

RIDGEWOOD BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Ridgewood Board of Education
Ridgewood, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Ridgewood Board of Education

Village of Ridgewood, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

**Ridgewood Board of Education
Business Office**

**RIDGEWOOD BOARD OF EDUCATION
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INTRODUCTORY SECTION



Ridgewood Public Schools

Education Center
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Ridgewood, NJ 07451
(P) 201-670-2700
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ADMINISTRATION

Dr. Daniel Fishbein,
Superintendent
Cheryl Best,
Asst. Superintendent
Dr. Alfredo Aguilar,
Business Administrator/
Board Secretary

BOARD MEMBERS

Sheila Brogan, President
B. Vincent Loncto, Vice President
Christina Krauss
James Morgan
Jennie Smith Wilson

November 21, 2016

Honorable President and Members
of the Board of Education
Village of Ridgewood School District
County of Bergen
Ridgewood, NJ

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Village of Ridgewood School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects. It is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, Organizational Chart and a List of Principal Officials of the District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements including the district-wide financial statements presented in accordance with the provisions of the *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The basic financial statements also include individual fund financial statements, Notes to the Basic Financial Statements and Required Supplementary Information (RSI).
- The Statistical Section includes selected financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information of the District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Uniform Guidance, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

Reporting Entity and Its Services

The Village of Ridgewood School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB No. 14. All funds of the District are included in this report. The Village of Ridgewood Board of Education and all its schools constitute the District's reporting entity. The District consists of one high school, two middle schools, seven elementary schools, and an administration building.

The District provides education to approximately 5,655 students in grades kindergarten through twelve as well as a pre-k disabled program.

An elected five-member Board of Education (the "Board") serves as the policy maker for the District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of the District's tax money.

The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. The Business Administrator/Board Secretary is the chief financial officer of the District, responsible to the Board for maintaining all financial records, making payments of liabilities incurred by the District, acting as custodian of all District funds, and investing funds as permitted by New Jersey law.

Economic Conditions and Outlook

The District completed the 2015-2016 fiscal year with an average daily enrollment of 5,655 students, which is 5 students above the previous year's average daily enrollment. The following details the changes in the student average daily enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2015-16	5,655.0	0.09%
2014-15	5,650.0	-1.17%
2013-14	5,717.0	-0.59%
2012-13	5,751.0	0.89%
2011-12	5,700.0	0.03%

The forecast for student enrollment is for continued growth at a rate of about 1.0%. The District's actual enrollment on September 30, 2016 was 5,651 a decrease of approximately 4 students from June 2016.

The District's primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. The proposed budget for fiscal year 2015-16 passed. General fund expenditures increased by 1.03%. The local tax levy increased by 2.0%. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing. The District remains accountable to the residents and taxpayers and attributes much of its past education success to the community's demand for, and support of a quality school system.

Educational Program

The mission statement for the Ridgewood Public Schools is as follows:

The Ridgewood Public Schools, committed to a tradition of excellence and innovation, in partnership with the community, provide a rich and challenging learning environment, enabling students to maximize their unique potentials to become life-long learners and productive, responsible citizens.

The Ridgewood Public School system is composed of seven elementary schools (Pre-K-5), two middle schools (6-8), and one high school (9-12), serving approximately 5,755 students. All public schools are accredited by the New Jersey Department of Education, and the high school is accredited by the Middle States Association of Colleges and Secondary Schools.

To maintain and advance instructional excellence, the District promotes comprehensive programs of staff and curriculum development. Our staff development and curriculum improvement efforts have focused on balanced literacy, mathematics, science and technology in alignment with the Common Core State Standards.

Ridgewood High School is a comprehensive high school, grades 9-12, which attempts to meet the needs of all students. It is also an institution with a long-standing tradition of providing a sound and challenging academic program for college-bound students. The present school population is 1,709. The high school is the largest in Bergen County. It is accredited by the Middle States Association of Colleges and Secondary Schools and the New Jersey Department of Education. The class of 2016 included 414 students. The following page details the post-graduation plans for this class.

Post-	
Secondary Plans: Class of 2016	
<u>CLASS OF 2016</u>	
4-Year Colleges	93.6%
2-Year Colleges	4.3%
Military	4 student

The Class of 2016 received acceptances from the following colleges, universities, and military academies:

Alfred University	1	Kutztown University of Pennsylvania	1	The University of Alabama	3
American University	1	Lafayette College	1	The University of Arizona	1
Amherst College	1	Lehigh University	5	The University of Georgia	2
Barnard College	1	Loyola University Maryland	6	The University of Scranton	1
Bates College	2	Manhattan College	1	The University of the Arts	1
Becker College	1	Marist College	4	Trinity College	1
Belmont University	1	MA College of Pharm & Hlth Sciences	2	Tufts University	2
Bennington College	1	McGill University	1	Tulane University	5
Bergen Community College	12	Michigan State University	1	Union College	3
Berklee College of Music	1	Middlebury College	1	United States Air Force Academy	1
Binghamton University	1	Monmouth University	2	Universal Technical Institute	1
Boston College	5	Montclair State University	5	University of California, San Diego	2
Boston University	2	Muhlenberg College	1	University of Colorado at Boulder	2
Bowdoin College	1	New York University	9	University of Connecticut	1
Brandeis University	1	Northeastern University	1	University of Dayton	1
Brown University	1	Northern Arizona University	2	University of Delaware	4
Bryn Mawr College	1	Northwestern University	2	University of Illinois at Urbana-Champaign	1
Bucknell University	7	Norwich University	1	University of Kent	1
Carnegie Mellon University	4	Oberlin College	1	University of Maryland, College Park	9
Champlain College	1	Pennsylvania State Univ - All Campuses	10	University of Massachusetts, Amherst	2
Clark University	1	Princeton University	1	University of Miami	3
Clarkson University	1	Providence College	5	University of Michigan	5
Clemson University	2	Queens College of the CUNY	1	University of New Hampshire at Durham	1
Coastal Carolina University	1	Quinnipiac University	2	University of Notre Dame	1
Colgate University	3	Ramapo College of New Jersey	4	University of Pennsylvania	2
College of Charleston	2	Rensselaer Polytechnic Institute	2	University of Pittsburgh	3
College of the Holy Cross	1	Rider University	1	University of Rhode Island	2
College of William and Mary	3	Ringling College of Art and Design	1	University of Richmond	4
Cornell University	5	Roanoke College	1	University of Rochester	1
Cornish College of the Arts	1	Rocky Mountain College of Art & Design	1	University of San Diego	1
Curry College	1	Rowan University	5	University of San Francisco	1
Dartmouth College	3	Rutgers University-New Brunswick	22	University of South Carolina	6
Drew University	1	Sacred Heart University	1	University of South Florida, Tampa	1
Elon University	2	Saint Joseph's University	1	University of Southern California	1
Emory University	1	Salisbury University	1	University of Vermont	2
Fairfield University	4	Salve Regina University	1	Ursinus College	1
Fairleigh Dickinson Univ - Metro Campus	2	Savannah College of Art and Design	1	Utica College	1
Felician University	1	School of Visual Arts	2	Vassar College	1
Fordham Univ - Lincoln Ctr /Rose Hill	8	Seton Hall University	4	Vermont Technical College	1
Franklin and Marshall College	2	Siena College	1	Villanova University	6
Georgetown University	2	Skidmore College	3	Virginia Commonwealth University	1
Georgia Institute of Technology	2	Smith College	2	Virginia Tech	3
Gettysburg College	5	St. Lawrence University	1	Wagner College	1
Goucher College	1	St. Thomas Aquinas College	1	Wake Forest University	5
Hamilton College - NY	3	Stevens Institute of Technology	2	Wasseda University	1
Hampshire College	1	SUNY College at Cortland	2	Washington University in St. Louis	3
Hartwick College	3	Susquehanna University	1	Wentworth Institute of Technology	2
High Point University	3	Swarthmore College	1	West Virginia University	1
Indiana University at Bloomington	4	Syracuse University	10	Widener University	1
Indiana University-Purdue Univ Indianapolis	1	Temple University	2	William Paterson University of New Jersey	1
Ithaca College	3	The College of New Jersey	9	Williams College	2
James Madison University	2	The College of Wooster	1	Worcester Polytechnic Institute	2
Kean University	1	The Evergreen State College	1		
Koc University	1	The George Washington University	2		

Major Initiatives

In District Special Education Classes

The District offers specialized classes for certain special students. Learning disability classes are offered at Ridgewood High School, George Washington, Benjamin Franklin, Travell, Somerville and Willard. Autistic classes (RISe Program) are offered at George Washington Middle School, Ridge School and Glen School. Additionally, at Glen School, there are classes for preschool students with disabilities. These classes provide Ridgewood students with the opportunity to remain in the Ridgewood School System rather than be sent to expensive out of district specialized schools for the disabled. In district programs, provide these special students with the opportunity to be included in the regular education classes in their buildings when it is appropriate.

Financial Information

Internal Accounting Controls: Management of the District is responsible for establishing and maintaining internal control 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 accounting principles generally accepted in the United States of America (GAAP). Internal control 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 awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. Internal control is also subject to periodic evaluation by the District's management.

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

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, special revenue fund and 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 are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as committed or assigned fund balance at June 30, 2016.

Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Basic Financial Statements", Notes 1 and 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

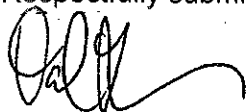
Risk Management: The District carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance, and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and specific required supplemental information 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.

Acknowledgements

We would like to express our appreciation to the members of the Village of Ridgewood School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the 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 financial and accounting staff.

Respectfully submitted,

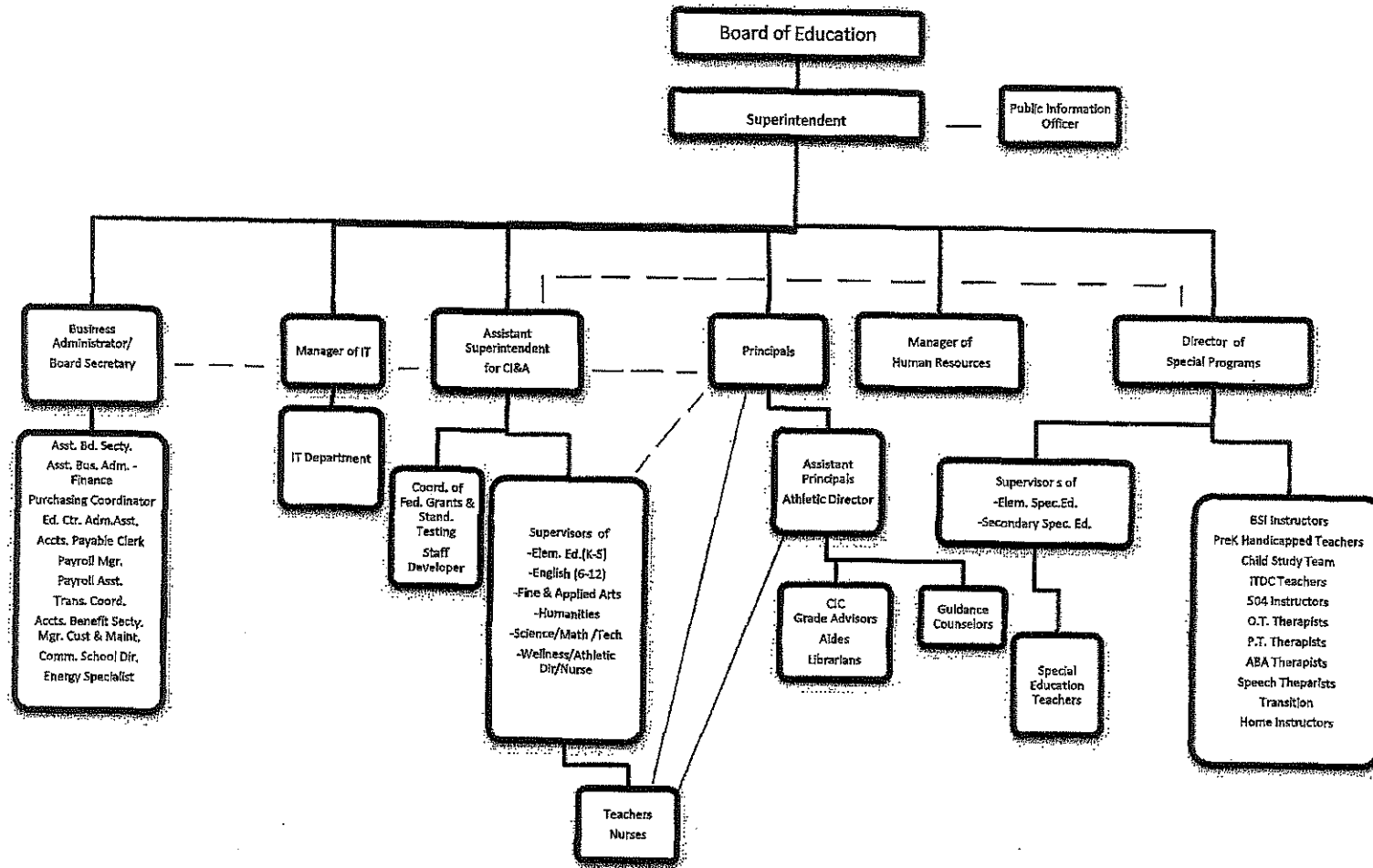


Daniel Fishbein, Ed. D
Superintendent of Schools



Alfredo Aguilar, Ed. D
Business Administrator/Board Secretary

Ridgewood Board of Education Organizational Chart



**RIDGEWOOD BOARD OF EDUCATION
RIDGEWOOD, NEW JERSEY**

**ROSTER OF OFFICIALS
AS OF JUNE 30, 2016**

Members of the Board of Education

Term Expires

Ms. Sheila Mary Brogan, President	2017
Mr. B. Vincent Loncto, Vice-President	2019
Ms. Christina Krauss	2018
Ms. Jennie Smith Wilson	2016
Mr. James Morgan	2016

Other Officials

Dr. Daniel Fishbein, Ed.D, Superintendent of Schools

Dr. Alfredo Aguilar, School Business Administrator/Board Secretary

Mr. Angelo DeSimone, Treasurer

**RIDGEWOOD BOARD OF EDUCATION
RIDGEWOOD, NEW JERSEY**

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2016**

Independent Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorney

Sciarrillo, Cornell, Merlino, McKeever and Osborne
238 St. Paul Street
Westfield, NJ 07090

Official Depositories

Columbia Bank
19-01 Route 208 North
Fair Lawn, NJ 07410

TD North Bank
1100 Lake Street
Ramsey, NJ 07446

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLSI, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Ridgewood Board of Education
Ridgewood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ridgewood Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education'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

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

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

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

Opinions

In our 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 Ridgewood Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ridgewood Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, 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 basic financial statements of the Ridgewood Board of Education.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of 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 our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2016 on our consideration of the Ridgewood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Ridgewood Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

As management of the Ridgewood Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Ridgewood Board of Education for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here 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

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Ridgewood Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$31,238,375 (Net Position).
- Overall District revenues were \$125,470,483 and were \$782,828 more than overall Board expenses of \$124,687,655. General revenues accounted for \$93,550,841 or 75% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$31,919,642 or 25% of total revenues.
- The School District had \$121,980,473 in expenses for governmental activities; only \$29,131,656 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$93,550,587 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,572,119. Of that amount, \$359,127 (4%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned GAAP basis fund balance was \$359,127 at June 30, 2016, a decrease of \$1,398,130 when compared with the beginning unassigned GAAP basis fund balance at July 1, 2015 of \$1,757,257.
- The General Fund unassigned budgetary basis fund balance at June 30, 2016 was \$1,866,071, which represents a decrease of \$17,184 compared to the ending unassigned budgetary basis fund balance at June 30, 2015 of \$1,883,255.
- The District's total outstanding long-term liabilities decreased by \$6,238,488 during the current fiscal year.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

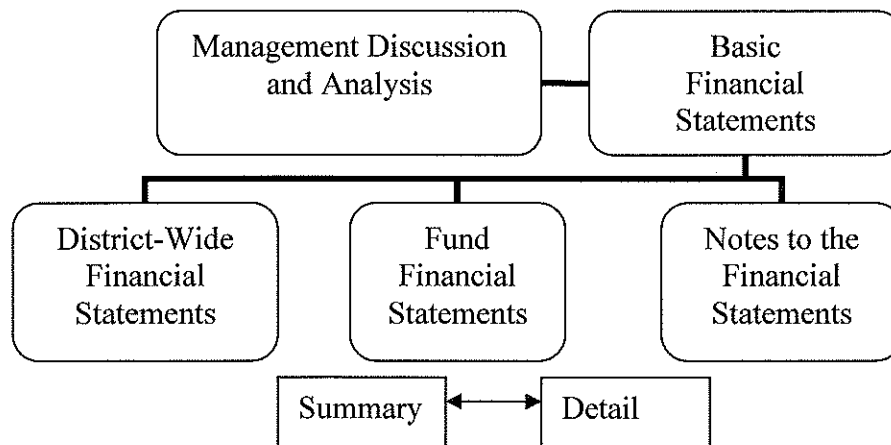
Fiscal Year Ended June 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District’s operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending
- *Proprietary funds statements* offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The Figure below shows how the various parts of this annual report are arranged and related to one another.



RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; food service.	Instances in which the district administers resources on behalf of someone else, such as scholarship, donations, student activities, and payroll deductions.
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenue Expenditures and changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset, Liabilities and Deferred Inflows/outflows Information	All assets, liabilities and deferred outflows/inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, liabilities and deferred outflows/inflows of resources, both financial and capital, short-term and long-term	All assets and liabilities both short and long-term; funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the district's assets, liabilities and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the Districts *net position* and how they have changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statement's the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and community education. Property taxes and State and Federal aids finance most of these activities.
- *Business-type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's food service, infant/toddler development and technology initiative programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g. repaying its long-term debts) or to show that it is properly using certain revenues (e.g. Federal funds).

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

Fund Financial Statements (Continued)

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The state intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has three enterprise funds for its food service operations, infant toddler development and technology’s initiative programs.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others such as scholarship funds, unemployment reserves, payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

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

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

Other Information

In addition to the financial statements and accompanying notes, which together comprise the basic financial statements, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual revenue and expenditure budget for the general, special revenue and debt service funds. Budgetary comparison schedules have been provided for the general and special revenue funds as required supplementary information. Information regarding the District's employee retirement systems and pension plans has also been provided as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons and pension information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The district's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following provides a summary of the school district's net position for 2016 and 2015.

Net Position. The District's *combined* net position was \$31,238,375 and \$30,455,547 on June 30, 2016 and 2015, respectively.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

Table 1
Net Position
as of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 9,430,925	\$ 8,979,115	\$ 28,647	\$ (4,000)	\$ 9,459,572	\$ 8,975,115
Capital Assets						
Net of Accumulated Depreciation	<u>92,006,818</u>	<u>94,502,129</u>	<u>171,974</u>	<u>165,869</u>	<u>92,178,792</u>	<u>94,667,998</u>
Total Assets	<u>101,437,743</u>	<u>103,481,244</u>	<u>200,621</u>	<u>161,869</u>	<u>101,638,364</u>	<u>103,643,113</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	94,501	161,152	-	-	94,501	161,152
Deferred Amount on Net Pension Liability	<u>3,395,927</u>	<u>2,799,607</u>	<u>-</u>	<u>-</u>	<u>3,395,927</u>	<u>2,799,607</u>
Total Deferred Outflows of Resources	<u>3,490,428</u>	<u>2,960,759</u>	<u>-</u>	<u>-</u>	<u>3,490,428</u>	<u>2,960,759</u>
Liabilities						
Non Current Liabilities	65,911,874	66,107,744	81,032	123,338	65,992,906	66,231,082
Other Liabilities	<u>1,406,641</u>	<u>2,373,612</u>	<u>-</u>	<u>-</u>	<u>1,406,641</u>	<u>2,373,612</u>
Total Liabilities	<u>67,318,515</u>	<u>68,481,356</u>	<u>81,032</u>	<u>123,338</u>	<u>67,399,547</u>	<u>68,604,694</u>
Deferred Inflows of Resources						
Deferred Amount on Net Pension Liability	<u>6,490,870</u>	<u>1,339,861</u>	<u>-</u>	<u>-</u>	<u>6,490,870</u>	<u>1,339,861</u>
Total Deferred Inflows of Resources	<u>6,490,870</u>	<u>1,339,861</u>	<u>-</u>	<u>-</u>	<u>6,490,870</u>	<u>1,339,861</u>
Net Position						
Net Investment in						
Capital Assets	46,831,318	47,460,901	171,974	165,869	47,003,292	47,626,770
Restricted	2,446,640	4,818,989	-	-	2,446,640	4,818,989
Unrestricted (Deficit)	<u>(18,159,172)</u>	<u>(21,862,874)</u>	<u>(52,385)</u>	<u>(127,338)</u>	<u>(18,211,557)</u>	<u>(21,990,212)</u>
Total Net Position	<u>\$ 31,118,786</u>	<u>\$ 30,417,016</u>	<u>\$ 119,589</u>	<u>\$ 38,531</u>	<u>\$ 31,238,375</u>	<u>\$ 30,455,547</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

The District's total net position of \$31,238,375 at June 30, 2016 represents a \$782,828 or 3%, increase from the prior year. The following shows changes in net position for the fiscal years 2016 and 2015.

Table 2
Change in Net Position
for the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charge for Services	\$ 390,244	\$ 689,432	\$ 2,787,986	\$ 2,477,394	\$ 3,178,230	\$ 3,166,826
Operating Grants and Contributions	28,730,584	1,999,970			28,730,584	1,999,970
Capital Grants and Contributions	10,828	1,815,883			10,828	1,815,883
General Revenues:						
Property Taxes	91,260,570	89,437,119			91,260,570	89,437,119
Federal and State Aid Not Restricted to Specific Purpos	436,954	23,699,314			436,954	23,699,314
Other	1,853,063	1,295,744	254	117	1,853,317	1,295,861
Total Revenues	122,682,243	118,937,462	2,788,240	2,477,511	125,470,483	121,414,973
Program Expenses						
Instruction						
Regular	52,476,438	50,073,960			52,476,438	50,073,960
Special Education	20,423,801	19,093,733			20,423,801	19,093,733
Other Instruction	4,078,298	3,601,067			4,078,298	3,601,067
School Sponsored Activities and Athletics	1,560,774	2,423,879			1,560,774	2,423,879
Support Services:						
Student and Instruction Related Services	19,624,092	20,121,686			19,624,092	20,121,686
General Administration,	1,105,974	992,004			1,105,974	992,004
School Administration	5,921,747	5,956,806			5,921,747	5,956,806
Central Services	1,500,900	1,802,578			1,500,900	1,802,578
Administration Information Technology	1,148,506	1,148,311			1,148,506	1,148,311
Plant Operations and Maintenance	8,907,317	9,002,078			8,907,317	9,002,078
Pupil Transportation	3,420,974	3,214,020			3,420,974	3,214,020
Interest and Other Charges on Debt	1,811,652	1,786,823			1,811,652	1,786,823
Food Service			1,643,143	1,491,101	1,643,143	1,491,101
Infant/Toddler Development			1,005,800	952,967	1,005,800	952,967
Technology Initiative	-	-	58,239	-	58,239	-
Total Expenses	121,980,473	119,216,945	2,707,182	2,444,068	124,687,655	121,661,013
Change in Net Position Before Transfers	701,770	(279,483)	81,058	33,443	782,828	(246,040)
Net Position, Beginning of Year	30,417,016	30,696,499	38,531	5,088	30,455,547	30,701,587
Net Position, End of Year	\$ 31,118,786	\$ 30,417,016	\$ 119,589	\$ 38,531	\$ 31,238,375	\$ 30,455,547

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

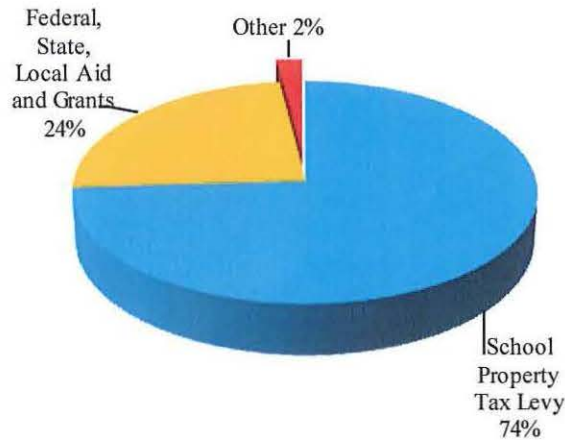
Fiscal Year Ended June 30, 2016

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$122,682,243 for the year ended June 30, 2016, property taxes of \$91,260,570 represented 74% of revenues. Another significant portion of revenues came from grant aid; total State, Federal and Local Aid and Grants were \$29,178,366 and represented 24% of revenues. In addition, revenue in the amount of \$2,243,307 (2%) was earned from tuition, transportation fees and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items.

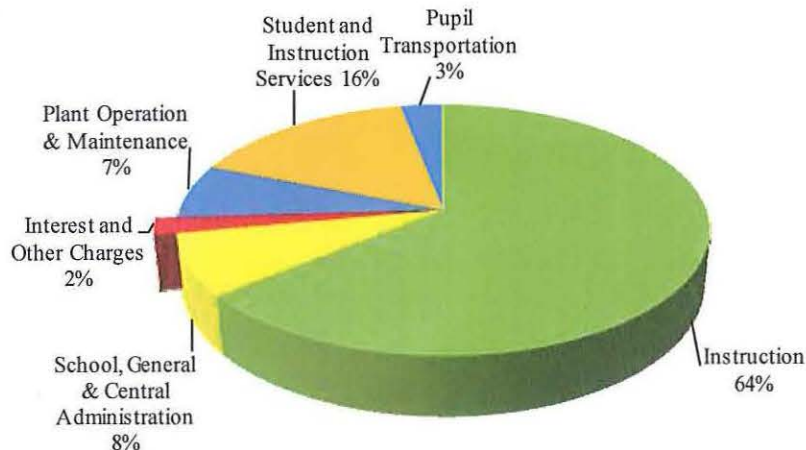
The total cost of all governmental activities programs and services was \$121,980,473. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$78,539,311 (64%) of total expenses. Support services, total \$41,629,510 (34%) of total expenses. The remaining expenses were for interest costs on long-term debt outstanding in the amount of \$1,811,652 (2%).

Total governmental activities revenues exceeded expenses, increasing net position by \$701,770 from the previous year.

**Revenues by Type – Governmental Activities
For Fiscal Year 2016**



**Expenses by Type – Governmental Activities
For Fiscal Year 2016**



RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

Total and Net Cost of Governmental Activities. The District's total cost of services was \$121,980,473. After applying program revenues, derived from operating grants and contributions of \$28,730,584, capital grants and contributions of \$10,828 and charges for services of \$390,244 the net cost of services of the District is \$92,848,817.

Table 3
Total and Net Cost of Governmental Activities
for the Fiscal Year Ended June 30, 2016 and 2015

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				\$ 72,153,744
Regular	\$ 52,476,438	\$ 50,073,960	\$ 35,672,658	
Special Education	20,423,801	19,093,733	14,289,704	
Other Instruction	4,078,298	3,601,067	3,010,081	
School Sponsored Activities and Athletics	1,560,774	2,423,879	1,560,774	
Support Services:				
Student and Instructional Related Services	19,624,092	20,121,686	16,190,810	19,707,682
General Administration	1,105,974	992,004	1,105,974	992,004
School Administration	5,921,747	5,956,806	4,464,499	5,956,806
Central Services	1,500,900	1,802,578	1,500,900	1,802,578
Plant Operations and Maintenance	8,907,317	9,002,078	8,810,182	7,186,195
Administrative Information Technology	1,148,506	1,148,311	1,148,506	1,148,311
Pupil Transportation	3,420,974	3,214,020	3,283,077	3,214,020
Special Schools				763,497
Interest on Debt	1,811,652	1,786,823	1,811,652	1,786,823
Total Expenses	\$ 121,980,473	\$ 119,216,945	\$ 92,848,817	\$ 114,711,660

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$2,707,182. Food service costs were \$1,643,143 (61%), infant/toddler development costs were \$1,005,800 (37%) and technology initiative costs were \$58,239 (2%). These costs were funded by revenue from charges for services of \$2,787,986 (100%), as detailed in the change in net position schedule. Revenues from food service charges for services were \$1,678,546 (60%), infant/toddler development charges for services were \$1,012,840 (36%), and technology initiative charges for services were \$96,600 (4%).

Total business-type activities revenues surpassed expenses, increasing net position by \$81,058 over the previous year. At June 30, 2016 the net position balance of the food service program was \$46,993, the infant/toddler development program fund was \$34,235 and the technology initiative fund net position was \$38,361.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$8,572,119 at June 30, 2016 compared to a combined fund balance of \$7,831,342 at June 30, 2015.

Revenues for the District's governmental funds were \$109,103,995 while total expenditures were \$109,358,218.

GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Pre-Kindergarten through Grade 12 including pupil transportation, extra-curricular activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2016 and 2015.

<u>Revenues</u>	<u>Amount</u>		<u>Increase/(Decrease)</u>	
	<u>2016</u>	<u>2015</u>	<u>Amount</u>	<u>Percent</u>
Local Sources	\$ 90,132,332	\$ 88,208,213	\$ 1,924,119	2.18%
State Sources	13,206,720	13,188,561	18,159	0.14%
Federal Sources	<u>2,187</u>	<u>2,103</u>	<u>84</u>	3.99%
Total	<u>\$ 103,341,239</u>	<u>\$ 101,398,877</u>	<u>\$ 1,942,362</u>	1.92%

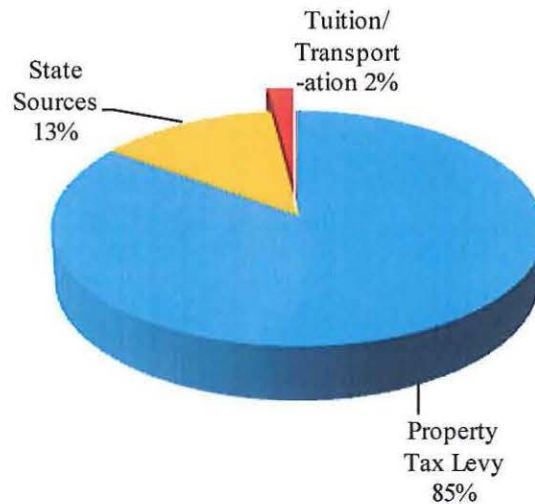
RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

The majority of revenues come from property taxes which accounted for 85% of total revenue while state sources represented 13% of total revenue for the 2016 fiscal year. Miscellaneous revenues primarily tuition and transportation fees represented 2% of the total revenue for the 2016 fiscal year.

**General Fund
Revenues by Source
For Fiscal Year 2016**



The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Amount</u>		<u>Increase/(Decrease)</u>	
	<u>2016</u>	<u>2015</u>	<u>Amount</u>	<u>Percent</u>
Current Expense:				
Instruction	\$ 63,741,476	\$ 61,464,518	\$ 2,276,958	3.70%
Support Services	37,659,045	38,214,538	(555,493)	-1.45%
Capital Outlay	439,131	1,006,033	(566,902)	-56.35%
Debt Service:	917,193	1,023,014	(105,821)	-10.34%
Total	\$ 102,756,845	\$ 101,708,103	\$ 1,048,742	1.02%

Total General Fund expenditures increased \$1,048,742 or 1.02% from the previous year. Instruction represented 61% of total expenditures while support services and special schools accounted for 38% and debt service and capital outlay accounted for 1% of total expenditures for the 2016 fiscal year.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

For the 2015-2016 school year General Fund revenues exceeded expenditures by \$584,394. After adjusting for restricted, committed and assigned fund balances, the unassigned fund balance decreased from \$1,757,257 at June 30, 2015 to \$359,127 at June 30, 2016. In addition, the District ended the June 30, 2016 fiscal year with \$1,500,000 of excess surplus of which \$750,000 was designated for the subsequent year's budget (2016/2017) and the remaining \$750,000 will be designated in the 2017/2018 budget. In addition, the District had restricted fund balances of \$1,790,327 in capital reserve of which \$1,000,000 was designated for the 2016/17 budget, \$400,000 in maintenance reserve and \$700,000 in emergency reserve of which \$300,000 was designated for the 2016/17 budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2016 and 2015, the District had invested in land, buildings, furniture, machinery and equipment for both governmental and business-type activities. Depreciation charges for fiscal year 2015-2016 amounted to \$3,813,172 for governmental activities and \$17,893 for business-type activities. The following is a comparison of the June 30, 2016 and 2015 balances.

Capital Assets As of June 30, 2016 and 2015

Table 4
Capital Assets at June 30, 2016 and 2015
(Net of Accumulated Depreciation)

	Governmental		Business Type		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 7,435,206	\$ 7,435,206			\$ 7,435,206	\$ 7,435,206
Construction in Progress	632,900	1,841,687			632,900	1,841,687
Site Improvements	892,094	892,094			892,094	892,094
Buildings and Building Improvements	118,356,919	116,852,858			118,356,919	116,852,858
Vehicles	370,984	370,984			370,984	370,984
Furniture, Fixtures and Equipment	<u>11,676,967</u>	<u>10,654,380</u>	<u>\$ 699,533</u>	<u>\$ 675,535</u>	<u>12,376,500</u>	<u>11,329,915</u>
Subtotal	139,365,070	138,047,209	699,533	675,535	140,064,603	138,722,744
Less: Accumulated Depreciation	<u>(47,358,252)</u>	<u>(43,545,080)</u>	<u>(527,559)</u>	<u>(509,666)</u>	<u>(47,885,811)</u>	<u>(44,054,746)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 92,006,818</u>	<u>\$ 94,502,129</u>	<u>\$ 171,974</u>	<u>\$ 165,869</u>	<u>\$ 92,178,792</u>	<u>\$ 94,667,998</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

Debt Administration. As of June 30, 2016 and 2015 the District had long-term debt and outstanding long-term liabilities in the amount of \$65,911,874 and \$72,150,362, respectively. For fiscal year 2015-2016 total outstanding long-term liabilities decreased by \$6,238,488. The following is a comparison of the June 30, 2016 and 2015 balances.

Outstanding Long-Term Liabilities As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Serial Bonds (including unamortized premium)	\$ 43,200,000	\$ 45,233,800
Capital Leases	3,167,841	3,137,662
Net Pension Liability	18,196,878	22,482,937
Compensated Absences	<u>1,347,155</u>	<u>1,295,963</u>
Total	<u>\$ 65,911,874</u>	<u>\$ 72,150,362</u>

Additional information on the District's long-term liabilities is presented in Note 3 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. These budget amendments fall into two categories:

- Reinstating prior year purchase orders being carried over.
- Appropriation of additional State and Federal Aid.

General Fund budgetary basis revenues and other financing sources exceeded budgetary basis expenditures budgetary basis fund balance by \$1,965,340 during the 2015/16 fiscal year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance decreased \$17,184 from \$1,883,255 at June 30, 2015 to \$1,866,071 at June 30, 2016. In addition, the District ended the year with excess surplus of \$1,500,000. In accordance with State regulations, the District appropriated \$750,000 of excess surplus for use in 2016/2017 school year budget as required. The District has retained a capital reserve balance in the amount of \$1,790,327 at June 30, 2016. In addition, the District has a maintenance reserve in the amount of \$400,000 and an emergency reserve balance of \$700,000 at June 30, 2016.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While many factors influence the District's future, the availability of State funding, special education needs, capital improvements, student enrollment and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated state and federal aid, contractual salary and related benefit cost increases, as well as, increased special education tuition costs.

These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased approximately 2% to \$97,607,836 for fiscal year 2016-2017.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Business Office, Ridgewood Board of Education, Education Center, 49 Cottage Place, Ridgewood, New Jersey 07451.

DISTRICT-WIDE FINANCIAL STATEMENTS

**RIDGEWOOD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,508,823	\$ 140,854	\$ 6,649,677
Restricted, Cash with Fiscal Agent	1,097,840		1,097,840
Receivables, Net:			
Receivables from Other Governments	1,669,958		1,669,958
Other	19,340	13,862	33,202
Internal Balances	134,964	(134,964)	
Inventories		8,895	8,895
Capital Assets Not Being Depreciated	8,068,106		8,068,106
Capital Assets, Being Depreciated, net	<u>83,938,712</u>	<u>171,974</u>	<u>84,110,686</u>
Total Assets	<u>101,437,743</u>	<u>200,621</u>	<u>101,638,364</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	3,395,927		3,395,927
Deferred Amounts on Refunding of Debt	<u>94,501</u>	<u>-</u>	<u>94,501</u>
Total Deferred Outflows of Resources	<u>3,490,428</u>	<u>-</u>	<u>3,490,428</u>
Total Assets and Deferred Outflows of Resources	<u>104,928,171</u>	<u>200,621</u>	<u>105,128,792</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	120,249	563	120,812
Accrued Interest Payable	547,835		547,835
Payable to Other Governments	5,326		5,326
Unearned Revenue	733,231	80,469	813,700
Noncurrent Liabilities			
Due Within One Year	3,121,225		3,121,225
Due Beyond One Year	<u>62,790,649</u>	<u>-</u>	<u>62,790,649</u>
Total Liabilities	<u>67,318,515</u>	<u>81,032</u>	<u>67,399,547</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>6,490,870</u>	<u>-</u>	<u>6,490,870</u>
Total Deferred Inflows of Resources	<u>6,490,870</u>	<u>-</u>	<u>6,490,870</u>
Total Liabilities and Deferred Inflows of Resources	<u>73,809,385</u>	<u>81,032</u>	<u>73,890,417</u>
NET POSITION			
Net Investment in Capital Assets	46,831,318	171,974	47,003,292
Restricted for			
Capital Projects	2,046,639		2,046,639
Facility Maintenance	400,000		400,000
Other Purposes	1		1
Unrestricted (Deficit)	<u>(18,159,172)</u>	<u>(52,385)</u>	<u>(18,211,557)</u>
Total Net Position	<u>\$ 31,118,786</u>	<u>\$ 119,589</u>	<u>\$ 31,238,375</u>

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

**RIDGEWOOD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
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	\$ 52,476,438	\$ 390,244	\$ 16,413,536		\$ (35,672,658)		\$ (35,672,658)
Special Education	20,423,801		6,134,097		(14,289,704)		(14,289,704)
Other Instruction	4,078,298		1,068,217		(3,010,081)		(3,010,081)
School Sponsored Activities and Athletics	1,560,774				(1,560,774)		(1,560,774)
Support Services							
Student and Instruction Related Services	19,624,092		3,433,282		(16,190,810)		(16,190,810)
School Administration Services	5,921,747		1,457,248		(4,464,499)		(4,464,499)
General Administration Services	1,105,974				(1,105,974)		(1,105,974)
Central Services	1,500,900				(1,500,900)		(1,500,900)
Administration Information Technology	1,148,506				(1,148,506)		(1,148,506)
Plant Operations And Maintenance	8,907,317		86,307	\$ 10,828	(8,810,182)		(8,810,182)
Pupil Transportation	3,420,974		137,897		(3,283,077)		(3,283,077)
Special Schools					-		-
Interest On Long-Term Debt	1,811,652	-	-	-	(1,811,652)	-	(1,811,652)
Total Governmental Activities	121,980,473	390,244	28,730,584	10,828	(92,848,817)	-	(92,848,817)
Business-Type Activities							
Food Service	1,643,143	1,678,546	-			\$ 35,403	35,403
Technology Initiative	58,239	96,600				38,361	38,361
Infant/Toddler Development	1,005,800	1,012,840				7,040	7,040
Total Business-Type Activities	2,707,182	2,787,986	-	-	-	80,804	80,804
Total Primary Government	\$ 124,687,655	\$ 3,178,230	\$ 28,730,584	\$ 10,828	(92,848,817)	80,804	(92,768,013)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes					\$ 87,947,497		\$ 87,947,497
Property Taxes Levied for Debt Service					3,313,073		3,313,073
Federal and State Aid -Unrestricted					436,954		436,954
Investment Earnings					32,868	\$ 254	33,122
Miscellaneous Income					1,820,195	-	1,820,195
Total General Revenues					93,550,587	254	93,550,841
Change in Net Position					701,770	81,058	782,828
Net Position, Beginning of Year					30,417,016	38,531	30,455,547
Net Position, End of Year					\$ 31,118,786	\$ 119,589	\$ 31,238,375

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

**RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 6,402,614	\$ 106,208		\$ 1	\$ 6,508,823
Restricted, Cash with Fiscal Agent			\$ 1,097,840		1,097,840
Receivables, Net					
Receivables from Other Governments	65,330	137,676	1,466,952		1,669,958
Other Accounts Receivable	1,118				1,118
Due from Other Funds	<u>1,270,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,270,631</u>
Total Assets	<u>\$ 7,739,693</u>	<u>\$ 243,884</u>	<u>\$ 2,564,792</u>	<u>\$ 1</u>	<u>\$ 10,548,370</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 85,204		\$ 35,045		\$ 120,249
Payable to State Government		\$ 5,326			5,326
Due to Other Funds			1,117,445		1,117,445
Unearned Revenue	<u>436,523</u>	<u>238,558</u>	<u>58,150</u>	<u>-</u>	<u>733,231</u>
Total Liabilities	<u>521,727</u>	<u>243,884</u>	<u>1,210,640</u>	<u>-</u>	<u>1,976,251</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	750,000				750,000
Excess Surplus - Designated for Subsequent Year's Expenditures	750,000				750,000
Debt Service				\$ 1	1
Capital Projects			256,312		256,312
Capital Reserve	790,327				790,327
Capital Reserve - Designated for Subsequent Year's Expenditures	1,000,000				1,000,000
Capital Lease Equipment Reserve			1,097,840		1,097,840
Maintenance Reserve	400,000				400,000
Emergency Reserve	400,000				400,000
Emergency Reserve - Designated for Subsequent Year's Expenditures	300,000				300,000
Committed Fund Balance					
Year End Encumbrances	936,100				936,100
Assigned Fund Balance					
Year End Encumbrances	1,532,412				1,532,412
Unassigned Fund Balance:					
General Fund	<u>359,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,127</u>
Total Fund Balances	<u>7,217,966</u>	<u>-</u>	<u>1,354,152</u>	<u>1</u>	<u>8,572,119</u>
Total Liabilities and Fund Balances	<u>\$ 7,739,693</u>	<u>\$ 243,884</u>	<u>\$ 2,564,792</u>	<u>\$ 1</u>	

Continued

**RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances - Governmental Funds	\$	8,572,119
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$139,365,070 and the accumulated depreciation is \$47,358,252.		92,006,818
Accrued interest on long-term bonds, notes and capital leases is not due and payable in the current period and therefore is not reported as a liability in the funds.		(547,835)
Amounts resulting from the refunding of debt are reported as deferred outflows of reserves on the statement of net position and amortized over the life of the debt.		94,501
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$	3,395,927
Deferred Inflows of Resources		<u>(6,490,870)</u>
		(3,094,943)
<p>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.</p>		
Serial Bonds Payable	\$	(43,200,000)
Capital Leases		(3,167,841)
Compensated Absences		(1,347,155)
Net Pension Liability		<u>(18,196,878)</u>
		<u>(65,911,874)</u>
Net position of governmental activities (Exhibit A-1)	\$	<u>31,118,786</u>

RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 87,947,497			\$ 3,313,073	\$ 91,260,570
Tuition	390,244				390,244
Miscellaneous	1,794,591	\$ 564,941	\$ 58,472	-	2,418,004
Total - Local Sources	90,132,332	564,941	58,472	3,313,073	94,068,818
State Sources	13,206,720	3,316	10,828	436,954	13,657,818
Federal Sources	2,187	1,375,172	-	-	1,377,359
Total Revenues	103,341,239	1,943,429	69,300	3,750,027	109,103,995
EXPENDITURES					
Current					
Instruction:					
Regular	41,768,516	198,409			41,966,925
Special Education	17,062,636	1,088,822			18,151,458
Other Instruction	3,301,100	209,499			3,510,599
School Sponsored Activities and Athletics	1,609,224				1,609,224
Support Services					
Student and Instruction Related Services	17,120,189	396,699			17,516,888
School Administrative Services	4,967,525				4,967,525
General Administration Services	1,058,626		500		1,059,126
Central Services	1,494,132				1,494,132
Administration Information Technology	1,142,986				1,142,986
Plant Operations And Maintenance	8,574,472				8,574,472
Pupil Transportation	3,301,115				3,301,115
Debt Service:					
Principal	914,821	50,000		2,055,000	3,019,821
Interest and Other Charges	2,372		25,585	1,698,129	1,726,086
Capital Outlay	439,131	-	878,730	-	1,317,861
Total Expenditures	102,756,845	1,943,429	904,815	3,753,129	109,358,218
Excess (Deficiency) of Revenues Over Expenditures	584,394	-	(835,515)	(3,102)	(254,223)
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non Budget)	-	-	995,000	-	995,000
Total Other Financing Sources (Uses)	-	-	995,000	-	995,000
Net Change in Fund Balances	584,394	-	159,485	(3,102)	740,777
Fund Balance, Beginning of Year (Restated)	6,633,572	-	1,194,667	3,103	7,831,342
Fund Balance, End of Year	\$ 7,217,966	\$ -	\$ 1,354,152	\$ 1	\$ 8,572,119

**RIDGEWOOD BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 740,777

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital additions in the period.

	Capital Additional	\$ 1,317,861	
	Depreciation Expense	<u>(3,813,172)</u>	
			(2,495,311)

In the statement of activities, interest on debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. (18,915)

Repayments of bond and capital lease principal are expenditures 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. 3,019,821

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (995,000)

Governmental funds report the effect of discounts and losses on the refunding of debt when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences. (87,851)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Pension Expense		589,441
--	-----------------	--	---------

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (51,192)

Change in net position of governmental activities (Exhibit A-2) \$ 701,770

**RIDGEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Infant/ Toddler Development</u>	<u>Non-Major Technology Initiative</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 100,659	\$ 1,834	\$ 38,361	\$ 140,854
Other Accounts Receivable	3,251	10,611	-	13,862
Inventories	<u>8,895</u>	<u>-</u>	<u>-</u>	<u>8,895</u>
Total Current Assets	<u>112,805</u>	<u>12,445</u>	<u>38,361</u>	<u>163,611</u>
Capital Assets				
Equipment	347,347	352,186		699,533
Less: Accumulated Depreciation	<u>(310,302)</u>	<u>(217,257)</u>	<u>-</u>	<u>(527,559)</u>
Total Capital Assets, Net	<u>37,045</u>	<u>134,929</u>	<u>-</u>	<u>171,974</u>
Total Assets	<u>149,850</u>	<u>147,374</u>	<u>38,361</u>	<u>335,585</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	563			563
Due to Other Funds	54,225	80,739		134,964
Unearned Revenue	<u>48,069</u>	<u>32,400</u>	<u>-</u>	<u>80,469</u>
Total Current Liabilities	<u>102,857</u>	<u>113,139</u>	<u>-</u>	<u>215,996</u>
NET POSITION				
Net Investment in Capital Assets	37,045	134,929		171,974
Unrestricted	<u>9,948</u>	<u>(100,694)</u>	<u>38,361</u>	<u>(52,385)</u>
Total Net Position	<u>\$ 46,993</u>	<u>\$ 34,235</u>	<u>\$ 38,361</u>	<u>\$ 119,589</u>

**RIDGEWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Infant/ Toddler Development</u>	<u>Non-Major Technology Initiative</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 1,678,546			\$ 1,678,546
Program Fees	-	\$ 1,012,840	\$ 96,600	1,109,440
Total Operating Revenues	<u>1,678,546</u>	<u>1,012,840</u>	<u>96,600</u>	<u>2,787,986</u>
OPERATING EXPENSES				
Salaries and Employee Benefits	601,729	856,179		1,457,908
Cost of Sales	678,034			678,034
Administrative and Management Fees	116,481			116,481
Transportation		17,037		17,037
Telephone		622		622
Insurance	69,044			69,044
Rent		102,012		102,012
Depreciation	11,038	6,855		17,893
Repairs and Maintenance	31,127			31,127
Supplies and Materials	84,286	11,022	58,239	153,547
Miscellaneous	51,404	12,073	-	63,477
Total Operating Expenses	<u>1,643,143</u>	<u>1,005,800</u>	<u>58,239</u>	<u>2,707,182</u>
Operating Income	<u>35,403</u>	<u>7,040</u>	<u>38,361</u>	<u>80,804</u>
NONOPERATING REVENUES				
Interest	254	-	-	254
Total Nonoperating Revenues	<u>254</u>	<u>-</u>	<u>-</u>	<u>254</u>
Net Income (Loss)	<u>35,657</u>	<u>7,040</u>	<u>38,361</u>	<u>81,058</u>
Change in Net Position	35,657	7,040	38,361	81,058
Net Position, Beginning of Year	<u>11,336</u>	<u>27,195</u>	<u>-</u>	<u>38,531</u>
Net Position, End of Year	<u>\$ 46,993</u>	<u>\$ 34,235</u>	<u>\$ 38,361</u>	<u>\$ 119,589</u>

**RIDGEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Infant/ Toddler Development</u>	<u>Non-Major Technology Initiative</u>	<u>Totals</u>
Cash Flows from Operating Activities				
Receipts from Customers	\$ 1,687,640	\$ 1,000,279	\$ 96,600	\$ 2,784,519
Payments for Employees' Salaries and Benefits	(601,729)	(856,179)		(1,457,908)
Payments to Suppliers for Goods and Services	(1,078,964)	(142,766)	(58,239)	(1,279,969)
Net Cash Provided by Operating Activities	<u>6,947</u>	<u>1,334</u>	<u>38,361</u>	<u>46,642</u>
Cash Flows from Investing Activities				
Interest Earnings	<u>254</u>	<u>-</u>	<u>-</u>	<u>254</u>
Net Cash Provided by Investing Activities	<u>254</u>	<u>-</u>	<u>-</u>	<u>254</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	<u>(23,998)</u>	<u>-</u>	<u>-</u>	<u>(23,998)</u>
Net Cash (Used For) Capital and Related Financing Activities	<u>(23,998)</u>	<u>-</u>	<u>-</u>	<u>(23,998)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(16,797)	1,334	38,361	22,898
Cash and Cash Equivalents, Beginning of Year	<u>117,456</u>	<u>500</u>	<u>-</u>	<u>117,956</u>
Cash and Cash Equivalents, End of Year	<u>\$ 100,659</u>	<u>\$ 1,834</u>	<u>\$ 38,361</u>	<u>\$ 140,854</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	<u>\$ 35,403</u>	<u>\$ 7,040</u>	<u>\$ 38,361</u>	<u>\$ 80,804</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	11,038	6,855		17,893
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(1,473)	(10,611)		(12,084)
(Decrease)/Increase in Unearned Revenue	10,567	(1,950)		8,617
(Increase)/Decrease in Inventories	2,335			2,335
Increase/(Decrease) in Accounts Payable	(50,923)	<u>-</u>	<u>-</u>	(50,923)
Total Adjustments	<u>(28,456)</u>	<u>(5,706)</u>	<u>-</u>	<u>(34,162)</u>
Net Cash Provided by Operating Activities	<u>\$ 6,947</u>	<u>\$ 1,334</u>	<u>\$ 38,361</u>	<u>\$ 46,642</u>

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 490,128	\$ 194,730	\$ 400,531
Investments, at fair value	<u>1,864,490</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,354,618</u>	<u>194,730</u>	<u>400,531</u>
LIABILITIES			
Due to Student Groups			332,888
Due to Other Funds			18,222
Accounts Payable		16,336	
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>49,421</u>
Total Liabilities	<u>-</u>	<u>16,336</u>	<u>\$ 400,531</u>
NET POSITION			
Held in Trust for Unemployment Claims		<u>\$ 178,394</u>	
Held in Trust for Scholarships	<u>\$ 2,354,618</u>		

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Private Purpose Scholarship Trust	Unemployment Compensation Trust
ADDITIONS		
Contributions		
Employees		\$ 77,654
Dividends	\$ 36,203	
Other Contributions	25,886	-
	62,089	77,654
Total Contributions		
Investment Earnings		
Interest	1,770	151
	1,770	151
Net Investment Earnings		
	63,859	77,805
DEDUCTIONS		
Other Purchased Services and Other Expenses	37,437	
Net Loss in Fair Value	69,689	
Scholarship/Award Payments	111,525	
Unemployment Claims and Contributions	-	60,042
	218,651	60,042
Total Deductions		
Change in Net Position	(154,792)	17,763
Net Position, Beginning of the Year	2,509,410	160,631
Net Position, End of the Year	\$ 2,354,618	\$ 178,394

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ridgewood Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Ridgewood Board of Education this includes general operations, food service, before and after school child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and the food service and infant/toddler development fund to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *infant/toddler development fund* accounts for the activities of the District's teaching and recreation school program which provides daycare and recreation to infants and toddlers.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *technology initiative fund* accounts for the non-refundable deposits charged to students to repair and replenish the District's chromebooks provided to students.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, transportation fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements for capital projects and/or certificates of participation, principal and interest.

5. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Building Improvements	20-45
Site Improvements	15-20
Furniture, Fixtures and Equipment	5-20
Vehicles	5

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item that qualifies for reporting in this category which is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. *Pensions*

In the district-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

9. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources.

RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2C.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Emergency Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of emergency reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Capital Lease Equipment Reserve – This restriction was created from the unexpended proceeds of the capital lease purchase agreement which are held by the fiscal agent.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund, of the infant/toddler development enterprise fund and one to one initiative are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$806,076. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

B. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

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

Balance, July 1, 2015	\$ 2,318,989
Increased by	
Deposits Approved by Resolution	<u>771,338</u>
	<u>3,090,327</u>
Withdrawals	
Approved in District Budget	<u>1,300,000</u>
Balance, June 30, 2016	<u>\$ 1,790,327</u>

The District utilized \$1,000,000 of the Capital Reserve Account in the 2016/17 adopted budget.

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	-
Increased by	
Deposits Approved by Board Resolution	<u>\$ 400,000</u>
Balance, June 30, 2016	<u>\$ 400,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$5,223,567.

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 1,000,000
Withdrawals	
Approved in the Budget	<u>300,000</u>
Balance, June 30, 2016	<u>\$ 700,000</u>

The District utilized \$300,000 of the emergency reserve in the 2016/17 adopted budget.

E. Transfers to Capital Outlay

During the 2015/2016 school year, the district transferred \$1,243,277 to the non-equipment capital outlay accounts. The transfer was in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,500,000. Of this amount, \$750,000 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$750,000 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$8,832,906 and bank and brokerage firm balances of the Board's deposits amounted to \$14,053,204. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 14,053,204</u>
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**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 none of the Board’s bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2016, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
Private Purpose Scholarship	
Various	\$ <u>1,864,490</u>

The investments, which were received as donations to the school district, are to be invested with specific custodians, according to donor stipulations. These custodians, which are subsidiaries of banks, make all investment decisions.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. At June 30, 2016, the district’s investments were invested in BNY Mellon and Morgan Stanley brokerage accounts.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Infant/ Toddler Development</u>	<u>Total</u>
Receivables:						
Other	\$ 1,118			\$ 3,251	\$ 10,611	\$ 14,980
Intergovernmental-						-
Federal		\$ 137,676	\$ 1,466,952			1,604,628
State	48,844					48,844
Local	16,486	-	-	-	-	16,486
	<u>66,448</u>	<u>137,676</u>	<u>1,466,952</u>	<u>3,251</u>	<u>10,611</u>	<u>1,684,938</u>
Gross Receivables	66,448	137,676	1,466,952	3,251	10,611	1,684,938
Less: Allowance for						-
Uncollectibles	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 66,448</u>	<u>\$ 137,676</u>	<u>\$ 1,466,952</u>	<u>\$ 3,251</u>	<u>\$ 10,611</u>	<u>\$ 1,684,938</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Prepaid Tuition Fees	\$ 436,523
Special Revenue Fund	
Unencumbered Grant Draw Downs	167,551
Grant Draw Downs Reserved for Encumbrances	71,007
Capital Projects Fund	
Unrealized School Facilities Grants	58,150
Total Unearned Revenue for Governmental Funds	<u>\$ 733,231</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 7,435,206				\$ 7,435,206
Construction in Progress	<u>1,841,687</u>	<u>\$ 39,900</u>	<u>-</u>	<u>\$ (1,248,687)</u>	<u>632,900</u>
Total Capital Assets, Not Being Depreciated	<u>9,276,893</u>	<u>39,900</u>	<u>-</u>	<u>(1,248,687)</u>	<u>8,068,106</u>
Capital Assets, Being Depreciated:					
Site Improvements	892,094				892,094
Buildings and Building Improvements	116,852,858	255,374		1,248,687	118,356,919
Vehicles	370,984				370,984
Furniture, Fixtures and Equipment	<u>10,654,380</u>	<u>1,022,587</u>	<u>-</u>	<u>-</u>	<u>11,676,967</u>
Total Capital Assets Being Depreciated	<u>128,770,316</u>	<u>1,277,961</u>	<u>-</u>	<u>1,248,687</u>	<u>131,296,964</u>
Less Accumulated Depreciation for:					
Site Improvements	(679,989)	(27,628)			(707,617)
Buildings and Building Improvements	(34,578,282)	(2,262,465)			(36,840,747)
Vehicles	(344,465)	(6,630)			(351,095)
Furniture, Fixtures and Equipment	<u>(7,942,344)</u>	<u>(1,516,449)</u>	<u>-</u>	<u>-</u>	<u>(9,458,793)</u>
Total Accumulated Depreciation	<u>(43,545,080)</u>	<u>(3,813,172)</u>	<u>-</u>	<u>-</u>	<u>(47,358,252)</u>
Total Capital Assets, Being Depreciated, Net	<u>85,225,236</u>	<u>(2,535,211)</u>	<u>-</u>	<u>1,248,687</u>	<u>83,938,712</u>
Governmental Activities Capital Assets, Net	<u>\$94,502,129</u>	<u>\$(2,495,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,006,818</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 675,535	\$ 23,998	-	\$ 699,533
Total Capital Assets Being Depreciated	<u>675,535</u>	<u>23,998</u>	<u>-</u>	<u>699,533</u>
Less Accumulated Depreciation for:				
Equipment	<u>(509,666)</u>	<u>(17,893)</u>	<u>-</u>	<u>(527,559)</u>
Total Accumulated Depreciation	<u>(509,666)</u>	<u>(17,893)</u>	<u>-</u>	<u>(527,559)</u>
Total Capital Assets, Being Depreciated, Net	<u>165,869</u>	<u>6,105</u>	<u>-</u>	<u>171,974</u>
Business-Type Activities Capital Assets, Net	<u>\$ 165,869</u>	<u>\$ 6,105</u>	<u>\$ -</u>	<u>\$ 171,974</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction

Regular	\$ 1,577,692
Special	684,094
Other Instruction	<u>88,996</u>
Total Instruction	<u>2,350,782</u>

Support Services

Student and Instruction Related	660,178
General Administration	39,898
School Administration	187,216
Central Services	56,311
Administrative Information Technology	43,077
Operations and Maintenance of Plant	351,297
Student Transportation	<u>124,413</u>
Total Support Services	<u>1,462,390</u>

Total Depreciation Expense - Governmental Funds \$ 3,813,172

Business-Type Activities:

Food Service Fund	11,038
Infant/Toddler Development Fund	<u>6,855</u>

Total Depreciation Expense-Business-Type Activities \$ 17,893

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Window & Door Replacements at George Washington	\$ 39,900	\$ 936,100
Gym Equipment at RHS		180,982
Standby Generator at the Education Center	<u>50,246</u>	<u>30,895</u>
Total		<u>\$ 1,147,977</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 18,222
General Fund	Food Service Fund	54,225
General Fund	Infant/Toddler Development Fund	80,739
General Fund	Capital Projects Fund	<u>1,117,445</u>
Total		<u>\$ 1,270,631</u>

The above balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

The District expects all interfund balances to be liquidated within one year.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing computers and technology equipment totaling \$5,820,000 under capital leases. The leases are for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Computers and Equipment	\$ 5,820,000
Total	<u>\$ 5,820,000</u>

The unexpended proceeds from capital leases in the amount of \$1,097,840 at June 30, 2016 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2017	\$ 1,052,775
2018	901,616
2019	701,910
2020	402,765
2021	205,609
2022-2026	<u>-</u>
Total minimum lease payments	3,264,675
Less: amount representing interest	<u>(96,834)</u>
Present value of minimum lease payments	<u>\$ 3,167,841</u>

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2016 are comprised of the following issues:

\$38,420,000, 2010 School Improvement Bonds, due in annual installments of \$600,000 to \$2,810,000 through March 15, 2035, interest at 3.00% to 4.40%	\$36,770,000
\$3,475,000, 2011 Refunding Bonds, due in annual installments of \$200,000 to \$235,000 through February 15, 2028, interest at 3.00% to 5.00%	2,675,000
\$5,300,000, 2013 School Refunding Bonds, due in annual installments of \$1,205,000 to \$1,355,000 through October 1, 2018, interest at 1.27% to 2.23 %	<u>3,755,000</u>
Total	<u>\$43,200,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,100,000	\$ 1,664,642	\$ 3,764,642
2018	2,155,000	1,619,262	3,774,262
2019	2,210,000	1,565,801	3,775,801
2020	1,715,000	1,514,215	3,229,215
2021	1,820,000	1,443,465	3,263,465
2022-2026	10,200,000	6,074,400	16,274,400
2027-2031	11,940,000	3,875,375	15,815,375
2032-2035	<u>11,060,000</u>	<u>1,210,585</u>	<u>12,270,585</u>
Total	<u>\$ 43,200,000</u>	<u>\$ 18,967,744</u>	<u>\$ 62,167,744</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 247,500,182
Less: Net Debt	<u>43,200,000</u>
Remaining Borrowing Power	<u>\$ 204,300,182</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2016</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 45,255,000		\$ 2,055,000	\$ 43,200,000	\$ 2,100,000
Less: Discount	<u>(21,200)</u>	<u>-</u>	<u>(21,200)</u>	<u>-</u>	<u>-</u>
Total Bonds Payable	45,233,800	-	2,033,800	43,200,000	2,100,000
Capital Leases	3,137,662	\$ 995,000	964,821	3,167,841	1,021,225
Compensated Absences	1,295,963	51,192		1,347,155	
Net Pension Liability	<u>22,482,937</u>	<u>-</u>	<u>4,286,059</u>	<u>18,196,878</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 72,150,362</u>	<u>\$ 1,046,192</u>	<u>\$ 7,284,680</u>	<u>\$ 65,911,874</u>	<u>\$ 3,121,225</u>

For the governmental activities, the liabilities for capital leases, compensated absences, and net pension liability are generally liquidated by the general fund.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Fiscal Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 77,654	\$ 60,042	\$ 178,394
2015	77,508	53,872	160,631
2014	73,168	43,475	136,864

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board 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 Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 696,919	\$ 3,526,128	\$ 98,033
2015	989,952	2,396,164	83,590
2014	847,187	1,828,522	72,472

For fiscal years 2015/2016 and 2014/2015, the state contributed \$3,526,128 and \$2,396,164, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,828,522 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,158,100 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$18,196,878 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .08106 percent, which was a decrease of .03902 percent from its proportionate share measured as of June 30, 2014 of .12008 percent.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$107,478 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 434,114	
Changes of Assumptions	1,954,199	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 292,571
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	1,007,614	6,198,299
District Contributions Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total	<u>\$ 3,395,927</u>	<u>\$ 6,490,870</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2016	\$ (668,085)
2017	(668,085)
2018	(668,085)
2019	(668,085)
2020	(594,942)
Thereafter	<u>172,339</u>
	<u>\$ (3,094,943)</u>

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

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:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' 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	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (<u>3.90%</u>)	Current Discount Rate (<u>4.90%</u>)	1% Increase (<u>5.90%</u>)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 22,616,493</u>	<u>\$ 18,196,878</u>	<u>\$ 14,491,505</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$17,104,376 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$280,128,643. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .44321 percent, which was an increase of .01098 percent from its proportionate share measured as of June 30, 2014 of .43223 percent.

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.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' 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>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 332,922,421</u>	<u>\$ 280,128,643</u>	<u>\$ 234,643,643</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. 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 and 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 School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not 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 a 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 contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$4,198,644, \$3,803,911 and \$2,998,088, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program 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.

NOTE 5 SUBSEQUENT EVENTS

Referendum

On November 8, 2016 the voters of the Village of Ridgewood approved the implementation of a full day kindergarten program.

Refunding Bonds

On November 23, 2016 the District issued \$32,680,000 Refunding School Bonds, Series 2016A to advance refund a portion of the District's outstanding 2010 School Bonds. These Bonds were sold to RBC Capital Markets, LLC at interest rates of 2.00% to 4.00%.

On November 23, 2016 the District issued \$6,660,000 School Energy Savings Obligation Refunding Bonds, Series 2016B to fund energy conservation improvements which will provide energy savings to the District. These Bonds we sold to RBC Capital Markets, LLC at interest rates of 2.00% to 4.00%.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 6 RESTATEMENT

The Fund financial statement for June 30, 2015 have been restated to reflect the transfer of capital lease proceeds in the amount of \$980,585 for the acquisition of computer equipment from the special revenue fund to the capital projects fund.

The results of these restatements is to reduce total fund balance of the Special Revenue Fund as of June 30, 2015 from \$980,585, as originally reported to \$0. In addition, the results of these restatements is to increase total fund balance of the Capital Projects Fund as of June 30, 2015 from \$214,082, as originally reported to \$1,194,667. The effects of these restatements are as follows:

	<u>Beginning Balance Prior to Restatement</u>	<u>Restatement</u>	<u>Beginning Balance Restated</u>
<u>Governmental Funds - Special Revenue</u>			
ASSETS			
Cash	\$ 980,585	\$ (980,585)	\$ -
Total Assets	1,332,164	(980,585)	351,579
Fund Balance - Designated for Subsequent Years Expenditures	980,585	(980,585)	-
Total Fund Balance	\$ 980,585	\$ (980,585)	\$ -
<u>Governmental Funds - Capital Projects</u>			
Cash	\$ -	\$ 980,585	\$ 980,585
Total Assets	-	980,585	980,585
Fund Balance Capital Lease Equipment Reserve	-	980,585	980,585
Total Fund Balance	\$ 214,082	\$ 980,585	\$ 1,194,667

BUDGETARY COMPARISON SCHEDULES

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 87,947,497		\$ 87,947,497	\$ 87,947,497	
Tuition from Individuals	50,000		50,000	129,873	\$ 79,873
Tuition from Other LEAs within the State	650,000		650,000	260,371	(389,629)
Miscellaneous	1,554,789		1,554,789	1,794,591	239,802
State Sources					
Extraordinary Aid	1,376,345		1,376,345	1,383,945	7,600
Categorical Special Education Aid	1,812,959		1,812,959	1,812,959	
Security Aid	86,186		86,186	86,186	
Transportation Aid	116,741		116,741	116,741	
PARCC Readiness Aid	56,660		56,660	56,660	
Per Pupil Growth Aid	56,660		56,660	56,660	
Additional Nonpublic Transportation Aid				20,992	20,992
Payment of Institutionalized Children - Unknown					
District of Residence				170,651	170,651
Reimbursed TPAF Social Security Payments (Non-Budget)				3,158,100	3,158,100
On-behalf TPAF Pension System Contribution (Non-Budget)				3,358,813	3,358,813
On-behalf TPAF Pension - NCGI Premium (Non-Budget)				167,315	167,315
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				4,198,644	4,198,644
Federal Sources					
Medicaid Reimbursement	-	-	-	2,187	2,187
Total Revenues	93,707,837	-	93,707,837	104,722,185	11,014,348
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	880,721	\$ (88,590)	792,131	790,393	1,738
Grades 1-5	10,794,833	(569,655)	10,225,178	10,225,178	-
Grades 6-8	8,006,863	329,759	8,336,622	7,793,349	543,273
Grades 9-12	9,776,389	(570,666)	9,205,723	9,134,997	70,726
Regular Programs - Home Instruction					
Salaries of Teachers	10,000	25,676	35,676	35,676	-
Purchased Professional-Educational Services	16,000	(9,758)	6,242	6,070	172
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		636	636		636
Purchased Professional-Educational Services	56,000	(45,350)	10,650	9,350	1,300
Other Purchased Services	959,855	58,467	1,018,322	1,014,320	4,002
General Supplies	988,120	(78,652)	909,468	907,070	2,398
Textbooks	440,845	18,142	458,987	456,178	2,809
Other Objects	1,000	250	1,250	991	259
Total Regular Programs	31,930,626	(929,741)	31,000,885	30,373,572	627,313
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	1,094,861	406,851	1,501,712	1,316,476	185,236
Other Salaries for Instruction	387,813	(119,150)	268,663	243,466	25,197
General Supplies	23,210	(13,720)	9,490	8,385	1,105
Total Learning and/or Language Disabilities	1,505,884	273,981	1,779,865	1,568,327	211,538

(Continued)

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 350,635	\$ 53,725	\$ 404,360	\$ 402,788	\$ 1,572
Other Salaries for Instruction	366,432	(160,461)	205,971	205,971	-
Other Purchased Services	500	-	500	120	380
General Supplies	7,600	(1,834)	5,766	4,307	1,459
Other Objects	500	-	500	244	256
Total Multiple Disabilities	<u>725,667</u>	<u>(108,570)</u>	<u>617,097</u>	<u>613,430</u>	<u>3,667</u>
Resource Room/Resource Center					
Salaries of Teachers	3,721,476	(419,622)	3,301,854	3,276,661	25,193
Other Salaries for Instruction	1,395,499	236,692	1,632,191	1,632,191	-
General Supplies	10,950	173	11,123	10,028	1,095
Other Objects	250	-	250	-	250
Total Resource Room	<u>5,128,175</u>	<u>(182,757)</u>	<u>4,945,418</u>	<u>4,918,880</u>	<u>26,538</u>
Autism					
Salaries for Teachers	-	57,970	57,970	57,969	1
Other Salaries for Instruction	-	122,124	122,124	113,447	8,677
General Supplies	-	104	104	104	-
Total Autism	<u>-</u>	<u>180,198</u>	<u>180,198</u>	<u>171,520</u>	<u>8,678</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	435,275	(8,250)	427,025	427,025	-
Other Salaries for Instruction	142,000	(12,731)	129,269	128,020	1,249
Other Purchased Services	8,050	(7,050)	1,000	-	1,000
General Supplies	-	9,500	9,500	8,855	645
Total Preschool Disabilities - Full Time	<u>585,325</u>	<u>(18,531)</u>	<u>566,794</u>	<u>563,900</u>	<u>2,894</u>
Home Instruction					
Salaries of Teachers	22,000	18,695	40,695	40,695	-
Purchased Professional-Educational Services	32,000	(3,396)	28,604	27,216	1,388
General Supplies	500	(500)	-	-	-
Textbooks	500	(500)	-	-	-
Total Home Instruction	<u>55,000</u>	<u>14,299</u>	<u>69,299</u>	<u>67,911</u>	<u>1,388</u>
Total Special Education	<u>8,000,051</u>	<u>158,620</u>	<u>8,158,671</u>	<u>7,903,968</u>	<u>254,703</u>
Basic Skills/Remedial					
Salaries of Teachers	1,129,554	(78,473)	1,051,081	1,051,081	-
General Supplies	3,850	135	3,985	3,837	148
Total Basic Skills/Remedial	<u>1,133,404</u>	<u>(78,338)</u>	<u>1,055,066</u>	<u>1,054,918</u>	<u>148</u>
Bilingual Education					
Salaries of Teachers	402,103	(6,777)	395,326	395,326	-
General Supplies	1,905	1,082	2,987	2,795	192
Total Bilingual Education	<u>404,008</u>	<u>(5,695)</u>	<u>398,313</u>	<u>398,121</u>	<u>192</u>

(Continued)

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Co-Curricular Activities					
Salaries	\$ 245,735	\$ 86,936	\$ 332,671	\$ 332,671	-
Purchased Services	11,105	2,950	14,055	11,387	\$ 2,668
Supplies and Materials	9,630	(665)	8,965	8,331	634
Other Objects	21,400	4,089	25,489	25,361	128
Total School-Sponsored Co/Extra Curricular Activities	287,870	93,310	381,180	377,750	3,430
School Sponsored Athletics - Instruction					
Salaries	785,794	(37,348)	748,446	657,418	91,028
Purchased Services	99,201	14,704	113,905	111,536	2,369
Supplies and Materials	98,499	(10,681)	87,818	86,201	1,617
Other Objects	57,207	12,039	69,246	69,246	-
Total School Sponsored Athletics	1,040,701	(21,286)	1,019,415	924,401	95,014
Summer School - Instruction					
Salaries of Teachers	64,000	(18,834)	45,166	45,166	-
Other Salaries for Instruction	65,000	8,337	73,337	73,337	-
General Supplies	900	(900)	-	-	-
Total Summer School - Instruction	129,900	(11,397)	118,503	118,503	-
Summer School - Support Services					
Salaries	9,000	(9,000)	-	-	-
Total Summer School - Support Services	9,000	(9,000)	-	-	-
Other Instructional Programs					
Salaries	247,537	(107,425)	140,112	78,205	61,907
Other Objects	6,000	47	6,047	4,691	1,356
Total Other Instructional Program	253,537	(107,378)	146,159	82,896	63,263
Total Instruction	43,189,097	(910,905)	42,278,192	41,234,129	1,044,063
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	908,391	(36,257)	872,134	703,702	168,432
Tuition to County Vocational School District-Regular	459,380	30,041	489,421	489,421	-
Tuition to CSSD & Regional Day Schools	634,325	153,610	787,935	787,935	-
Tuition to Private Schools for Disabled - Within State	5,059,288	(313,133)	4,746,155	4,275,882	470,273
Tuition to Private Schools for Disabled & Other LEAs-Spl,O/S State	319,856	103,089	422,945	421,251	1,694
Tuition - Other	37,000	(32,019)	4,981	4,750	231
Total Undistributed Expenditures - Instruction	7,418,240	(94,669)	7,323,571	6,682,941	640,630
Attendance and Social Work					
Salaries	47,086	(87)	46,999	45,086	1,913
Supplies and Materials	125	87	212	212	-
Total Attendance and Social Work	47,211	-	47,211	45,298	1,913

(Continued)

**RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 722,974	\$ 20,712	\$ 743,686	\$ 701,930	\$ 41,756
Other Purchased Services	900	(350)	550	450	100
Supplies and Materials	27,450	(9,209)	18,241	17,231	1,010
Other Objects	1,500	3,182	4,682	4,682	-
Total Health Services	<u>752,824</u>	<u>14,335</u>	<u>767,159</u>	<u>724,293</u>	<u>42,866</u>
Speech, OT, PT and Related Svcs.					
Salaries	1,864,649	(83,297)	1,781,352	1,649,352	132,000
Purchased Professional-Educational Services	1,258,000	(60,996)	1,197,004	1,086,930	110,074
Supplies and Materials	8,950	(58)	8,892	8,114	778
Total Speech, OT, PT and Related Svcs.	<u>3,131,599</u>	<u>(144,351)</u>	<u>2,987,248</u>	<u>2,744,396</u>	<u>242,852</u>
Other Support Services - Students - Extraordinary Services					
Salaries	630,876	59,474	690,350	605,929	84,421
Purchased Professional-Educational Services	733,000	337,746	1,070,746	1,009,634	61,112
Supplies and Materials	25,000	(2,982)	22,018	20,817	1,201
Other Objects	1,000	(1,000)	-	-	-
Total Other Support Services - Students - Extraordinary Services	<u>1,389,876</u>	<u>393,238</u>	<u>1,783,114</u>	<u>1,636,380</u>	<u>146,734</u>
Guidance					
Salaries of Other Professional Staff	1,848,695	(73,915)	1,774,780	1,755,575	19,205
Salaries of Secretarial and Clerical Assistants	234,200	46,679	280,879	232,179	48,700
Purchased Professional and Technical Services	123,000	950	123,950	123,950	-
Other Purchased Services	32,210	(16,879)	15,331	13,577	1,754
Supplies and Materials	57,285	57,846	115,131	113,185	1,946
Other Objects	1,000	(436)	564	494	70
Total Guidance	<u>2,296,390</u>	<u>14,245</u>	<u>2,310,635</u>	<u>2,238,960</u>	<u>71,675</u>
Child Study Teams					
Salaries of Other Professional Staff	2,585,309	20,923	2,606,232	2,510,532	95,700
Salaries of Secretarial and Clerical Assistants	282,470	23,828	306,298	306,298	-
Purchased Professional-Educational Services	34,000	(6,820)	27,180	23,680	3,500
Other Purchased Professional-Technical Services	16,000	42,435	58,435	45,221	13,214
Other Purchased Services	3,800	3,096	6,896	4,164	2,732
Supplies and Materials	30,100	14,090	44,190	27,812	16,378
Other Objects	1,300	(1,300)	-	-	-
Total Child Study Teams	<u>2,952,979</u>	<u>96,252</u>	<u>3,049,231</u>	<u>2,917,707</u>	<u>131,524</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	1,028,336	130,010	1,158,346	1,158,346	-
Salaries of Other Professional Staff	68,352	(66,884)	1,468	1,468	-
Salaries of Secretarial and Clerical Assistants	189,610	45,909	235,519	233,768	1,751
Purchased Professional - Educational Services	69,500	36,160	105,660	96,910	8,750
Other Purchased Services	38,500	(19,162)	19,338	18,023	1,315
Supplies and Materials	20,500	-	20,500	18,530	1,970
Other Objects	10,000	1,650	11,650	9,333	2,317
Total Improvement of Instructional Services	<u>1,424,798</u>	<u>127,683</u>	<u>1,552,481</u>	<u>1,536,378</u>	<u>16,103</u>

(Continued)

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 1,445,093	\$ (282,977)	\$ 1,162,116	\$ 1,120,975	\$ 41,141
Purchased Professional and Technical Services	-	1,575	1,575	1,575	-
Other Purchased Services	28,125	-	28,125	27,660	465
Supplies and Materials	243,541	8,853	252,394	241,677	10,717
Other Objects	200	(200)	-	-	-
Total Educational Media Serv./School Library	1,716,959	(272,749)	1,444,210	1,391,887	52,323
Instructional Staff Training Services					
Salaries of Other Professional Staff	46,822	(954)	45,868	31,908	13,960
Salaries of Secretarial and Clerical Assistants	51,740	500	52,240	50,150	2,090
Other Salaries	1,000	(1,000)	-	-	-
Other Purchased Services	75,794	(33,651)	42,143	32,514	9,629
Supplies and Materials	9,500	(6,434)	3,066	1,084	1,982
Total Instructional Staff Training Services	184,856	(41,539)	143,317	115,656	27,661
Support Services - General Administration					
Salaries	296,097	(4,903)	291,194	291,194	-
Legal Services	102,000	22,380	124,380	120,307	4,073
Audit Fees	60,000	(5,000)	55,000	55,000	-
Other Purchased Professional Services	2,100	(970)	1,130	-	1,130
Communications/Telephone	196,726	19,327	216,053	161,838	54,215
BOE Other Purchased Services	4,253	325	4,578	4,321	257
Misc Purchased Services	223,365	13,400	236,765	234,819	1,946
General Supplies	11,400	(1,775)	9,625	8,957	668
Miscellaneous Expenditures	23,866	(649)	23,217	22,377	840
BOE Membership Dues and Fees	29,000	-	29,000	26,663	2,337
Total Support Services - General Administration	948,807	42,135	990,942	925,476	65,466
Support Services - School Administration					
Salaries of Principal/Asst. Principals	2,502,665	16,673	2,519,338	2,519,338	-
Salaries of Secretarial and Clerical Assistants	1,006,802	(99,538)	907,264	905,509	1,755
Other Salaries	126,864	(14,027)	112,837	112,837	-
Purchased Professional and Technical Services	-	225	225	225	-
Other Purchased Services	8,050	9,563	17,613	16,122	1,491
Supplies and Materials	72,300	(15,010)	57,290	57,095	195
Other Objects	4,700	(828)	3,872	3,261	611
Total Support Services - School Administration	3,721,381	(102,942)	3,618,439	3,614,387	4,052
Central Services					
Salaries	1,055,821	(36,862)	1,018,959	1,012,401	6,558
Purchased Professional Services	43,970	14,711	58,681	58,540	141
Miscellaneous Purchased Services	66,507	10,999	77,506	77,506	-
Supplies and Materials	21,775	7,151	28,926	28,926	-
Miscellaneous Expenditures	5,000	(2,154)	2,846	2,766	80
Total Central Services	1,193,073	(6,155)	1,186,918	1,180,139	6,779

(Continued)

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 658,299	\$ 109,202	\$ 767,501	\$ 767,501	-
Purchased Professional Services	8,189	(260)	7,929	4,024	\$ 3,905
Other Purchased Services	94,328	(5,243)	89,085	88,672	413
Supplies and Materials	5,806	38,483	44,289	43,336	953
Other Objects	525	890	1,415	1,415	-
Total Admin. Info. Technology	<u>767,147</u>	<u>143,072</u>	<u>910,219</u>	<u>904,948</u>	<u>5,271</u>
Required Maintenance for School Facilities					
Salaries	132,835	(3,824)	129,011	129,011	-
Purchased Services - Other Professional Services		51,142	51,142	26,255	24,887
Cleaning, Repair and Maintenance Services	764,869	80,484	845,353	782,811	62,542
General Supplies	151,246	175,110	326,356	324,874	1,482
Other Objects	53,789	(49,749)	4,040	4,040	-
Total Required Maintenance for School Facilities	<u>1,102,739</u>	<u>253,163</u>	<u>1,355,902</u>	<u>1,266,991</u>	<u>88,911</u>
Custodial Services					
Salaries	167,340	36,434	203,774	194,900	8,874
Salaries of Non-Instructional Aides	88,310	(35,137)	53,173	53,173	-
Purchased Professional and Technical Services	305,984	(16,888)	289,096	283,226	5,870
Cleaning, Repair and Maintenance Services	4,340,014	(59,094)	4,280,920	4,162,422	118,498
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	39,392	(8,792)	30,600	30,600	-
Other Purchased Property Services	244,797	(79,458)	165,339	159,808	5,531
Insurance	336,926	19,833	356,759	356,759	-
Miscellaneous Purchased Services	6,450	991	7,441	615	6,826
General Supplies	101,485	230,987	332,472	329,807	2,665
Energy (Natural Gas)	317,504	(32,871)	284,633	284,633	-
Energy (Gasoline)	4,200	18,843	23,043	13,708	9,335
Energy (Electricity)	958,647	(124,517)	834,130	824,525	9,605
Other Objects	-	1,274	1,274	1,204	70
Total Custodial Services	<u>6,911,049</u>	<u>(48,395)</u>	<u>6,862,654</u>	<u>6,695,380</u>	<u>167,274</u>
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	89,890	(46,905)	42,985	42,252	733
Cleaning, Repair and Maintenance Services	351,685	(9,782)	341,903	298,153	43,750
General Supplies	37,420	29,547	66,967	66,967	-
Total Care and Upkeep of Grounds	<u>478,995</u>	<u>(27,140)</u>	<u>451,855</u>	<u>407,372</u>	<u>44,483</u>
Security					
Purchased Professional and Technical Services	30,000	730	30,730	28,519	2,211
Cleaning, Repair and Maintenance Services	152,621	1,825	154,446	154,446	-
General Supplies	1,575	2,163	3,738	3,737	1
Total Security	<u>184,196</u>	<u>4,718</u>	<u>188,914</u>	<u>186,702</u>	<u>2,212</u>

(Continued)

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation(Bet Home & Sch) Reg	\$ 60,532		\$ 60,532	\$ 60,532	
Salaries for Pupil Transportation(Other than Bet Home & Sch)	15,550	\$ 16,970	32,520	32,520	
Management Fee-ESC and CTSA Transportation Prog.	56,232	(4,423)	51,809	51,710	\$ 99
Cleaning, Repair and Maintenance Services	7,000	2,740	9,740	5,546	4,194
Contracted Services - Aid in Lieu of Payments - Non Public	131,445	(39,682)	91,763	85,418	6,345
Contracted Svcs. (Between Home & School) - Vendors	772,083	(10,082)	762,001	762,001	-
Contracted Services (Other than Between Home and School) - Vendors	229,100	1,378	230,478	222,587	7,891
Contracted Services (Bet. Home & Sch))-Joint Agreements	75,000	39,084	114,084	114,084	-
Contracted Services (Special Ed. Students)-Vendors	18,000	1,380	19,380	15,870	3,510
Contracted Services (Special Ed. Students)-Joint Agreements	1,600,000	318,446	1,918,446	1,918,446	-
Misc. Purchased Services - Transportation	4,000	(3,720)	280		280
General Supplies	-	3,541	3,541	3,541	-
Total Student Transportation Services	2,968,942	325,632	3,294,574	3,272,255	22,319
Unallocated Benefits - Employee Benefits					
Group Insurance		31,778	31,778	31,778	-
Social Security Contributions	724,500	139,519	864,019	864,019	-
Other Retirement Contributions - PERS	970,000	(164,785)	805,215	805,215	-
Workmen's Compensation	284,625	30,245	314,870	314,870	-
Health Benefits	8,599,393	(110,493)	8,488,900	8,479,823	9,077
Unemployment Compensation	5,000	(5,000)			
Tuition Reimbursement	165,000	(23,609)	141,391	141,391	-
Other Employee Benefits	50,000	49,605	99,605	99,605	-
Total Unallocated Benefits-Employee Benefits	10,798,518	(52,740)	10,745,778	10,736,701	9,077
Reimbursed TPAF Social Security Payments (Non-Budget)				3,158,100	(3,158,100)
On-behalf TPAF Pension System Contribution (Non-Budget)				3,358,813	(3,358,813)
On-behalf TPAF Pension - NCGI Premium (Non-Budget)				167,315	(167,315)
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)	-	-	-	4,198,644	(4,198,644)
Total On-Behalf TPAF	-	-	-	10,882,872	(10,882,872)
Total Undistributed Expenditures	50,390,579	623,793	51,014,372	60,107,119	(9,092,747)
Total Expenditures - Current Expenditures	93,579,676	(287,112)	93,292,564	101,341,248	(8,048,684)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5		17,839	17,839	17,839	-
Grades 6-8	-	74,987	74,987	72,705	2,282
Grades 9-12	-	23,308	23,308	22,612	696
Undistributed Expenditures					
Resource Room	-	4,110	4,110	3,425	685
School-Sponsored and Other Instructional Program		10,584	10,584	10,584	-
Security	-	32,120	32,120	31,245	875
School Administration	-	-	-	-	-
Required Maintenance for School Facilities	-	2,189	2,189	2,189	-
Care and Upkeep of Grounds	-	-	-	-	-
Noninstructional Services	-	124,075	124,075	10,328	113,747
Total Equipment	-	289,212	289,212	170,927	118,285

(Continued)

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	\$ 73,822	\$ (73,822)			
Other Purchased Professional and Technical Services	-	111,949	\$ 111,949	\$ 74,374	\$ 37,575
Construction Services	-	1,243,277	1,243,277	193,830	1,049,447
Assessment for Debt Service on SDA Funding	42,837	-	42,837	42,837	-
Total Facilities Acquisition and Construction Services	116,659	1,281,404	1,398,063	311,041	1,087,022
Total Capital Outlay	116,659	1,570,616	1,687,275	481,968	1,205,307
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	61,500	(6,500)	55,000		55,000
Other Salaries for Instruction	20,000	65,015	85,015	85,015	-
Total Summer School - Instruction	81,500	58,515	140,015	85,015	55,000
Other Special Schools - Instruction					
Salaries of Teachers	346,000	(32,613)	313,387	313,387	-
Purchased Professional and Technical Services	3,500	3,000	6,500	5,555	945
Other Purchased Services	999	(999)	-	-	-
General Supplies	14,000	(108)	13,892	13,765	127
Total Other Special Schools - Instruction	364,499	(30,720)	333,779	332,707	1,072
Other Special Schools - Support Services					
Salaries	252,625	(35,905)	216,720	204,156	12,564
Personal Services - Employee Benefits	37,000	(4,990)	32,010		32,010
Other Purchased Services	34,500	-	34,500	9,667	24,833
Supplies and Materials	5,000		5,000	3,841	1,159
Other Objects	12,000	13,100	25,100	25,100	-
Total Other Special Schools - Support Services	341,125	(27,795)	313,330	242,764	70,566
Adult Education - Local - Instruction					
Salaries of Teachers	115,000	(1,865)	113,135	109,895	3,240
Purchased Professional and Technical Services	4,925	-	4,925	3,829	1,096
Other Purchased Services	66,000	1,365	67,365	66,865	500
General Supplies	2,000	-	2,000	1,619	381
Textbooks	500	-	500	-	500
Total Adult Education - Local - Instruction	188,425	(500)	187,925	182,208	5,717
Adult Education - Local - Support Services					
Salaries of Teachers	53,000	(1,000)	52,000	45,749	6,251
Personal Services - Employee Benefits	24,500	-	24,500	-	24,500
Other Purchased Services	80,075	1,500	81,575	45,044	36,531
Supplies and Materials	200	-	200	142	58
Other Objects	2,000	-	2,000	-	2,000
Total Adult Education - Local - Support Services	159,775	500	160,275	90,935	69,340
Total Special Schools	1,135,324	-	1,135,324	933,629	201,695
Total Expenditures	94,831,659	1,283,504	96,115,163	102,756,845	(6,641,682)

(Continued)

**RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	\$ (1,123,822)	\$ (1,283,504)	\$ (2,407,326)	\$ 1,965,340	\$ 4,372,666
Other Financing Sources/Uses					
Transfer Out - Capital Reserve Transfer to Capital Projects	(1,226,178)	1,226,178	-	-	-
Total Other Financing Sources/Uses	(1,226,178)	1,226,178	-	-	-
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures and Other Financing Sources	(2,350,000)	(57,326)	(2,407,326)	1,965,340	4,372,666
Change in Fund Balance	(2,350,000)	(57,326)	(2,407,326)	1,965,340	4,372,666
Fund Balance (Deficit), Beginning of Year	6,759,570	-	6,759,570	6,759,570	-
Fund Balance, End of Year	\$ 4,409,570	\$ (57,326)	\$ 4,352,244	\$ 8,724,910	\$ 4,372,666

Recapitulation Of Fund Balance:

Restricted Fund Balance:				
Excess Surplus				\$ 750,000
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000
Capital Reserve				790,327
Capital Reserve - Designated for Subsequent Year's Expenditures				1,000,000
Emergency Reserve				400,000
Emergency Reserve - Designated for Subsequent Year's Expenditures				300,000
Maintenance Reserve				400,000
Committed Fund Balance:				
Year End Encumbrances				936,100
Assigned Fund Balance:				
Year End Encumbrances				1,532,412
Unassigned Fund Balance				<u>1,866,071</u>
Reconciliation to Governmental Fund Statement (GAAP)				8,724,910
State Aid Payments Not Recognized on GAAP Basis				
Extraordinary Aid			\$ (1,383,945)	
Delayed State Aid Payments			<u>(122,999)</u>	
				<u>(1,506,944)</u>
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 7,217,966</u>

**RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 3,100	\$ 30,188	\$ 33,288	\$ 3,316	\$ (29,972)
Local	280,000	542,423	822,423	635,948	(186,475)
Federal	<u>1,205,796</u>	<u>176,139</u>	<u>1,381,935</u>	<u>1,375,172</u>	<u>(6,763)</u>
 Total Revenues	 <u>1,488,896</u>	 <u>748,750</u>	 <u>2,237,646</u>	 <u>2,014,436</u>	 <u>(223,210)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	107,489	141,212	248,701	248,701	-
Other Purchased Services	-	14,273	14,273	10,259	4,014
Purchased Prof./Educational Services		9,163	9,163	6,050	3,113
Tuition	1,006,000	78,466	1,084,466	1,084,466	-
Supplies and Materials	4,855	201,314	206,169	150,056	56,113
Textbooks	-	1,827	1,827	1,788	39
Miscellaneous	<u>-</u>	<u>36,796</u>	<u>36,796</u>	<u>12,140</u>	<u>24,656</u>
 Total Instruction	 <u>1,118,344</u>	 <u>483,051</u>	 <u>1,601,395</u>	 <u>1,513,460</u>	 <u>87,935</u>
Support Services					
Salaries of Other Professional Staff	58,952	1,939	60,891	60,891	-
Personnel Services - Employee Benefits	27,634	63,153	90,787	90,665	122
Purchased Professional and Educational/ Technical Services	3,100	31,061	34,161	1,500	32,661
Other Purchased Services	866	94,408	95,274	63,507	31,767
General Supplies		79,061	79,061	41,590	37,471
Travel		1,000	1,000	675	325
Miscellaneous Expenditures	<u>280,000</u>	<u>(24,345)</u>	<u>255,655</u>	<u>242,148</u>	<u>13,507</u>
 Total Support Services	 <u>370,552</u>	 <u>246,277</u>	 <u>616,829</u>	 <u>500,976</u>	 <u>115,853</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		4,465	4,465	-	4,465
Non-instructional Equipment	<u>-</u>	<u>14,957</u>	<u>14,957</u>	<u>-</u>	<u>14,957</u>
 Total Facilities Acquisition and Const.Ser.	 <u>-</u>	 <u>19,422</u>	 <u>19,422</u>	 <u>-</u>	 <u>19,422</u>
 Total Expenditures	 <u>1,488,896</u>	 <u>748,750</u>	 <u>2,237,646</u>	 <u>2,014,436</u>	 <u>223,210</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C-1 and C-2)	\$ 104,722,185	\$ 2,014,436
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances June 30, 2016		(71,007)
State Aid payments recognized for budgetary purposes not recognized for GAAP statements		
Prior Year	125,998	
Current Year	<u>(1,506,944)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 103,341,239</u>	<u>\$ 1,943,429</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 102,756,845	\$ 2,014,436
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances June 30, 2016	<u>-</u>	<u>(71,007)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 102,756,845</u>	<u>\$ 1,943,429</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**RIDGEWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.08106%	0.12008%	0.11244%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 18,196,878</u>	<u>\$ 22,482,937</u>	<u>\$ 21,488,873</u>
District's Covered-Employee Payroll	<u>\$ 5,355,142</u>	<u>\$ 7,167,298</u>	<u>\$ 7,023,952</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	339.80%	313.69%	305.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RIDGEWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 696,919	\$ 989,952	\$ 847,187
Contributions in Relation to the Contractually Required Contributions	<u>696,919</u>	<u>989,952</u>	<u>847,187</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 5,355,142</u>	<u>\$ 7,167,298</u>	<u>\$ 7,023,952</u>
Contributions as a Percentage of Covered-Employee Payroll	13.01%	13.81%	12.06%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RIDGEWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
Last Three Fiscal Years ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.44321%	0.43223%	0.44204%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>280,128,643</u>	<u>231,014,249</u>	<u>223,403,034</u>
Total	<u>\$ 280,128,643</u>	<u>\$ 231,014,249</u>	<u>\$ 223,403,034</u>
District's Covered-Employee Payroll	<u>\$ 44,690,162</u>	<u>\$ 43,796,359</u>	<u>\$ 42,920,432</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	626.82%	527.47%	520.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RIDGEWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

**RIDGEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>I.D.E.A.</u>			<u>Subtotal Page 2</u>	<u>Total</u>
	<u>PartB Basic</u>	<u>Preschool</u>	<u>Other Grants</u>		
REVENUES					
State				\$ 3,316	\$ 3,316
Local			\$ 635,948	-	635,948
Federal	\$ 1,046,685	\$ 37,781	-	290,706	1,375,172
Total Revenues	<u>\$ 1,046,685</u>	<u>\$ 37,781</u>	<u>\$ 635,948</u>	<u>\$ 294,022</u>	<u>\$ 2,014,436</u>
EXPENDITURES					
Instruction					
Salaries of Teachers			\$ 144,037	\$ 104,664	\$ 248,701
Other Purchased Services			10,149	110	10,259
Purchased Prof./Educational Services				6,050	6,050
Tuition	\$ 1,046,685	\$ 37,781		-	1,084,466
Supplies and Materials			113,588	36,468	150,056
Textbooks				1,788	1,788
Miscellaneous	-	-	12,140	-	12,140
Total Instruction	<u>1,046,685</u>	<u>37,781</u>	<u>279,914</u>	<u>149,080</u>	<u>1,513,460</u>
Support Services					
Salaries of Other Professional Staff			1,939	58,952	60,891
Personnel Services - Employee Benefits			5,350	85,315	90,665
Purchased Professional and Educational/ Technical Services			1,500	-	1,500
Other Purchased Services			63,507	-	63,507
General Supplies			41,590	-	41,590
Travel				675	675
Miscellaneous Expenditures	-	-	242,148	-	242,148
Total Support Services	<u>-</u>	<u>-</u>	<u>356,034</u>	<u>144,942</u>	<u>500,976</u>
Facilities Acquisition and Construction Services					
Instructional Equipment				-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,046,685</u>	<u>\$ 37,781</u>	<u>\$ 635,948</u>	<u>\$ 294,022</u>	<u>\$ 2,014,436</u>

Continued

RIDGEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic Aid				Title I	Title II A	Title III A	Page 2
	Textbooks	Technology	Security	Nursing				Total
REVENUES								
State	\$ 1,788	\$ 818	\$ 600	\$ 110				\$ 3,316
Local								-
Federal	-	-	-	-	\$ 178,477	\$ 89,788	\$ 22,441	290,706
Total Revenues	\$ 1,788	\$ 818	\$ 600	\$ 110	\$ 178,477	\$ 89,788	\$ 22,441	\$ 294,022
EXPENDITURES								
Instruction								
Salaries of Teachers					\$ 93,264		\$ 11,400	\$ 104,664
Other Purchased Services				\$ 110				110
Purchased Prof./Educational Services					6,050			6,050
Tuition								-
Supplies and Materials		\$ 818	\$ 600		29,932		5,118	36,468
Textbooks	\$ 1,788							1,788
Miscellaneous	-	-	-	-	-	-	-	-
Total Instruction	1,788	818	600	110	129,246	-	16,518	149,080
Support Services								
Salaries of Other Professional Staff						\$ 58,952		58,952
Personnel Services - Employee Benefits					49,231	30,836	5,248	85,315
Purchased Professional and Educational/ Technical Services								-
Other Purchased Services								-
General Supplies								-
Travel							675	675
Miscellaneous Expenditures	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	49,231	89,788	5,923	144,942
Facilities Acquisition and Construction Services								
Instructional Equipment								-
Non-Instructional Equipment								-
Total Facilities Acquisition and Construction Services								-
Total Expenditures	\$ 1,788	\$ 818	\$ 600	\$ 110	\$ 178,477	\$ 89,788	\$ 22,441	\$ 294,022

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**RIDGEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Willard New Construction	\$ 5,536,768	\$ 5,536,768	\$ (58,472)	\$ 58,472
GW New Construction	11,882,309	11,771,698		110,611
RHS HVAC Upgrade	742,000	608,300	26,866	106,834
RHS Window Replacement	343,550	304,801	204	38,545
	<u>18,504,627</u>	<u>18,221,567</u>	<u>(31,402)</u>	<u>314,462</u>

Capital Leases

2016-2017 Capital Lease - Computer Equipment	995,000		500	994,500
2015-2016 Capital Lease - Computer Equipment	955,000		851,660	103,340
2013-2014 Capital Lease - Computer Equipment	485,000	484,872	128	
2010-2011 Capital Lease - Computer Equipment	715,000	689,543	25,457	-
	<u>\$ 21,654,627</u>	<u>\$ 19,395,982</u>	<u>\$ 846,343</u>	<u>\$ 1,412,302</u>

Reconciliation to GAAP

Project Balances, June 30, 2016	\$ 1,412,302
Less:	
Unearned Revenue - SDA Grants	<u>(58,150)</u>
Fund Balance, June 30, 2016	<u>\$ 1,354,152</u>

Recapitulation of Fund Balance

Restricted for Capital Projects	
Capital Lease Equipment Reserve	\$ 1,097,840
Available for Capital Projects	314,462
Unearned SDA Grant Revenue	<u>(58,150)</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 1,354,152</u>

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources

Capital Lease Proceeds	\$ 995,000
Cancelled Accounts Payable	<u>58,472</u>
 Total Revenues and Other Financing Sources	 <u>1,053,472</u>

Expenditures and Other Financing Uses

Other Purchased Services	500
Equipment	851,660
Construction Services	27,070
Interest on Long Term Debt	<u>25,585</u>
 Total Expenditures and Other Financing Uses	 <u>904,815</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	148,657
Fund Balance, Beginning of Year	<u>1,263,645</u>
Fund Balance - End of Year	<u>\$ 1,412,302</u>

Reconciliation to GAAP Basis

Fund Balance, June 30, 2016 - Budgetary Basis	\$ 1,412,302
Less: Unearned Revenue (SDA Grants)	<u>(58,150)</u>
Fund Balance, June 30, 2016 - GAAP Basis	<u>\$ 1,354,152</u>

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
WILLARD CLASSROOMS ADDITIONS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 802,771		\$ 802,771	\$ 802,771
Bond Proceeds and Transfers	4,683,997		4,683,997	4,683,997
Contribution from Private Sources	50,000	-	50,000	50,000
	<u>5,536,768</u>	<u>-</u>	<u>5,536,768</u>	<u>5,536,768</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	623,976	-	623,976	623,976
Construction Services	4,749,369	(58,472)	4,690,897	4,749,369
General Supplies	163,423	-	163,423	163,423
	<u>5,536,768</u>	<u>(58,472)</u>	<u>5,478,296</u>	<u>5,536,768</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 58,472</u>	<u>\$ 58,472</u>	<u>\$ -</u>

Additional Project Information:

NJ DOE Project Number	4390-130-09-1001
SDA Project Number	4390-130-09-OZZI
Grant Number	G5-3756
Grant Notification Date	2/22/2010
Grant Amount	\$ 802,771
Bond Authorization Date	12/8/2009
Bonds Authorized	\$ 4,385,562
Bonds Issued	\$ 4,385,562
Original Authorized Cost	\$ 5,188,333
Additional Authorized Cost	348,435
Revised Authorized Cost	\$ 5,536,768

Percentage Increase (Decrease) over Original Authorized

Cost	6.72%
Percentage Completion	100%
Original Target Completion Date	12/31/2012
Revised Target Completion Date	Complete

RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
GEORGE WASHINGTON CONSTRUCTION AND ADDITION
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds and Transfers	\$ 11,402,309		\$ 11,402,309	\$ 11,402,309
Special Item - Legal Settlement	480,000	-	480,000	480,000
	<u>11,882,309</u>	<u>-</u>	<u>11,882,309</u>	<u>11,882,309</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	996,514		996,514	996,514
Construction Services	10,592,772		10,592,772	10,703,383
General Supplies	182,412	-	182,412	182,412
	<u>11,771,698</u>	<u>-</u>	<u>11,771,698</u>	<u>11,882,309</u>
Excess of Revenues over Expenditures	<u>\$ 110,611</u>	<u>\$ -</u>	<u>\$ 110,611</u>	<u>\$ -</u>

Additional Project Information:

NJ DOE Project Number	N/A
SDA Project Number	N/A
Grant Number	N/A
Grant Notification Date	N/A
Grant Amount	N/A
Bond Authorization Date	12/8/2009
Bonds Authorized	\$ 9,594,243
Bonds Issued	\$ 9,594,243
Original Authorized Cost	\$ 9,594,243
Additional Authorized Cost	2,288,066
Revised Authorized Cost	\$ 11,882,309

Percentage Increase (Decrease) over Original Authorized

Cost	23.85%
Percentage Completion	100%
Original Target Completion Date	12/31/2012
Revised Target Completion Date	Complete

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
RHS HVAC UPGRADES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 296,800		\$ 296,800	\$ 296,800
Transfer from Capital Reserve	445,200	-	445,200	445,200
Total Revenues	<u>742,000</u>	<u>-</u>	<u>742,000</u>	<u>742,000</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	<u>608,300</u>	<u>\$ 26,866</u>	<u>635,166</u>	<u>742,000</u>
Total Expenditures and other Financing Sources	<u>608,300</u>	<u>26,866</u>	<u>635,166</u>	<u>742,000</u>
Excess of Revenues over Expenditures	<u>\$ 133,700</u>	<u>\$ (26,866)</u>	<u>\$ 106,834</u>	<u>\$ -</u>

Additional Project Information:

NJ DOE Project Number	4390-050-14-1002
SDA Project Number	4390-050-14-G1GP
Grant Number	G5-4917
Grant Notification Date	6/27/2014
Grant Amount	\$ 296,800
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	742,000
Additional Authorized Cost	-
Revised Authorized Cost	742,000

Percentage Increase (Decrease) over Original Authorized

Cost	0.00%
Percentage Completion	85.60%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	6/30/2016

RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
RHS WINDOW REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources - SDA Grant	\$ 137,420		\$ 137,420	\$ 137,420
Transfer from Capital Reserve	<u>206,130</u>	<u>-</u>	<u>206,130</u>	<u>206,130</u>
 Total Revenues	 <u>343,550</u>	 <u>-</u>	 <u>343,550</u>	 <u>343,550</u>
 EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	6,801		6,801	6,801
Construction Services	<u>298,000</u>	<u>\$ 204</u>	<u>298,204</u>	<u>336,749</u>
 Total Expenditures and other Financing Sources	 <u>304,801</u>	 <u>204</u>	 <u>305,005</u>	 <u>343,550</u>
 Excess of Revenues over Expenditures	 <u>\$ 38,749</u>	 <u>\$ (204)</u>	 <u>\$ 38,545</u>	 <u>\$ -</u>

Additional Project Information:

NJ DOE Project Number	4390-050-14-1003
SDA Project Number	4390-050-14-G1GQ
Grant Number	G5-4918
Grant Notification Date	6/27/2014
Grant Amount	\$ 162,024
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	343,550
Additional Authorized Cost	-
Revised Authorized Cost	343,550

Percentage Increase (Decrease) over Original Authorized

Cost	0.00%
Percentage Completion	88.78%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	6/30/2016

RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
2016-2017 CAPITAL LEASE - COMPUTER EQUIPMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Lease Proceeds	\$ -	\$ 995,000	\$ 995,000	\$ 995,000
Total Revenues	<u>-</u>	<u>995,000</u>	<u>995,000</u>	<u>995,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Equipment	<u>-</u>	<u>500</u>	<u>500</u>	<u>995,000</u>
Total Expenditures and other Financing Sources	<u>-</u>	<u>500</u>	<u>500</u>	<u>995,000</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 994,500</u>	<u>\$ 994,500</u>	<u>\$ -</u>

Additional Project Information:

NJ DOE Project Number	N/A
SDA Project Number	N/A
Grant Number	N/A
Grant Notification Date	N/A
Grant Amount	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	995,000
Additional Authorized Cost	-
Revised Authorized Cost	995,000

Percentage Increase (Decrease) over Original Authorized

Cost	0.00%
Percentage Completion	0.05%
Original Target Completion Date	06/30/2017
Revised Target Completion Date	06/30/2017

RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
2015-2016 CAPITAL LEASE - COMPUTER EQUIPMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Lease Proceeds	\$ 955,000	-	\$ 955,000	\$ 955,000
Total Revenues	<u>955,000</u>	<u>-</u>	<u>955,000</u>	<u>955,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Equipment	-	\$ 851,660	851,660	955,000
Total Expenditures and other Financing Sources	<u>-</u>	<u>851,660</u>	<u>851,660</u>	<u>955,000</u>
Excess of Revenues over Expenditures	<u>\$ 955,000</u>	<u>\$ (851,660)</u>	<u>\$ 103,340</u>	<u>\$ -</u>

Additional Project Information:

NJ DOE Project Number	N/A
SDA Project Number	N/A
Grant Number	N/A
Grant Notification Date	N/A
Grant Amount	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	955,000
Additional Authorized Cost	-
Revised Authorized Cost	955,000

Percentage Increase (Decrease) over Original Authorized

Cost	0.00%
Percentage Completion	89.18%
Original Target Completion Date	06/30/2016
Revised Target Completion Date	06/30/2017

ENTERPRISE FUND

EXHIBIT G-1

**RIDGEWOOD BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 332,888	\$ 67,643	\$ 400,531
Total Assets	<u>\$ 332,888</u>	<u>\$ 67,643</u>	<u>\$ 400,531</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 49,421	\$ 49,421
Interfund Payable		18,222	18,222
Due to Student Groups	<u>\$ 332,888</u>	<u>-</u>	<u>332,888</u>
Total Liabilities	<u>\$ 332,888</u>	<u>\$ 67,643</u>	<u>\$ 400,531</u>

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
ELEMENTARY SCHOOLS				
Hawes	\$ 3,375	\$ 22,323	\$ 21,122	\$ 4,576
Orchard	16,465	18,380	14,276	20,569
Ridge	9,170	52,715	51,061	10,824
Somerville	7,927	35,551	30,344	13,134
Travell	4,307	1,697	1,746	4,258
Willard	45,243	65,226	63,104	47,365
	<u>86,487</u>	<u>195,892</u>	<u>181,653</u>	<u>100,726</u>
MIDDLE SCHOOLS				
Benjamin Franklin	28,100	218,500	225,445	21,155
George Washington	8,931	195,981	202,848	2,064
	<u>37,031</u>	<u>414,481</u>	<u>428,293</u>	<u>23,219</u>
HIGH SCHOOL				
Ridgewood High School	205,607	778,795	779,309	205,093
Athletic Accounts	5,229	121,744	123,123	3,850
	<u>210,836</u>	<u>900,539</u>	<u>902,432</u>	<u>208,943</u>
Total All Schools	<u>\$ 334,354</u>	<u>\$ 1,510,912</u>	<u>\$ 1,512,378</u>	<u>\$ 332,888</u>

**RIDGEWOOD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 61,569	\$ 63,971,421	\$ 63,965,347	\$ 67,643
Total Assets	<u>\$ 61,569</u>	<u>\$ 63,971,421</u>	<u>\$ 63,965,347</u>	<u>\$ 67,643</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 42,956	\$ 63,953,199	\$ 63,946,734	\$ 49,421
Due to Other Funds	<u>18,613</u>	<u>18,222</u>	<u>18,613</u>	<u>18,222</u>
Total Liabilities	<u>\$ 61,569</u>	<u>\$ 63,971,421</u>	<u>\$ 63,965,347</u>	<u>\$ 67,643</u>

LONG-TERM DEBT

**RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
Additions and Renovations to Various Schools	April 8, 2010	\$ 38,420,000	03/15/17	\$ 600,000	3.00%			
			03/15/18	700,000	3.25%			
			03/15/19	800,000	4.00%			
			03/15/20	1,500,000	4.00%			
			03/15/21	1,600,000	4.00%			
			03/15/22	1,650,000	4.00%			
			03/15/23	1,700,000	4.00%			
			03/15/24	1,800,000	4.00%			
			03/15/25	1,885,000	4.00%			
			03/15/26	2,000,000	4.00%			
			03/15/27	2,075,000	4.00%			
			03/15/28	2,200,000	4.00%			
			03/15/29	2,300,000	4.00%			
			03/15/30	2,400,000	4.13%			
			03/15/31	2,500,000	4.25%			
			03/15/32	2,650,000	4.25%			
			03/15/33	2,800,000	4.25%			
			03/15/34	2,800,000	4.35%			
			03/15/35	2,810,000	4.40%	\$ 37,270,000	\$ 500,000	\$ 36,770,000

**RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
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>Retired</u>	<u>Balance June 30, 2016</u>
Additions and Renovations to Various Schools (Refunded 2003 Bonds Maturing 2/15/2016 to 2/15/2028)	June 1, 2011	\$ 3,475,000	2/15/17	\$ 200,000	4.00%			
			2/15/18	205,000	3.00%			
			2/15/19	205,000	3.00%			
			2/15/20	215,000	5.00%			
			2/15/21	220,000	5.00%			
			2/15/22	230,000	3.25%			
			2/15/23	230,000	3.25%			
			2/15/24	235,000	4.00%			
			2/15/25	235,000	4.00%			
			2/15/26	235,000	4.00%			
			2/15/27	235,000	4.00%			
			2/15/28	230,000	4.00%	\$ 2,875,000	\$ 200,000	\$ 2,675,000
			School Refunding Bonds	October 24, 2013	\$ 5,300,000	10/01/16	1,300,000	1.27%
10/01/17	1,250,000	1.78%						
10/01/18	1,205,000	2.23%				5,110,000	1,355,000	3,755,000
						<u>\$ 45,255,000</u>	<u>\$ 2,055,000</u>	<u>\$ 43,200,000</u>

**RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance, June 30, 2016</u>
Computers	2.2230%	\$ 715,000	\$ 146,443		\$ 146,443	
Computers	1.3500%	725,000	292,283		145,159	\$ 147,124
Computers	1.1390%	975,000	585,728		193,035	392,693
Technology Equipment	1.2480%	970,000	773,029		189,677	583,352
Computers	1.4690%	485,000	385,179		94,304	290,875
Technology Equipment	1.5600%	955,000	955,000	-	196,203	758,797
Technology Equipment	1.5730%	995,000	-	<u>\$ 995,000</u>	-	<u>995,000</u>
			<u>\$ 3,137,662</u>	<u>\$ 995,000</u>	<u>\$ 964,821</u>	<u>\$ 3,167,841</u>

RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 3,313,073		\$ 3,313,073	\$ 3,313,073	
State Sources					
State Aid Type II	<u>436,954</u>	<u>-</u>	<u>436,954</u>	<u>436,954</u>	<u>-</u>
Total Revenues	<u>3,750,027</u>	<u>-</u>	<u>3,750,027</u>	<u>3,750,027</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal on Bonds	2,055,000		2,055,000	2,055,000	-
Interest on Bonds	<u>1,698,130</u>	<u>-</u>	<u>1,698,130</u>	<u>1,698,129</u>	<u>\$ 1</u>
Total Expenditures	<u>3,753,130</u>	<u>-</u>	<u>3,753,130</u>	<u>3,753,129</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,103)	-	(3,103)	(3,102)	1
Fund Balance, Beginning of Year	<u>3,103</u>	<u>-</u>	<u>3,103</u>	<u>3,103</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Available for Expenditures				<u>\$ 1</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 1</u>	

STATISTICAL SECTION

This part of the Ridgewood Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

RIDGEWOOD BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities						(Restated)				
Net Investment in Capital Assets	\$28,350,205	\$31,563,716	\$32,735,639	\$ (3,026,561)	\$20,697,948	\$41,756,338	\$46,132,466	\$46,434,486	\$47,460,901	\$ 46,831,318
Restricted	7,768,283	5,099,625	4,051,369	41,634,752	23,915,797	7,834,188	5,262,133	5,271,884	4,818,989	2,446,640
Unrestricted (Deficit)	65,591	(136,004)	(1,033,044)	(1,350,383)	(1,335,961)	(1,415,055)	277,381	479,002	(21,862,874)	(18,159,172)
Total Governmental Activities Net Position	<u>\$36,184,079</u>	<u>\$36,527,337</u>	<u>\$35,753,964</u>	<u>\$37,257,808</u>	<u>\$43,277,784</u>	<u>\$48,175,471</u>	<u>\$51,671,980</u>	<u>\$52,185,372</u>	<u>\$30,417,016</u>	<u>\$ 31,118,786</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 134,973	\$ 116,267	\$ 84,172	\$ 78,561	\$ 174,404	\$ 200,277	\$ 200,056	\$ 182,963	\$ 165,869	\$ 171,974
Unrestricted (Deficit)	438,735	402,043	317,127	238,200	84,170	(14,732)	(262,802)	(177,875)	(127,338)	(52,385)
Total Business-Type Activities Net Position	<u>\$ 573,708</u>	<u>\$ 518,310</u>	<u>\$ 401,299</u>	<u>\$ 316,761</u>	<u>\$ 258,574</u>	<u>\$ 185,545</u>	<u>\$ (62,746)</u>	<u>\$ 5,088</u>	<u>\$ 38,531</u>	<u>\$ 119,589</u>
District-Wide										
Net Investment in Capital Assets	\$28,485,178	\$31,679,983	\$32,819,811	\$ (2,948,000)	\$20,872,352	\$41,956,615	\$46,332,522	\$46,617,449	\$47,626,770	\$ 47,003,292
Restricted	7,768,283	5,099,625	4,051,369	41,634,752	23,915,797	7,834,188	5,262,133	5,271,884	4,818,989	2,446,640
Unrestricted (Deficit)	504,326	266,039	(715,917)	(1,112,183)	(1,251,791)	(1,429,787)	14,579	301,127	(21,990,212)	(18,211,557)
Total District Net Position	<u>\$36,757,787</u>	<u>\$37,045,647</u>	<u>\$36,155,263</u>	<u>\$37,574,569</u>	<u>\$43,536,358</u>	<u>\$48,361,016</u>	<u>\$51,609,234</u>	<u>\$52,190,460</u>	<u>\$30,455,547</u>	<u>\$ 31,238,375</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB No. 68, "Accounting and Financial Reporting for Pensions".

**RIDGEWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 36,450,455	\$ 37,489,605	\$ 36,067,316	\$ 37,635,956	\$ 39,044,444	\$ 39,520,534	\$ 41,066,546	\$ 42,268,110	\$ 49,809,263	\$ 52,476,438
Special Education	4,732,243	6,150,367	6,604,765	6,697,403	7,094,778	8,659,407	9,677,014	10,365,003	12,214,247	20,423,801
Other Special Instruction	1,788,835	1,780,241	1,739,611	1,700,384	1,276,142	1,832,543	1,865,523	1,917,159	2,259,204	
Other Instruction	3,168,652	2,611,483	2,604,698	2,702,014	2,439,657	2,226,960	2,333,329	2,209,523	3,249,504	4,078,298
School Sponsored Activities and Athletics										1,560,774
Support Services:										
Tuition	3,537,022	4,367,446	4,851,442	4,979,976	5,488,915	6,268,526	6,513,811	6,400,731	6,896,926	
Student and Instruction Related Services	13,317,152	14,319,913	13,963,348	15,001,751	14,731,156	15,693,498	16,593,369	17,168,297	20,121,714	19,624,092
School Administrative Services	4,540,759	4,897,256	4,903,953	4,886,853	4,797,546	4,630,097	4,912,473	5,124,205	5,956,806	5,921,747
General Administration Services	1,292,484	1,319,377	1,339,367	1,290,797	973,223	1,002,754	996,072	1,030,247	992,004	1,105,974
Central Services	1,439,255	1,596,351	1,634,429	1,609,055	1,569,040	1,566,374	1,557,969	1,647,350	1,802,578	1,500,900
Administration Information Technology	731,239	666,840	745,703	859,287	755,846	784,880	712,561	893,325	1,148,311	1,148,506
Plant Operations And Maintenance	6,522,715	7,187,916	7,699,034	7,343,995	7,235,913	7,743,196	7,760,169	8,829,531	9,002,078	8,907,317
Pupil Transportation	2,471,149	2,775,719	3,014,087	2,852,706	2,672,636	2,691,737	2,831,955	3,096,229	3,214,020	3,420,974
Special Schools	1,160,117	1,267,630	1,243,150	1,052,193	996,687	940,027	915,697	1,010,334	763,467	-
Interest On Long-Term Debt	915,679	871,721	818,757	1,124,232	2,235,001	2,167,806	2,084,878	2,136,514	1,786,823	1,811,652
Unallocated Depreciation	1,918,597	2,136,188	2,185,602	2,177,278	2,341,669	2,337,989	3,478,605			
Total Governmental Activities Expenses	83,986,353	89,438,053	89,415,262	91,913,880	93,652,653	98,066,328	103,299,971	104,096,558	119,216,945	121,980,473
Business-Type Activities:										
Food Service	1,254,245	1,262,215	1,279,041	1,200,627	1,153,075	1,234,287	1,272,615	1,467,124	1,491,101	1,643,143
Technology Initiative										58,239
Infant/Toddler Development Program	1,014,372	1,047,268	1,061,693	1,056,302	1,074,626	1,005,350	923,260	716,747	952,967	1,005,800
Total Business-Type Activities Expense	2,268,617	2,309,483	2,340,734	2,256,929	2,227,701	2,239,637	2,195,875	2,183,871	2,444,068	2,707,182
Total District Expenses	\$ 86,254,970	\$ 91,747,536	\$ 91,755,996	\$ 94,170,809	\$ 95,880,354	\$ 100,305,965	\$ 105,495,846	\$ 106,280,429	\$ 121,661,013	\$ 124,687,655
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 1,744,586	\$ 1,820,589	\$ 1,724,684	\$ 1,697,013	\$ 1,671,910	\$ 1,440,927	\$ 1,932,584	\$ 879,643	\$ 689,432	\$ 390,244
Operating Grants and Contributions	10,204,771	10,556,693	7,900,404	8,970,346	8,515,529	10,101,630	12,062,765	1,730,518	1,999,970	28,730,584
Capital Grants And Contributions	199,904	21,099	279,223	522,627	4,123,851	3,440,895	1,012,305	177,260	1,815,883	10,828
Total Governmental Activities Program Revenues	12,149,261	12,398,381	9,904,311	11,189,986	14,311,290	14,983,452	15,007,654	2,787,421	4,505,285	29,131,656
Business-Type Activities:										
Charges For Services										
Food Service	1,127,744	1,107,922	1,126,800	1,058,262	1,044,532	1,078,878	1,096,927	1,395,639	1,537,697	1,678,546
Technology Initiative										96,600
Infant/Toddler Development Program	992,097	1,032,819	983,345	990,367	1,011,663	961,850	728,458	853,846	939,697	1,012,840
Operating Grants And Contributions	99,808	106,376	111,834	122,895	112,120	124,847	121,800	2,124		
Total Business Type Activities Program Revenues	2,219,649	2,247,117	2,221,979	2,171,524	2,168,315	2,165,575	1,947,185	2,251,609	2,477,394	2,787,986
Total District Program Revenues	\$ 14,368,910	\$ 14,645,498	\$ 12,126,290	\$ 13,361,510	\$ 16,479,605	\$ 17,149,027	\$ 16,954,839	\$ 5,039,030	\$ 6,982,679	\$ 31,919,642
Net (Expense)/Revenue										
Governmental Activities	\$ (71,837,092)	\$ (77,039,672)	\$ (79,510,951)	\$ (80,723,894)	\$ (79,341,363)	\$ (83,082,876)	\$ (88,292,317)	\$ (101,309,137)	\$ (114,711,660)	\$ (92,848,817)
Business-Type Activities	(48,968)	(62,366)	(118,755)	(85,405)	(59,386)	(74,062)	(248,690)	67,738	33,326	80,804
Total District-Wide Net Expense	\$ (71,886,060)	\$ (77,102,038)	\$ (79,629,706)	\$ (80,809,299)	\$ (79,400,749)	\$ (83,156,938)	\$ (88,541,007)	\$ (101,241,399)	\$ (114,678,334)	\$ (92,768,013)

RIDGEWOOD BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 67,994,062	\$ 70,967,340	\$ 73,806,034	\$ 76,758,275	\$ 79,728,606	\$ 81,323,178	\$ 82,949,642	\$ 84,608,635	\$ 86,223,037	\$ 87,947,497
Debt Service	1,381,771	1,433,326	1,432,250	1,435,200	2,958,908	3,105,755	3,200,686	3,239,342	3,214,082	3,313,073
Unrestricted Grants And Contributions	4,015,502	4,038,972	3,098,311	3,428,070	2,189,099	3,146,320	5,239,532	12,345,398	23,699,314	436,954
Investment Earnings	883,194	641,380	106,712	127,785	207,272	119,899	27,018	13,687	13,391	32,868
Miscellaneous	314,273	301,912	294,271	478,408	277,454	285,421	371,948	1,510,467	1,282,353	1,820,195
Special Items								105,000		
Total Governmental Activities	<u>74,588,802</u>	<u>77,382,930</u>	<u>78,737,578</u>	<u>82,227,738</u>	<u>85,361,339</u>	<u>87,980,573</u>	<u>91,788,826</u>	<u>101,822,529</u>	<u>114,432,177</u>	<u>93,550,587</u>
Business-Type Activities:										
Investment Earnings	12,045	6,968	1,744	867	1,199	1,033	399	96	117	254
Total Business-Type Activities	<u>12,045</u>	<u>6,968</u>	<u>1,744</u>	<u>867</u>	<u>1,199</u>	<u>1,033</u>	<u>399</u>	<u>96</u>	<u>117</u>	<u>254</u>
Total District-Wide	<u>\$ 74,600,847</u>	<u>\$ 77,389,898</u>	<u>\$ 78,739,322</u>	<u>\$ 82,228,605</u>	<u>\$ 85,362,538</u>	<u>\$ 87,981,606</u>	<u>\$ 91,789,225</u>	<u>\$ 101,822,625</u>	<u>\$ 114,432,294</u>	<u>\$ 93,550,841</u>
Change In Net Position										
Governmental Activities	\$ 2,751,710	\$ 343,258	\$ (773,373)	\$ 1,503,844	\$ 6,019,976	\$ 4,897,697	\$ 3,496,509	\$ 513,392	\$ (279,483)	\$ 701,770
Business-Type Activities	(36,923)	(55,398)	(117,011)	(84,538)	(58,187)	(73,029)	(248,291)	67,834	33,443	81,058
Total District	<u>\$ 2,714,787</u>	<u>\$ 287,860</u>	<u>\$ (890,384)</u>	<u>\$ 1,419,306</u>	<u>\$ 5,961,789</u>	<u>\$ 4,824,668</u>	<u>\$ 3,248,218</u>	<u>\$ 581,226</u>	<u>\$ (246,040)</u>	<u>\$ 782,828</u>

RIDGEWOOD BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 7,761,862	\$ 5,099,624	\$ 4,049,600	\$ 4,661,867						
Unreserved	1,316,892	1,224,659	416,268	388,549						
Restricted					\$ 4,491,947	\$ 4,137,931	\$ 4,285,603	\$ 5,271,884	\$ 4,818,989	\$ 4,390,327
Committed					626,236	524,538	863,807			936,100
Assigned					55,629	67,945	81,909	201,232	57,326	1,532,412
Unassigned					633,086	595,619	2,131,432	2,121,012	1,757,257	359,127
Total General Fund	<u>\$ 9,078,754</u>	<u>\$ 6,324,283</u>	<u>\$ 4,465,868</u>	<u>\$ 5,050,416</u>	<u>\$ 5,806,898</u>	<u>\$ 5,326,033</u>	<u>\$ 7,362,751</u>	<u>\$ 7,594,128</u>	<u>\$ 6,633,572</u>	<u>\$ 7,217,966</u>
All Other Governmental Funds										
Reserved	\$ 4,090			\$ 18,536,160						
Unreserved	2,331	\$ 1	\$ 1,769	18,436,725						
Restricted					\$ 3,544,259	\$ 2,682,320	\$ 112,723	\$ 238,428	\$ 217,185	\$ 1,354,153
Committed					20,507,731	2,697,335				
Assigned					166,046	175,087		997,506	980,585	
Unassigned					(5,420,422)	(2,383,023)				
Total All Other Governmental Funds	<u>\$ 6,421</u>	<u>\$ 1</u>	<u>\$ 1,769</u>	<u>\$ 36,972,885</u>	<u>\$ 18,797,614</u>	<u>\$ 3,171,719</u>	<u>\$ 112,723</u>	<u>\$ 1,235,934</u>	<u>\$ 1,197,770</u>	<u>\$ 1,354,153</u>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

RIDGEWOOD BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 69,375,833	\$ 72,400,666	\$ 75,238,284	\$ 78,193,475	\$ 82,687,514	\$ 84,428,933	\$ 86,150,328	\$ 87,847,977	\$ 89,437,119	\$ 91,260,570
Tuition	465,062	386,413	314,725	468,722	465,061	340,410	551,917	879,643	689,432	390,244
Interest Earnings	883,194	641,380	106,712	127,785	207,272	119,899	27,018	13,687	13,391	
Miscellaneous	2,225,601	2,316,872	2,471,838	2,372,905	2,284,237	2,391,509	2,924,860	3,124,804	2,142,073	2,418,004
State Sources	12,773,650	13,010,693	9,458,715	10,455,749	12,297,765	14,021,944	15,669,656	12,311,320	13,924,734	13,657,818
Federal Sources	1,230,395	1,245,281	1,275,193	2,025,226	1,963,964	1,893,252	1,672,701	1,297,519	1,256,141	1,377,359
Total Revenue	86,953,735	90,001,305	88,865,467	93,643,862	99,905,813	103,195,947	106,996,480	105,474,950	107,462,890	109,103,995
Expenditures										
Instruction										
Regular Instruction	27,134,710	28,094,313	28,362,247	29,667,390	30,442,131	30,223,875	30,930,494	31,968,923	32,726,271	41,966,925
Special Education Instruction	3,465,462	4,536,206	5,027,038	5,091,202	5,265,323	6,335,189	7,038,909	7,462,101	7,638,879	18,151,458
Other Special Instruction	1,316,135	1,285,484	1,325,825	1,294,233	957,878	1,349,859	1,352,093	1,417,159	1,450,732	
Other Instruction	2,481,544	2,030,176	2,076,127	2,156,305	1,925,886	1,776,047	1,866,881	1,709,523	1,750,022	3,510,599
School Sponsored Activities and Athletics										1,609,224
Support Services:										
Tuition	3,537,022	4,367,446	4,851,442	4,979,976	5,488,915	6,268,526	6,513,811	6,400,731	6,896,926	
Student & Inst. Related Services	10,210,035	11,023,801	11,015,798	11,833,051	11,382,241	12,058,142	12,843,206	13,209,750	13,762,418	17,516,888
General Administration Services	3,350,171	3,607,586	3,737,212	3,706,608	3,552,799	3,394,576	3,584,519	3,734,917	3,769,146	1,059,126
School Administration Services	1,162,497	1,167,782	1,207,743	1,179,235	926,283	911,760	897,146	896,078	812,902	4,967,525
Central Services	1,157,538	1,286,182	1,294,683	1,264,768	1,174,765	1,177,958	1,181,180	1,246,810	1,182,702	1,494,132
Administrative Information Technology Services	689,173	626,394	681,177	760,859	589,380	617,686	548,276	679,276	774,375	1,142,986
Plant Operations And Maintenance	6,631,214	7,284,167	7,786,236	7,505,750	7,500,654	8,008,255	8,037,721	8,345,568	8,409,424	8,574,472
Pupil Transportation	2,456,618	2,758,853	2,995,211	2,832,276	2,644,397	2,664,944	2,806,253	2,939,264	3,020,649	3,301,115
Employee Benefits	17,172,746	17,852,008	15,603,662	16,241,126	17,271,044	18,897,615	20,406,898	18,215,072	19,683,350	
Special Schools	1,160,117	1,267,630	1,243,150	1,052,193	996,687	940,027	915,697	1,010,334	841,165	
Capital Outlay	1,520,676	4,360,048	2,307,514	3,824,054	25,114,187	21,742,993	6,127,501	2,266,611	3,461,864	1,317,861
Debt Service:										
Principal	1,025,000	1,080,000	1,135,000	1,190,000	1,260,000	1,565,000	1,640,000	1,755,000	1,975,000	3,019,821
Interest And Other Charges	881,541	829,439	774,549	716,821	2,102,778	2,085,255	2,053,173	2,004,717	1,745,785	1,726,086
Total Expenditures	85,352,199	93,457,515	91,424,614	95,295,847	118,595,348	120,017,707	108,743,758	105,261,834	109,901,610	109,358,218
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	1,601,536	(3,456,210)	(2,559,147)	(1,651,985)	(18,689,535)	(16,821,760)	(1,747,278)	213,116	(2,438,720)	(254,223)
Other Financing Sources (Uses)										
Proceeds from Borrowing				38,420,000						
Premium (Discount) on Bonds				649				(31,800)		
Capital Leases (Non-Budgeted)	618,605	695,319	702,500	787,000	1,215,000	715,000	725,000	975,000	1,440,000	995,000
Proceeds from Refunding					3,609,274			5,300,000		
Payments to Refunded Bond Escrow Agent					(3,553,528)			(5,206,728)		
Special Item								105,000		
Transfers In		1,000		44,452	115,897	37,468	1,255		651,330	
Transfers Out		(1,000)		(44,452)	(115,897)	(37,468)	(1,255)		(651,330)	
Total Other Financing Sources (Uses)	618,605	695,319	702,500	39,207,649	1,270,746	715,000	725,000	1,141,472	1,440,000	995,000
Net Change In Fund Balances	\$ 2,220,141	\$ (2,760,891)	\$ (1,856,647)	\$ 37,555,664	\$ (17,418,789)	\$ (16,106,760)	\$ (1,022,278)	\$ 1,354,588	\$ (998,720)	\$ 740,777
Debt Service As A Percentage Of										
Noncapital Expenditures	2.27%	2.14%	2.14%	2.08%	3.60%	3.71%	3.60%	3.65%	3.50%	4.39%

* Noncapital expenditures are total expenditures less capital outlay.

**RIDGEWOOD BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Rentals</u>	<u>Transportation</u>	<u>Miscellaneous Restricted</u>	<u>Miscellaneous Unrestricted</u>	<u>Summer School Tuition and Fees</u>	<u>Adult School and Other Special School Fees</u>	<u>Student Activity Fees</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 440,324	\$ 1,066	\$ 171,103	\$ 86,576	\$ 168,059	\$ 828,022	\$ 114,319		\$ 1,809,469
2008	452,285		258,805	35,252	106,057	989,051	114,632		1,956,082
2009	459,380	53,484	241,656	46,002	103,138	946,009	78,139		1,927,808
2010	441,031	25,413	240,976	186,463		864,429	174,525		1,932,837
2011	436,537	16,712	74,458	74,101		863,701	251,978		1,717,487
2012	443,372	22,261	68,737	77,555		836,173	169,762		1,617,860
2013	442,037	16,169	217,516	119,653	41,545	813,197	302,498		1,952,615
2014	409,329	32,749	289,969	374,403	56,625	879,643	361,079		2,403,797
2015	282,355	22,750	521,180	59,698	100,940	689,432	308,821	\$ 13,391	1,998,567
2016	329,492	58,413	92,862	185,579	38,575	797,985	258,817	32,868	1,794,591

Source: District Records

RIDGEWOOD BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$12,831,200	\$3,525,797,000	\$349,937,500	\$59,304,000	\$3,947,869,700	\$5,610,668	\$3,953,480,368	\$6,514,060,913	\$1.831
2008 (b)	19,347,800	5,972,283,900	619,430,500	116,784,800	6,727,847,000	5,610,668	6,733,457,668	6,848,892,924	1.117
2009	22,187,800	5,950,985,100	613,560,000	114,272,000	6,701,004,900	10,343,605	6,711,348,505	6,827,113,070	1.165
2010	24,188,000	5,948,400,600	596,467,300	106,335,700	6,675,391,600	10,616,803	6,686,008,403	6,707,210,394	1.237
2011	22,561,000	5,928,833,100	593,617,600	106,335,700	6,651,347,400	9,425,266	6,660,772,666	6,476,883,013	1.268
2012	23,955,900	5,908,926,300	574,609,800	102,767,000	6,610,259,000	10,000	6,610,269,000	6,342,573,286	1.304
2013 (b)	16,795,700	5,111,925,100	506,624,400	88,306,400	5,723,651,600		5,723,651,600	5,968,091,065	1.535
2014	17,989,100	5,122,760,900	504,096,500	88,306,400	5,733,152,900		5,733,152,900	6,022,176,495	1.560
2015	18,991,800	5,138,526,500	504,214,500	88,306,400	5,750,039,200		5,750,039,200	6,224,840,527	1.590
2016	16,723,800	5,163,336,500	506,142,200	88,156,400	5,774,358,900		5,774,358,900	6,404,608,448	1.592

Source: County Abstract of Ratables

a Tax rates are per \$100

b The Village reassessed real property effective 2013 and 2008

RIDGEWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

<u>Assessment Year</u>	<u>Basic Rate</u>	<u>General Obligation Debt Services</u>	<u>Total District School</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
				<u>Village of Ridgewood</u>	<u>County of Bergen</u>	
2007	\$ 1.7830	\$ 0.0480	\$ 1.8310	\$ 0.6760	\$ 0.2930	\$ 2.8000
2008 (A)	1.089	0.028	1.117	0.417	0.189	1.723
2009	1.144	0.021	1.165	0.431	0.196	1.792
2010	1.194	0.043	1.237	0.454	0.196	1.887
2011	1.220	0.048	1.268	0.419	0.269	1.956
2012	1.255	0.049	1.304	0.500	0.210	2.014
2013 (A)	1.489	0.046	1.535	0.577	0.247	2.359
2014	1.518	0.042	1.560	0.540	0.243	2.343
2015	1.554	0.036	1.590	0.545	0.257	2.392
2016	1.534	0.058	1.592	0.551	0.269	2.412

Source: The Village Tax Duplicate

(A) The Village reassessed real property effective 2013 and 2008

**RIDGEWOOD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

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Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% Total of District Net Assessed Value
1200 E. Ridgewood Ave LLC	\$ 23,000,000	1	0.40%			
Milridge Realty, LLC	11,516,700	2	0.20%	8,204,300	2	0.21%
Home Properties WMF, LLC	9,705,700	3	0.17%	6,541,400	3	0.17%
Ridgewood Mayflower Realty	8,700,600	4	0.15%	5,512,700	8	0.13%
257 Ridgewood Avenue LLC	8,468,300	5	0.15%			
Cameron Apartments	8,167,200	6	0.14%			
Lucerne-Ridgewood LLC	8,080,000	7	0.14%			
Pondview Medical Center of Ridgewood	8,063,800	8	0.14%			
Kimco Ridgewood 615, Inc.	7,452,500	9	0.13%			
Kew Management Corporation	7,431,700	10	0.13%	5,686,100	6	0.14%
The Realty Associates				13,500,000	1	0.34%
Verizon NJ				5,758,519	5	0.15%
Van Dyk Health Care, Inc.				6,372,300	4	0.16%
Mayflower Realty						
Magnolia Partners LLC				5,553,900	7	0.14%
Stop & Shop Supermarket Co.				5,947,900	9	0.15%
Ridgewood Savings Bank of NJ				4,707,300	10	0.12%
Total	<u>\$ 100,586,500</u>		<u>1.75%</u>	<u>\$ 67,784,419</u>		<u>1.71%</u>

Source: Municipal Tax Assessor

**RIDGEWOOD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 69,375,833	\$ 69,375,833	100.00%	N/A
2008	72,400,666	72,400,666	100.00%	N/A
2009	75,238,284	75,238,284	100.00%	N/A
2010	78,193,475	78,193,475	100.00%	N/A
2011	82,661,789	82,661,789	100.00%	N/A
2012	84,454,658	84,454,658	100.00%	N/A
2013	86,150,328	86,150,328	100.00%	N/A
2014	87,847,977	87,847,977	100.00%	N/A
2015	89,437,119	89,437,119	100.00%	N/A
2016	91,260,570	91,260,570	100.00%	N/A

**RIDGEWOOD BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2007	\$ 18,096,000	\$ 1,157,733	\$ 19,253,733	24,122	\$ 798
2008	17,016,000	1,248,082	18,264,082	24,102	758
2009	15,881,000	1,333,071	17,214,071	24,181	712
2010	53,111,000	1,456,614	54,567,614	25,000	2,183
2011	51,915,000	1,866,566	53,781,566	25,160	2,138
2012	50,350,000	1,763,477	52,113,477	25,258	2,063
2013	48,710,000	1,662,254	50,372,254	25,380	1,985
2014	47,230,000	2,720,676	49,950,676	25,473	1,961
2015	45,255,000	3,137,662	48,392,662	25,621	1,889
2016	43,200,000	3,167,841	46,367,841	25,621 (A)	1,810

Source: District records

(A) -Estimated

**RIDGEWOOD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 18,096,000		\$ 18,096,000	0.46%	\$ 750
2008	17,016,000		17,016,000	0.25%	706
2009	15,881,000		15,881,000	0.24%	657
2010	53,111,000		53,111,000	0.79%	2,124
2011	51,915,000		51,915,000	0.78%	2,063
2012	50,350,000		50,350,000	0.76%	1,993
2013	48,710,000		48,710,000	0.85%	1,919
2014	47,230,000		47,230,000	0.82%	1,854
2015	45,255,000		45,255,000	0.79%	1,777
2016	43,200,000		43,200,000	0.75%	1,686

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**RIDGEWOOD BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT: (1)			
School Purposes	\$ 48,392,662	\$ 48,392,662	
Local Utilities	25,025,815	25,025,815	
Municipal Purposes	<u>45,384,506</u>	<u>274,311</u>	\$ 45,110,195
	<u>\$ 118,802,983</u>	<u>\$ 73,692,788</u>	<u>45,110,195</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Bergen County			
County of Bergen (A)			36,472,636
Northwest Bergen County Utilities Authority (B)			<u>49,636</u>
			<u>36,522,272</u>
Total Direct and Overlapping Bonded Debt			<u>\$ 81,632,467</u>

SOURCE:

(1) Village of Ridgewood 2015 Annual Debt Statement

(A) The debt information for this entity was obtained from the Bergen County Treasurer's office and was apportioned to the Village of Ridgewood by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

Source: Village of Ridgewood Chief Financial Officer and Bergen County Treasurer's Office.

**RIDGEWOOD BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized Valuation Basis
2015	\$ 6,366,296,723
2014	6,195,324,076
2013	6,000,892,850
	<u>\$ 18,562,513,649</u>
Average Equalized Valuation of Taxable Property	\$ 6,187,504,550
Debt Limit	247,500,182
Total Net Debt Applicable to Limit	<u>43,200,000</u>
Legal debt margin	<u>\$ 204,300,182</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 231,279,693	\$ 252,358,585	\$ 266,708,799	\$ 270,146,454	\$ 266,850,895	\$ 260,721,259	\$ 253,879,774	\$ 200,299,151	\$ 199,955,909	\$ 247,500,182
Total Net Debt Applicable to Limit	<u>18,096,000</u>	<u>17,016,000</u>	<u>15,881,000</u>	<u>53,111,000</u>	<u>51,915,000</u>	<u>50,350,000</u>	<u>48,710,000</u>	<u>47,230,000</u>	<u>45,255,000</u>	<u>43,200,000</u>
Legal Debt Margin	<u>\$ 213,183,693</u>	<u>\$ 235,342,585</u>	<u>\$ 250,827,799</u>	<u>\$ 217,035,454</u>	<u>\$ 214,935,895</u>	<u>\$ 210,371,259</u>	<u>\$ 205,169,774</u>	<u>\$ 153,069,151</u>	<u>\$ 154,700,909</u>	<u>\$ 204,300,182</u>
Total net debt applicable to the limit as a percentage of debt limit	7.82%	6.74%	5.95%	19.66%	19.45%	19.31%	19.19%	23.58%	22.63%	17.45%

Source: Annual Debt Statements

**RIDGEWOOD BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	24,122	\$ 68,147	2.30%
2008	24,102	68,548	3.00%
2009	24,181	64,571	5.50%
2010	25,000	65,275	5.70%
2011	25,160	68,244	5.60%
2012	25,258	71,380	5.90%
2013	25,380	70,498	5.30%
2014	25,473	73,536	4.00%
2015	25,621	73,536 (A)	5.30%
2016	25,621 (A)	73,536 (A)	N/A

(A) - Estimated

N/A - Not Available

Source: New Jersey State Department of Education

**RIDGEWOOD BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	349	351	354	372	369	348	350	341	344	350
Special education	89	139	141	93	54	78	76	89	82	73
Other special education - suppl/mainstreaming	49	12	13	15	59	107	119	95	101	102
Other Instruction	1	1	1							
Support Services:										
Student & instruction related services	143	152	152	123	125	108	108	95	114	95
General administration	4	4	4	4	4	4	4	2	2	2
School administrative services	41	44	44	63	41	54	54	44	40	40
Central services	14	14	14	24	16	20	20	15	14	14
Administrative Information Technology	7	5	5	17	19	19	19	7	11	11
Plant operations and maintenance	15	16	16	9	2	7	6	3	2	2
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Special Schools	6	7	7	2	2	2	2	2	2	2
Infant/Toddler Development Center	33	33	33	33	33	33	32	33	33	33
Total	<u>752</u>	<u>779</u>	<u>785</u>	<u>756</u>	<u>725</u>	<u>781</u>	<u>791</u>	<u>727</u>	<u>746</u>	<u>725</u>

Source: District Personnel Records

RIDGEWOOD BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	5,632	\$ 81,924,982	\$ 14,546	6.35%	409.19	13.5	12.1	13.6	5,568	5,402.4	0.30%	97.03%
2008	5,665	87,188,028	15,391	5.80%	413.89	14.1	12.7	13.4	5,611	5,410.0	0.77%	96.42%
2009	5,670	87,207,551	15,381	-0.07%	419.00	14.3	12.5	13.4	5,644	5,443.7	0.59%	96.45%
2010	5,777	89,564,972	15,504	0.80%	419.27	14.1	12.6	13.1	5,709	5,477.0	1.15%	95.94%
2011	5,822	90,118,383	15,479	-0.16%	423.00	14.4	12.4	11.8	5,711	5,488.7	0.04%	96.11%
2012	5,793	94,624,459	16,334	5.53%	431.30	13.9	12.8	13.1	5,700	5,520.5	-0.19%	96.85%
2013	5,829	98,923,084	16,971	3.90%	432.00	14.0	12.7	13.0	5,751	5,542.3	0.89%	96.37%
2014	5,743	99,235,506	17,279	1.83%	430.10	13.6	12.6	11.1	5,717	5,517.9	-0.59%	96.52%
2015	5,650	102,718,961	18,180	5.21%	426.00	15.5	15.9	15.0	5,650	5,463.0	-1.17%	96.69%
2016	5,655	103,293,950	18,266	0.47%	423.00	13.6	13.2	10.3	5,655	5,478.0	-1.08%	96.87%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

RIDGEWOOD BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
<u>Glen (1959)</u>										
Square Feet	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300	27,300
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	51	50	34	42	54	37	42	42	42	42
<u>Hawes (1966)</u>										
Square Feet	39,765	39,765	39,765	39,765	39,765	39,765	39,765	39,765	39,765	39,765
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	422	410	405	416	407	405	407	407	407	407
<u>Orchard (1966)</u>										
Square Feet	42,133	42,133	42,133	42,133	42,133	42,133	42,133	42,133	42,133	42,133
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	320	325	328	331	340	337	333	333	333	333
<u>Ridge (1960)</u>										
Square Feet	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	486	488	478	478	500	497	514	514	514	514
<u>Somerville (1950)</u>										
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	473	508	507	534	527	502	517	517	517	517
<u>Travel (1966)</u>										
Square Feet	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800	47,800
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	421	419	416	416	407	395	365	365	365	365
<u>Willard (1926)</u>										
Square Feet	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500	50,500
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	463	453	468	458	484	479	500	500	500	500
<u>Middle School</u>										
<u>Benjamin Franklin (1954)</u>										
Square Feet	190,400	190,400	190,400	190,400	190,400	190,400	190,400	190,400	190,400	190,400
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	648	677	692	691	691	697	738	738	738	738
<u>George Washington (1928)</u>										
Square Feet	99,600	99,600	99,600	99,600	99,600	99,600	99,600	99,600	99,600	99,600
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	623	632	664	678	661	688	652	652	652	652

**RIDGEWOOD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
<u>High School</u>											
<u>Ridgewood High School</u>											
Square Feet	248,286	248,286	248,286	248,286	248,286	248,286	248,286	248,286	248,286	248,286	248,286
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,661	6,149	1,652	1,664	1,662	1,663	1,684	1,684	1,684	1,684	
<u>Other</u>											
<u>Central Administration (1895)</u>											
Square Feet	32,640	32,640	32,640	32,640	32,640	32,640	32,640	32,640	32,640	32,640	

120

Number of Schools at June 30, 2016

- Elementary = 7
- Middle School = 2
- Senior High School = 1
- Other = 1

Source: District Facilities Office

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

N/A - Information is not available

**RIDGEWOOD BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

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

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
*School Facilities	School #										
Ridgewood High School	050	\$ 407,140	\$ 397,798	\$ 387,746	\$ 469,753	\$ 28,872	\$ 377,586	\$ 374,705	\$ 355,471	\$ 346,196	\$ 351,787
Benjamin Franklin Middle School	060	204,684	274,941	198,025	221,103	75,875	349,328	287,346	204,427	199,093	269,770
George Washington Middle School	070	139,756	128,173	73,267	158,124	122,790	173,071	149,408	141,019	137,340	141,119
Glen Elementary School	080	42,190	40,646	72,943	18,158	20,656	37,476	41,200	52,398	51,031	38,681
Hawes Elementary School	085	60,060	68,371	131,657	45,628	46,837	25,864	52,821	89,505	87,170	56,341
Ridge Elementary School	090	47,233	73,544	64,070	99,958	73,875	52,033	71,565	66,201	64,474	67,726
Somerville Elementary School	100	96,216	94,982	82,723	169,905	186,173	116,760	102,623	142,082	138,375	96,347
Travel Elementary School	110	58,527	68,174	87,790	79,188	140,485	83,408	69,120	70,942	69,091	67,726
Orchard Elementary School	120	44,707	66,382	111,325	71,535	204,931	126,520	58,103	66,450	64,716	59,697
Willard Elementary School	130	71,634	78,421	92,656	133,068	427,402	25,329	76,213	73,703	71,780	71,551
Education Center	999	43,347	55,298	20,321	46,167	134,943	111,929	49,259	83,579	81,398	46,246
Total School Facilities		<u>\$1,215,494</u>	<u>\$1,346,730</u>	<u>\$1,322,523</u>	<u>\$1,512,587</u>	<u>\$ 1,462,839</u>	<u>\$ 1,479,304</u>	<u>\$ 1,332,363</u>	<u>\$ 1,345,777</u>	<u>\$1,310,664</u>	<u>\$ 1,266,991</u>

Source: District Records

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
PACKAGE POLICY - Great American Ins. Co.		
Property	\$ 262,768,685	\$ 5,000
Earthquake/Flood (Outside Zones A & V)	5,000,000	50,000
Flood (Zones A & V)	1,000,000	500,000
Automobile	1,000,000	\$1,000/COMP&COLL
Comprehensive General Liability	1,000,000	
Crime (Non-Statutory Bonds) Selective Ins. Co.	\$100,000 Per Employee \$400,000 Excess	5,000
Boiler & Machinery	262,768,685	
ENVIRONMENTAL - ACE	4,000,000 20,000,000 Group Aggregate	15,000
EDUCATOR'S LEGAL LIABILITY/ EMPLOYMENT PRACTICES - Darwin	1,000,000	25,000
COMMERCIAL UMBRELLA-Great American Ins. Co.	9,000,000	10,000
EXCESS UMBRELLA - Fireman's Fund	\$50,000,000 Group Aggregate	
CYBER LIABILITY-Indian Harbor Ins. Co.	\$1,000,000 Occurrence \$4,000,000 Group Aggregate (Subject to Sublimits)	15,000
WORKER'S COMPENSATION-Safety National		
Maximum Limit of Indemnity per Occurrence	Statutory	
Employer's Liability Per Occurrence	1,000,000	
TRAVEL ACCIDENT POLICY - Gerber Life	\$100,000 AD&D	
Board Members, Business Admin., Superintendent		
STUDENT AND ATHLETIC ACCIDENT-Zurich Ins. Co	5,000,000	20% Co insurance on 1st \$25,000
Voluntary - Monumental Life	500,000	

SINGLE AUDIT SECTION



DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Ridgewood Board of Education
Ridgewood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements 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 Ridgewood Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Ridgewood Board of Education's basic financial statements and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ridgewood Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Ridgewood Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 21, 2016.

Ridgewood Board of Education's Responses to Findings

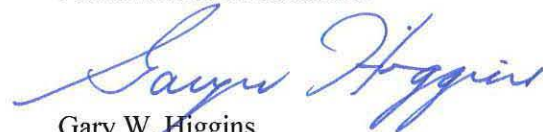
The Ridgewood Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Ridgewood Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 21, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE-AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Ridgewood Board of Education
Ridgewood, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Ridgewood Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Ridgewood Board of Education's major federal and state programs for the fiscal year ended June 30, 2016. The Ridgewood Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ridgewood Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Ridgewood Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Ridgewood Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ridgewood Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 21, 2016, which contained unmodified opinions on those financial statements. Our 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 federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 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 our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 21, 2016

RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	July 1, 2015		A/R Carryover Amount	Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	June 30, 2016			MEMO GAAP Receivable	
					Accounts Receivable	Unearned Revenue							Accounts Receivable	Unearned Revenue	Due to Grantor		
General Fund																	
U.S. Department of Human Services																	
Passed-through State Department of Education																	
Medicaid Assistance	93.778	1605NJ5MAP	7/01/15-6/30/16	-	-	-	-	\$ 2,187	\$ 2,187	-	-	-	-	-	-	-	*
Total General Fund				-	-	-	-	2,187	2,187	-	-	-	-	-	-	-	*
Special Revenue Fund																	
U.S. Department of Education																	
Passed-through State Department of Education																	
IDEA Part B	84.027	H027A150100	7/1/15-6/30/16	\$1,043,418			\$ (3,267)	\$ 3,267	1,043,418	1,046,685		\$ (3,267)	-				*
IDEA Part B	84.027		7/1/14-6/30/15	1,006,225	\$ (263,664)		3,267	(3,267)	263,664								*
I.D.E.A. Preschool	84.173	H173A150114	7/1/15-6/30/16	36,614			(1,167)	1,167	29,918	37,781		(7,863)	-				*
I.D.E.A. Preschool	84.173		7/1/14-6/30/15	37,153	(19,059)	\$ 1,167	1,167	(1,167)	17,892	-	-	-	-	-	-	-	*
Total Special Education Cluster (IDEA)					(282,723)	1,167	-	-	1,354,892	1,084,466	-	-	(11,130)	-	-	-	*
Title I Part A	84.010A	S010A150030	7/1/15-6/30/16	154,709			(28,157)	28,157	118,353	178,477		(64,513)	\$ 4,389				*
Title I Part A	84.010A		7/1/14-6/30/15	135,170	(52,948)	28,157	28,157	(28,157)	24,791								*
Title II A	84.367A	S367A150029	7/1/15-6/30/16	74,280			(15,508)	15,508	60,044	89,788		(29,744)	-				*
Title II A	84.367A		7/1/14-6/30/15	75,152	(27,651)	15,508	15,508	(15,508)	12,143								*
Title III	84.365A	S365A150030	7/1/15-6/30/16	21,219			(3,597)	3,597	14,906	22,441		(9,910)	2,375				*
Title III	84.365A		7/1/14-6/30/15	17,387	(7,542)	3,597	3,597	(3,597)	3,945								*
Teaching American History	84.215X		9/1/10-8/31/15	999,479	-	5,383	-	-	-	-	-	-	-	5,383	-	-	*
Total U.S. Department of Education					(370,864)	53,812	-	-	1,589,074	1,375,172	-	-	(115,297)	12,147	-	-	*
U.S. Department of Homeland Security																	
Passed-through the New Jersey State Police																	
Disaster Grants - Public Assist.	97.036		9/1/12-8/31/13	208,188	(29,143)	-	-	-	-	-	-	(29,143)	-	-	-	-	*
Total Special Revenue Fund					(400,007)	53,812	-	-	1,589,074	1,375,172	-	-	(144,440)	12,147	-	-	*
Total Federal Awards					\$ (400,007)	\$ 53,812	\$ -	\$ -	\$ 1,591,261	\$ 1,377,359	\$ -	\$ -	\$ (144,440)	\$ 12,147	\$ -	\$ -	\$ (137,676)

FAIN numbers are only applicable for current year grant awards.

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State/Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable)	Balance, July 1, 2015		Due to Grantor	Cash Received	Budgetary Expenditures	June 30, 2016				MEMO		
					Deferred Revenue	Due to Grantor				Refund of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
General Fund																
State Department of Education																
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,812,959					\$ 1,708,229	\$ 1,812,959							\$ 1,812,959
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	1,812,959	\$ (107,284)				107,284								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	86,186					81,207	86,186							86,186
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	86,186	(5,100)				5,100								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	56,660					53,387	56,660							56,660
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	56,660	(3,353)				3,353								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	56,660					53,387	56,660							56,660
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	56,660	(3,353)				3,353								
Total State Aid Public Cluster				(119,090)				2,015,300	2,012,465				(116,255)			2,012,465
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	116,741					109,997	116,741							116,741
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	116,741	(6,908)				6,908								
Additional Non Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	24,646					24,646	20,992							20,992
Additional Non Public Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	24,646	(24,646)				-								(20,992)
Total State Aid Transportation Cluster				(31,554)				141,551	137,733				(27,736)			(20,992)
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	1,383,945						1,383,945							1,383,945
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	1,345,935	(1,345,935)				1,345,935								
Payment of Institutionalized Children Unknown District of Residence	16-495-034-5120-005	7/1/15-6/30/16	170,651					142,799	170,651							170,651
Payment of Institutionalized Children Unknown District of Residence	15-495-034-5120-005	7/1/14-6/30/15	272,025	(80,399)				80,399								
On-Behalf TPAF Pension Benefits	16-495-034-5094-002	7/1/15-6/30/16	3,358,813						3,358,813							3,358,813
On-Behalf TPAF - Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	167,315						167,315							167,315
On-Behalf TPAF - Post Retirement Medical Contributions	16-495-034-5094-001	7/1/15-6/30/16	4,198,644						4,198,644							4,198,644
Reimbursed TPAF Social Security Contr.	16-495-034-5094-003	7/1/15-6/30/16	3,158,100						3,158,100							3,158,100
Reimbursed TPAF Social Security Contr.	15-495-034-5094-003	7/1/14-6/30/15	3,228,895	(159,061)				159,061								
Total General Fund				(1,736,030)				14,767,917	14,587,666				(1,555,788)			(48,844)
Special Revenue Fund																
N.J. Nonpublic Aid:																
Handicapped Services																
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	743													\$ 743
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	1,192						1,192							1,192
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	1,260			\$ 1,260				\$ 1,260						
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	836					836								836
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	884					884								
Total Nonpublic Handicapped Aid (Chapter 193 Cluster)						2,144		2,771					2,144			2,771
Auxiliary Services:																
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	1,692													1,692
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	1,827					1,827	1,788						39	1,788
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	2,025								130					
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	832					832	818						14	818
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	800					800	600						200	600
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	720					720	110						610	110
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	569					486								
Total Special Revenue Fund						2,760		8,642	3,316	2,760					5,326	3,316
Capital Projects Fund																
NISDA - RHS Rehabilitation	4390-050-09-3007	2/22/10-completion	3,926,037	(621,918)												(621,918)
NISDA - Willard New Construction	4390-130-09-1001	2/22/10-completion	802,771	(160,554)												(160,554)
NISDA - RHS Rehabilitation	4390-050-09-3006	3/20/09-completion	409,054	(88,238)												(88,238)
NISDA - George Washington Electrical	4390-070-09-1009	2/22/10-completion	162,024	(162,024)												(162,024)
NISDA - RHS HVAC Upgrades	4390-050-14-1002	6/27/14-completion	296,800	(296,799)		\$ 53,479		10,746					\$ 42,733			10,746
NISDA - RHS Window Replacement	4390-050-14-1003	6/27/14-completion	137,420	(137,419)		15,499		82					15,417			82
Total Capital Projects Fund				(1,466,952)		68,978		-	10,828				(1,466,952)			58,150
Total State Financial Subject to Single Audit Determination				\$ (3,202,991)	\$ 68,978	\$ 2,760	\$ 15,213,513	\$ 15,038,764	\$ 2,760	\$ (3,022,740)	\$ 58,150	\$ 5,326	\$ (1,457,646)	\$ 15,038,764		
Less Amounts Not Subject to Single Audit:																
On-Behalf TPAF Pension Benefits	16-495-034-5094-002	7/1/15-6/30/16	3,358,813					(3,358,813)	(3,358,813)							(3,358,813)
On-Behalf TPAF - Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	167,315					(167,315)	(167,315)							(167,315)
On-Behalf TPAF - Post Retirement Medical Contributions	16-495-034-5094-001	7/1/15-6/30/16	4,198,644					(4,198,644)	(4,198,644)							(4,198,644)
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (3,202,991)	\$ 68,978	\$ 2,760	\$ 7,488,741	\$ 7,313,992	\$ 2,760	\$ (3,022,740)	\$ 58,150	\$ 5,326	\$ (1,457,646)	\$ 7,313,992		

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Ridgewood Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$1,380,946 for the general fund and a decrease of \$71,007 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 2,187	\$ 13,206,720	\$ 13,208,907
Special Revenue Fund	1,375,172	3,316	1,378,488
Capital Projects Fund		10,828	10,828
Debt Service Fund	-	436,954	436,954
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 1,377,359</u>	<u>\$ 13,657,818</u>	<u>\$ 15,035,177</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$3,158,100 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$3,526,128 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,198,644 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

- 1) Were material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

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(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A</u>	<u>H027A150100</u>	<u>IDEA Basic</u>
<u>84.173A</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes X no

RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

State Awards Section

Auditee qualified as low-risk auditee? yes X 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(es)? yes X none reported

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>16-495-034-5120-084</u>	<u>Security Aid</u>
<u>16-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>16-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>16-495-034-5094-003</u>	<u>Reimbursed TPAF FICA</u>
<u>16-495-034-5120-044</u>	<u>Extraordinary Aid</u>

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

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2016-001

Our audit of a capital lease bank accounts revealed the following:

- Financial transactions were not recorded in the District's accounting records.
- Payments made by the Fiscal Agent were not approved by the Board in the official minutes.

Criteria or specific requirement:

Internal Controls Over Financial Reporting in the Capital Projects Fund

Condition:

The transactions related to the acquisition of computer equipment through the capital lease bank accounts maintained by the Fiscal Agent were not reported on the District's accounting records or approved by the Board.

Context

\$851,660 of computer equipment acquisitions was not recorded in the District's records.

Effect

Accounting records did not report all financial transactions of the District.

Cause

Unknown.

Recommendation

Capital lease transactions be recorded in the accounting records of the District. In addition, bills paid by the Fiscal Agent be approved in the official minutes.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

There are none.

**RIDGEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001

Condition

The District's business office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. We noted instances where those procedures did not prevent or detect and correct material misstatements on a timely basis. However, the effect of the material misstatements did not have an impact on fund balance or net position.

Status

Corrective action has been taken.