536 | 2,886 |
| Intergovernmental Accounts Payable | 2,350 | | 2,350 |
| Internal balances | (7,200) | 7,200 | |
| Noncurrent liabilities: | | | |
| Due within one year | | | |
| Due beyond one year | 961,749 | | 961,749 |
| Total Liabilities | 989,086 | 9,736 | 998,822 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred Inflows of resources from pensions | 13,965 | | 13,965 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 1,003,051 | 9,736 | 1,012,787 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 986,371 | 13,737 | 1,000,108 |
| Restricted for: | | | |
| Capital projects | 431,664 | | 431,664 |
| Other purposes | 313,205 | | 313,205 |
| Unrestricted | (517,994) | 17,574 | (500,420) |
| Total Net Position | \$ 1,213,246 | \$ 31,311 | \$ 1,244,557 |

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

RIVERTON SCHOOL DISTRICT
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 1,654,757 | \$ - | \$ 26,012 | \$ - | \$ (1,628,745) | \$ - | \$ (1,628,745) |
| Special education | 354,564 | | 80,434 | | (274,130) | | (274,130) |
| Other instruction | 137,638 | | | | (137,638) | | (137,638) |
| Support Services: | | | | | | | |
| Tuition | 1,252,490 | | | | (1,252,490) | | (1,252,490) |
| Student & instruction related services | 563,948 | | 22,053 | | (541,895) | | (541,895) |
| General administrative services | 423,464 | | | | (423,464) | | (423,464) |
| Plant operations and maintenance | 410,143 | | | | (410,143) | | (410,143) |
| Pupil transportation | 103,463 | | | | (103,463) | | (103,463) |
| Allocated and unallocated benefits | 1,049,827 | | 500,593 | | (549,234) | | (549,234) |
| Interest on long-term debt | 2,827 | | | | (2,827) | | (2,827) |
| Unallocated depreciation and amortization | 11,184 | | | | (11,184) | | (11,184) |
| Total Governmental Activities | <u>5,964,305</u> | | <u>629,092</u> | | <u>(5,335,213)</u> | | <u>(5,335,213)</u> |
| Business-Type Activities: | | | | | | | |
| Food service | 67,875 | 41,824 | 17,230 | | | (8,821) | (8,821) |
| Total Business-Type Activities | <u>67,875</u> | <u>41,824</u> | <u>17,230</u> | | | <u>(8,821)</u> | <u>(8,821)</u> |
| Total Primary Government | \$ 6,032,180 | \$ 41,824 | \$ 646,322 | \$ - | (5,335,213) | (8,821) | (5,344,034) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes levied for general purposes, net | | | | | 4,739,666 | | 4,739,666 |
| Taxes levied for debt service | | | | | 135,655 | | 135,655 |
| Federal and State aid not restricted | | | | | 570,294 | | 570,294 |
| Miscellaneous income | | | | | 48,810 | | 48,810 |
| Total general revenues, special items, extraordinary items and transfers | | | | | <u>5,494,425</u> | | <u>5,494,425</u> |
| Change in Net Position | | | | | 159,212 | (8,821) | 150,391 |
| Net Position - June 30, 2015 | | | | | 1,054,034 | 40,132 | 1,094,166 |
| Net Position - June 30, 2016 | | | | | <u>\$ 1,213,246</u> | <u>\$ 31,311</u> | <u>\$ 1,244,557</u> |

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

Fund Financial Statements

RIVERTON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

| ASSETS | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 986,214 | \$ 1,830 | \$ - | \$ - | \$ 988,044 |
| Interfund Receivable | 7,313 | | | | 7,313 |
| Receivables from Other Governments: | | | | | |
| Local | 5,136 | | | | 5,136 |
| State | 23,781 | | | | 23,781 |
| Federal | | 520 | | | 520 |
| Total Assets | <u>1,022,444</u> | <u>2,350</u> | <u>-</u> | <u>-</u> | <u>1,024,794</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 31,837 | | | | 31,837 |
| Intergovernmental accounts payable | | 2,350 | | | 2,350 |
| Unearned revenue | 350 | | | | 350 |
| Total Liabilities | <u>32,187</u> | <u>2,350</u> | <u>-</u> | <u>-</u> | <u>34,537</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Capital reserve | 431,664 | | | | 431,664 |
| Maintenance reserve | 241,613 | | | | 241,613 |
| Tuition reserve | 59,000 | | | | 59,000 |
| Excess surplus - designated for subsequent year's budget | | | | | |
| Assigned to: | | | | | |
| Year-end encumbrances | 12,592 | | | | 12,592 |
| Unassigned | 245,388 | | | | 245,388 |
| Total Fund Balances | <u>990,257</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>990,257</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,022,444</u> | <u>\$ 2,350</u> | <u>\$ -</u> | <u>\$ -</u> | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,652,116 and the accumulated depreciation is \$1,665,745. 986,371

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

| | | |
|--|-----------------|-----------|
| Deferred Outflows of resources from Pensions | 212,332 | |
| Net Pension Liability | (868,591) | |
| Deferred Inflows of resources from Pensions | <u>(13,965)</u> | (670,224) |

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

| | |
|------------------------------|-----------------|
| Compensated Absences Payable | <u>(93,158)</u> |
|------------------------------|-----------------|

| | |
|---|---------------------|
| Net Position of Governmental Activities | <u>\$ 1,213,246</u> |
|---|---------------------|

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

RIVERTON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 4,739,666 | \$ - | \$ - | \$ 135,655 | \$ 4,875,321 |
| Tuition | 44,601 | | | | 44,601 |
| Miscellaneous | 4,209 | 1,750 | | | 5,959 |
| Total local sources | 4,788,476 | 1,750 | | 135,655 | 4,925,881 |
| State sources | 1,070,887 | 9,433 | | | 1,080,320 |
| Federal sources | | 117,316 | | | 117,316 |
| Total Revenues | 5,859,363 | 128,499 | | 135,655 | 6,123,517 |
| EXPENDITURES: | | | | | |
| Current expense: | | | | | |
| Regular instruction | 1,545,980 | 26,012 | | | 1,571,992 |
| Special education instruction | 274,130 | 80,434 | | | 354,564 |
| Other instruction | 137,638 | | | | 137,638 |
| Support services and undistributed costs: | | | | | |
| Tuition | 1,252,490 | | | | 1,252,490 |
| Student & instruction related services | 541,895 | 22,053 | | | 563,948 |
| General administrative services | 412,281 | | | | 412,281 |
| Plant operations and maintenance | 384,269 | | | | 384,269 |
| Pupil transportation | 103,463 | | | | 103,463 |
| Allocated benefits | 513,549 | | | | 513,549 |
| Unallocated benefits | 500,593 | | | | 500,593 |
| Capital outlay | 58,362 | | | | 58,362 |
| Debt service: | | | | | |
| Principal | | | | 130,000 | 130,000 |
| Interest and other charges | | | | 5,655 | 5,655 |
| Total Expenditures | 5,724,650 | 128,499 | | 135,655 | 5,988,804 |
| Excess (deficiency) of revenues over (under) expenditures | 134,713 | | | | 134,713 |
| Fund Balances - July 1, 2015 | 855,544 | | | | 855,544 |
| Fund Balances - June 30, 2016 | \$ 990,257 | \$ - | \$ - | \$ - | \$ 990,257 |

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

RIVERTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

| | | |
|--|---------------|----------------|
| Total net change in fund balances - governmental funds (from B-2) | \$ | 134,713 |
| <p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> | | |
| <p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> | | |
| Depreciation expense | \$ (111,835) | |
| Fixed assets additions | <u>43,672</u> | (68,163) |
| <p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p> | | |
| | | 130,000 |
| <p>Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount is the net effect of the difference in the treatment of interest on long-term debt.</p> | | |
| | | 2,828 |
| <p>Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.</p> | | |
| | | (35,685) |
| <p>In the statement of activities, certain operating expenses, (e.g. compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)</p> | | |
| | | <u>(4,481)</u> |
| Change in Net Position of Governmental Activities | \$ | <u>159,212</u> |

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

RIVERTON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

| | <u>Food Service Fund</u> |
|--|----------------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and cash equivalents | \$ 26,376 |
| Intergovernmental receivables: | |
| State | 39 |
| Federal | 895 |
| | <hr/> |
| Total current assets | <u>27,310</u> |
| Non-current assets: | |
| Machinery and equipment (net of accumulated depreciation) | <u>13,737</u> |
| Total non-current assets | <u>13,737</u> |
| Total assets | <u>\$ 41,047</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Interfund payable | 7,200 |
| Unearned revenues | <u>2,536</u> |
| Total Current liabilities | <u>9,736</u> |
| NET POSITION: | |
| Net investment in capital assets | 13,737 |
| Unrestricted | <u>17,574</u> |
| Total net position | <u>\$ 31,311</u> |

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

RIVERTON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

| | <u>Food Service Fund</u> |
|--|----------------------------------|
| Operating Revenues: | |
| Charges for services: | |
| Daily sales: | |
| Reimbursable programs | \$ 34,114 |
| Non-reimbursable programs | 7,710 |
| | <u>41,824</u> |
| Total operating revenue | <u>41,824</u> |
| Operating Expenses: | |
| Supplies and materials | 8,804 |
| Cost of sales | 43,152 |
| Depreciation | 2,138 |
| Direct expenses | 13,781 |
| | <u>67,875</u> |
| Total operating expenses | <u>67,875</u> |
| Operating income (loss) | <u>(26,051)</u> |
| Non-Operating Revenues (Expenses): | |
| State sources: | |
| State school lunch program | 712 |
| Federal sources: | |
| National school lunch program | 16,518 |
| | <u>17,230</u> |
| Total non-operating revenues | <u>17,230</u> |
| Income (loss) before contributions and transfers | (8,821) |
| Contributed Capital | <u> </u> |
| Changes in net position | (8,821) |
| Net Position - July 1, 2015 | <u>40,132</u> |
| Net Position - June 30, 2016 | <u><u>\$ 31,311</u></u> |

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

RIVERTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

| | <u>Food Service Fund</u> |
|---|----------------------------------|
| Cash Flows from Operating Activities: | |
| Cash receipts from customers | \$ 42,157 |
| Cash payments to suppliers for goods and services | <u>(58,537)</u> |
| Net cash used by operating activities | <u>(16,380)</u> |
| Cash Flows from Non-capital Financing Activities: | |
| Cash received from state sources | 709 |
| Cash received from federal sources | <u>16,351</u> |
| Net cash provided by non-capital financing activities | <u>17,060</u> |
| Cash Flows From Capital and Related Financing Activities | |
| Purchase of capital assets | <u>(2,525)</u> |
| Cash Flow From Investing Activities: | |
| Interest on cash equivalents | <u> </u> |
| Net increase (decrease) in cash and cash equivalents | (1,845) |
| Cash and cash equivalents - July 1, 2015 | <u>28,221</u> |
| Cash and cash equivalents - June 30, 2016 | <u>\$ 26,376</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities: | |
| Operating Income (Loss) | \$ (26,051) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | |
| Depreciation | 2,138 |
| Increase (decrease) in interfund payable | 7,200 |
| Increase (decrease) in deferred revenues | <u>333</u> |
| Net cash provided by (used for) operating activities | <u>\$ (16,380)</u> |
| Noncash Non-capital Financing Activities: | |
| During the year the District did not receive any food commodities from the U.S. Department of Agriculture. | |

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

RIVERTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

| | Trust Funds | | | Agency Funds |
|---------------------------------------|--|-------------------------------|--------------------------|---------------------|
| | Unemployment Compensation Trust | Flexible Benefit Trust | Scholarship Funds | |
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 68,400 | \$ 6,592 | \$ 4,327 | \$ 37,727 |
| Total Assets | <u>\$ 68,400</u> | <u>\$ 6,592</u> | <u>\$ 4,327</u> | <u>\$ 37,727</u> |
| LIABILITIES: | | | | |
| Interfund Payable | \$ - | \$ - | \$ - | \$ 113 |
| Payroll deductions and withholdings | | | | 19,279 |
| Due to student groups | | | | 18,335 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 37,727</u> |
| NET POSITION | | | | |
| Held in trust for claims/scholarships | <u>\$ 68,400</u> | <u>\$ 6,592</u> | <u>\$ 4,327</u> | |

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

RIVERTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

| | <u>Flexible Benefits Trust Fund</u> | <u>Unemployment Compensation Insurance Trust Fund</u> | <u>Scholarship Funds</u> |
|------------------------------|---|---|------------------------------|
| ADDITIONS: | | | |
| Contributions | \$ 9,795 | \$ 4,286 | \$ 4,525 |
| Total Contributions | 9,795 | 4,286 | 4,525 |
| Investment earnings: | | | |
| Interest earned | 8 | 173 | 2 |
| Total Additions | <u>9,803</u> | <u>4,459</u> | <u>4,527</u> |
| DEDUCTIONS: | | | |
| Claims paid | 4,424 | 5,146 | |
| Scholarships | | | 200 |
| Total Deductions | <u>4,424</u> | <u>5,146</u> | <u>200</u> |
| Change in Net Position | 5,379 | (687) | 4,327 |
| Net Position - July 1, 2015 | <u>1,213</u> | <u>69,087</u> | |
| Net Position - June 30, 2016 | <u>\$ 6,592</u> | <u>\$ 68,400</u> | <u>\$ 4,327</u> |

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Riverton School District ("School District") is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board of Education is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to provide educational services for resident students in grades K through 8. Student in grades 9 through 12 attend the Palmyra School District, on a tuition basis. The Riverton School District has an approximate enrollment at June 30, 2016 of 308 students.

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

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

Basis of Presentation

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

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

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

The School District's enterprise funds are:

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

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Recently Issued Accounting Pronouncements In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17.9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$1,451,883 as of June 30, 2016, \$250,000 was insured under FDIC and the remaining balance of \$1,201,883 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

| | | | |
|-----------------------|----|---------------|----------------|
| Balance July 1, 2015 | | \$ | 358,311 |
| Increased by: | | | |
| Interest Earned | \$ | 877 | |
| Board Resolution | | <u>72,476</u> | |
| | | | <u>73,353</u> |
| | | | 431,664 |
| Decreased by: | | | |
| Board Resolution | | | <u>-</u> |
| Balance June 30, 2016 | | \$ | <u>431,664</u> |

The June 30, 2016 capital reserve balance does not exceed the LRF balance of local support costs of uncompleted projects.

4. ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Accounts receivable at June 30, 2016 for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

| | General Fund | Special Revenue Fund | Proprietary Fund | Total |
|-------------------|------------------|----------------------------|---------------------|------------------|
| Intergovernmental | | | | |
| State | \$ 23,781 | \$ - | \$ 39 | \$ 23,820 |
| Federal | | 520 | 895 | 1,415 |
| Other | <u>5,136</u> | | | <u>5,136</u> |
| Total | <u>\$ 28,917</u> | <u>\$ 520</u> | <u>\$ 934</u> | <u>\$ 30,371</u> |

Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

| | <u>Balance</u> <u>June 30, 2015</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>June 30, 2016</u> |
|---|--|------------------|------------------|--|
| Governmental Activities: | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | |
| Land | \$ 649,600 | \$ - | \$ - | \$ 649,600 |
| Construction in progress | | | | |
| Total capital assets, not being Depreciated | <u>649,600</u> | | | <u>649,600</u> |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Site Improvements | 78,527 | | | 78,527 |
| Building and Building Improvements | 1,143,065 | | | 1,143,065 |
| Equipment | 737,252 | 43,672 | | 780,924 |
| Totals at historical cost | <u>1,958,844</u> | <u>43,672</u> | | <u>2,002,516</u> |
| <i>Less Accumulated Depreciation:</i> | | | | |
| Site Improvements | 42,062 | 2,729 | | 44,791 |
| Building and Building Improvements | 1,116,381 | 10,029 | | 1,126,410 |
| Equipment | 395,467 | 99,077 | | 494,544 |
| Totals accumulated depreciation | <u>1,553,910</u> | <u>111,835</u> | | <u>1,665,745</u> |
| Total Capital Assets, being depreciated, net | <u>404,934</u> | <u>(68,163)</u> | | <u>336,771</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 1,054,534</u> | <u>(68,163)</u> | | <u>\$ 986,371</u> |
| Business-Type Activities: | | | | |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Equipment | \$ 16,431 | \$ 2,525 | \$ - | \$ 18,956 |
| <i>Less Accumulated Depreciation:</i> | | | | |
| | <u>3,081</u> | <u>2,138</u> | | <u>5,219</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 13,350</u> | <u>387</u> | <u>\$ -</u> | <u>\$ 13,737</u> |

Depreciation expense in the amount of \$111,835 was charged to governmental functions as follows:

| <u>Function</u> | <u>Amount</u> |
|----------------------------------|-------------------|
| Regular Instruction | \$ 78,284 |
| General Administration | 11,183 |
| Plant Operations and Maintenance | 11,184 |
| Unallocated | 11,184 |
| | <u>11,184</u> |
| Total depreciation expense | <u>\$ 111,835</u> |

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

| | <u>Principal Outstanding June 30, 2015</u> | <u>Additions</u> | <u>Reductions</u> | <u>Principal Outstanding June 30, 2016</u> | <u>Due Within One Year</u> |
|---------------------------------|--|-------------------|-------------------|--|--------------------------------|
| Governmental Activities: | | | | | |
| Compensated Absences | \$ 88,677 | \$ 4,481 | \$ - | \$ 93,158 | \$ - |
| General Obligation Bonds | 130,000 | | 130,000 | - | |
| Net Pension Liability | 648,744 | 219,847 | | 868,591 | |
| | <u>\$ 867,421</u> | <u>\$ 224,328</u> | <u>\$ 130,000</u> | <u>\$ 961,749</u> | <u>\$ -</u> |

As of June 30, 2016 the School District had no authorizations to issue additional bonded debt.

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

7. OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines. Total rental payments for such leases were \$13,388 for the fiscal year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Amount</u> |
|--|------------------|
| 2017 | \$ 14,202 |
| 2018 | 14,202 |
| 2019 | 13,771 |
| 2020 | 9,036 |
| | <u>\$ 51,211</u> |

8. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (CONTINUED)

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

An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

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

For the year ended June 30, 2016, the District recognized pension expense of \$720,255 and revenue of \$720,255 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

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

| | 06/30/15 | 06/30/14 |
|--|------------------|------------------|
| Collective deferred outflows of resources | \$ 7,521,378,257 | \$ 2,306,623,861 |
| Collective deferred inflows of resources | 554,399,005 | 1,763,205,593 |
| Collective net pension liability (Non-Employer – State of New Jersey) | 63,577,864,440 | 53,446,745,367 |
| State's portion of the net pension liability that was associated with the district | 11,796,046 | 10,308,401 |
| State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability | .0186633683% | .0192872381% |

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

- Inflation: 2.5%
- Salary Increases: Varies based on experience
- Investment Rate of Return: 7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (CONTINUED)

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 05.00% | 0.53% |
| Government Bonds | 01.75% | 1.39% |
| Credit Bonds | 13.50% | 2.72% |
| Mortgages | 02.10% | 2.54% |
| Inflation-Indexed Bonds | 01.50% | 1.47% |
| High Yield Bonds | 02.00% | 4.57% |
| Equity Market | 27.25% | 5.63% |
| Foreign-Developed Equity | 12.00% | 6.22% |
| Emerging Markets Equity | 06.40% | 8.46% |
| Private Real Estate Property | 04.25% | 3.97% |
| Timber | 01.00% | 4.09% |
| Farmland | 01.00% | 4.61% |
| Private Equity | 09.25% | 9.15% |
| Commodities | 01.00% | 3.58% |
| Hedge Funds – MultiStrategy | 04.00% | 4.59% |
| Hedge Funds – Equity Hedge | 04.00% | 5.68% |
| Hedge Funds - Distressed | 04.00% | 4.30% |
| | 100.00% | |

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

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

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

| Fiscal Year | Normal Contributions | Adjustment | Accrued Liability | Non Contributory Life | Total Liability Paid by District |
|-------------|----------------------|------------|-------------------|-----------------------|----------------------------------|
| 2016 | \$ 5,632 | - | \$ 25,943 | \$ 1,691 | \$ 33,266 |
| 2015 | 4,755 | - | 21,998 | 1,812 | 28,565 |
| 2014 | 7,667 | (2,944) | 20,769 | 434 | 25,926 |

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

For the year ended June 30, 2016, the District recognized pension expense of \$71,494. At June 30, 2016, the District reported a liability of \$868,591 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ 20,722 | \$ - |
| Changes of assumptions | 93,280 | |
| Net Difference between projected and actual earnings on pension plan investments | | 13,965 |
| Changes in proportion | 67,409 | |
| District contributions subsequent to the measurement date | 30,921 | |
| Total | \$ 212,332 | \$ 13,965 |

\$30,921 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net liability in the year ended June 30, 2016.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

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

| For the year ended: | Net Deferred Outflows of Resources |
|---------------------|------------------------------------|
| 2016 | \$ 32,792 |
| 2017 | 32,792 |
| 2018 | 32,792 |
| 2019 | 42,457 |
| 2020 | 26,613 |
| Total | \$ 167,446 |

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

| | 6/30/2015 | 6/30/2014 |
|---|-------------------|-------------------|
| Collective deferred outflows of resources | \$ 3,578,755,666 | \$ 952,194,675 |
| Collective deferred inflows of resources | \$ 993,410,455 | \$ 1,479,224,662 |
| Collective net pension liability | \$ 22,447,996,119 | \$ 18,722,735,003 |
| District's Proportion | .0038693462% | .0034650048% |

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

- Inflation rate: 3.04%
- Salary Increases:
 - 2012-2021: 2.15-4.40% based on age
 - Thereafter: 3.15-5.40% based on age
- Investment Rate of Return: 7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|--------------------------|---|
| Cash | 05.00% | 01.04% |
| U.S. Treasuries | 01.75% | 01.64% |
| Investment Grade Credit | 10.00% | 01.79% |
| Mortgages | 02.10% | 01.62% |
| High Yield Bonds | 02.00% | 04.03% |
| Inflation Indexed Bonds | 01.50% | 03.25% |
| Broad US Equities | 27.25% | 08.52% |
| Developed Foreign Equities | 12.00% | 06.88% |
| Emerging Market Equities | 06.40% | 10.00% |
| Private Equity | 09.25% | 12.41% |
| Hedge Funds/Absolute Ret | 12.00% | 04.72% |
| Real Estate (Property) | 02.00% | 06.83% |
| Commodities | 01.00% | 05.32% |
| Global Debt ex US | 03.50% | -0.40% |
| REIT | 04.25% | 5.12% |
| | 100.00% | |

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

| | <u>1% Decrease (3.90%)</u> | <u>Current Discount Rate (4.90%)</u> | <u>1% Increase (5.90%)</u> |
|--|--------------------------------|--|--------------------------------|
| Borough's proportionate share of the net pension liability | \$ 1,079,552 | \$ 868,591 | \$ 691,723 |

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

8. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

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

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

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

| <u>Fiscal Year</u> | <u>Total Liability</u> | <u>Paid by School District</u> |
|------------------------|----------------------------|--|
| 2016 | \$ 862 | \$ 862 |
| 2015 | 2,125 | 2,125 |
| 2014 | 1,736 | 1,736 |

9. POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2016 was \$184,073, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. POST-RETIREMENT BENEFITS (Continued)

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

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures \$154,589 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$161,931 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

11. RISK MANAGEMENT

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

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

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

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

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

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

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

| Fiscal Year | District Contributions | Employee Contributions | Interest Earned | Amount Reimbursed | Ending Balance |
|----------------|---------------------------|---------------------------|--------------------|----------------------|-------------------|
| 2016 | \$ - | \$ 4,286 | \$ 173 | \$ 5,146 | \$ 68,400 |
| 2015 | | 4,174 | 165 | 815 | 69,087 |
| 2014 | | 3,911 | 265 | 453 | 65,563 |

12. DEFERRED COMPENSATION

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

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

13. FLEXIBLE BENEFITS PROGRAM

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

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

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Interest Earned</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|-------------------------------|------------------------|--------------------------|-----------------------|
| 2016 | \$ - | \$ 9,795 | \$ 8 | \$ 4,424 | \$ 6,592 |
| 2015 | | 5,005 | 5 | 5,939 | 1,213 |
| 2014 | | 3,450 | 9 | 2,821 | 2,142 |

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2016, the liability for compensated absences in the governmental activities was \$93,158.

15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------|-----------------------------|--------------------------|
| General | \$ 7,313 | \$ - |
| Enterprise Fund | | 7,200 |
| Fiduciary Fund | | 113 |
| | <u>\$ 7,313</u> | <u>\$ 7,313</u> |

16. CONTINGENCIES

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

At June 30, 2016, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, deferred revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

**Riverton School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

17. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2016, a deficit of \$517,994 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

| | |
|--|--------------|
| Balances, June 30, 2016: | |
| Fund Balance (Deficit) | |
| (Exclusive of Capital Projects and Debt Service Funds) | |
| Unassigned | \$ 245,388 |
| Liabilities: | |
| Net Pension Differences | (670,224) |
| Compensated Absences | (93,158) |
| | (763,382) |
| Unrestricted Net Position (Deficit) | \$ (517,994) |

18. FUND BALANCES

RESTRICTED

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

General Fund:

Capital Reserve – As of June 30, 2016, the balance in the capital reserve account is \$431,664. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2016, the balance in the maintenance reserve account is \$241,613. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Tuition Reserve – In accordance with N.J.A.C. 6A:23-3.1(f)(8), the School District has restricted fund balance at June 30, 2016 in the amount of \$59,000 for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated cost of the respective contract year.

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2016 the School District has \$12,592 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund – As of June 30, 2016, \$245,388 of general fund balance was unassigned.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|--------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local Tax Levy | \$ 4,739,666 | \$ - | \$ 4,739,666 | \$ 4,739,666 | \$ - |
| Tuition - from other sources | 30,851 | | 22,000 | 35,750 | 13,750 |
| Tuition - from individuals | | | 8,851 | 8,851 | |
| Interest on capital reserve | 300 | | 300 | 877 | 577 |
| Unrestricted misc. revenues | 2,000 | | 2,000 | 3,332 | 1,332 |
| Total local sources | 4,772,817 | | 4,772,817 | 4,788,476 | 15,659 |
| State sources: | | | | | |
| Special education aid | 189,928 | | 189,928 | 189,928 | |
| Equalization aid | 288,342 | | 288,342 | 288,342 | |
| Transportation aid | 26,068 | | 26,068 | 26,068 | |
| Security aid | 30,765 | | 30,765 | 30,765 | |
| PARCC Readiness Aid | 3,560 | | 3,560 | 3,560 | |
| Per Pupil Growth Aid | 3,560 | | 3,560 | 3,560 | |
| Extraordinary Aid | | - | | 23,781 | 23,781 |
| On-behalf TPAF pension contrib. (non-budgeted) | | | | 154,589 | 154,589 |
| On-behalf TPAF post retirement medical (non-budgeted) | | | | 184,073 | 184,073 |
| Reimbursed TPAF social security contribution (non-budgeted) | | | | 161,931 | 161,931 |
| Total state sources | 542,223 | - | 542,223 | 1,066,597 | 524,374 |
| TOTAL REVENUES | 5,315,040 | - | 5,315,040 | 5,855,073 | 540,033 |
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of teachers | | | | | |
| Preschool | 20,878 | 3,070 | 23,948 | 23,948 | |
| Kindergarten | 183,089 | (18,558) | 164,531 | 164,163 | 368 |
| Grades 1-5 | 974,249 | (80,676) | 893,573 | 893,573 | |
| Grades 6-8 | 313,678 | 29,892 | 343,570 | 343,399 | 171 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of teachers | 600 | (228) | 372 | | 372 |
| Purchased professional - educational services | 200 | (200) | | | |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased professional - educational services | 5,988 | 24,013 | 30,001 | 30,001 | |
| Purchased technical services | 10,357 | 580 | 10,937 | 10,936 | 1 |
| Other purchased services | 2,869 | (1,376) | 1,493 | 1,470 | 23 |
| General supplies | 55,000 | 17,190 | 72,190 | 70,868 | 1,322 |
| Textbooks | 8,000 | (6,134) | 1,866 | 1,866 | |
| Other objects | 5,700 | 56 | 5,756 | 5,756 | |
| Total - Regular Programs - Instruction | 1,580,608 | (32,371) | 1,548,237 | 1,545,980 | 2,257 |

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RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| (Continued from prior page) | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|--------------------------------|
| Special Education Instruction: | | | | | |
| Resource room/resource center: | | | | | |
| Salaries of teachers | \$ 199,438 | \$ 989 | \$ 200,427 | \$ 200,427 | \$ - |
| Other salaries for instruction | 75,376 | (18,331) | 57,045 | 56,251 | 794 |
| General supplies | 2,500 | - | 2,500 | 1,840 | 660 |
| Textbooks | 300 | - | 300 | 300 | 300 |
| Total resource room/resource center | <u>277,614</u> | <u>(17,342)</u> | <u>260,272</u> | <u>258,518</u> | <u>1,754</u> |
| Preschool disabilities - Part time: | | | | | |
| Salaries of teachers | 10,200 | (3,070) | 7,130 | 7,097 | 33 |
| Other salaries for instruction | 7,039 | - | 7,039 | 5,990 | 1,049 |
| General supplies | 500 | - | 500 | 245 | 255 |
| Total preschool disabilities - part time | <u>17,739</u> | <u>(3,070)</u> | <u>14,669</u> | <u>13,332</u> | <u>1,337</u> |
| Home Instruction: | | | | | |
| Salaries of teachers | 2,000 | - | 2,000 | 1,480 | 520 |
| Purchased professional-educational services | 2,000 | - | 2,000 | 800 | 1,200 |
| Total home instruction | <u>4,000</u> | <u>-</u> | <u>4,000</u> | <u>2,280</u> | <u>1,720</u> |
| Total Special Education - Instruction | <u>299,353</u> | <u>(20,412)</u> | <u>278,941</u> | <u>274,130</u> | <u>4,811</u> |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of teachers | 61,373 | 15,762 | 77,135 | 77,135 | |
| General supplies | 400 | - | 400 | 400 | 400 |
| Total basic skills/remedial - instruction | <u>61,773</u> | <u>15,762</u> | <u>77,535</u> | <u>77,135</u> | <u>400</u> |
| School-Sponsored Cocurricular Act - Instruction: | | | | | |
| Salaries | 66,020 | (9,403) | 56,617 | 48,502 | 8,115 |
| Purchased services | 1,800 | 240 | 2,040 | 2,040 | |
| Supplies and materials | 4,000 | 1,543 | 5,543 | 5,391 | 152 |
| Total school-sponsored cocurr. act. - instruct. | <u>71,820</u> | <u>(7,620)</u> | <u>64,200</u> | <u>55,933</u> | <u>8,267</u> |
| Summer School - Instruction: | | | | | |
| Salaries | 1,920 | 850 | 2,770 | 2,770 | |
| Purchased professional-technical services | 2,400 | (600) | 1,800 | 1,800 | |
| Total summer school - instruction | <u>4,320</u> | <u>250</u> | <u>4,570</u> | <u>4,570</u> | |
| Total Instruction | <u>2,017,874</u> | <u>(44,391)</u> | <u>1,973,483</u> | <u>1,957,748</u> | <u>15,735</u> |

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RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| (Continued from prior page) | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|--------------------------------|
| Undistributed Expenditures - Instruction | | | | | |
| Tuition to other LEAs within the state - reg. | \$ 452,727 | \$ - | \$ 452,727 | \$ 452,727 | \$ - |
| Tuition to other LEAs within the state - spec | 127,870 | (31,734) | 96,136 | 96,136 | |
| Tuition to county vocational school - reg | 15,920 | 28,656 | 44,576 | 44,576 | |
| Tuition to county vocational school - special | 31,840 | - | 31,840 | 31,840 | |
| Tuition to CSSD & Reg. Day schools | 198,139 | 32,726 | 230,865 | 230,436 | 429 |
| Tuition to priv. sch. for the disabled in state | 378,539 | 18,237 | 396,776 | 396,775 | 1 |
| Total undistributed expenditures - instruction | <u>1,205,035</u> | <u>47,885</u> | <u>1,252,920</u> | <u>1,252,490</u> | <u>430</u> |
| Attendance and Social Work Services: | | | | | |
| Salaries | 4,223 | - | 4,223 | 4,223 | |
| Purchased professional and technical services | 3,296 | (737) | 2,559 | 2,539 | 20 |
| Total Attendance and Social Work Services | <u>7,519</u> | <u>(737)</u> | <u>6,782</u> | <u>6,762</u> | <u>20</u> |
| Health Services: | | | | | |
| Salaries | 56,555 | 738 | 57,293 | 57,293 | |
| Purchased professional and technical services | 1,395 | 137 | 1,532 | 1,531 | 1 |
| Other purchased services | 355 | - | 355 | 332 | 23 |
| Supplies and materials | 2,500 | 409 | 2,909 | 2,217 | 692 |
| Total health services | <u>60,805</u> | <u>1,284</u> | <u>62,089</u> | <u>61,373</u> | <u>716</u> |
| Speech, OT, PT & Related Services | | | | | |
| Salaries | 55,305 | - | 55,305 | 53,943 | 1,362 |
| Purchased professional - educational services | 17,200 | (2,070) | 15,130 | 12,412 | 2,718 |
| Supplies and materials | 1,500 | - | 1,500 | 276 | 1,224 |
| Total speech, ot, pt, & related services | <u>74,005</u> | <u>(2,070)</u> | <u>71,935</u> | <u>66,631</u> | <u>5,304</u> |
| Guidance: | | | | | |
| Other Objects | 2,836 | (83) | 2,753 | 2,749 | 4 |
| Total guidance | <u>2,836</u> | <u>(83)</u> | <u>2,753</u> | <u>2,749</u> | <u>4</u> |
| Child Study Teams: | | | | | |
| Salaries of other professional staff | 229,595 | 2,239 | 231,834 | 231,834 | |
| Salaries of secretarial and clerical assistants | 32,260 | (2,722) | 29,538 | 29,181 | 357 |
| Purchased professional - educational services | 10,000 | (1,900) | 8,100 | 2,327 | 5,773 |
| Misc. purchased services | 3,500 | - | 3,500 | 2,502 | 998 |
| Supplies and materials | 3,000 | 1,900 | 4,900 | 4,867 | 33 |
| Total child study teams | <u>278,355</u> | <u>(483)</u> | <u>277,872</u> | <u>270,711</u> | <u>7,161</u> |

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| (Continued from prior page) | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| Improvement of Instructional Services: | | | | | |
| Salaries of supervisor of instruction | \$ 14,250 | \$ 10,930 | \$ 25,180 | \$ 24,727 | \$ 453 |
| Salaries of other professional staff | 24,000 | - | 24,000 | 19,068 | 4,932 |
| Salaries of secretarial and clerical assistants | | | | | |
| Purchased professional - educational services | 1,295 | 1,335 | 2,630 | 2,630 | |
| Supplies and materials | 1,200 | 4,148 | 5,348 | 5,348 | |
| Total improvement of instructional services | 40,745 | 16,413 | 57,158 | 51,773 | 5,385 |
| Educational Media Services/School Library: | | | | | |
| Salaries | 44,699 | 6,965 | 51,664 | 50,802 | 862 |
| Purchased professional and technical services | 350 | 14 | 364 | 364 | |
| Other purchased services (400-500 series) | 1,029 | 166 | 1,195 | 1,195 | |
| Supplies and materials | 17,681 | 251 | 17,932 | 17,932 | |
| Total educational media services/school library | 63,759 | 7,396 | 71,155 | 70,293 | 862 |
| Instructional Staff Training Services: | | | | | |
| Purchased professional - educational services | 6,900 | 989 | 7,889 | 7,889 | |
| Other purchased services | 4,000 | (239) | 3,761 | 3,714 | 47 |
| Supplies and materials | 350 | (350) | | | |
| Total instructional staff training services | 11,250 | 400 | 11,650 | 11,603 | 47 |
| Support Services - General Administration: | | | | | |
| Salaries | 201,382 | (13,802) | 187,580 | 187,580 | |
| Legal services | 10,000 | (869) | 9,131 | 9,131 | |
| Audit Fees | 21,200 | - | 21,200 | 21,200 | |
| Architectural/Engineering Services | 2,390 | 37,228 | 39,618 | 35,717 | 3,901 |
| Other purchased professional services | | 2,738 | 2,738 | 2,737 | 1 |
| Communications / telephone | 12,000 | (1,459) | 10,541 | 10,541 | |
| Miscellaneous purchased services | 6,800 | 422 | 7,222 | 7,221 | 1 |
| General supplies | 4,000 | 1,187 | 5,187 | 5,187 | |
| Miscellaneous expenditures | 11,000 | 592 | 11,592 | 11,588 | 4 |
| Total support services - general administration | 268,772 | 26,037 | 294,809 | 290,902 | 3,907 |
| Central Services | | | | | |
| Salaries | 95,924 | 3,076 | 99,000 | 99,000 | |
| Purchased professional services | 11,015 | 440 | 11,455 | 11,417 | 38 |
| Miscellaneous purchased services | 800 | (311) | 489 | 486 | 3 |
| General supplies | 1,600 | (253) | 1,347 | 1,346 | 1 |
| Miscellaneous expenditures | 1,050 | (66) | 984 | 983 | 1 |
| Total Central Services | 110,389 | 2,886 | 113,275 | 113,232 | 43 |
| Admin Information Technology | | | | | |
| Salaries | | 8,147 | 8,147 | 8,147 | |
| Total Admin Info Technology | - | 8,147 | 8,147 | 8,147 | |
| Required Maintenance School Facilities: | | | | | |
| Cleaning, repair and maintenance services | 119,000 | 317 | 119,317 | 102,562 | 16,755 |
| General supplies | 1,000 | - | 1,000 | 982 | 18 |
| Total required maintenance school facilities | 120,000 | 317 | 120,317 | 103,544 | 16,773 |

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| (Continued from prior page) | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|--------------------------------|
| Custodial Services: | | | | | |
| Salaries | \$ 129,149 | \$ (1,810) | \$ 127,339 | \$ 119,545 | \$ 7,794 |
| Salaries of non-instructional aides | 12,626 | - | 12,626 | 6,092 | 6,534 |
| Purchased prof. and technical services | 33,120 | (1,000) | 32,120 | 27,870 | 4,250 |
| Cleaning, repair and maintenance services | 1,500 | (350) | 1,150 | 931 | 219 |
| Rental of land & bldg. other than lease purch. | 1,320 | 135 | 1,455 | 1,455 | |
| Other purchased property services | 2,500 | - | 2,500 | 2,478 | 22 |
| Insurance | 43,500 | (1,375) | 42,125 | 41,849 | 276 |
| Misc. purchased services | - | 350 | 350 | 350 | |
| General Supplies | 17,500 | (4,000) | 13,500 | 11,462 | 2,038 |
| Energy (Electricity) | 70,000 | - | 70,000 | 58,985 | 11,015 |
| Energy (Heat) | 17,000 | - | 17,000 | 9,544 | 7,456 |
| Energy (Gasoline) | 320 | - | 320 | 164 | 156 |
| Total custodial services | 328,535 | (8,050) | 320,485 | 280,725 | 39,760 |
| Total operation & maint. of plant services | 448,535 | (7,733) | 440,802 | 384,269 | 56,533 |
| Student Transportation Services: | | | | | |
| Contr. serv. (between home & sch) - Joint Agree. | 20,131 | 4,000 | 24,131 | 23,722 | 409 |
| Contr. Serv. (Spl. Ed. Students) - Joint Agree. | 96,258 | (15,600) | 80,658 | 79,741 | 917 |
| Total student transportation services | 116,389 | (11,600) | 104,789 | 103,463 | 1,326 |
| Allocated Benefits - Employee Benefits: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Social security contributions | 7,232 | (2,042) | 5,190 | 5,190 | |
| Other retirement contri. - regular | 2,214 | (1,132) | 1,082 | 798 | 284 |
| Health benefits | 290,440 | (44,592) | 245,848 | 233,227 | 12,621 |
| Tuition reimbursement | 6,000 | (3,434) | 2,566 | 2,566 | |
| Other benefits | 6,000 | - | 6,000 | 6,000 | |
| Total regular programs - instruction | 311,886 | (51,200) | 260,686 | 245,215 | 15,471 |
| Special Programs - Instruction | | | | | |
| Social security contributions | 8,268 | 236 | 8,504 | 8,242 | 262 |
| Other retirement contri. - PERS | 5,598 | 723 | 6,321 | 6,321 | |
| Other retirement contri. - regular | 1,944 | (1,487) | 457 | 365 | 92 |
| Health benefits | 88,931 | (4,296) | 84,635 | 78,799 | 5,836 |
| Other benefits | 4,000 | 4,000 | 8,000 | 8,000 | |
| Total special programs - instruction | 108,741 | (824) | 107,917 | 101,727 | 6,190 |
| Other Instructional Programs - Instruction: | | | | | |
| Social security contributions | 6,433 | (434) | 5,999 | 4,042 | 1,957 |
| Total other instructional programs - instruction | 6,433 | (434) | 5,999 | 4,042 | 1,957 |
| Attendance & Social Work Services: | | | | | |
| Social security contributions | 323 | - | 323 | 304 | 19 |
| Other retirement contri. - PERS | 460 | 205 | 665 | 665 | |
| Health benefits | 2,992 | (10) | 2,982 | 2,928 | 54 |
| Total attendance & social work services | 3,775 | 195 | 3,970 | 3,897 | 73 |
| Health Services: | | | | | |
| Social security contributions | 287 | (88) | 199 | 190 | 9 |
| Health benefits | 37 | 1,023 | 1,060 | 1,057 | 3 |
| Other benefits | 2,000 | (2,000) | - | - | |
| Total health services | 2,324 | (1,065) | 1,259 | 1,247 | 12 |

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| (Continued from prior page) | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|---------|--------------------------------|
| Allocated Benefits - Employee Benefits: | | | | | |
| Speech, OT, PT, & Related Services: | | | | | |
| Social security contributions | \$ 191 | \$ - | \$ 191 | \$ 87 | \$ 104 |
| Health benefits | 9,741 | 122 | 9,863 | 9,203 | 660 |
| Total speech, ot, pt, & related services | 9,932 | 122 | 10,054 | 9,290 | 764 |
| Child Study Teams: | | | | | |
| Social security contributions | 3,449 | - | 3,449 | 3,428 | 21 |
| Other retirement contri. - PERS | 4,711 | 612 | 5,323 | 5,323 | |
| Health benefits | 25,521 | 1,232 | 26,753 | 23,813 | 2,940 |
| Other benefits | 1,740 | - | 1,740 | 1,740 | |
| Total child study teams | 35,421 | 1,844 | 37,265 | 34,304 | 2,961 |
| Improvement of Instruction Services | | | | | |
| Social security contributions | 2,926 | 539 | 3,465 | 3,350 | 115 |
| Total improvement of instruction serv. | 2,926 | 539 | 3,465 | 3,350 | 115 |
| Educational Media Services/School Library: | | | | | |
| Social security contributions | 182 | 281 | 463 | 404 | 59 |
| Health benefits | 37 | - | 37 | 36 | 1 |
| Other benefits | 2,000 | - | 2,000 | 2,000 | |
| Total educ. media serv./school library | 2,219 | 281 | 2,500 | 2,440 | 60 |
| General Administration: | | | | | |
| Social security contributions | 5,128 | (35) | 5,093 | 3,898 | 1,195 |
| Other retirement contri. - PERS | 4,838 | 817 | 5,655 | 5,655 | |
| Health benefits | 50,466 | (495) | 49,971 | 48,758 | 1,213 |
| Other employee benefits | 260 | - | 260 | 260 | |
| Total general administration | 60,692 | 287 | 60,979 | 58,571 | 2,408 |
| Central Services: | | | | | |
| Social security contributions | 1,726 | 135 | 1,861 | 1,842 | 19 |
| Other retirement contri. - PERS | 1,549 | 114 | 1,663 | 1,663 | |
| Health benefits | 37 | - | 37 | 37 | |
| Other employee benefits | 2,500 | 132 | 2,632 | 2,632 | |
| Total central services | 5,812 | 381 | 6,193 | 6,174 | 19 |
| Operation and Maint. of Plant Services: | | | | | |
| Social security contributions | 10,063 | - | 10,063 | 9,656 | 407 |
| Other retirement contri. - PERS | 11,995 | 1,644 | 13,639 | 13,639 | |
| Health benefits | 19,584 | 24 | 19,608 | 18,535 | 1,073 |
| Other employee benefits | 1,462 | - | 1,462 | 1,462 | |
| Total operation & maint. of plant services | 43,104 | 1,668 | 44,772 | 43,292 | 1,480 |
| Total Allocated Benefits | 593,265 | (48,206) | 545,059 | 513,549 | 31,510 |

(CONTINUED TO NEXT PAGE)

RIVERTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| (Continued from prior page) | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|--------------|--------------------------------|
| Total Personal Services - Employee Benefits | \$ 593,265 | \$ (48,206) | \$ 545,059 | \$ 513,549 | \$ 31,510 |
| On-behalf TPAF pension contr. (non-budgeted) | | | | 154,589 | (154,589) |
| On-behalf TPAF post retirement medical (non-budgeted) | | | | 184,073 | (184,073) |
| Reimbursed TPAF social security contr. (non-budgeted) | | | | 161,931 | (161,931) |
| Total Undistributed Expenditures | 3,281,659 | 39,536 | 3,321,195 | 3,708,540 | (387,345) |
| Total General Current Expense | 5,299,533 | (4,855) | 5,294,678 | 5,666,288 | (371,610) |
| CAPITAL OUTLAY: | | | | | |
| Equipment: | | | | | |
| Undist. expend. - instruction | 36,037 | 9,300 | 45,337 | 45,334 | 3 |
| Undist. expend. - security | | 4,375 | 4,375 | 4,375 | |
| Undist. expend. - custodial services | 3,000 | (3,000) | | | |
| Total Equipment | 39,037 | 10,675 | 49,712 | 49,709 | 3 |
| Facilities Acquisition and Construction Services | | | | | |
| Other purchased prof. and tech. services | | - | | | |
| Assessment for Debt Service on SDA Funding | 8,653 | - | 8,653 | 8,653 | |
| Total Equipment | 8,653 | - | 8,653 | 8,653 | |
| Total Capital Outlay | 47,690 | 10,675 | 58,365 | 58,362 | 3 |
| TOTAL EXPENDITURES | 5,347,223 | 5,820 | 5,353,043 | 5,724,650 | (371,607) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures: | (32,183) | (5,820) | (38,003) | 130,423 | (168,426) |
| Fund Balance - July 1, 2015 | 888,227 | | 888,227 | 888,227 | |
| Fund Balance - June 30, 2016 | \$ 856,044 | \$ (5,820) | \$ 850,224 | \$ 1,018,650 | \$ (168,426) |
| Recapitulation of Fund Balance: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital reserve | | | | \$ 431,664 | |
| Maintenance reserve | | | | 241,613 | |
| Tuition reserve | | | | 59,000 | |
| Assigned Fund Balance: | | | | | |
| Year-end encumbrances | | | | 12,592 | |
| Unassigned Fund Balance | | | | 273,781 | |
| | | | | 1,018,650 | |
| Reconciliation to Governmental Funds Statement (GAAP): | | | | | |
| Last State Aid Payment Not Recognized on GAAP Basis | | | | (28,393) | |
| Fund Balance per Governmental Funds (GAAP) | | | | \$ 990,257 | |

RIVERTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| REVENUES: | | | | | |
| Local sources | \$ 1,750 | \$ - | \$ 1,750 | \$ 1,750 | \$ - |
| State sources | 11,783 | | 11,783 | 9,433 | 2,350 |
| Federal sources | 118,227 | | 118,227 | 117,006 | 1,221 |
| Total Revenues | <u>131,760</u> | | <u>131,760</u> | <u>128,189</u> | <u>3,571</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries | 23,513 | 989 | 24,502 | 24,502 | |
| Other purchased services | 73,958 | | 73,958 | 73,958 | |
| Textbooks | 571 | | 571 | 571 | |
| Supplies and materials | 7,579 | 319 | 7,898 | 6,704 | 1,194 |
| Other objects | 401 | | 401 | 401 | |
| Total instruction | <u>106,022</u> | <u>1,308</u> | <u>107,330</u> | <u>106,136</u> | <u>1,194</u> |
| Support services: | | | | | |
| Purchased professional - educ. services | 5,284 | | 5,284 | 3,751 | 1,533 |
| Purchased professional - tech. services | 17,154 | (1,519) | 15,635 | 14,791 | 844 |
| Other purchased services | 3,300 | 211 | 3,511 | 3,511 | |
| Total support services | <u>25,738</u> | <u>(1,308)</u> | <u>24,430</u> | <u>22,053</u> | <u>2,377</u> |
| Facilities acquisition and construction services: | | | | | |
| Instructional equipment | | | | | |
| Total facilities acq. and const. services | | | | | |
| Total Expenditures | <u>131,760</u> | | <u>131,760</u> | <u>128,189</u> | <u>3,571</u> |
| Total outflows | <u>131,760</u> | | <u>131,760</u> | <u>128,189</u> | <u>3,571</u> |
| Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses) | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> | <u>---</u> |

RIVERTON SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2016

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

| | General Fund | Special Revenue Fund |
|---|-------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules | \$ 5,855,073 | \$ 128,189 |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | 310 |
| Difference - budget to GAAP: | | |
| State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes. | 32,683 | |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | (28,393) | |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 5,859,363</u> | <u>\$ 128,499</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 5,724,650 | \$ 128,189 |
| Differences - budget to GAAP | | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | 310 |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 5,724,650</u> | <u>\$ 128,499</u> |

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

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

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

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

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

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

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

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

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

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

Riverton School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2016

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

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

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

2. Public Employees' Retirement System (PERS)

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

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

Other Supplementary Information

Special Revenue Fund

RIVERTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

| | Title I | Title II A | IDEA Basic | IDEA Basic (Carryover) | IDEA Preschool | Lockheed Martin FIRST | Brought Forward (Exh. E-1B) | Total |
|--|---------------|--------------|---------------|------------------------------|-------------------|-----------------------------|-----------------------------------|----------------|
| REVENUES: | | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,750 | \$ - | \$ 1,750 |
| State sources | | | | | | | 9,433 | 9,433 |
| Federal sources | 23,621 | 9,461 | 78,900 | 1,981 | 3,043 | | | 117,006 |
| Total Revenues | 23,621 | 9,461 | 78,900 | 1,981 | 3,043 | 1,750 | 9,433 | 128,189 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries | 20,110 | | | | 3,043 | 1,349 | | 24,502 |
| Other purchased services | | | 73,958 | | | | | 73,958 |
| Textbooks | | | | | | | 571 | 571 |
| Supplies | | | 1,142 | 1,981 | | | 3,581 | 6,704 |
| Other objects | | | | | | 401 | | 401 |
| Total instruction | 20,110 | | 75,100 | 1,981 | 3,043 | 1,750 | 4,152 | 106,136 |
| Support Services: | | | | | | | | |
| Purchased prof. educ. services | | | | | | | 3,751 | 3,751 |
| Purchased prof. tech. services | | 9,461 | 3,800 | | | | 1,530 | 14,791 |
| Other purchased services | 3,511 | | | | | | - | 3,511 |
| Total support services | 3,511 | 9,461 | 3,800 | | | | 5,281 | 22,053 |
| Facilities acquisition and const. serv.: | | | | | | | | |
| Instructional equipment | | | | | | | | |
| Total facilities acq. and const. serv. | | | | | | | | |
| Total Expenditures | 23,621 | 9,461 | 78,900 | 1,981 | 3,043 | 1,750 | 9,433 | 128,189 |
| Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

RIVERTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

| | Nonpublic Textbook Aid | Nonpublic Nursing Services | Nonpublic Technology Initiative | Nonpublic Security Aid | Nonpublic Supplemental Instruction | Nonpublic Exam/ Classification | Total |
|--|------------------------------|----------------------------------|---------------------------------------|------------------------------|--|--------------------------------------|--------------|
| REVENUES: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State sources | 571 | 1,530 | 260 | 425 | 2,896 | 3,751 | 9,433 |
| Federal sources | | | | | | | |
| Total Revenues | <u>571</u> | <u>1,530</u> | <u>260</u> | <u>425</u> | <u>2,896</u> | <u>3,751</u> | <u>9,433</u> |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries | | | | | | | |
| Other purchased services | | | | | | | |
| Textbooks | 571 | | | | | | 571 |
| Supplies | | | 260 | 425 | 2,896 | | 3,581 |
| Other objects | | | | | | | |
| Total instruction | <u>571</u> | | <u>260</u> | <u>425</u> | <u>2,896</u> | | <u>4,152</u> |
| Support Services: | | | | | | | |
| Purchased prof. educ. services | | | | | | 3,751 | 3,751 |
| Purchased prof. tech. services | | 1,530 | | | | | 1,530 |
| Other purchased services | | | | | | | |
| Total support services | | <u>1,530</u> | | | | <u>3,751</u> | <u>5,281</u> |
| Facilities acquisition and const. serv.: | | | | | | | |
| Instructional equipment | | | | | | | |
| Total facilities acq. and const. serv. | | | | | | | |
| Total Expenditures | <u>571</u> | <u>1,530</u> | <u>260</u> | <u>425</u> | <u>2,896</u> | <u>3,751</u> | <u>9,433</u> |
| Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Proprietary Funds

RIVERTON SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
June 30, 2016

| | <u>Food Service Fund</u> |
|----------------------------------|----------------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and cash equivalents | \$ 26,376 |
| Accounts receivable: | |
| State | 895 |
| Federal | <u>39</u> |
| Total current assets | <u>27,310</u> |
| Noncurrent Assets: | |
| Equipment | 18,956 |
| Accumulated depreciation | <u>(5,219)</u> |
| Total noncurrent assets | <u>13,737</u> |
| Total Assets | <u><u>\$ 41,047</u></u> |
| LIABILITIES: | |
| Current liabilities: | |
| Interfund payable | \$ 7,200 |
| Unearned revenue | <u>2,536</u> |
| Total current liabilities | <u>9,736</u> |
| NET POSITION: | |
| Net investment in capital assets | 13,737 |
| Unrestricted | <u>17,574</u> |
| Total Net Position | <u><u>\$ 31,311</u></u> |

RIVERTON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

| | <u>Food Service Fund</u> |
|--|----------------------------------|
| OPERATING REVENUES: | |
| Charges for services: | |
| Daily sales reimbursable programs | \$ 34,114 |
| Daily sales non-reimbursable programs: | |
| Adult and a la carte sales | <u>7,710</u> |
| Total Operating Revenue | <u>41,824</u> |
| OPERATING EXPENSES: | |
| Supplies and materials | 8,804 |
| Cost of sales | 43,152 |
| Depreciation | 2,138 |
| Other expenses | <u>13,781</u> |
| Total Operating Expenses | <u>67,875</u> |
| Operating Income (Loss) | <u>(26,051)</u> |
| Non-Operating Revenues: | |
| State sources: | |
| State school lunch program | 712 |
| Federal sources: | |
| National school lunch program | <u>16,518</u> |
| Total Non-Operating Revenues | <u>17,230</u> |
| Income (Loss) before Contributions and Transfers | (8,821) |
| Capital Contributions | <u> </u> |
| Changes in Net Position | (8,821) |
| Net Position - July 1, 2015 | <u>40,132</u> |
| Net Position - June 30, 2016 | <u>\$ 31,311</u> |

RIVERTON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

| | <u>Food Service Fund</u> |
|---|----------------------------------|
| Cash Flows from Operating Activities: | |
| Cash receipts from customers | \$ 42,157 |
| Cash payments to suppliers for goods and services | <u>(58,537)</u> |
| Net cash used by operating activities | <u>(16,380)</u> |
| Cash Flows from Noncapital Financing Activities: | |
| Cash received from state sources | 709 |
| Cash received from federal sources | <u>16,351</u> |
| Net cash provided by noncapital financing activities | <u>17,060</u> |
| Cash Flows Used by Capital and Related Financing Activities: | |
| Purchase of equipment | <u>(2,525)</u> |
| Cash Flow Provided by Investing Activities: | |
| Interest on cash equivalents | <u> </u> |
| Net increase (decrease) in cash and cash equivalents | (1,845) |
| Cash and cash equivalents - July 1, 2015 | <u>28,221</u> |
| Cash and cash equivalents - June 30, 2016 | <u>\$ 26,376</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating income (loss) | \$ (26,051) |
| Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities: | |
| Change in Assets and Liabilities: | |
| Depreciation | 2,138 |
| Increase (decrease) in interfund payable | 7,200 |
| Increase (decrease) in deferred revenue | <u>333</u> |
| Net cash provided by (used for) operating activities | <u>\$ (16,380)</u> |
| Noncash Noncapital Financing Activities: | |
| During the year the District did not receive any food commodities from the U.S. Department of Agriculture. | |

Fiduciary Funds

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

| | <u>Trust Funds</u> | | | <u>Agency Funds</u> | | <u>Totals</u> |
|--------------------------------|--------------------------------------|--|------------------------------|-----------------------------|------------------|-------------------|
| | <u>Unemployment Compensation</u> | <u>Flexible Benefits Trust</u> | <u>Scholarship Funds</u> | <u>Student Activity</u> | <u>Payroll</u> | |
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 68,400 | \$ 6,592 | \$ 4,327 | \$ 18,335 | \$ 19,392 | \$ 117,046 |
| Total Assets | <u>\$ 68,400</u> | <u>\$ 6,592</u> | <u>\$ 4,327</u> | <u>\$ 18,335</u> | <u>\$ 19,392</u> | <u>\$ 117,046</u> |
| LIABILITIES: | | | | | | |
| Payroll deductions payable | \$ - | \$ - | \$ - | \$ - | \$ 19,279 | \$ 19,279 |
| Interfund Payable | | | | | 113 | 113 |
| Due to student groups | | | | 18,335 | | 18,335 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 18,335</u> | <u>\$ 19,392</u> | <u>37,727</u> |
| NET POSITION: | | | | | | |
| Held in Trust for Claims | 68,400 | 6,592 | | | | 74,992 |
| Held in Trust for Scholarships | | | 4,327 | | | 4,327 |
| Total Net Position | <u>\$ 68,400</u> | <u>\$ 6,592</u> | <u>\$ 4,327</u> | | | <u>\$ 79,319</u> |

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

| | <u>Flexible Benefits Trust Fund</u> | <u>Unemployment Compensation Insurance Trust Fund</u> | <u>Scholarship Funds</u> | <u>Total</u> |
|------------------------------|---|---|------------------------------|------------------|
| ADDITIONS: | | | | |
| Contributions | \$ 9,795 | \$ 4,286 | \$ 4,525 | \$ 18,606 |
| Total Contributions | 9,795 | 4,286 | 4,525 | 18,606 |
| Investment earnings: | | | | |
| Interest earned | 8 | 173 | 2 | 183 |
| Total Additions | <u>9,803</u> | <u>4,459</u> | <u>4,527</u> | <u>18,789</u> |
| DEDUCTIONS: | | | | |
| Claims Paid | 4,424 | 5,146 | | 9,570 |
| Scholarships paid | | | 200 | 200 |
| Total Deductions | <u>4,424</u> | <u>5,146</u> | <u>200</u> | <u>9,770</u> |
| Change In Net Position | 5,379 | (687) | 4,327 | 9,019 |
| Net Position - July 1, 2015 | <u>1,213</u> | <u>69,087</u> | | <u>70,300</u> |
| Net Position - June 30, 2016 | <u>\$ 6,592</u> | <u>\$ 68,400</u> | <u>\$ 4,327</u> | <u>\$ 79,319</u> |

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Interfund</u> <u>Payable</u> | <u>Balance</u> <u>June 30, 2016</u> |
|--------------------------|---------------------------------------|--------------------------------|-------------------------------------|------------------------------------|--|
| Elementary / Junior High | \$ 20,402 | \$ 38,322 | \$ 40,389 | \$ - | \$ 18,335 |
| | <u>\$ 20,402</u> | <u>\$ 38,322</u> | <u>\$ 40,389</u> | <u>\$ -</u> | <u>\$ 18,335</u> |

RIVERTON SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|-------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 151 | \$ 3,014,472 | \$ 2,995,231 | \$ 19,392 |
| Total Assets | \$ 151 | \$ 3,014,472 | \$ 2,995,231 | \$ 19,392 |
| LIABILITIES: | | | | |
| Net payroll | \$ - | \$ 1,650,104 | \$ 1,650,104 | \$ - |
| Interfund Payable | 133 | 113 | 133 | 113 |
| Payroll deductions and withholdings | 18 | 1,364,255 | 1,344,994 | 19,279 |
| Total Liabilities | \$ 151 | \$ 3,014,472 | \$ 2,995,231 | \$ 19,392 |

Long-Term Debt Schedules

**RIVERTON SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2016**

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities Date</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Balance July 1, 2015</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2016</u> |
|--------------------|----------------------|------------------------|-------------------------------|---------------|----------------------|-----------------------------|---------------|-------------------|------------------------------|
| School Renovations | 04/01/00 | \$ 1,500,000 | | | | \$ 130,000 | \$ - | \$ 130,000 | \$ - |
| | | | | | | <u>\$ 130,000</u> | <u>\$ -</u> | <u>\$ 130,000</u> | <u>\$ -</u> |

RIVERTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|--------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 135,655 | \$ - | \$ 135,655 | \$ 135,655 | \$ - |
| Total Revenues | <u>135,655</u> | <u>-</u> | <u>135,655</u> | <u>135,655</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Regular debt service: | | | | | |
| Interest | 5,655 | | 5,655 | 5,655 | - |
| Redemption of principal | 130,000 | | 130,000 | 130,000 | - |
| Total Expenditures | <u>135,655</u> | <u>-</u> | <u>135,655</u> | <u>135,655</u> | <u>-</u> |
| Excess (Deficiency) of revenues over (under) expenditures | | | | | |
| Fund Balance - July 1, 2015 | | | | | |
| Fund Balance - June 30, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Recapitulation of Excess (Deficiency) or revenues over (under) expenditures | | | | | |
| Budgeted Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Statistical Section

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

Fiscal Year Ending June 30,

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ (118,798) | \$ (51,197) | \$ 48,264 | \$ 145,499 | \$ 257,546 | \$ 389,769 | \$ 569,595 | \$ 807,842 | \$ 924,534 | \$ 986,371 |
| Restricted for: | | | | | | | | | | |
| Capital projects | | | | 33,587 | 59,383 | 94,940 | 128,530 | 284,020 | 358,311 | 431,664 |
| Other purposes | 144,090 | 166,906 | 206,250 | 180,543 | 272,062 | 351,630 | 335,355 | 270,521 | 274,096 | 313,205 |
| Unrestricted | 110,691 | 99,343 | (10,575) | (464) | 57,933 | 71,341 | 95,468 | 127,527 | (502,907) | (517,994) |
| Total governmental activities net position | <u>\$ 135,983</u> | <u>\$ 215,052</u> | <u>\$ 243,939</u> | <u>\$ 359,165</u> | <u>\$ 646,924</u> | <u>\$ 907,680</u> | <u>\$ 1,128,948</u> | <u>\$ 1,489,910</u> | <u>\$ 1,054,034</u> | <u>\$ 1,213,246</u> |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | | | | | | | | 15,404 | 13,350 | 13,737 |
| Unrestricted | \$ 19,475 | \$ 28,798 | \$ 20,261 | \$ 32,703 | \$ 29,280 | \$ 36,422 | \$ 21,524 | \$ 13,537 | \$ 26,782 | \$ 17,574 |
| Total business-type activities net position | <u>\$ 19,475</u> | <u>\$ 28,798</u> | <u>\$ 20,261</u> | <u>\$ 32,703</u> | <u>\$ 29,280</u> | <u>\$ 36,422</u> | <u>\$ 21,524</u> | <u>\$ 28,941</u> | <u>\$ 40,132</u> | <u>\$ 31,311</u> |
| District-wide: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ (118,798) | \$ (51,197) | \$ 48,264 | \$ 145,499 | \$ 257,546 | \$ 389,769 | \$ 569,595 | \$ 823,246 | \$ 937,884 | \$ 1,000,108 |
| Restricted for: | | | | | | | | | | |
| Capital projects | | | | 33,587 | 59,383 | 94,940 | 128,530 | 284,020 | 358,311 | 431,664 |
| Other purposes | 144,090 | 166,906 | 206,250 | 180,543 | 272,062 | 351,630 | 335,355 | 270,521 | 274,096 | 313,205 |
| Unrestricted | 130,166 | 128,141 | 9,686 | 32,239 | 87,213 | 107,763 | 116,992 | 141,064 | (476,125) | (500,420) |
| Total district net position | <u>\$ 155,458</u> | <u>\$ 243,850</u> | <u>\$ 264,200</u> | <u>\$ 391,868</u> | <u>\$ 676,204</u> | <u>\$ 944,102</u> | <u>\$ 1,150,472</u> | <u>\$ 1,518,851</u> | <u>\$ 1,094,166</u> | <u>\$ 1,244,557</u> |

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

Fiscal Year Ending June 30,

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 1,240,434 | \$ 1,392,211 | \$ 1,567,239 | \$ 1,687,246 | \$ 1,153,589 | \$ 1,288,876 | \$ 1,335,602 | \$ 1,508,251 | \$ 1,646,890 | \$ 1,654,757 |
| Special education | 290,553 | 286,610 | 285,487 | 413,805 | 290,751 | 400,539 | 347,908 | 337,929 | 341,943 | 354,564 |
| Other instruction | 75,806 | 92,949 | 114,013 | 120,448 | 103,219 | 112,434 | 119,759 | 138,494 | 134,798 | 137,638 |
| Support Services: | | | | | | | | | | |
| Tuition | 969,709 | 1,100,107 | 1,085,070 | 1,061,015 | 1,294,174 | 1,300,048 | 1,350,683 | 1,230,509 | 1,137,815 | 1,252,490 |
| Student & instruction related services | 417,704 | 459,221 | 461,401 | 670,947 | 593,686 | 519,105 | 481,126 | 515,034 | 529,087 | 563,948 |
| General and business administrative services | 217,994 | 334,008 | 331,645 | 391,269 | 336,026 | 345,328 | 345,853 | 357,607 | 382,415 | 423,464 |
| Plant operations and maintenance | 366,757 | 367,043 | 351,201 | 378,883 | 382,716 | 318,312 | 375,243 | 365,400 | 512,904 | 410,143 |
| Pupil transportation | 59,767 | 84,746 | 91,112 | 106,684 | 106,902 | 95,438 | 130,989 | 93,104 | 99,009 | 103,463 |
| Business and other support services | 74,601 | 775 | | | | | | | | |
| Employee benefits | 822,037 | 914,395 | 786,892 | 277,047 | 716,509 | 851,974 | 977,396 | 928,785 | 930,058 | 1,049,827 |
| Interest on long-term debt | 52,744 | 44,642 | 40,454 | 35,997 | 31,157 | 26,100 | 20,826 | 16,748 | 11,310 | 2,827 |
| Unallocated depreciation | 2,577 | 3,298 | 3,345 | 5,813 | 5,952 | 6,800 | 5,564 | 8,392 | 10,514 | 11,184 |
| Total governmental activities expenses | 4,590,683 | 5,080,005 | 5,117,859 | 5,149,154 | 5,014,681 | 5,264,754 | 5,490,949 | 5,500,253 | 5,736,743 | 5,964,305 |
| Food service | 25,885 | 30,601 | 58,641 | 42,335 | 56,375 | 46,688 | 61,492 | 46,631 | 42,518 | 67,875 |
| Total business-type activities expense | 25,885 | 30,601 | 58,641 | 42,335 | 56,375 | 46,688 | 61,492 | 46,631 | 42,518 | 67,875 |
| Total district expenses | \$ 4,616,568 | \$ 5,110,606 | \$ 5,176,500 | \$ 5,191,489 | \$ 5,071,056 | \$ 5,311,442 | \$ 5,552,441 | \$ 5,546,884 | \$ 5,779,261 | \$ 6,032,180 |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | \$ 114,864 | \$ 123,059 | \$ 225,177 | \$ 457,823 | \$ 392,421 | \$ 449,732 | \$ 515,485 | \$ 127,305 | \$ 531,525 | \$ 629,092 |
| Charges for services | | | | | | 14,000 | 17,132 | | | |
| Total governmental activities program revenues | 114,864 | 123,059 | 225,177 | 457,823 | 392,421 | 463,732 | 532,617 | 127,305 | 531,525 | 629,092 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | \$ 28,337 | \$ 30,914 | \$ 38,123 | \$ 40,090 | \$ 35,408 | \$ 35,347 | \$ 30,799 | \$ 38,594 | \$ 40,782 | \$ 41,824 |
| Operating grants and contributions | 6,787 | 9,010 | 11,981 | 14,687 | 17,544 | 18,483 | 15,795 | 15,454 | 12,927 | 17,230 |
| Capital grants and contributions | | | | | | | | | | |
| Total business type activities program revenues | 35,124 | 39,924 | 50,104 | 54,777 | 52,952 | 53,830 | 46,594 | 54,048 | 53,709 | 59,054 |
| Total district program revenues | \$ 149,988 | \$ 162,983 | \$ 275,281 | \$ 512,600 | \$ 445,373 | \$ 517,562 | \$ 579,211 | \$ 181,353 | \$ 585,234 | \$ 688,146 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental activities | \$ (4,475,819) | \$ (4,956,946) | \$ (4,892,682) | \$ (4,691,331) | \$ (4,622,260) | \$ (4,801,022) | \$ (4,958,332) | \$ (5,372,948) | \$ (5,205,218) | \$ (5,335,213) |
| Business-type activities | 9,239 | 9,323 | (8,537) | 12,442 | (3,423) | 7,142 | (14,898) | 7,417 | 11,191 | (8,821) |
| Total district-wide net expense | \$ (4,466,580) | \$ (4,947,623) | \$ (4,901,219) | \$ (4,678,889) | \$ (4,625,683) | \$ (4,793,880) | \$ (4,973,230) | \$ (5,365,531) | \$ (5,194,027) | \$ (5,344,034) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 3,666,729 | \$ 3,794,184 | \$ 3,949,811 | \$ 4,035,363 | \$ 4,312,289 | \$ 4,411,358 | \$ 4,499,585 | \$ 4,642,321 | \$ 4,668,552 | \$ 4,739,666 |
| Taxes levied for debt service | 139,590 | 140,675 | 141,543 | 147,193 | 147,408 | 147,405 | 147,185 | 141,748 | 141,310 | 135,655 |
| Unrestricted grants and contributions | 1,001,172 | 1,033,025 | 765,278 | 609,285 | 425,352 | 496,448 | 536,860 | 893,988 | 546,370 | 570,294 |
| Miscellaneous income | 71,388 | 68,131 | 65,207 | 14,446 | 24,970 | 6,567 | 5,402 | 55,853 | 44,796 | 48,810 |
| Transfers | (8,000) | | | | | | | | | |
| Total governmental activities | 4,870,879 | 5,036,015 | 4,921,839 | 4,806,287 | 4,910,019 | 5,061,778 | 5,189,032 | 5,733,910 | 5,401,028 | 5,494,425 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | - | - | - | - |
| Transfers | 8,000 | | | | | | | | | |
| Total business-type activities | 8,000 | | | | | | | | | |
| Total district-wide | \$ 4,878,879 | \$ 5,036,015 | \$ 4,921,839 | \$ 4,806,287 | \$ 4,910,019 | \$ 5,061,778 | \$ 5,189,032 | \$ 5,733,910 | \$ 5,401,028 | \$ 5,494,425 |
| Change in Net Position: | | | | | | | | | | |
| Governmental activities | \$ 395,060 | \$ 79,069 | \$ 29,157 | \$ 114,956 | \$ 287,759 | \$ 260,756 | \$ 230,700 | \$ 360,962 | \$ 195,810 | \$ 159,212 |
| Business-type activities | 17,239 | 9,323 | (8,537) | 12,442 | (3,423) | 7,142 | (14,898) | 7,417 | 11,191 | (8,821) |
| Total district-wide | \$ 412,299 | \$ 88,392 | \$ 20,620 | \$ 127,398 | \$ 284,336 | \$ 267,898 | \$ 215,802 | \$ 368,379 | \$ 207,001 | \$ 150,391 |

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

Fiscal Year Ending June 30,

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Fund: | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Capital reserve | | | \$ 33,587 | \$ 33,892 | \$ 59,383 | \$ 94,940 | \$ 128,530 | \$ 284,020 | \$ 358,311 | \$ 431,664 |
| Future tuition payments | | \$ 21,413 | 21,413 | 21,413 | | | | | | 59,000 |
| Maintenance reserve | | 60,000 | 93,588 | 102,327 | 155,066 | 234,534 | 241,613 | 241,613 | 241,613 | 241,613 |
| Excess surplus | | | | | | | | 12,265 | | |
| Excess surplus - designated for subsequent year's budget | | | | | | | | | 12,265 | |
| Assigned for: | | | | | | | | | | |
| Year-end Encumbrances | \$ 123,290 | 31,493 | 3,432 | 1,998 | 63,496 | 16,096 | 40,242 | 16,643 | 20,218 | 12,592 |
| Subsequent year's budget | 20,800 | 54,000 | 54,500 | 54,500 | 53,500 | 101,000 | 53,500 | | | |
| Unrestricted | 233,161 | 231,272 | 210,824 | 215,750 | 242,165 | 222,130 | 223,887 | 22,497 | 223,137 | 245,388 |
| Total general fund | \$ 377,251 | \$ 398,178 | \$ 417,344 | \$ 429,880 | \$ 573,610 | \$ 668,700 | \$ 687,772 | \$ 577,038 | \$ 855,544 | \$ 990,257 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved: | | | | | | | | | | |
| Encumbrances | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | \$ (478) | \$ (478) | | | | | | | | |
| Debt service fund | | | | | | | | | | |
| Total all other governmental funds | \$ (478) | \$ (478) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

J-4

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | | | | | | | |
| Tax levy | \$ 3,806,319 | \$ 3,934,859 | \$ 4,091,354 | \$ 4,182,556 | \$ 4,459,697 | \$ 4,558,763 | \$ 4,646,770 | \$ 4,784,069 | \$ 4,809,862 | \$ 4,875,321 |
| Tuition charges | | | | | | 14,000 | 17,132 | 50,162 | 39,706 | 44,601 |
| Miscellaneous | 71,388 | 68,131 | 65,207 | 14,446 | 24,970 | 6,567 | 5,402 | 6,691 | 5,090 | 5,959 |
| State sources | 1,010,730 | 1,053,704 | 887,767 | 836,125 | 710,460 | 813,272 | 942,705 | 900,587 | 966,761 | 1,080,320 |
| Federal sources | 105,306 | 102,380 | 102,688 | 230,983 | 107,313 | 132,908 | 109,640 | 119,706 | 111,134 | 117,316 |
| Total revenue | 4,993,743 | 5,159,074 | 5,147,016 | 5,264,110 | 5,302,440 | 5,525,510 | 5,721,649 | 5,861,215 | 5,932,553 | 6,123,517 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 1,267,761 | 1,358,094 | 1,451,261 | 1,669,416 | 1,161,524 | 1,293,675 | 1,327,093 | 1,472,085 | 1,576,751 | 1,571,992 |
| Special education instruction | 290,553 | 286,610 | 285,487 | 413,805 | 290,751 | 400,539 | 347,908 | 337,929 | 341,943 | 354,564 |
| Other special instruction | 75,806 | 92,949 | 114,013 | 120,448 | 103,219 | 112,434 | 119,759 | 138,494 | 134,798 | 137,638 |
| Other instruction | | | | | | | | | | |
| Support Services: | | | | | | | | | | |
| Tuition | 969,709 | 1,100,107 | 1,085,070 | 1,061,015 | 1,294,174 | 1,300,048 | 1,350,683 | 1,230,509 | 1,137,815 | 1,252,490 |
| Student & instruction related services | 417,704 | 459,221 | 461,401 | 670,948 | 593,686 | 519,105 | 481,126 | 515,034 | 529,087 | 563,948 |
| General and business admin. services | 291,716 | 332,592 | 329,343 | 387,815 | 332,433 | 341,085 | 340,288 | 347,856 | 371,900 | 412,281 |
| Plant operations and maintenance | 313,221 | 328,948 | 344,993 | 375,430 | 393,282 | 307,764 | 364,916 | 396,311 | 495,661 | 384,269 |
| Pupil transportation | 59,767 | 84,746 | 91,112 | 106,684 | 106,902 | 95,438 | 130,989 | 93,104 | 99,009 | 103,463 |
| Employee benefits | 822,037 | 914,395 | 786,892 | 277,047 | 716,509 | 851,974 | 977,396 | 928,785 | 927,205 | 1,014,142 |
| Capital outlay | 120,443 | 39,810 | 36,257 | 21,773 | 18,822 | 60,953 | 115,234 | 170,094 | 98,568 | 58,362 |
| Debt service: | | | | | | | | | | |
| Principal | 90,000 | 95,000 | 100,000 | 110,000 | 115,000 | 120,000 | 125,000 | 125,000 | 130,000 | 130,000 |
| Interest and other charges | 49,590 | 45,675 | 41,543 | 37,193 | 32,408 | 27,405 | 22,185 | 16,748 | 11,310 | 5,655 |
| Total expenditures | 4,768,307 | 5,138,147 | 5,127,372 | 5,251,574 | 5,158,710 | 5,430,420 | 5,702,577 | 5,771,949 | 5,854,047 | 5,988,804 |
| Excess (Deficiency) of revenues over (under) expenditures | 225,436 | 20,927 | 19,644 | 12,536 | 143,730 | 95,090 | 19,072 | 89,266 | 78,506 | 134,713 |
| Other Financing sources (uses) | | | | | | | | | | |
| Proceeds from borrowing | | | | | | | | | | |
| Transfers out | (8,000) | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (8,000) | - | - | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 217,436 | \$ 20,927 | \$ 19,644 | \$ 12,536 | \$ 143,730 | \$ 95,090 | \$ 19,072 | \$ 89,266 | \$ 78,506 | \$ 134,713 |
| Debt service as a percentage of noncapital expenditures | 3.00% | 2.76% | 2.78% | 2.81% | 2.87% | 2.75% | 2.63% | 2.53% | 2.46% | 2.29% |

Source: District records

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

J-5

| <u>Fiscal Year Ending June 30,</u> | <u>Interest on Investments</u> | <u>Tuition</u> | <u>Donations</u> | <u>Prior Year Refunds</u> | <u>Miscellaneous</u> | <u>Total</u> |
|--|------------------------------------|-------------------|------------------|-------------------------------|----------------------|-------------------|
| 2007 | \$ 26,786 | \$ - | \$ - | \$ 44,528 | \$ 74 | \$ 71,388 |
| 2008 | 17,402 | 6,700 | | 44,029 | | 68,131 |
| 2009 | 7,187 | 13,500 | | 44,520 | | 65,207 |
| 2010 | 5,072 | 7,475 | | 1,790 | 109 | 14,446 |
| 2011 | 5,951 | 15,400 | | 3,457 | 162 | 24,970 |
| 2012 | 5,203 | 14,000 | | 1,364 | | 20,567 |
| 2013 | 4,229 | 17,132 | | 854 | 319 | 22,534 |
| 2014 | 4,382 | 50,162 | | | 2,309 | 56,853 |
| 2015 | 3,200 | 39,706 | | | 1,890 | 44,796 |
| 2016 | 3,727 | 44,601 | | | 482 | 48,810 |
| | <u>\$ 83,139</u> | <u>\$ 208,676</u> | <u>\$ -</u> | <u>\$ 140,542</u> | <u>\$ 5,345</u> | <u>\$ 437,702</u> |

Source: District records

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

97

| Fiscal Year Ended June 30, | Vacant Land | Residential | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities a | Net Valuation Taxable | Tax-Exempt Property | Total Direct School Tax Rate b | Estimated Actual (County Equalized) Value |
|----------------------------|--------------|----------------|--------------|------------|--------------|----------------------|--------------------|-----------------------|---------------------|--------------------------------|---|
| 2007 | \$ 2,007,000 | \$ 118,569,400 | \$ 6,448,900 | \$ 932,000 | \$ 3,373,800 | \$ 131,331,100 | \$ 107,991 | \$ 131,439,091 | \$ 18,604,700 | \$ 2.994 | \$ 253,354,380 |
| 2008 | 1,460,700 | 119,219,500 | 7,885,900 | 932,000 | 3,373,800 | 132,871,900 | 110,236 | 132,982,136 | 18,534,900 | 3.077 | 275,092,506 |
| 2009 | R 1,659,600 | 255,357,300 | 17,030,700 | 1,600,300 | 7,261,100 | 282,909,000 | 248,007 | 283,157,007 | 30,144,600 | 1.477 | 278,840,930 |
| 2010 | 978,200 | 256,017,200 | 17,879,900 | 1,600,300 | 7,261,100 | 283,736,700 | 231,522 | 283,968,222 | 29,600,100 | 1.570 | 301,535,156 |
| 2011 | 1,258,400 | 255,935,000 | 17,405,800 | 1,600,300 | 7,261,100 | 283,460,600 | 207,789 | 283,668,389 | 29,326,200 | 1.607 | 287,857,457 |
| 2012 | 1,103,200 | 255,357,500 | 17,405,800 | 1,600,300 | 7,221,000 | 282,687,800 | 202,256 | 282,890,056 | 29,412,200 | 1.642 | 277,186,286 |
| 2013 | 791,600 | 218,189,400 | 15,361,900 | 1,358,900 | 6,058,500 | 241,760,300 | 210,986 | 241,971,286 | 26,449,800 | 1.977 | 258,962,003 |
| 2014 | 791,600 | 218,089,800 | 15,361,900 | 1,358,900 | 6,058,500 | 241,660,700 | 157,848 | 241,818,548 | 26,449,800 | 1.989 | 257,409,225 |
| 2015 | 692,300 | 218,345,700 | 15,361,900 | 1,358,900 | 6,058,500 | 241,817,300 | 100 | 241,817,400 | 26,449,800 | 2.016 | 255,483,001 |
| 2016 | 692,300 | 218,445,800 | 15,586,900 | 1,358,900 | 6,058,500 | 242,142,400 | 100 | 242,142,500 | 26,449,800 | 2.057 | 263,576,762 |

Source:

Municipal Tax Assessor

Note:

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

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

b Tax rates are per \$100 of assessed valuation

R Revaluation

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

J-7

| Fiscal Year Ended June 30, | Riverton School District Direct Rate | | | Overlapping Rates | | Total Direct and Overlapping Rate |
|-------------------------------------|--------------------------------------|---------------------------------------|--------------|------------------------|----------------------|--|
| | Basic Rate | General Obligation Debt Service | Total Direct | Borough of Riverton | Burlington County | |
| 2007 | \$ 2.983 | \$ 0.011 | \$ 2.994 | \$ 1.385 | \$ 0.811 | \$ 5.190 |
| 2008 | 2.971 | 0.106 | 3.077 | 1.345 | 0.804 | 5.226 |
| 2009 | 1.427 | 0.050 | 1.477 | 0.599 | 0.375 | 2.451 |
| 2010 | 1.520 | 0.050 | 1.570 | 0.598 | 0.404 | 2.572 |
| 2011 | 1.557 | 0.050 | 1.607 | 0.598 | 0.385 | 2.590 |
| 2012 | 1.592 | 0.050 | 1.642 | 0.606 | 0.373 | 2.621 |
| 2013 | 1.919 | 0.058 | 1.977 | 0.754 | 0.406 | 3.137 |
| 2014 | 1.931 | 0.058 | 1.989 | 0.796 | 0.407 | 3.192 |
| 2015 | 1.960 | 0.056 | 2.016 | 0.818 | 0.438 | 3.272 |
| 2016 | 2.057 | - | 2.057 | 0.837 | 0.444 | 3.338 |

Source: Municipal Tax Collector

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

| Taxpayer | 2016 | |
|----------------------------|------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| AARCP CV Riverton NH, LLC | \$ 2,450,100 | 1.01% |
| The Shops at Riverton, LLC | 1,727,300 | 0.71% |
| National Casein Sales | 1,505,900 | 0.62% |
| Cedar Lane Manor Apt., LLC | 1,417,600 | 0.59% |
| Individual #1 | 1,378,200 | 0.57% |
| Moccia Properties, LLC | 1,278,100 | 0.53% |
| Riverton Square, LLC | 1,192,000 | 0.49% |
| Biddle Estate, LLC | 1,101,000 | 0.45% |
| Individual #2 | 1,066,100 | 0.44% |
| Individual #3 | 861,300 | 0.36% |
| Total | \$ 13,977,600 | 5.77% |

| Taxpayer | 2007 | |
|---------------------------------|------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value |
| D & P Goffredo | \$ 1,247,900 | 0.95% |
| SSJ Holding, LP Shopping Center | 1,152,900 | 0.88% |
| Chas. Cook, Glue Factory | 1,007,900 | 0.77% |
| Moccia Properties | 867,350 | 0.66% |
| Cedar Lane Manor, Apt. Complex | 740,000 | 0.56% |
| Individual #1 | 621,300 | 0.47% |
| Riverton Country Club | 647,000 | 0.49% |
| Individual #2 | 488,800 | 0.37% |
| Individual #3 | 488,580 | 0.37% |
| Individual #4 | 439,100 | 0.33% |
| Total | \$ 7,700,830 | 5.87% |

Source: Municipal Tax Assessor

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

J-9

| <u>Fiscal Year Ended June 30,</u> | <u>Taxes Levied for the Calendar Year</u> | <u>Collected within the Fiscal Year of the Levy^a</u> | | <u>Collections in Subsequent Years</u> |
|---------------------------------------|---|---|-------------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2007 | \$ 3,806,319 | \$ 3,806,319 | 100.00% | - |
| 2008 | 3,934,859 | 3,934,859 | 100.00% | - |
| 2009 | 4,091,354 | 4,091,354 | 100.00% | - |
| 2010 | 4,182,556 | 4,182,556 | 100.00% | - |
| 2011 | 4,459,697 | 4,459,697 | 100.00% | - |
| 2012 | 4,558,763 | 4,558,763 | 100.00% | - |
| 2013 | 4,646,770 | 4,646,770 | 100.00% | - |
| 2014 | 4,784,069 | 4,784,069 | 100.00% | - |
| 2015 | 4,809,862 | 4,809,862 | 100.00% | - |
| 2016 | 4,875,321 | 4,875,321 | 100.00% | - |

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

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

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

J-10

| Fiscal Year Ended June 30, | Governmental Activities | | Business-Type Activities | | Percentage of Personal Income ^b | Per Capita ^c |
|-------------------------------------|---|-------------------|-----------------------------|----------------|--|-------------------------|
| | General Obligation Bonda ^a | Capital Leases | Capital Leases | Total District | | |
| 2007 | \$ 1,050,000 | \$ - | \$ - | \$ 1,050,000 | 0.86% | 395 |
| 2008 | 955,000 | - | - | 955,000 | 0.76% | 362 |
| 2009 | 855,000 | - | - | 855,000 | 0.68% | 325 |
| 2010 | 745,000 | - | - | 745,000 | 0.56% | 268 |
| 2011 | 630,000 | - | - | 630,000 | 0.45% | 227 |
| 2012 | 510,000 | - | - | 510,000 | 0.36% | 184 |
| 2013 | 385,000 | - | - | 385,000 | 0.27% | 139 |
| 2014 | 260,000 | - | - | 260,000 | 0.18% | 94 |
| 2015 | 130,000 | - | - | 130,000 | d | 47 |
| 2016 | - | - | - | - | d | d |

Sources:

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

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

J-11

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Net Assessed Valuation Taxable ^b | Per Capita ^c |
|-------------------------------------|---------------------------------|------------|--|--|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding ^a | | |
| 2007 | \$ 1,050,000 | \$ - | \$ 1,050,000 | 0.80% | 395 |
| 2008 | 955,000 | - | 955,000 | 0.72% | 362 |
| 2009 | 855,000 | - | 855,000 | 0.30% | 325 |
| 2010 | 745,000 | - | 745,000 | 0.26% | 268 |
| 2011 | 630,000 | - | 630,000 | 0.22% | 227 |
| 2012 | 510,000 | - | 510,000 | 1.80% | 184 |
| 2013 | 385,000 | - | 385,000 | 0.16% | 139 |
| 2014 | 260,000 | - | 260,000 | 0.11% | 94 |
| 2015 | 130,000 | - | 130,000 | 0.05% | 47 |
| 2016 | - | - | - | 0.00% | - |

Sources:

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

**Riverton School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2015**

J-12

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| Debt repaid with property taxes: | | | |
| Borough of Riverton (1) | \$ 2,016,300 | 100.000% | \$ 2,016,300 |
| Burlington County General Obligation Debt (1) | 282,131,755 | 0.558% (2) | 1,574,295 |
| | | | <hr/> |
| Subtotal, overlapping debt | | | 3,590,595 |
| Riverton School District Direct Debt | | | <hr/> 130,000 |
| Total direct and overlapping debt | | | <u><u>\$ 3,720,595</u></u> |

Sources:

- (1) Annual Debt Statement.
- (2) The County percentage is based upon a calculation reflecting the Borough's share of the 2015 Equalized Valuation. The source for this computation was the 2015 County Abstract of Ratables, provided by the County Board of Taxation.

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis

| | |
|------|-----------------------|
| 2013 | \$ 256,836,609 |
| 2014 | 254,808,836 |
| 2015 | 262,730,661 |
| | <u>\$ 774,376,106</u> |

Average equalized valuation of taxable property \$ 258,125,369

Debt limit (3% of average equalized valuation) (2) 7,743,761

Net bonded school debt

Legal debt margin \$ 7,743,761

Fiscal Year

104

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Debt limit | \$ 6,852,304 | \$ 7,563,950 | \$ 7,998,344 | \$ 8,469,170 | \$ 8,630,083 | \$ 8,642,533 | \$ 8,219,233 | \$ 7,914,354 | \$ 7,691,025 | \$ 7,743,761 |
| Total net debt applicable to limit (3) | <u>1,050,000</u> | <u>955,000</u> | <u>855,000</u> | <u>745,000</u> | <u>630,000</u> | <u>510,000</u> | <u>385,000</u> | <u>260,000</u> | <u>130,000</u> | <u>-</u> |
| Legal debt margin | <u>\$ 5,802,304</u> | <u>\$ 6,608,950</u> | <u>\$ 7,143,344</u> | <u>\$ 7,724,170</u> | <u>\$ 8,000,083</u> | <u>\$ 8,132,533</u> | <u>\$ 7,834,233</u> | <u>\$ 7,654,354</u> | <u>\$ 7,561,025</u> | <u>\$ 7,743,761</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 15.32% | 12.63% | 10.69% | 8.80% | 7.30% | 5.90% | 4.68% | 3.29% | 1.69% | 0.00% |

Sources:

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

**Riverton School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

J-14

| <u>Year</u> | <u>Population^a</u> | <u>Personal Income (thousands of dollars)^b</u> | <u>Per Capita Personal Income^c</u> | <u>Unemployment Rate^d</u> |
|-------------|-------------------------------|---|---|--|
| 2007 | 2,657 | \$ 122,721,516 | \$ 46,188 | 2.1% |
| 2008 | 2,636 | 126,042,976 | 47,816 | 2.9% |
| 2009 | 2,629 | 125,269,221 | 47,649 | 5.2% |
| 2010 | 2,781 | 133,618,707 | 48,047 | 5.5% |
| 2011 | 2,774 | 138,575,170 | 49,955 | 5.4% |
| 2012 | 2,777 | 142,710,030 | 51,390 | 5.6% |
| 2013 | 2,765 | 143,185,525 | 51,785 | 7.4% |
| 2014 | 2,759 | 148,287,973 | 53,747 | 5.5% |
| 2015 | 2,748 | e | e | 4.7% |
| 2016 | e | e | e | e |

Source:

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

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

J-16

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 19 | 20 | 20 | 20 | 19 | 19 | 20 | 20 | 21 | 22 |
| Special education | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| General and business administrative services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Plant operations and maintenance | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Business and other support services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total | 32 | 33 | 33 | 33 | 32 | 32 | 34 | 34 | 35 | 36 |

Source:
 District Personnel Records

Riverton School District
 Operating Statistics,
 Last Ten Fiscal Years

J-17

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures^a</u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff^b</u> | <u>Pupil/Teacher Ratio Elementary</u> | <u>Average Daily Enrollment (ADE)^c</u> | <u>Average Daily Attendance (ADA)^c</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------|---|-----------------------|--------------------------|-----------------------------------|---------------------------------------|---|---|---|--------------------------------------|
| 2007 | 243 | \$ 4,508,274 | \$ 18,553 | -7.64% | 22 | 1:11 | 243.5 | 234.5 | 6.33% | 96.30% |
| 2008 | 254 | 4,957,662 | 19,518 | 5.21% | 23 | 1:11 | 255.7 | 246.8 | 5.01% | 96.52% |
| 2009 | 263 | 4,949,572 | 18,820 | -3.58% | 23 | 1:11 | 260.2 | 249.8 | 1.76% | 96.00% |
| 2010 | 265 | 5,082,608 | 19,180 | 1.91% | 23 | 1:11 | 269.4 | 258.9 | 3.54% | 96.10% |
| 2011 | 279 | 4,992,480 | 17,894 | -6.70% | 22 | 1:12 | 279.2 | 268.8 | 3.64% | 96.28% |
| 2012 | 280 | 5,222,062 | 18,650 | 4.22% | 22 | 1:12 | 283.3 | 274.3 | 1.47% | 96.82% |
| 2013 | 283 | 5,440,158 | 19,223 | 3.07% | 23 | 1:12 | 284.0 | 274.3 | 0.25% | 96.58% |
| 2014 | 304 | 5,460,107 | 17,961 | -6.57% | 23 | 1:13 | 302.9 | 293.8 | 6.65% | 97.02% |
| 2015 | 295 | 5,614,169 | 19,031 | 5.96% | 24 | 1:12 | 293.1 | 282.9 | -3.24% | 96.52% |
| 2016 | 306 | 5,794,787 | 18,937 | -0.49% | 25 | 1:12 | 308.6 | 297.7 | 5.29% | 96.47% |

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

J-18

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| District Building | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Riverton Elementary (1910) | | | | | | | | | | |
| Square Feet | 42,240 | 42,240 | 42,240 | 42,240 | 42,240 | 42,240 | 42,240 | 42,240 | 42,240 | 42,240 |
| Capacity (students) | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 | 322 |
| Enrollment | 243 | 254 | 263 | 265 | 279 | 280 | 283 | 303 | 295 | 306 |

Number of Schools at June 30, 2016
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Facilities Office

Riverton School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years

J-19

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| * School Facilities | | | | | | | | | | | |
| Riverton Public School | \$ 39,222 | \$ 55,543 | \$ 55,543 | \$ 49,345 | \$ 97,192 | \$ 43,153 | \$ 87,011 | \$ 108,440 | \$ 180,608 | \$ 103,544 | \$ 819,601 |
| Project # (s) | | | | | | | | | | | |
| Total School Facilities | <u>\$ 39,222</u> | <u>\$ 55,543</u> | <u>\$ 55,543</u> | <u>\$ 49,345</u> | <u>\$ 97,192</u> | <u>\$ 43,153</u> | <u>\$ 87,011</u> | <u>\$ 108,440</u> | <u>\$ 180,608</u> | <u>\$ 103,544</u> | <u>\$ 819,601</u> |

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

Source: District records

**Riverton School District
Insurance Schedule
June 30, 2016**

J-20

| | <u>Coverage</u> | <u>Self-insured Retention</u> | <u>Deductible</u> |
|---|-----------------|-----------------------------------|-------------------|
| School Package Policy (1) | | | |
| Building and Contents, Boiler & Machinery, Extra Expense, Valuable Papers, EDP Equipment | | | |
| Limits of liability per occurrence | \$ 250,000,000 | | |
| Liability (General & Auto) | 10,000,000 | \$ 5,000 | \$ 1,000 |
| Pollution Liability | 1,000,000 | 10,000 | |
| Workers' Compensation | Statutory | | |
| Blanket Dishonesty Bond | 100,000/500,000 | | 2,500 |
| Student Accident (2) | 1,000,000 | | |
| School Board Legal Liability | 10,000,000 | | |
| Surety Bonds (3) | | | |
| Treasurer | 175,000 | | |
| Board Secretary | 80,000 | | |

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

Source: District records

Single Audit Section

INVERSO & STEWART, LLC
Certified Public Accountants

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 Marlton, New Jersey 08053
 (856) 983-2244
 Fax (856) 983-6674
 E-Mail: iscpas@concentric.net

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

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
 ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
 ASSISTANCE AS REQUIRED BY NEW JERSEY TREASURY CIRCULAR OMB 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Riverton School District (School District), in the County of Burlington, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2016. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In my opinion, the Riverton School District, in the County of Burlington, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

Expenditures for federal awards were less than the single audit dollar threshold required by the Uniform Guidance and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required the Office of School Finance, Department of Education, State of New Jersey and is 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.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of New Jersey Treasury Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverton School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I issued my report thereon dated August 31, 2016, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Treasury Circular OMB 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information of the Board of Education and the New Jersey Department of Education.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
August 31, 2016

RIVERTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

115

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period From - To | Balance June 30, 2015 | | | Carryover (Walkover) | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance June 30, 2016 | | |
|--|---------------------------|---------------------------|----------------------------------|-------------------------------|------------------------------|--------------------------|---------------------|-------------------|-------------------------|------------------|---------------------------|--|--------------------------|---------------------|-------------------|
| | | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor |
| U.S. Department of Education | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| Title I: | | | | | | | | | | | | | | | |
| Fiscal Year 2016 | 84.010A | S010A150030 | NCLB446016 | \$ 23,621 | 7/1/15 - 6/30/16 | \$ - | \$ - | \$ - | \$ - | \$ 23,621 | \$ (23,621) | \$ - | \$ - | \$ - | |
| Title II A: | | | | | | | | | | | | | | | |
| Fiscal Year 2016 | 84.367A | S367A150029 | NCLB446016 | 9,461 | 7/1/15 - 6/30/16 | | | | | 9,461 | (9,461) | | | | |
| I.D.E.A. Part B - Basic: | | | | | | | | | | | | | | | |
| Fiscal Year 2016 | 84.027 | H027A150100 | IDEA446016 | 80,121 | 7/1/15 - 6/30/16 | | | | | 78,380 | (78,900) | | (520) | | |
| Fiscal Year 2015 - Carryover | 84.027 | H027A150100 | IDEA446015 | 1,981 | 7/1/14 - 6/30/15 | | | | | 1,981 | (1,981) | | | | |
| Fiscal Year 2015 | 84.027 | H027A150100 | IDEA446015 | 77,961 | 7/1/14 - 6/30/15 | (423) | | | | 423 | | | | | |
| I.D.E.A. Part B - Preschool: | | | | | | | | | | | | | | | |
| Fiscal Year 2016 | 84.173 | H173A150114 | IDEA446016 | 3,043 | 7/1/15 - 6/30/16 | | | | | 3,043 | (3,043) | | | | |
| Total U.S. Department of Education | | | | | | (423) | | | | 116,909 | (117,006) | | (520) | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | | | |
| Fiscal Year 2016 | 10.555 | 16161NJ304N1099 | N/A | 16,518 | 7/1/15 - 6/30/16 | | | | | 15,623 | (16,518) | | (895) | | |
| Fiscal Year 2015 | 10.555 | 16161NJ304N1099 | N/A | 12,273 | 7/1/14 - 6/30/15 | (726) | | | | 728 | | | | | |
| Total U.S. Department of Agriculture | | | | | | (726) | | | | 16,351 | (16,518) | | (895) | | |
| Total Federal Awards | | | | | | \$ (1,151) | \$ - | \$ - | \$ - | \$ 133,260 | \$ (133,524) | \$ - | \$ (1,415) | \$ - | |

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

RIVERTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

| State Grantor / Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From - To | Balance June 30, 2015 | | | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance June 30, 2016 | | |
|---|-------------------------------|-------------------------|------------------------|-----------------------|------------------|-----------------|---------------------|---|------------------------------------|-----------------------|------------------|-----------------|
| | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor |
| State Department of Education | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| Equalization Aid | 16-495-034-5120-078 | \$ 288,342 | 7/1/15- 6/30/16 | \$ - | \$ - | \$ - | \$ 273,243 | \$ (288,342) | \$ - | \$ (15,099) | \$ - | \$ - |
| Equalization Aid | 15-495-034-5120-078 | 288,342 | 7/1/14- 6/30/15 | (17,380) | | | 17,380 | | | | | |
| Special Education Categorical Aid | 16-495-034-5120-089 | 189,928 | 7/1/15- 6/30/16 | | | | 179,982 | (189,928) | | (9,946) | | |
| Special Education Categorical Aid | 15-495-034-5120-089 | 189,928 | 7/1/14- 6/30/15 | (11,448) | | | 11,448 | | | | | |
| Transportation Aid | 16-495-034-5120-014 | 26,068 | 7/1/15- 6/30/16 | | | | 24,703 | (26,068) | | (1,365) | | |
| Transportation Aid | 15-495-034-5120-014 | 26,068 | 7/1/14- 6/30/15 | (1,571) | | | 1,571 | | | | | |
| Security Aid | 16-495-034-5120-084 | 30,765 | 7/1/15- 6/30/16 | | | | 29,154 | (30,765) | | (1,611) | | |
| Security Aid | 15-495-034-5120-084 | 30,765 | 7/1/14- 6/30/15 | (1,854) | | | 1,854 | | | | | |
| PARCC Readiness Aid | 16-495-034-5120-098 | 3,560 | 7/1/15- 6/30/16 | | | | 3,374 | (3,560) | | (186) | | |
| PARCC Readiness Aid | 15-495-034-5120-098 | 3,560 | 7/1/14- 6/30/15 | (215) | | | 215 | | | | | |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 3,560 | 7/1/15- 6/30/16 | | | | 3,374 | (3,560) | | (186) | | |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 3,560 | 7/1/14- 6/30/15 | (215) | | | 215 | | | | | |
| Extraordinary Aid | 16-495-034-5120-044 | 23,781 | 7/1/15- 6/30/16 | | | | | (23,781) | | (23,781) | | |
| Extraordinary Aid | 15-495-034-5120-044 | 5,820 | 7/1/14- 6/30/15 | (5,820) | | | 5,820 | | | | | |
| On behalf TPAF Pension Contribution | 16-495-034-5094-002 | 154,589 | 7/1/15- 6/30/16 | | | | 154,589 | (154,589) | | | | |
| On behalf TPAF Post Retirement Medical | 16-495-034-5094-001 | 184,073 | 7/1/15- 6/30/16 | | | | 184,073 | (184,073) | | | | |
| Reimbursed TPAF Social Security Contr. | 16-495-034-5094-003 | 161,931 | 7/1/15- 6/30/16 | | | | 161,931 | (161,931) | | | | |
| Reimbursed TPAF Social Security Contr. | 15-495-034-5094-003 | 152,156 | 7/1/14- 6/30/15 | (6,809) | | | 6,809 | | | | | |
| Total General Fund | | | | (45,312) | | | 1,059,735 | (1,066,597) | | (52,174) | | |
| Special Revenue Fund: | | | | | | | | | | | | |
| Nonpublic: | | | | | | | | | | | | |
| Textbook Aid | 16-100-034-5120-064 | 571 | 7/1/15- 6/30/16 | | | | 571 | (571) | | | | |
| Nursing Services | 16-100-034-5120-070 | 1,530 | 7/1/15- 6/30/16 | | | | 1,530 | (1,530) | | | | |
| Technology Initiative | 16-100-034-5120-373 | 260 | 7/1/15- 6/30/16 | | | | 260 | (260) | | | | |
| Security | 16-100-034-5120-509 | 425 | 7/1/15- 6/30/16 | | | | 425 | (425) | | | | |
| Handicapped Services: | | | | | | | | | | | | |
| Supplemental Instruction | 16-100-034-5120-066 | 3,713 | 7/1/15- 6/30/16 | | | | 3,713 | (2,896) | | | | 817 |
| Supplemental Instruction | 15-100-034-5120-066 | 3,924 | 7/1/14- 6/30/15 | | | 864 | | | (864) | | | |
| Examination & Classification | 16-100-034-5120-066 | 5,284 | 7/1/15- 6/30/16 | | | | 5,284 | (3,751) | | | | 1,533 |
| Examination & Classification | 15-100-034-5120-066 | 4,325 | 7/1/14- 6/30/15 | | | 1,982 | | | (1,982) | | | |
| Total Special Revenue Fund | | | | | | 2,846 | 11,783 | (9,433) | | (2,846) | | 2,350 |
| State Department of Agriculture | | | | | | | | | | | | |
| National School Lunch Program (State Share) | | | | | | | | | | | | |
| Fiscal Year 2016 | 16-100-010-3350-023 | 712 | 7/1/15- 6/30/16 | | | | 673 | (712) | | (39) | | |
| Fiscal Year 2015 | 15-100-010-3350-023 | 654 | 7/1/14- 6/30/15 | (36) | | | 36 | | | | | |
| Total Enterprise Fund | | | | (36) | | | 709 | (712) | | (39) | | |
| Total State Financial Assistance | | | | \$ (45,348) | \$ - | \$ 2,846 | \$ 1,072,227 | \$ (1,076,742) | \$ (2,846) | \$ (52,213) | \$ - | \$ 2,350 |
| | | | | | | | | Less: State Financial Expenditures Not Subject to Major Program Determination | | | | |
| | | | | | | | | On-Behalf TPAF Contribution - Pension (Non-Budgeted) (154,589) | | | | |
| | | | | | | | | On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted) (184,073) | | | | |
| | | | | | | | | Total State Financial Expenditures Subject to Major Program Determination \$ (738,080) | | | | |

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

**Riverton School District
Notes to Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016**

I. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,290 for the general fund and \$310 for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

| <u>Fund</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|-----------------|-------------------|---------------------|---------------------|
| General | \$ - | \$ 1,070,887 | \$ 1,070,887 |
| Special Revenue | 117,316 | 9,433 | 126,749 |
| Food Service | 16,518 | 712 | 17,230 |
| | <u>\$ 133,834</u> | <u>\$ 1,081,032</u> | <u>\$ 1,214,866</u> |

**Riverton School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016
(Continued)**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. 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, 2016.

6. MAJOR PROGRAMS

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

RIVERTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I --Summary of Auditor's Results

Financial Statements

| | |
|---|--|
| Type of auditor's report issued: | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| 1) Material weaknesses identified? | _____ yes <u> X </u> no |
| 2) Significant deficiencies identified that are not considered to be a material weakness? | _____ yes <u> X </u> none reported |
| Noncompliance material to basic financial statements noted? | _____ yes <u> X </u> no |

Federal Awards

NOT APPLICABLE

Internal Control over major programs:

| | |
|---|-------------------------------|
| 1) Material weakness(es) identified? | _____ yes _____ no |
| 2) Significant deficiencies identified that are not considered to be a material weakness? | _____ yes _____ none reported |

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)?

| |
|--------------------|
| _____ yes _____ no |
|--------------------|

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-----------------------|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Dollar threshold used to distinguish between type A and type B programs: _____

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

**RIVERTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|---|-------------------------------------|
| 16-495-034-5120-078 | Equalization Aid |
| 16-495-034-5094-003 | TPAF Reimbursed Social security |
| 16-100-010-3350-023 | National School Lunch (State Share) |
| | |
| | |
| | |
| | |

**RIVERTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

No findings identified.

RIVERTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

A State single audit was not required.

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

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and NJOMB's Circular 14-04 and/or 15-08, as applicable.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

A Federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.