

RIDGEWOOD BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018

Prepared by

Ridgewood Board of Education

Business Office

**RIDGEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
FINANCIAL SECTION	
Independent Auditor's Report	9-11
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	12-26
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	27
A-2 Statement of Activities	28
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	29-30
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	31
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statement	32
Proprietary Funds:	
B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	34
B-6 Statement of Cash Flows	35
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	36
B-8 Statement of Changes in Fiduciary Net Position	37
Notes to the Financial Statements	38-82

**RIDGEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	83-91
C-2 Budgetary Comparison Schedule – Special Revenue Fund	92
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule – Notes to the Required Supplementary Information	93
REQUIRED SUPPLEMENTARY INFORMATION - PART III	
L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)	
L-1 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	94
L-2 Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	95
L-3 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	96
L-4 Notes to Required Supplementary Information – Net Pension Liability	97
L-5 Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	98
L-6 Notes to Required Supplementary Information – OPEB Liability	99
Other Supplementary Information	
D. School Level Schedules – Not Applicable	
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	100-101
E-2 Schedule of Preschool Education Aid – Budgetary Basis – Not Applicable	102
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures – Budgetary Basis	103
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	104
F-2a- Schedule of Project Revenues, Expenditures, Project Balance and Project Status F-2g	105-111

**RIDGEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

		<u>Page</u>
G.	Proprietary Funds:	
	Enterprise Fund:	
G-1	Statement of Net Position - Not Applicable	112
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position - Not Applicable	112
G-3	Statement of Cash Flows -Not Applicable	112
H.	Fiduciary Funds:	
H-1	Combining Statement of Agency Net Position – Fiduciary Funds	113
H-2	Combining Statement of Changes in Fiduciary Net Position - Not Applicable	114
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	114
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	115
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds Payable	116-117
I-2	Schedule of Capital Leases and Lease Purchase Agreements	118
I-3	Debt Service Fund Budgetary Comparison Schedule	119

STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	120
J-2	Changes in Net Position	121-122
J-3	Fund Balances – Governmental Funds	123
J-4	Changes in Fund Balances - Governmental Funds	124
J-5	General Fund Other Local Revenue by Source	125
J-6	Assessed Value and Actual Value of Taxable Property	126
J-7	Direct and Overlapping Property Tax Rates	127
J-8	Principal Property Taxpayers	128
J-9	Property Tax Levies and Collections	129
J-10	Ratios of Outstanding Debt by Type	130
J-11	Ratios of Net General Bonded Debt Outstanding	131
J-12	Direct and Overlapping Governmental Activities Debt	132
J-13	Legal Debt Margin Information	133
J-14	Demographic and Economic Statistics	134
J-15	Principal Employers	135
J-16	Full-Time Equivalent District Employees by Function/Program	136
J-17	Operating Statistics	137
J-18	School Building Information	138-139
J-19	Schedule of Required Maintenance for School Facilities	140
J-20	Schedule of Insurance	141

**RIDGEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	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	142-143
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	144-146
K-3	Schedule of Expenditures of Federal Awards	147
K-4	Schedule of Expenditures of State Financial Assistance	148
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	149-150
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	151-152
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	153
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	154-155
K-8	Summary Schedule of Prior Year Findings	156

INTRODUCTORY SECTION



BOARD MEMBERS

Jennie Smith Wilson, President
James Morgan, Vice President
Sheila Brogan
Cristopher Kaufman
Christina Krauss

Ridgewood Public Schools

Education Center
49 Cottage Place
Ridgewood, NJ 07451
(P) 201-670-2700
(F) 201-670-2668

ADMINISTRATION

Dr. Daniel Fishbein,
Superintendent
Stacie Poelstra,
Assist. Superintendent
Antoinette Kelly,
Business Administrator/
Board Secretary

January 24, 2019

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, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material 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 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 5,691 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 2017-2018 fiscal year with an average daily enrollment of 5,644 students, which is 14 students less than 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.

Fiscal Year	Student Enrollment	Percent Change
2017-18	5,664.0	-0.25%
2016-17	5,659.0	0.07%
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	

The forecast for student enrollment is for continued growth at a rate of about 1.0%. The District's actual enrollment on October 15, 2018 was 5,781 an increase of approximately 90 students from October 2017.

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. General fund expenditures increased by 2.3%. The local tax levy increased by 1.0%. 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 5,691 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 1,770. 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 2018 included 430 students. The following page details the post-graduation plans for this class.

Post- Secondary Plans: Class of 2018	
4-Year Colleges	91.4%
2-Year Colleges	2.8%
Military	3 student

The Class of 2018 received acceptances from the following colleges, universities, and military academies:

Aberystwyth University (1)	Duke University (1)	Lehigh University (6)
American University (4)	East Carolina University (1)	Loyola University Maryland (3)
Amherst College (1)	Elon University (5)	Marist College (2)
Arizona State University (1)	Embry-Riddle Aeronautical University – Prescott (1)	Marquette University (1)
Baylor University (1)	Emerson College (1)	Massachusetts Institute of Technology (1)
Bentley University (2)	Emory University (1)	McGill University (4)
Bergen Community College (13)	ESSEC Business School (1)	MCPHS – Mass Coll of Phar & Health Sciences (2)
Berklee College of Music (2)	Fairfield University (5)	Michigan State University (2)
Binghamton University (2)	Fairleigh Dickinson University – Metropolitan Campus (2)	Middlebury College (2)
Boston Architectural College (1)	Fashion Institute of Design & Merch, Lost Angeles (1)	Monmouth University (1)
Boston College (3)	Fordham University (3)	Montclair State University (2)
Boston University (3)	George Mason University (1)	Muhlenberg College (2)
Brooklyn College of the CUNY (1)	Greensboro College (1)	New Jersey Institute of Technology (4)
Brown University (1)	Hamilton College – NY (2)	New York Institute of Tech – Manhattan Campus (1)
Bucknell University (7)	Hampshire College (1)	New York University (4)
Carleton College (1)	Hartwick College (1)	Northeastern University (7)
Case Western Reserve University (2)	Harvard University (1)	Oberlin College of Arts and Sciences (1)
Clemson University (1)	High Point University (1)	Otis College of Art and Design (1)
Coastal Carolina University (1)	Hobart and William Smith Colleges (1)	Pennsylvania State University (7)

Colby College (1)	Hofstra University (1)	Pepperdine University (1)
Colgate University (6)	Indiana University at Bloomington (8)	Pratt Institute (1)
College of Charleston (1)	Ithaca College (6)	Princeton University (1)
College of the Holy Cross (3)	Keio University Mita (1)	Providence College (4)
Drexel University (3)	Lafayette College (1)	Purchase College State University of NY (1)

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, 2017.

Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements". 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.

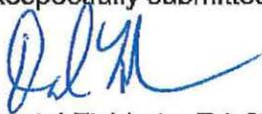
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP was selected by the

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,

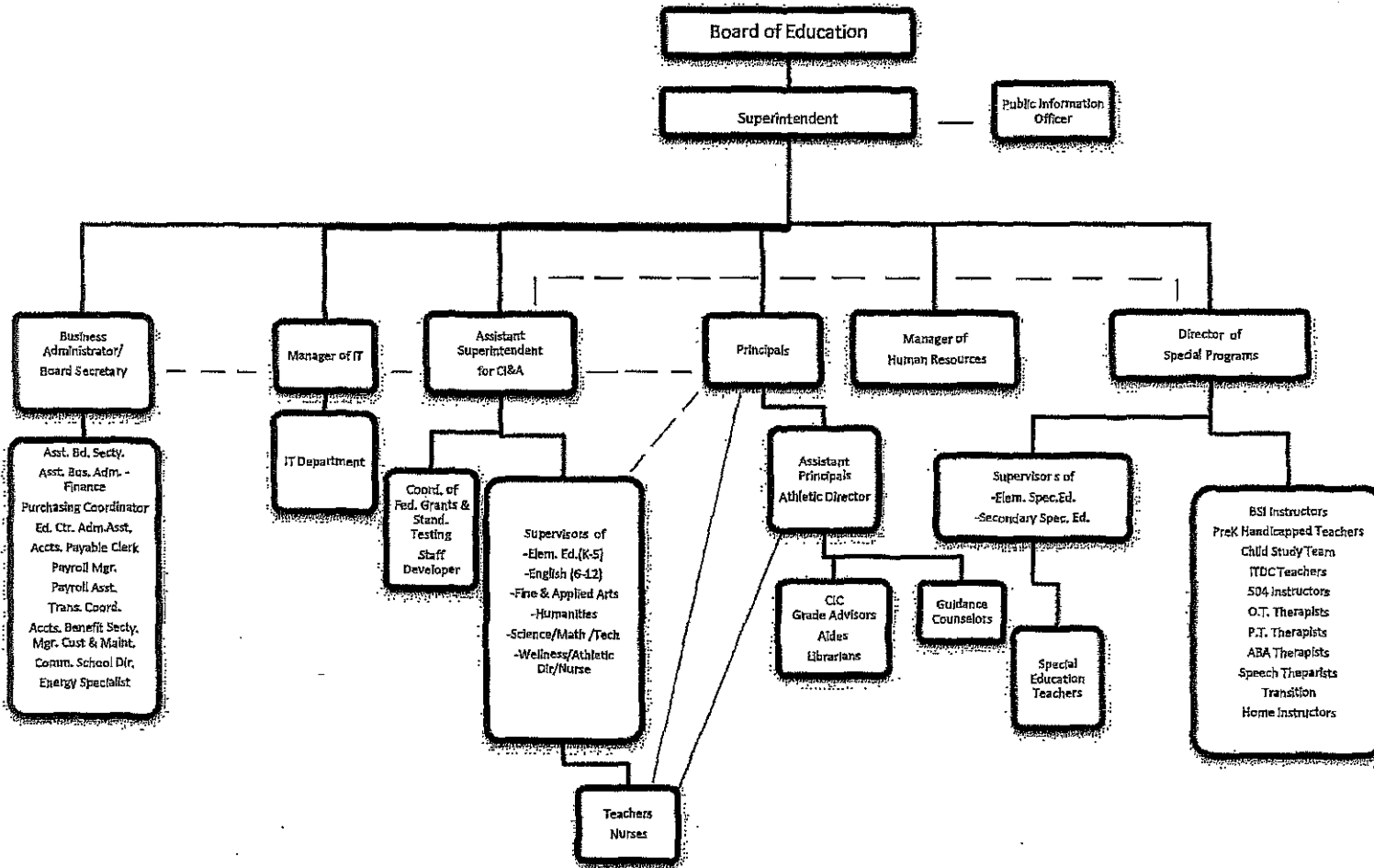


Daniel Fishbein, Ed. D
Superintendent of Schools



Antoinette Kelly, CPA
Business Administrator/Board Secretary

Ridgewood Board of Education Organizational Chart



RIDGEWOOD BOARD OF EDUCATION

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. B. Vincent Loncto, President	2018
Mr. James Morgan, Vice President	2019
Ms. Sheila Brogan	2020
Ms. Christina Krauss	2020
Ms. Jennie Smith Wilson	2019

Other Officials

Dr. Daniel Fishbein, Ed. D, Superintendent
Dr. Alfredo Aguilar, School Business Administrator/Board Secretary
Mr. Angelo DeSimone, Treasurer

**RIDGEWOOD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Independent Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Attorney

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

Official Depositories

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

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. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board Education
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, 2018 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Ridgewood Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits 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

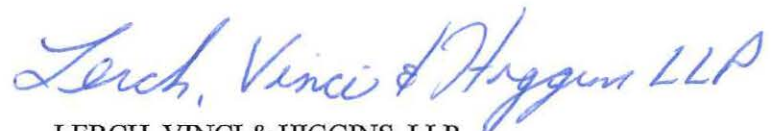
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ridgewood Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations 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 January 24, 2019 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 the effectiveness of the Ridgewood Board of Education's 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
January 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

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, 2018. 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 2017-2018 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 \$36,220,015 (Net Position).
- Overall District revenues were \$142,309,219 and were \$371,193 more than overall Board expenses of \$141,938,026. General revenues accounted for \$96,628,058 or 68% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$45,681,161 or 32% of total revenues.
- The School District had \$138,915,004 in expenses for governmental activities; only \$42,426,963 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$96,627,557 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 \$6,611,412. Of that amount, \$472,835 (7%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned GAAP basis fund balance was \$472,835 at June 30, 2018, an increase of \$13,617 when compared with the beginning unassigned GAAP basis fund balance at July 1, 2017 of \$459,218.
- The General Fund unassigned budgetary basis fund balance at June 30, 2018 was \$2,358,012, which represents an increase of \$7,873 compared to the ending unassigned budgetary basis fund balance at June 30, 2017 of \$2,350,139.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

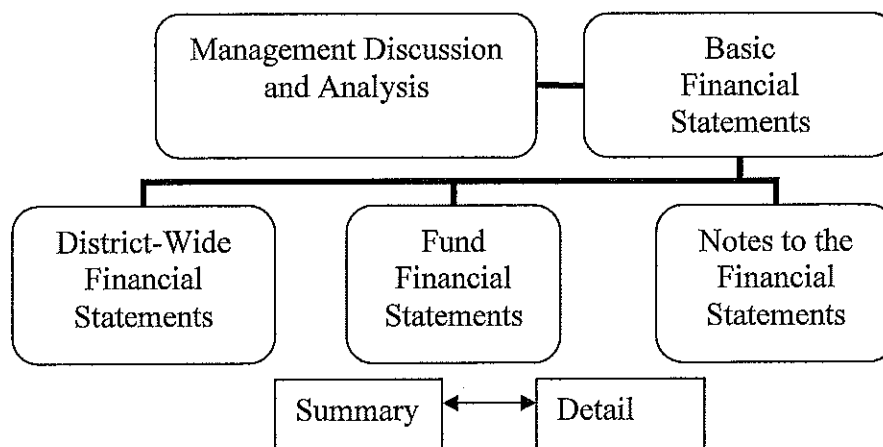
Fiscal Year Ended June 30, 2018

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, 2018

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, 2018

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, technology initiative and inclusive preschool 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, 2018

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 four enterprise funds for its food service operations, infant toddler development, technology’s initiative and inclusive preschool 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, 2018

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, special revenue and debt service 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 2018 and 2017.

Net Position. The District's *combined* net position was \$36,220,015 and \$35,848,822 on June 30, 2018 and 2017, respectively.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

Table 1
Net Position
as of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restated)	2018	2017	2018	2017 (Restated)
Assets						
Current and Other Assets	\$ 8,096,103	\$ 12,889,327	\$ 296,793	\$ 49,598	\$ 8,392,896	\$ 12,938,925
Capital Assets						
Net of Accumulated Depreciation	<u>100,605,668</u>	<u>99,034,576</u>	<u>168,572</u>	<u>161,011</u>	<u>100,774,240</u>	<u>99,195,587</u>
Total Assets	<u>108,701,771</u>	<u>111,923,903</u>	<u>465,365</u>	<u>210,609</u>	<u>109,167,136</u>	<u>112,134,512</u>
Deferred Outflows of Resources						
Deferred Amounts on Refunding of Debt	3,149,949	3,434,244	-	-	3,149,949	3,434,244
Deferred Amount on Net Pension Liability	<u>4,608,556</u>	<u>6,968,983</u>	<u>-</u>	<u>-</u>	<u>4,608,556</u>	<u>6,968,983</u>
Total Deferred Outflows of Resources	<u>7,758,505</u>	<u>10,403,227</u>	<u>-</u>	<u>-</u>	<u>7,758,505</u>	<u>10,403,227</u>
Liabilities						
Non Current Liabilities	70,517,835	79,431,961			70,517,835	79,431,961
Other Liabilities	<u>2,017,305</u>	<u>1,940,197</u>	<u>127,596</u>	<u>125,376</u>	<u>2,144,901</u>	<u>2,065,573</u>
Total Liabilities	<u>72,535,140</u>	<u>81,372,158</u>	<u>127,596</u>	<u>125,376</u>	<u>72,662,736</u>	<u>81,497,534</u>
Deferred Inflows of Resources						
Deferred Amount on Net Pension Liability	<u>8,042,890</u>	<u>5,191,383</u>	<u>-</u>	<u>-</u>	<u>8,042,890</u>	<u>5,191,383</u>
Total Deferred Inflows of Resources	<u>8,042,890</u>	<u>5,191,383</u>	<u>-</u>	<u>-</u>	<u>8,042,890</u>	<u>5,191,383</u>
Net Position						
Net Investment in						
Capital Assets	52,024,622	48,026,214	168,572	161,011	52,193,194	48,187,225
Restricted	3,154,358	6,721,461			3,154,358	6,721,461
Unrestricted (Deficit)	<u>(19,296,734)</u>	<u>(18,984,086)</u>	<u>169,197</u>	<u>(75,778)</u>	<u>(19,127,537)</u>	<u>(19,059,864)</u>
Total Net Position	<u>\$ 35,882,246</u>	<u>\$ 35,763,589</u>	<u>\$ 337,769</u>	<u>\$ 85,233</u>	<u>\$ 36,220,015</u>	<u>\$ 35,848,822</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, machinery 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, 2018

The District's total net position of \$36,220,015 at June 30, 2018 represents a \$371,193 or 1%, increase from the prior year. The following shows changes in net position for the fiscal years 2018 and 2017.

Table 2
Change in Net Position
for the Fiscal Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restated)	2018	2017	2018	2017 (Restated)
Revenues						
Program Revenues:						
Charge for Services	\$ 1,570,131	\$ 1,541,938	\$ 3,254,198	\$ 2,978,630	\$ 4,824,329	\$ 4,520,568
Operating Grants and Contributions	40,845,805	39,130,298			40,845,805	39,130,298
Capital Grants and Contributions	11,027				11,027	-
General Revenues:						
Property Taxes	94,784,956	93,959,972			94,784,956	93,959,972
Federal and State Aid - Unrestricted	473,672	440,918			473,672	440,918
Other	1,368,929	1,399,921	501	235	1,369,430	1,400,156
Total Revenues	139,054,520	136,473,047	3,254,699	2,978,865	142,309,219	139,451,912
Program Expenses						
Instruction						
Regular	60,234,080	59,694,002			60,234,080	59,694,002
Special Education	22,237,366	22,405,915			22,237,366	22,405,915
Other Instruction	5,307,856	4,593,792			5,307,856	4,593,792
School Sponsored Activities and Athletics	1,718,793	1,761,876			1,718,793	1,761,876
Support Services:						
Student and Instruction Related Services	21,458,596	21,377,496			21,458,596	21,377,496
General Administration,	1,361,502	1,431,937			1,361,502	1,431,937
School Administration	6,405,997	6,433,802			6,405,997	6,433,802
Central Services	1,539,412	1,678,752			1,539,412	1,678,752
Administration Information Technology	1,147,762	1,444,498			1,147,762	1,444,498
Plant Operations and Maintenance	12,395,800	9,519,429			12,395,800	9,519,429
Pupil Transportation	3,707,638	3,390,261			3,707,638	3,390,261
Interest and Other Charges on Debt	1,400,202	1,561,651			1,400,202	1,561,651
Food Service			1,969,904	1,845,060	1,969,904	1,845,060
Infant/Toddler Development			933,221	1,054,794	933,221	1,054,794
Technology Initiative			89,063	85,159	89,063	85,159
Inclusive Preschool	-	-	30,834	14,140	30,834	14,140
Total Expenses	138,915,004	135,293,411	3,023,022	2,999,153	141,938,026	138,292,564
Change in Net Position Before Transfers	139,516	1,179,636	231,677	(20,288)	371,193	1,159,348
Transfers	(20,859)	-	20,859	-	-	-
Change in Net Position	118,657	1,179,636	252,536	(20,288)	371,193	1,159,348
Net Position, Beginning of Year	35,763,589	34,583,953	85,233	105,521	35,848,822	34,689,474
Net Position, End of Year	\$ 35,882,246	\$ 35,763,589	\$ 337,769	\$ 85,233	\$ 36,220,015	\$ 35,848,822

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

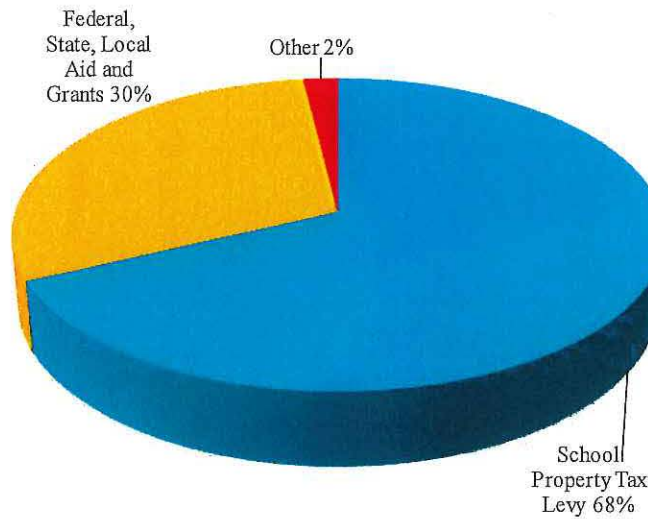
Fiscal Year Ended June 30, 2018

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$139,054,520 for the year ended June 30, 2018, property taxes of \$94,784,956 represented 68% of revenues. Another significant portion of revenues came from grant aid; total State, Federal and Local Aid and Grants were \$41,330,504 and represented 30% of revenues. In addition, revenue in the amount of \$2,939,060 (2%) was earned from tuition, transportation fees and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items.

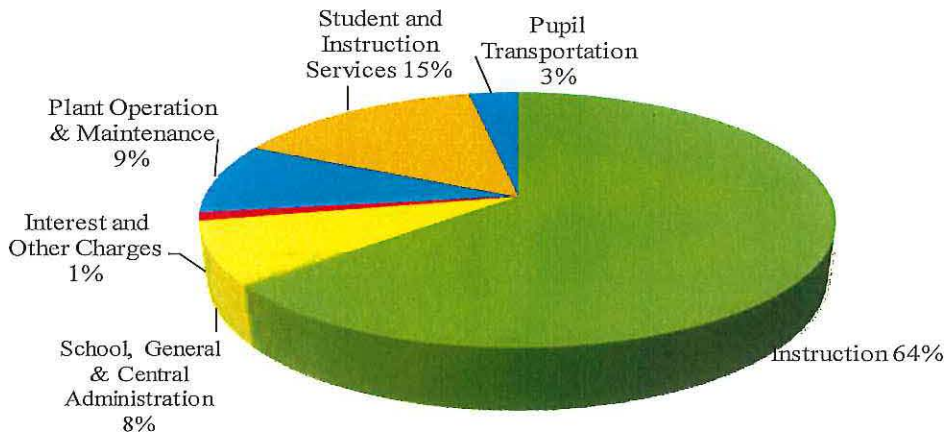
The total cost of all governmental activities programs and services was \$138,915,004. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$89,498,095 (64%) of total expenses. Support services, totaled \$48,016,707 (35%) of total expenses. The remaining expenses were for interest costs on long-term debt outstanding in the amount of \$1,400,202 (1%).

Total governmental activities revenues exceeded expenses and transfers out, increasing net position by \$118,657 from the previous year.

**Revenues by Type – Governmental Activities
For Fiscal Year 2018**



**Expenses by Type – Governmental Activities
For Fiscal Year 2018**



RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

Total and Net Cost of Governmental Activities. The District's total cost of services was \$138,915,004 and \$135,293,411, respectively. After applying program revenues, derived from operating and capital grants and contributions of \$40,856,832 and \$39,130,298, charges for services of \$1,570,131 and \$1,541,938, and the net cost of services of the District is \$96,488,041 and \$94,621,175, respectively.

Table 3
Total and Net Cost of Governmental Activities
for the Fiscal Year Ended June 30, 2018 and 2017

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 60,234,080	\$ 59,694,002	\$ 37,576,903	\$ 36,513,628
Special Education	22,237,366	22,405,915	12,878,857	13,788,915
Other Instruction	5,307,856	4,593,792	2,399,334	2,226,942
School Sponsored Activities and Athletics	1,718,793	1,761,876	1,612,270	1,761,876
Support Services:				
Student and Instructional Related Services	21,458,596	21,377,496	16,602,344	16,983,520
General Administration	1,361,502	1,431,937	1,326,321	1,431,937
School Administration	6,405,997	6,433,802	4,442,775	4,574,404
Central Services	1,539,412	1,678,752	1,432,739	1,678,752
Plant Operations and Maintenance	12,395,800	1,444,498	12,231,867	9,422,683
Administrative Information Technology	1,147,762	9,519,429	1,068,669	1,444,498
Pupil Transportation	3,707,638	3,390,261	3,515,760	3,232,369
Interest on Debt	<u>1,400,202</u>	<u>1,561,651</u>	<u>1,400,202</u>	<u>1,561,651</u>
 Total Expenses	 <u>\$ 138,915,004</u>	 <u>\$ 135,293,411</u>	 <u>\$ 96,488,041</u>	 <u>\$ 94,621,175</u>

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$3,023,022. Food service costs were \$1,969,904 (65%), infant/toddler development costs were \$933,221 (31%), technology initiative costs were \$89,063 (3%) and inclusive preschool were \$30,834 (1%). These costs were funded by revenue from charges for services of \$3,254,198 (100%), as detailed in the change in net position schedule. Revenues from food service charges for services were \$2,013,836 (62%), infant/toddler development charges for services were \$1,090,435 (34%), technology initiative charges for services were \$94,927 (3%) and inclusive preschool charges for services were \$55,000 (1%).

Total business-type activities revenues surpassed expenses, increasing net position by \$252,536 over the previous year. At June 30, 2018 the net position balance of the food service program was \$201,651, the infant/toddler development program fund net position was \$60,436, the technology initiative fund net position was \$56,956 and the inclusive preschool net position was \$18,726.

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 \$6,611,412 at June 30, 2018 compared to a combined fund balance of \$11,553,379 at June 30, 2017. The decrease is mainly attributable to payments made in the Capital Projects Fund for costs associated with the Energy Savings Improvement Program.

Revenues for the District's governmental funds were \$118,610,341 while total expenditures were \$124,431,449.

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, 2018 and 2017.

<u>Revenues</u>	<u>Amount</u>		<u>Increase/(Decrease)</u>	
	<u>2018</u>	<u>2017</u>	<u>Amount</u>	<u>Percent</u>
Local Sources	\$ 94,456,168	\$ 93,576,831	\$ 879,337	0.94%
State Sources	18,357,086	16,260,335	2,096,751	12.89%
Federal Sources	<u>3,762</u>	<u>-</u>	<u>3,762</u>	100.00%
Total	<u>\$ 112,817,016</u>	<u>\$ 109,837,166</u>	<u>\$ 2,979,850</u>	2.71%

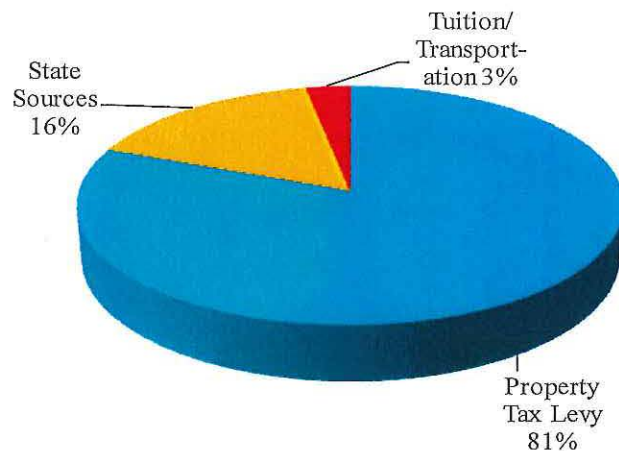
RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

The majority of revenues come from property taxes which accounted for 81% of total revenue while state sources represented 16% of total revenue for the 2018 fiscal year. Miscellaneous revenues primarily tuition and transportation fees represented 3% of the total revenue for the 2018 fiscal year. Federal sources represented less than 1% of total revenues for the 2018 fiscal year.

General Fund Revenues by Source For Fiscal Year 2018



The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2018 and 2017.

<u>Expenditures</u>	<u>Amount</u>		<u>Increase/(Decrease)</u>	
	<u>2018</u>	<u>2017</u>	<u>Amount</u>	<u>Percent</u>
Current Expense:				
Instruction	\$ 70,945,393	\$ 67,407,919	\$ 3,537,474	5.25%
Support Services	40,796,588	39,874,918	921,670	2.31%
Capital Outlay	1,183,714	2,348,584	(1,164,870)	-49.60%
Debt Service:	1,115,710	1,117,508	(1,798)	-0.16%
Total	<u>\$ 114,041,405</u>	<u>\$ 110,748,929</u>	<u>\$ 3,292,476</u>	2.97%

Total General Fund expenditures increased \$3,292,476 or 3% from the previous year. Instruction represented 62% of total expenditures while support services accounted for 36% and debt service and capital outlay accounted for 2% of total expenditures for the 2018 fiscal year. Approximately 1.5 million of the increase is due to on-behalf contributions made by the State for pension, post-retirement medical benefits and social security payments. Expenditures for health benefits also increased approximately \$1.1 million.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

For the 2017-2018 school year General Fund expenditures exceeded revenues by \$1,224,389. After adjusting for restricted, committed and assigned fund balances, the unassigned fund balance increased from \$459,218 at June 30, 2017 to \$472,835 at June 30, 2018. In addition, the District ended the June 30, 2018 fiscal year with \$1,500,000 of excess surplus of which \$750,000 was designated for the subsequent year's budget (2018/2019) and the remaining \$750,000 will be designated in the 2019/2020 budget. In addition, the District had restricted fund balances of \$2,816,451 in capital reserve of which \$1,500,000 was designated for the 2018/19 budget, \$50,000 in maintenance reserve all of which was designated in the 2018/2019 budget and \$100,000 in emergency reserve all of which was designated for the 2018/19 budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2018 and 2017, the District had \$100,774,240 and \$99,195,587 invested in land, buildings, furniture, machinery and equipment for both governmental and business-type activities. Depreciation charges for fiscal year 2017-2018 amounted to \$3,592,026 for governmental activities and \$37,429 for business-type activities. The following is a comparison of the June 30, 2018 and 2017 balances.

Capital Assets As of June 30, 2018 and 2017

Table 4
Capital Assets at June 30, 2018 and 2017

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 7,435,206	\$ 7,435,206			\$ 7,435,206	\$ 7,435,206
Construction in Progress	199,371	3,713,384			199,371	3,713,384
Land Improvements	6,900,876	6,900,876			6,900,876	6,900,876
Buildings and Building Improvements	127,660,074	119,446,462			127,660,074	119,446,462
Machinery and Equipment	<u>5,955,717</u>	<u>5,541,198</u>	\$ 419,665	\$ 388,875	<u>6,375,382</u>	<u>5,930,073</u>
Subtotal	148,151,244	143,037,126	419,665	388,875	148,570,909	143,426,001
Less: Accumulated Depreciation	<u>(47,545,576)</u>	<u>(44,002,550)</u>	<u>(251,093)</u>	<u>(227,864)</u>	<u>(47,796,669)</u>	<u>(44,230,414)</u>
Total Capital Assets,						
Net of Accumulated Depreciation	<u>\$ 100,605,668</u>	<u>\$ 99,034,576</u>	<u>\$ 168,572</u>	<u>\$ 161,011</u>	<u>\$ 100,774,240</u>	<u>\$ 99,195,587</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, 2018

Debt Administration. As of June 30, 2018 and 2017 the District had long-term debt and outstanding long-term liabilities in the amount of \$70,517,835 and \$79,431,961, respectively. For fiscal year 2017-2018 total outstanding long-term liabilities decreased by \$8,914,126. The following is a comparison of the June 30, 2018 and 2017 balances.

	<u>2018</u>	<u>2017</u> (Restated)
Serial Bonds (including unamortized premium)	\$ 49,184,612	\$ 51,731,379
Capital Leases/Lease Purchase Agreements	3,341,995	3,626,831
Net Pension Liability	17,491,143	23,451,718
Compensated Absences	<u>500,085</u>	<u>622,033</u>
Total	<u>\$ 70,517,835</u>	<u>\$ 79,431,961</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.
- Appropriation of 16-17 surplus.

General Fund budgetary basis expenditures and other financing uses exceeded budgetary basis revenues by \$1,131,877 during the 2017/18 fiscal year. After deducting restricted, committed and assigned fund balances, the unassigned budgetary fund balance increased \$7,873 from \$2,350,139 at June 30, 2017 to \$2,358,012 at June 30, 2018. 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 2018/2019 school year budget as required. The District has retained a capital reserve balance in the amount of \$2,816,451 at June 30, 2018. In addition, the District has a maintenance reserve in the amount of \$50,000 and an emergency reserve balance of \$100,000 at June 30, 2018.

RIDGEWOOD BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2018

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 2018-2019 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 2018-2019. Budgeted expenditures in the General Fund increased \$3,239,000 to \$105,181,000 for fiscal year 2018-2019.

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, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,587,938	\$ 332,634	\$ 6,920,572
Restricted, Cash with Fiscal Agent	901,614		901,614
Receivables, Net:			
Receivables from Other Governments	393,627		393,627
Other	158,699	6,565	165,264
Internal Balances	54,225	(54,225)	-
Inventories		11,819	11,819
Capital Assets Not Being Depreciated	7,634,577		7,634,577
Capital Assets, Being Depreciated, net	<u>92,971,091</u>	<u>168,572</u>	<u>93,139,663</u>
 Total Assets	 <u>108,701,771</u>	 <u>465,365</u>	 <u>109,167,136</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	3,149,949		3,149,949
Deferred Amounts on Net Pension Liability	<u>4,608,556</u>	<u>-</u>	<u>4,608,556</u>
 Total Deferred Outflows of Resources	 <u>7,758,505</u>	 <u>-</u>	 <u>7,758,505</u>
 Total Assets and Deferred Outflows of Resources	 <u>116,460,276</u>	 <u>465,365</u>	 <u>116,925,641</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	607,817	30,697	638,514
Accrued Interest Payable	532,614		532,614
Payable to Other Governments	1,721		1,721
Unearned Revenue	875,153	96,899	972,052
Noncurrent Liabilities			
Due Within One Year	4,098,633		4,098,633
Due Beyond One Year	<u>66,419,202</u>	<u>-</u>	<u>66,419,202</u>
 Total Liabilities	 <u>72,535,140</u>	 <u>127,596</u>	 <u>72,662,736</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>8,042,890</u>	<u>-</u>	<u>8,042,890</u>
 Total Deferred Inflows of Resources	 <u>8,042,890</u>	 <u>-</u>	 <u>8,042,890</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>80,578,030</u>	 <u>127,596</u>	 <u>80,705,626</u>
NET POSITION			
Net Investment in Capital Assets	52,024,622	168,572	52,193,194
Restricted for			
Capital Projects	2,993,327		2,993,327
Facility Maintenance	50,000		50,000
Other Purposes	111,031		111,031
Unrestricted (Deficit)	<u>(19,296,734)</u>	<u>169,197</u>	<u>(19,127,537)</u>
 Total Net Position	 <u>\$ 35,882,246</u>	 <u>\$ 337,769</u>	 <u>\$ 36,220,015</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, 2018**

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	\$ 60,234,080	\$ 675,976	\$ 21,981,201		\$ (37,576,903)		\$ (37,576,903)
Special Education	22,237,366		9,358,509		(12,878,857)		(12,878,857)
Other Instruction	5,307,856	894,155	2,014,367		(2,399,334)		(2,399,334)
School Sponsored Activities and Athletics	1,718,793		106,523		(1,612,270)		(1,612,270)
Support Services							
Student and Instruction Related Services	21,458,596		4,856,252		(16,602,344)		(16,602,344)
School Administration Services	6,405,997		1,963,222		(4,442,775)		(4,442,775)
General Administration Services	1,361,502		35,181		(1,326,321)		(1,326,321)
Central Services	1,539,412		106,673		(1,432,739)		(1,432,739)
Administration Information Technology	1,147,762		79,093		(1,068,669)		(1,068,669)
Plant Operations And Maintenance	12,395,800		152,906	\$ 11,027	(12,231,867)		(12,231,867)
Pupil Transportation	3,707,638		191,878		(3,515,760)		(3,515,760)
Interest On Long-Term Debt	1,400,202	-	-	-	(1,400,202)	-	(1,400,202)
Total Governmental Activities	<u>138,915,004</u>	<u>1,570,131</u>	<u>40,845,805</u>	<u>11,027</u>	<u>(96,488,041)</u>	<u>-</u>	<u>(96,488,041)</u>
Business-Type Activities							
Food Service	1,969,904	2,013,836	-			\$ 43,932	43,932
Infant/Toddler Development	933,221	1,090,435				157,214	157,214
Technology Initiative	89,063	94,927				5,864	5,864
Inclusive Preschool	30,834	55,000	-	-	-	24,166	24,166
Total Business-Type Activities	<u>3,023,022</u>	<u>3,254,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,176</u>	<u>231,176</u>
Total Primary Government	<u>\$ 141,938,026</u>	<u>\$ 4,824,329</u>	<u>\$ 40,845,805</u>	<u>\$ 11,027</u>	<u>(96,488,041)</u>	<u>231,176</u>	<u>(96,256,865)</u>
General Revenues							
Taxes							
Property Taxes Levied for General Purposes					\$ 91,519,173		\$ 91,519,173
Property Taxes Levied for Debt Service					3,265,783		3,265,783
Federal and State Aid -Unrestricted					473,672		473,672
Investment Earnings					27,426	\$ 501	27,927
Miscellaneous Income					1,341,503		1,341,503
Transfers					(20,859)	20,859	-
Total General Revenues					<u>96,606,698</u>	<u>21,360</u>	<u>96,628,058</u>
Change in Net Position					118,657	252,536	371,193
Net Position, Beginning of Year - Restated					<u>35,763,589</u>	<u>85,233</u>	<u>35,848,822</u>
Net Position, End of Year					<u>\$ 35,882,246</u>	<u>\$ 337,769</u>	<u>\$ 36,220,015</u>

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, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,956,477	\$ 186,438	\$ 333,992	\$ 111,031	\$ 6,587,938
Restricted, Cash with Fiscal Agent			901,614		901,614
Receivables, Net					
Receivables from Other Governments	261,127	132,500			393,627
Other Accounts Receivable	130,830				130,830
Due from Other Funds	82,094	-	-	-	82,094
	<u>6,430,528</u>	<u>318,938</u>	<u>1,235,606</u>	<u>111,031</u>	<u>8,096,103</u>
Total Assets	\$ 6,430,528	\$ 318,938	\$ 1,235,606	\$ 111,031	\$ 8,096,103
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 284,809	\$ 58,744	\$ 264,264		\$ 607,817
Payable to State Government		1,721			1,721
Unearned Revenue	616,680	258,473	-	-	875,153
	<u>901,489</u>	<u>318,938</u>	<u>264,264</u>	<u>-</u>	<u>1,484,691</u>
Total Liabilities	901,489	318,938	264,264	-	1,484,691
Fund Balances					
Restricted Fund Balance					
Excess Surplus	750,000				750,000
Excess Surplus - Designated for Subsequent Year's Expenditures	750,000				750,000
Capital Reserve	1,316,451				1,316,451
Capital Reserve - Designated for Subsequent Year's Expenditures	1,500,000				1,500,000
Capital Lease Equipment Reserve			794,466		794,466
Maintenance Reserve - Designated for Subsequent Year's Expenditures	50,000				50,000
Emergency Reserve - Designated for Subsequent Year's Expenditures	100,000				100,000
Capital Projects			176,876		176,876
Debt Service				\$ 111,031	111,031
Committed Fund Balance					
Year End Encumbrances	290,930				290,930
Assigned Fund Balance					
Year End Encumbrances	41,823				41,823
Designated for Subsequent Year's Expenditures	257,000				257,000
Unassigned Fund Balance:					
General Fund	472,835	-	-	-	472,835
	<u>5,529,039</u>	<u>-</u>	<u>971,342</u>	<u>111,031</u>	<u>6,611,412</u>
Total Fund Balances	5,529,039	-	971,342	111,031	6,611,412
Total Liabilities and Fund Balances	\$ 6,430,528	\$ 318,938	\$ 1,235,606	\$ 111,031	\$ 8,096,103

Continued

**RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances - Governmental Funds	\$	6,611,412
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$148,151,244 and the accumulated depreciation is \$47,545,576.		100,605,668
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.		(532,614)
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.		3,149,949
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.		
Deferred Outflows of Resources	\$ 4,608,556	
Deferred Inflows of Resources	<u>(8,042,890)</u>	(3,434,334)
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.		
Serial Bonds Payable (including unamortized premium)	(49,184,612)	
Capital Leases/Lease Purchase Agreements	(3,341,995)	
Compensated Absences	(500,085)	
Net Pension Liability	<u>(17,491,143)</u>	<u>(70,517,835)</u>
Net position of governmental activities (Exhibit A-1)	\$	<u>35,882,246</u>

RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 91,519,173			\$ 3,265,783	\$ 94,784,956
Tuition	1,570,131				1,570,131
Miscellaneous	1,366,864	\$ 818,190	\$ 2,065	-	2,187,119
Total - Local Sources	<u>94,456,168</u>	<u>818,190</u>	<u>2,065</u>	<u>3,265,783</u>	<u>98,542,206</u>
State Sources	18,357,086	4,609	11,027	417,813	18,790,535
Federal Sources	3,762	1,273,838	-	-	1,277,600
Total Revenues	<u>112,817,016</u>	<u>2,096,637</u>	<u>13,092</u>	<u>3,683,596</u>	<u>118,610,341</u>
EXPENDITURES					
Current					
Instruction:					
Regular	46,672,375	589,872	558,440		47,820,687
Special Education	18,696,801	1,025,710			19,722,511
Other Instruction	3,900,591	162,419			4,063,010
School Sponsored Activities and Athletics	1,675,626				1,675,626
Support Services					
Student and Instruction Related Services	18,749,726	142,699			18,892,425
School Administrative Services	5,295,387				5,295,387
General Administration Services	1,113,207		15,095		1,128,302
Central Services	1,492,365		3,819		1,496,184
Administration Information Technology	1,084,043		31,667		1,115,710
Plant Operations And Maintenance	9,388,784		47,174		9,435,958
Pupil Transportation	3,673,076	30,310			3,703,386
Debt Service:					
Principal	1,133,002	51,834		2,155,000	3,339,836
Interest and Other Charges	50,712			1,528,597	1,579,309
Capital Outlay	1,115,710	93,793	3,953,615	-	5,163,118
Total Expenditures	<u>114,041,405</u>	<u>2,096,637</u>	<u>4,609,810</u>	<u>3,683,597</u>	<u>124,431,449</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,224,389)</u>	<u>-</u>	<u>(4,596,718)</u>	<u>(1)</u>	<u>(5,821,108)</u>
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non Budget)			900,000		900,000
Transfers In	98,256				98,256
Transfers Out	-	-	(119,115)	-	(119,115)
Total Other Financing Sources (Uses)	<u>98,256</u>	<u>-</u>	<u>780,885</u>	<u>-</u>	<u>879,141</u>
Net Change in Fund Balances	(1,126,133)	-	(3,815,833)	(1)	(4,941,967)
Fund Balance, Beginning of Year	6,655,172	-	4,787,175	111,032	11,553,379
Fund Balance, End of Year	<u>\$ 5,529,039</u>	<u>\$ -</u>	<u>\$ 971,342</u>	<u>\$ 111,031</u>	<u>\$ 6,611,412</u>

**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, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (4,941,967)**

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 capital additions exceeded depreciation expense in the period.

	Capital Additions	\$ 5,163,118	
	Depreciation Expense	<u>(3,592,026)</u>	
			1,571,092

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.

	Accrued Interest		71,635
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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.

	Serial Bonds		2,155,000
	Capital Lease/Lease Purchase Agreements Payable		1,184,836

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.

	Debt Issued		
	Capital Lease/Lease Purchase Agreement Proceeds		(900,000)

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.

	Amortization of Bond Premium	391,767	
	Amortization of Deferred Amounts on Refunding	<u>(284,295)</u>	
			107,472

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		748,641
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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).

	Decrease in Compensated Absences		<u>121,948</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 118,657**

**RIDGEWOOD BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

Business-Type Activities - Enterprise Fund

	<u>Food Service</u>	<u>Infant/ Toddler Development</u>	<u>Non-Major Technology Initiative</u>	<u>Non-Major Inclusive Preschool</u>	<u>Totals</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 193,131	\$ 60,721	\$ 56,956	\$ 21,826	\$ 332,634
Other Accounts Receivable	6,565			-	6,565
Inventories	11,819	-	-	-	11,819
Total Current Assets	<u>211,515</u>	<u>60,721</u>	<u>56,956</u>	<u>21,826</u>	<u>351,018</u>
Capital Assets					
Equipment	316,226	103,439			419,665
Less: Accumulated Depreciation	<u>(193,410)</u>	<u>(57,683)</u>	<u>-</u>	<u>-</u>	<u>(251,093)</u>
Total Capital Assets, Net	<u>122,816</u>	<u>45,756</u>	<u>-</u>	<u>-</u>	<u>168,572</u>
Total Assets	<u>334,331</u>	<u>106,477</u>	<u>56,956</u>	<u>21,826</u>	<u>519,590</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	30,697				30,697
Due to Other Funds	54,225				54,225
Unearned Revenue	<u>47,758</u>	<u>46,041</u>	<u>-</u>	<u>3,100</u>	<u>96,899</u>
Total Current Liabilities	<u>132,680</u>	<u>46,041</u>	<u>-</u>	<u>3,100</u>	<u>181,821</u>
NET POSITION					
Net Investment in Capital Assets	122,816	45,756			168,572
Unrestricted	<u>78,835</u>	<u>14,680</u>	<u>56,956</u>	<u>18,726</u>	<u>169,197</u>
Total Net Position	<u>\$ 201,651</u>	<u>\$ 60,436</u>	<u>\$ 56,956</u>	<u>\$ 18,726</u>	<u>\$ 337,769</u>

**RIDGEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Fund				Totals
	Food Service	Infant/ Toddler Development	Non-Major Technology Initiative	Non-Major Inclusive Preschool	
OPERATING REVENUES					
Charges for Services					
Daily Sales	\$ 2,013,836				\$ 2,013,836
Program Fees	-	\$ 1,090,435	\$ 94,927	\$ 55,000	1,240,362
Total Operating Revenues	<u>2,013,836</u>	<u>1,090,435</u>	<u>94,927</u>	<u>55,000</u>	<u>3,254,198</u>
OPERATING EXPENSES					
Salaries and Employee Benefits	703,814	781,717		585	1,486,116
Cost of Sales	829,383				829,383
Administrative and Management Fees	141,723				141,723
Transportation					-
Telephone		719			719
Insurance	83,037	4,897			87,934
Rent		106,137			106,137
Depreciation	23,087	14,342			37,429
Repairs and Maintenance	20,869				20,869
Supplies and Materials	101,558	12,689	89,063	2,206	205,516
Other Purchased Services				28,043	28,043
Miscellaneous	66,433	12,720	-	-	79,153
Total Operating Expenses	<u>1,969,904</u>	<u>933,221</u>	<u>89,063</u>	<u>30,834</u>	<u>3,023,022</u>
Operating Income (Loss)	<u>43,932</u>	<u>157,214</u>	<u>5,864</u>	<u>24,166</u>	<u>231,176</u>
NONOPERATING REVENUES					
Interest	501	-	-	-	501
Total Nonoperating Revenues	<u>501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501</u>
Income Before Transfers	44,433	157,214	5,864	24,166	231,677
Transfers In	-	20,859	-	-	20,859
Change in Net Position	44,433	178,073	5,864	24,166	252,536
Net Position, Beginning of Year	<u>157,218</u>	<u>(117,637)</u>	<u>51,092</u>	<u>(5,440)</u>	<u>85,233</u>
Net Position, End of Year	<u>\$ 201,651</u>	<u>\$ 60,436</u>	<u>\$ 56,956</u>	<u>\$ 18,726</u>	<u>\$ 337,769</u>

**RIDGEWOOD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Fund				Totals
	Food Service	Infant/ Toddler Development	Non-Major Technology Initiative	Non-Major Inclusive Preschool	
Cash Flows from Operating Activities					
Receipts from Customers	\$ 2,012,431	\$ 1,104,323	\$ 94,927	\$ 57,100	\$ 3,268,781
Payments for Employees' Salaries and Benefits	(703,814)	(781,717)	-	-	(1,485,531)
Payments to Suppliers for Goods and Services	(1,254,244)	(137,422)	(89,063)	(30,834)	(1,511,563)
Net Cash Provided by Operating Activities	<u>54,373</u>	<u>185,184</u>	<u>5,864</u>	<u>26,266</u>	<u>271,687</u>
Cash Flows from Noncapital Financing Activities					
Transfers to Other Funds	-	(104,104)	-	(4,440)	(108,544)
Net Cash (Used) for Noncapital Financing Activities	<u>-</u>	<u>(104,104)</u>	<u>-</u>	<u>(4,440)</u>	<u>(108,544)</u>
Cash Flows from Investing Activities					
Interest Earnings	501	-	-	-	501
Net Cash Provided by Investing Activities	<u>501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(24,131)	(20,859)	-	-	(44,990)
Net Cash (Used For) Capital and Related Financing Activities	<u>(24,131)</u>	<u>(20,859)</u>	<u>-</u>	<u>-</u>	<u>(44,990)</u>
Net Increase in Cash and Cash Equivalents	30,743	60,221	5,864	21,826	118,654
Cash and Cash Equivalents, Beginning of Year	162,388	500	51,092	-	213,980
Cash and Cash Equivalents, End of Year	<u>\$ 193,131</u>	<u>\$ 60,721</u>	<u>\$ 56,956</u>	<u>\$ 21,826</u>	<u>\$ 332,634</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 43,932	\$ 157,214	\$ 5,864	\$ 24,166	\$ 231,176
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation	23,087	14,342	-	-	37,429
Change in Assets and Liabilities:					
Decrease/(Increase) in Accounts Receivable	(853)	4,097	-	-	3,244
(Decrease)/Increase in Unearned Revenue	(552)	9,791	-	2,100	11,339
(Increase)/Decrease in Inventories	(2,382)	-	-	-	(2,382)
Increase/(Decrease) in Accounts Payable	(8,859)	(260)	-	-	(9,119)
Total Adjustments	<u>10,441</u>	<u>27,970</u>	<u>-</u>	<u>2,100</u>	<u>40,511</u>
Net Cash Provided by Operating Activities	<u>\$ 54,373</u>	<u>\$ 185,184</u>	<u>\$ 5,864</u>	<u>\$ 26,266</u>	<u>\$ 271,687</u>

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 421,384	\$ 195,709	\$ 380,862
Investments, at fair value	<u>2,205,597</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,626,981</u>	<u>195,709</u>	<u>\$ 380,862</u>
LIABILITIES			
Due to Student Groups			307,059
Due to Other Funds			27,869
Accounts Payable		7,915	-
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>45,934</u>
Total Liabilities	<u>-</u>	<u>7,915</u>	<u>\$ 380,862</u>
NET POSITION			
Held in Trust for Unemployment Claims		<u>\$ 187,794</u>	
Held in Trust for Scholarships	<u>\$ 2,626,981</u>		

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Private Purpose Scholarship Trust	Unemployment Compensation Trust
ADDITIONS		
Contributions		
Employees		\$ 163,857
Dividends	\$ 42,003	
Net Gain in Fair Value	154,708	
Other Contributions	9,830	-
	206,541	163,857
Investment Earnings		
Interest	2,225	342
	2,225	342
Net Investment Earnings	2,225	342
	208,766	164,199
DEDUCTIONS		
Other Purchased Services and Other Expenses	4,257	
Scholarship/Award Payments	121,485	
Unemployment Claims and Contributions	-	98,732
	125,742	98,732
Change in Net Position	83,024	65,467
Net Position, Beginning of the Year	2,543,957	122,327
Net Position, End of the Year	\$ 2,626,981	\$ 187,794

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, 2018**

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, component units, 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, information technology initiative 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 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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, 2018**

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 enterprise funds 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, 2018**

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 recreational school program which provides daycare and recreation to infants and toddlers.

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

The *technology initiative fund* accounts for the non refundable deposits charged to repair and replenish the districts chromebooks which are provided to students.

The *inclusive preschool fund* accounts for the activities of the District's education program which provides instruction and recreation to preschool age children

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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 acquisition 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>
Land Improvements	20
Buildings and Building Improvements	20-45
Machinery and Equipment	5-10

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 future periods 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 amount 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, 2018**

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are 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. This amount is 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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original 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.

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 2018/2019 District budget certified for taxes.

Capital Lease Equipment Reserve – This restriction was created from proceeds of the lease purchase agreement.

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes

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 2018/2019 District budget certified for taxes.

RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Fund Balance Policies (Continued)*

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

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 2016-2017 and 2017-2018 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 enterprise funds 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.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$2,362,303. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$150,000 and \$392,314 from the general fund on August 28, 2017 and December 22, 2017, respectively. In addition the Board authorized and approved the utilization of additional state aid in the amount of \$257,765 on August 28, 2017.

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.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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.

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

Balance, July 1, 2017		\$ 2,337,415
Increased by		
Unexpended Balance on Completed Projects	\$ 98,256	
Deposits Approved by Resolution	<u>1,130,780</u>	
		<u>1,229,036</u>
		3,566,451
Withdrawals		
Approved in District Budget		<u>750,000</u>
Balance, June 30, 2018		<u>\$ 2,816,451</u>

\$1,500,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

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.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$	400,000
Withdrawals			
Approved by Board Resolution	\$	150,000	
Approved in District Budget		<u>200,000</u>	
			<u>350,000</u>
Balance, June 30, 2018		\$	<u>50,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$5,223,567. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$50,000 of the maintenance reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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.

The activity of the emergency reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$	400,000
Withdrawals			
Approved in District Budget		<u>300,000</u>	
Balance, June 30, 2018		\$	<u>100,000</u>

\$100,000 of the emergency reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. 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, 2018 is \$1,500,000. Of this amount, \$750,000 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$750,000 will be appropriated in the 2019/2020 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), National Credit Union Share Insurance Fund (NCUSIF), 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 and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$8,820,141 and bank and brokerage firm balances of the Board's deposits amounted to \$13,168,689. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 13,168,689</u>
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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, 2018 none of the Board's bank balances were exposed to custodial credit risk.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
Private Purpose Scholarship	
Various	\$ <u>2,205,597</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, 2018, 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, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Other	\$ 130,830		\$ 6,565	\$ 137,395
Intergovernmental-				-
Federal		\$ 132,500		132,500
State	214,255			214,255
Local	<u>46,872</u>	<u>-</u>	<u>-</u>	<u>46,872</u>
Gross Receivables	391,957	132,500	6,565	531,022
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 391,957</u>	<u>\$ 132,500</u>	<u>\$ 6,565</u>	<u>\$ 531,022</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	\$ 616,680
Special Revenue Fund	
Unencumbered Grant Draw Downs	254,867
Grant Draw Downs Reserved for Encumbrances	<u>3,606</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 875,153</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, July 1, 2017	Increases	Decreases	Adjustments	Balance, June 30, 2018
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 7,435,206				\$ 7,435,206
Construction in Progress	3,713,384	\$ 199,371	-	\$ (3,713,384)	199,371
Total Capital Assets, Not Being Depreciated	<u>11,148,590</u>	<u>199,371</u>	<u>-</u>	<u>(3,713,384)</u>	<u>7,634,577</u>
Capital Assets, Being Depreciated:					
Land Improvements	6,900,876				6,900,876
Building and Building Improvements	119,446,462	4,500,228		3,713,384	127,660,074
Machinery and Equipment	5,541,198	463,519	\$ (49,000)	-	5,955,717
Total Capital Assets Being Depreciated	<u>131,888,536</u>	<u>4,963,747</u>	<u>(49,000)</u>	<u>3,713,384</u>	<u>140,516,667</u>
Less Accumulated Depreciation for:					
Land Improvements	(2,467,135)	(345,038)			(2,812,173)
Building and Building Improvements	(38,738,530)	(2,521,391)			(41,259,921)
Machinery and Equipment	(2,796,885)	(725,597)	49,000	-	(3,473,482)
Total Accumulated Depreciation	<u>(44,002,550)</u>	<u>(3,592,026)</u>	<u>49,000</u>	<u>-</u>	<u>(47,545,576)</u>
Total Capital Assets, Being Depreciated, Net	<u>87,885,986</u>	<u>1,371,721</u>	<u>-</u>	<u>3,713,384</u>	<u>92,971,091</u>
Governmental Activities Capital Assets, Net	<u>\$99,034,576</u>	<u>\$ 1,571,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,605,668</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2017	Increases	Decreases	Balance, June 30, 2018
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Equipment	\$ 388,875	\$ 44,990	\$ (14,200)	\$ 419,665
Total Capital Assets Being Depreciated	<u>388,875</u>	<u>44,990</u>	<u>(14,200)</u>	<u>419,665</u>
Less Accumulated Depreciation for:				
Equipment	<u>(227,864)</u>	<u>(37,429)</u>	<u>14,200</u>	<u>(251,093)</u>
Total Accumulated Depreciation	<u>(227,864)</u>	<u>(37,429)</u>	<u>14,200</u>	<u>(251,093)</u>
Total Capital Assets, Being Depreciated, Net	<u>161,011</u>	<u>7,561</u>	<u>-</u>	<u>168,572</u>
Business-Type Activities Capital Assets, Net	<u>\$ 161,011</u>	<u>\$ 7,561</u>	<u>\$ -</u>	<u>\$ 168,572</u>

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

Governmental Activities:

Instruction		
Regular		\$ 248,937
Other Instruction		<u>183,043</u>
Total Instruction		<u>431,980</u>
Support Services		
General Administration		218,943
Operations and Maintenance of Plant		<u>2,941,103</u>
Total Support Services		<u>3,160,046</u>
Total Depreciation Expense - Governmental Funds		<u>\$ 3,592,026</u>
Business-Type Activities:		
Food Service Fund		\$ 23,087
Infant/Toddler Development Fund		<u>14,342</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 37,429</u>

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Replacement of Courtyard Windows at Ridge Elementary	\$ 132,592
Window Replacement at Willard	154,338
Energy Savings Improvement Program	<u>157,116</u>
Total	<u>\$ 444,046</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 27,869
General Fund	Food Service Fund	<u>54,225</u>
Total		<u>\$ 82,094</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.

Interfund transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Infant/Toddler Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	<u>\$ 98,256</u>	<u>\$ 20,859</u>	<u>\$ 119,115</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing computers and technology equipment totaling \$5,883,969 under capital leases and lease purchase agreements. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Computers and Equipment	\$ <u>5,883,969</u>
Total	\$ <u>5,883,969</u>

The unexpended proceeds from capital leases in the amount of \$901,614 at June 30, 2018 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, 2018 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2019	\$ 1,227,202
2020	928,056
2021	730,902
2022	408,696
2023	<u>191,360</u>
Total minimum lease payments	3,486,216
Less: amount representing interest	<u>(144,221)</u>
Present value of minimum lease payments	<u>\$ 3,341,995</u>

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 are comprised of the following issues:

\$38,420,000, 2010 School Improvement Bonds, due in annual installments of \$800,000 to \$1,500,000 through March 15, 2020, interest at 4.00%	\$2,300,000
\$3,475,000, 2011 Refunding Bonds, due in annual installments of \$205,000 to \$235,000 through February 15, 2028, interest at 3.00% to 5.00%	2,270,000
\$5,300,000, 2013 School Refunding Bonds, due in an annual installments of \$1,205,000 through October 1, 2018, interest at 2.23%	1,205,000
\$32,860,000, 2016 School Refunding Bonds, due in annual installments of \$1,580,000 to \$2,755,000 through March 15, 2035, interest at 3.00% to 4.00%	32,685,000
\$6,660,000, 2016 Energy Savings Improvement Bonds, due in annual installments of \$210,000 to \$710,000 through November 15, 2035, interest at 2.00% to 4.00%	<u>6,660,000</u>
Total	<u>\$45,120,000</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>
2019	\$ 2,920,000	\$ 1,669,135	\$ 4,589,135
2020	2,355,000	1,604,049	3,959,049
2021	2,350,000	1,521,400	3,871,400
2022	2,155,000	1,438,750	3,593,750
2023	2,215,000	1,360,075	3,575,075
2024-2028	12,210,000	5,484,250	17,694,250
2029-2033	14,140,000	2,930,500	17,070,500
2034-2036	<u>6,775,000</u>	<u>353,800</u>	<u>7,128,800</u>
Total	<u>\$ 45,120,000</u>	<u>\$ 16,361,959</u>	<u>\$ 61,481,959</u>

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 258,897,167
Less: Net Debt	<u>45,120,000</u>
Remaining Borrowing Power	<u>\$ 213,777,167</u>

Prior Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2018, \$33,170,000 of bonds outstanding are considered defeased. These bonds will be called for redemption on March 15, 2020.

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 1, 2017 (Restated)	Additions	Reductions	Balance, June 30, 2018	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 47,275,000		\$ 2,155,000	\$ 45,120,000	\$ 2,920,000
Add: Original Issue Premium	<u>4,456,379</u>	-	<u>391,767</u>	<u>4,064,612</u>	-
Total Bonds Payable	51,731,379	-	2,546,767	49,184,612	2,920,000
Capital Leases	3,625,388	\$ 900,000	1,184,539	3,340,849	1,178,315
Lease Purchase Agreement	1,443		297	1,146	318
Compensated Absences	622,033		121,948	500,085	
Net Pension Liability	<u>23,451,718</u>	-	<u>5,960,575</u>	<u>17,491,143</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 79,431,961</u>	<u>\$ 900,000</u>	<u>\$ 9,814,126</u>	<u>\$ 70,517,835</u>	<u>\$ 4,098,633</u>

For the governmental activities, the liabilities for compensated absences, capital leases and lease purchase agreements are generally liquidated by the general fund.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 or Group). 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 group 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 group, to report claims on a timely basis, cooperate with the management of the group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the group. Members have a contractual obligation to fund any deficit of the group 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 group 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</u> <u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 163,857	\$ 98,732	\$ 187,794
2017	32,482	88,686	122,327
2016	77,654	60,042	178,394

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

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

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

The following represent the membership tiers for TPAF:

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

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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.

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 ("Division"), 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.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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, 2016 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 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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, 2018**

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, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively 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>
2018	\$ 696,082	\$ 6,471,738	\$ 101,859
2017	703,450	5,014,960	106,178
2016	696,919	3,526,128	98,033

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$11,625 and \$4,463, respectively for PERS and the State contributed \$6,935 and \$8,619, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$3,376,281 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$17,491,143 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2017, the District's proportionate share was .07514 percent, which was a decrease of .00404 percent from its proportionate share measured as of June 30, 2016 of .07918 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) an expenditure refund (contra) for PERS, in the amount of \$52,559 as a result of the decrease in the net pension liability net of the related change in deferred outflows and inflows. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, 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>
Difference Between Expected and Actual Experience	\$ 411,856	
Changes of Assumptions	3,523,863	\$ 3,510,943
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	119,103	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>553,734</u>	<u>4,531,947</u>
Total	<u>\$ 4,608,556</u>	<u>\$ 8,042,890</u>

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ (925,465)
2020	(590,498)
2021	(708,205)
2022	(746,438)
2023	(463,728)
Thereafter	-
	<u>\$ (3,434,334)</u>

Actuarial Assumptions

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

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$21,698,950</u>	<u>\$ 17,491,143</u>	<u>\$13,985,518</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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, 2018**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$20,824,714 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$300,309,650. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .44585 percent, which was an increase of .00544 percent from its proportionate share measured as of June 30, 2016 of .44041 percent.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

Actuarial Assumptions

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

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
— Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 4.25%, 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$357,133,694</u>	<u>\$ 300,609,650</u>	<u>\$ 254,044,897</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
 Total	 <u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$4,179,958, \$4,178,603 and \$4,198,644, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$10,271,161. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$171,967,788. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .32060 percent, which was a decrease of .00102 percent from its proportionate share measured as of June 30, 2016 of .32162 percent.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>185,996,206</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 7,186,978
Interest on the Total OPEB Liability	5,465,675
Changes of Assumptions	(22,719,433)
Gross Benefit Payments	(4,113,092)
Contributions from the Member	151,454
Net Changes	<u>\$ (14,028,418)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>171,967,788</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>204,138,171</u>	\$ <u>171,967,788</u>	\$ <u>146,449,934</u>

**RIDGEWOOD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% <u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	<u>\$ 141,426,881</u>	<u>\$ 171,967,788</u>	<u>\$ 212,525,752</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

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

For Ridgewood Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 RESTATEMENT

The governmental activities financial statements for June 30, 2017 have been restated to reflect the proper census of eligible District employees in the calculation of the compensated absence liability.

The effect of this restatement results in a net decrease of \$574,130 in government activities liabilities with an increase in the unrestricted net position at June 30, 2017.

The result of this restatement is to increase total net position of Governmental Activities as of June 30, 2017 from \$35,189,459, as originally reported to \$35,763,589. The effects of this restatement is as follows:

	<u>Beginning Balance Prior to Restatement</u>	<u>Restatement</u>	<u>Beginning Balance Restated</u>
<u>Governmental Activities:</u>			
LIABILITIES			
Noncurrent Liabilities			
Due Beyond One Year (Compensated Absences)	\$ 76,666,255	\$ (574,130)	\$ 76,092,125
Total Liabilities	81,946,288	(574,130)	81,372,158
Total Liabilities and Deferred			
Inflows of Resources	87,137,671	(574,130)	86,563,541
NET POSITION			
Unrestricted (Deficit)	(19,558,216)	574,130	(18,984,086)
Total Net Position	\$ 35,189,459	\$ 574,130	\$ 35,763,589

BUDGETARY COMPARISON SCHEDULES

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 91,519,173		\$ 91,519,173	\$ 91,519,173	
Tuition from Individuals	50,000		50,000	184,096	\$ 134,096
Tuition from Other LEAs within the State	650,000		650,000	491,880	(158,120)
Interest on Investments	150		150	25,361	25,211
Rents	300,000		300,000	407,209	107,209
Unrestricted Miscellaneous Revenue	224,843		224,843	934,294	709,451
Other Restricted Miscellaneous Revenues	1,230,561		1,230,561	894,155	(336,406)
State Sources					
Extraordinary Aid	1,376,345		1,376,345	1,687,869	311,524
Categorical Special Education Aid	1,792,061	\$ 257,765	2,049,826	2,049,826	
Security Aid	98,280		98,280	98,280	
Transportation Aid	136,964		136,964	136,964	
PARCC Readiness Aid	56,660		56,660	56,660	
Per Pupil Growth Aid	56,660		56,660	56,660	
Professional Learning Community Aid	55,375		55,375	55,375	
Additional Nonpublic Transportation Aid				46,358	46,358
Payment of Institutionalized Children - Unknown					
District of Residence				118,664	118,664
Reimbursement for Lead Testing		9,774	9,774	9,774	-
Reimbursed TPAF Social Security Payments (Non-Budget)				3,376,281	3,376,281
On-behalf TPAF Pension System Contribution (Non-Budget)				6,318,406	6,318,406
On-behalf TPAF Pension - NCGI Premium (Non-Budget)				153,332	153,332
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				4,179,958	4,179,958
On-behalf TPAF Long-Term Disability Insurance (Non-Budget)				6,935	6,935
Federal Sources					
Medicaid Reimbursement	26,350	-	26,350	3,762	(22,588)
Total Revenues	97,573,422	267,539	97,840,961	112,811,272	14,970,311
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,351,690	(271,717)	1,079,973	1,079,973	-
Grades 1-5	10,281,450	524,014	10,805,464	10,805,464	-
Grades 6-8	8,176,941	156,405	8,333,346	8,333,346	-
Grades 9-12	9,728,432	(323,922)	9,404,510	9,404,510	-
Regular Programs - Home Instruction					
Salaries of Teachers	1,871	16,838	18,709	18,709	-
Purchased Professional-Educational Services	9,000	11,078	20,078	20,078	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	19,660	(5,162)	14,498	14,498	-
Other Purchased Services	1,102,452	81,086	1,183,538	1,182,568	970
General Supplies	1,552,517	(176,448)	1,376,069	1,350,197	25,872
Textbooks	162,553	(64,499)	98,054	42,971	55,083
Other Objects	593	4,129	4,722	4,699	23
Total Regular Programs	32,387,159	(48,198)	32,338,961	32,257,013	81,948
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	1,548,265	(769,319)	778,946	778,946	-
Other Salaries for Instruction	286,521	(95,503)	191,018	191,018	-
General Supplies	97,435	(70,161)	27,274	24,663	2,611
Total Learning and/or Language Disabilities	1,932,221	(934,983)	997,238	994,627	2,611

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 415,440	\$ 240,448	\$ 655,888	\$ 655,888	-
Other Salaries for Instruction	198,994	426,397	625,391	625,391	-
Other Purchased Services	500	(500)	-	-	-
General Supplies	10,700	(4,965)	5,735	5,735	-
Other Objects	250	(250)	-	-	-
Total Multiple Disabilities	625,884	661,130	1,287,014	1,287,014	-
Resource Room/Resource Center					
Salaries of Teachers	3,446,371	527,504	3,973,875	3,973,875	-
Other Salaries for Instruction	1,732,139	(31,984)	1,700,155	1,700,155	-
General Supplies	13,150	(2,011)	11,139	11,139	-
Other Objects	250	(250)	-	-	-
Total Resource Room	5,191,910	493,259	5,685,169	5,685,169	-
Autism					
Salaries for Teachers	61,955	(61,955)	-	-	-
Other Salaries for Instruction	234,694	(234,694)	-	-	-
General Supplies	107	(107)	-	-	-
Total Autism	296,756	(296,756)	-	-	-
Preschool Disabilities - Full Time					
Salaries of Teachers	452,724	(388)	452,336	452,336	-
Other Salaries for Instruction	127,990	22,282	150,272	150,272	-
Other Purchased Services	900	(900)	-	-	-
General Supplies	10,600	(4,934)	5,666	5,666	-
Total Preschool Disabilities - Full Time	592,214	16,060	608,274	608,274	-
Home Instruction					
Salaries of Teachers		28,030	28,030	28,030	-
Purchased Professional-Educational Services	16,000	(682)	15,318	15,318	-
Total Home Instruction	16,000	27,348	43,348	43,348	-
Total Special Education	8,654,985	(33,942)	8,621,043	8,618,432	\$ 2,611
Basic Skills/Remedial					
Salaries of Teachers	1,068,748	252,649	1,321,397	1,321,397	-
General Supplies	4,700	(1,244)	3,456	3,456	-
Total Basic Skills/Remedial	1,073,448	251,405	1,324,853	1,324,853	-
Bilingual Education					
Salaries of Teachers	435,656	3,424	439,080	439,080	-
General Supplies	3,359	(1,876)	1,483	1,483	-
Total Bilingual Education	439,015	1,548	440,563	440,563	-

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School Sponsored Co-Curricular Activities					
Salaries	\$ 335,151	\$ 24,330	\$ 359,481	\$ 359,481	
Purchased Services	18,406	(4,686)	13,720	13,135	\$ 585
Supplies and Materials	10,858	8,480	19,338	19,235	103
Other Objects	23,028	863	23,891	23,862	29
Total School-Sponsored Co/Extra Curricular Activities	387,443	28,987	416,430	415,713	717
School Sponsored Athletics - Instruction					
Salaries	811,518	(97,796)	713,722	678,414	35,308
Purchased Services	98,338	6,164	104,502	104,502	-
Supplies and Materials	104,001	(18,462)	85,539	85,009	530
Other Objects	55,991	8,210	64,201	62,849	1,352
Total School Sponsored Athletics	1,069,848	(101,884)	967,964	930,774	37,190
Summer School - Instruction					
Salaries of Teachers	50,000	(15,863)	34,137	34,137	-
Other Salaries for Instruction	82,836	(82,836)	-	-	-
General Supplies	200	(200)	-	-	-
Other Objects	385	(385)	-	-	-
Total Summer School - Instruction	133,421	(99,284)	34,137	34,137	-
Summer School - Support Services					
Salaries	-	16,950	16,950	16,950	-
Personal Serv-Employee Benefit	-	4,247	4,247	4,247	-
Total Summer School - Support Services	-	21,197	21,197	21,197	-
Other Instructional Programs					
Salaries	176,330	(176,330)	-	-	-
Other Objects	7,500	(7,500)	-	-	-
Total Other Instructional Program	183,830	(183,830)	-	-	-
Total Instruction	44,329,149	(164,001)	44,165,148	44,042,682	122,466
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular		1,609	1,609	1,609	-
Tuition to Other LEA's Within the State - Special	910,435	318,559	1,228,994	1,223,921	5,073
Tuition to County Vocational School District-Regular	482,349	57,842	540,191	540,191	-
Tuition to CSSD & Regional Day Schools	724,715	(379,602)	345,113	278,247	66,866
Tuition to Private Schools for Disabled - Within State	5,004,972	(207,147)	4,797,825	4,672,111	125,714
Tuition to Private Schools for Disabled & Other LEAs-Spi,O/S State	335,849	(36,000)	299,849	166,046	133,803
Tuition - State Facilities		4,500	4,500	4,500	-
Tuition - Other	12,300	257,765	270,065	10,890	259,175
Total Undistributed Expenditures - Instruction	7,470,620	17,526	7,488,146	6,897,515	590,631
Attendance and Social Work					
Salaries	47,237	(82)	47,155	47,155	-
Supplies and Materials	200	(110)	90	90	-
Total Attendance and Social Work	47,437	(192)	47,245	47,245	-

(Continued)

**RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 808,624	\$ (19,696)	\$ 788,928	\$ 786,172	\$ 2,756
Other Purchased Services	916	54,298	55,214	55,214	-
Supplies and Materials	25,466	1,127	26,593	26,588	5
Other Objects	2,200	(2,200)	-	-	-
Total Health Services	<u>837,206</u>	<u>33,529</u>	<u>870,735</u>	<u>867,974</u>	<u>2,761</u>
Speech, OT, PT and Related Svcs.					
Salaries	1,762,520	(126,723)	1,635,797	1,635,797	-
Purchased Professional-Educational Services	1,311,598	(53,791)	1,257,807	1,134,556	123,251
Supplies and Materials	9,530	2,080	11,610	11,610	-
Total Speech, OT, PT and Related Svcs.	<u>3,083,648</u>	<u>(178,434)</u>	<u>2,905,214</u>	<u>2,781,963</u>	<u>123,251</u>
Other Support Services - Students - Extra Services					
Salaries	573,135	(30,566)	542,569	533,946	8,623
Purchased Professional-Educational Services	1,173,182	252,931	1,426,113	1,377,165	48,948
Supplies and Materials	60,550	(41,720)	18,830	18,830	-
Total Other Support Services - Students - Extra Services	<u>1,806,867</u>	<u>180,645</u>	<u>1,987,512</u>	<u>1,929,941</u>	<u>57,571</u>
Guidance					
Salaries of Other Professional Staff	1,815,370	29,397	1,844,767	1,793,032	51,735
Salaries of Secretarial and Clerical Assistants	246,171	(3,545)	242,626	242,626	-
Purchased Professional and Technical Services	136,700	(27,340)	109,360	109,360	-
Other Purchased Services	22,485	(14,817)	7,668	6,905	763
Supplies and Materials	68,870	(14,976)	53,894	53,893	1
Other Objects	1,000	(315)	685	685	-
Total Guidance	<u>2,290,596</u>	<u>(31,596)</u>	<u>2,259,000</u>	<u>2,206,501</u>	<u>52,499</u>
Child Study Teams					
Salaries of Other Professional Staff	2,671,022	(81,624)	2,589,398	2,546,688	42,710
Salaries of Secretarial and Clerical Assistants	369,548	(19,078)	350,470	350,470	-
Purchased Professional-Educational Services	22,000	(18,520)	3,480	3,480	-
Other Purchased Professional-Technical Services	26,000	89,380	115,380	109,995	5,385
Other Purchased Services	6,200	(406)	5,794	5,794	-
Supplies and Materials	30,500	(3,049)	27,451	27,451	-
Other Objects	500	(209)	291	291	-
Total Child Study Teams	<u>3,125,770</u>	<u>(33,506)</u>	<u>3,092,264</u>	<u>3,044,169</u>	<u>48,095</u>
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	1,198,474	17,374	1,215,848	1,215,342	506
Salaries of Other Professional Staff	75,515	57,412	132,927	132,927	-
Salaries of Secretarial and Clerical Assistants	245,371	41,033	286,404	286,404	-
Purchased Professional - Educational Services	27,400	1,411	28,811	28,811	-
Other Purchased Services	30,450	(26,007)	4,443	4,443	-
Supplies and Materials	18,000	(1,831)	16,169	16,169	-
Other Objects	10,219	(731)	9,488	9,488	-
Total Improvement of Instructional Services	<u>1,605,429</u>	<u>88,661</u>	<u>1,694,090</u>	<u>1,693,584</u>	<u>506</u>

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 1,171,403	\$ 153,171	\$ 1,324,574	\$ 1,269,310	\$ 55,264
Purchased Professional and Technical Services	30,000	(1,002)	28,998	10,985	18,013
Other Purchased Services	31,238	(350)	30,888	13,598	17,290
Supplies and Materials	227,479	(1,220)	226,259	207,071	19,188
Other Objects	200	(200)	-	-	-
Total Educational Media Serv./School Library	1,460,320	150,399	1,610,719	1,500,964	109,755
Instructional Staff Training Services					
Salaries of Other Professional Staff	48,317	874	49,191	44,581	4,610
Salaries of Secretarial and Clerical Assistants	55,839	-	55,839	55,839	-
Purchased Professional - Educational Services		5,550	5,550	5,550	-
Other Purchased Services	112,490	(4,693)	107,797	91,311	16,486
Supplies and Materials	10,904	(9,404)	1,500	1,500	-
Total Instructional Staff Training Services	227,550	(7,673)	219,877	198,781	21,096
Support Services - General Administration					
Salaries	322,248	20,534	342,782	342,782	-
Legal Services	113,240	62,836	176,076	176,076	-
Audit Fees	61,200	20,134	81,334	81,334	-
Other Purchased Professional Services	8,160	(3,540)	4,620	4,620	-
Communications/Telephone	202,536	(77,378)	125,158	104,263	20,895
BOE Other Purchased Services	4,339	(161)	4,178	4,023	155
Misc Purchased Services	278,660	(88,733)	189,927	189,196	731
General Supplies	24,101	893	24,994	17,579	7,415
Miscellaneous Expenditures	24,344	(1,383)	22,961	22,961	-
BOE Membership Dues and Fees	29,580	(2,917)	26,663	26,663	-
Total Support Services - General Administration	1,068,408	(69,715)	998,693	969,497	29,196
Support Services - School Administration					
Salaries of Principal/Asst. Principals	2,575,253	52,125	2,627,378	2,624,162	3,216
Salaries of Secretarial and Clerical Assistants	1,033,798	(84,634)	949,164	947,765	1,399
Other Salaries	121,724	(121,724)			-
Other Purchased Services	12,102	(7,707)	4,395	4,330	65
Supplies and Materials	137,400	(10,192)	127,208	127,208	-
Other Objects	4,602	(2,055)	2,547	2,547	-
Total Support Services - School Administration	3,884,879	(174,187)	3,710,692	3,706,012	4,680
Central Services					
Salaries	1,080,644	(39,626)	1,041,018	1,039,354	1,664
Purchased Professional Services	99,794	(11,711)	88,083	34,826	53,257
Misc Purchased Services	65,510	(6,493)	59,017	58,840	177
Supplies and Materials	23,220	15,862	39,082	38,543	539
Miscellaneous Expenditures	4,284	(994)	3,290	3,290	-
Total Central Services	1,273,452	(42,962)	1,230,490	1,174,853	55,637

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 803,244	\$ (32,606)	\$ 770,638	\$ 770,637	\$ 1
Purchased Professional Services	3,500	(621)	2,879		2,879
Other Purchased Services	129,353	(53,630)	75,723	65,475	10,248
Supplies and Materials	2,050	670	2,720	2,720	-
Other Objects	1,125	(300)	825	825	-
Total Admin. Info. Technology	939,272	(86,487)	852,785	839,657	13,128
Required Maintenance for School Facilities					
Salaries	137,599	2,227	139,826	139,826	-
Cleaning, Repair and Maintenance Services	1,047,706	165,197	1,212,903	1,199,949	12,954
Lead Testing of Drinking Water		23,992	23,992	23,992	-
General Supplies	268,257	86,545	354,802	354,802	-
Other Objects	1,683	(1,612)	71	-	71
Total Required Maintenance for School Facilities	1,455,245	276,349	1,731,594	1,718,569	13,025
Custodial Services					
Salaries	205,249	(51,338)	153,911	153,911	-
Salaries of Non-Instructional Aides	106,913	12,427	119,340	119,340	-
Purchased Professional and Technical Services	135,980	(9,458)	126,522	126,522	-
Cleaning, Repair and Maintenance Services	4,411,467	87,034	4,498,501	4,498,116	385
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	38,592	2,758	41,350	40,901	449
Lease Purchase Pymnts-Energy Savings Impro Prog	293,271	-	293,271	293,271	-
Other Purchased Property Services	120,415	749	121,164	120,893	271
Insurance	281,205	(10,032)	271,173	271,172	1
Miscellaneous Purchased Services	449	(449)			-
General Supplies	300,121	79,462	379,583	378,329	1,254
Energy (Natural Gas)	231,711	144,746	376,457	376,457	-
Energy (Electricity)	586,773	80,726	667,499	476,985	190,514
Other Objects	510	80	590	590	-
Total Custodial Services	6,712,656	336,705	7,049,361	6,856,487	192,874
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	45,543	31,436	76,979	76,979	-
Cleaning, Repair and Maintenance Services	220,343	169,067	389,410	389,410	-
General Supplies	69,839	52,073	121,912	121,912	-
Total Care and Upkeep of Grounds	335,725	252,576	588,301	588,301	-
Security					
Salaries		37,474	37,474	37,474	-
Purchased Professional and Technical Services	33,672	795	34,467	33,763	704
Cleaning, Repair and Maintenance Services	157,602	(121,997)	35,605	35,605	-
General Supplies	3,628	20,064	23,692	23,692	-
Total Security	194,902	(63,664)	131,238	130,534	704

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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	\$ 62,966	\$ 8,723	\$ 71,689	\$ 71,689	
Salaries for Pupil Transportation(Other than Bet Home & Sch)	18,100	12,451	30,551	30,551	
Management Fee-ESC and CTSA Transportation Prog.	55,000	47,848	102,848	102,848	
Cleaning, Repair and Maintenance Services	7,000	4,149	11,149	10,222	\$ 927
Contracted Services - Aid in Lieu of Payments - Non Public	110,589	10,111	120,700	120,700	-
Contracted Svcs. (Between Home & School) - Vendors	819,330	46,905	866,235	866,235	
Contracted Svcs. (Other than Between Home and School) - Vendors	238,486	(18,640)	219,846	219,846	-
Contracted Services (Bet. Home & Sch)-Joint Agreements	107,100	(76,889)	30,211	30,211	-
Contracted Services (Special Ed. Students)-Vendors	14,794	2,882	17,676	17,676	-
Contracted Services (Special Ed. Students)-Joint Agreements	1,902,300	270,956	2,173,256	2,170,676	2,580
Misc. Purchased Services - Transportation	250	(250)	-	-	-
Transportation Supplies	3,060	(2,237)	823	-	823
Total Student Transportation Services	3,338,975	306,009	3,644,984	3,640,654	4,330
Unallocated Benefits - Employee Benefits					
Group Insurance	32,049	(32,049)	-	-	-
Social Security Contributions	899,946	-	899,946	844,117	55,829
Other Retirement Contributions - PERS	821,800	(11,868)	809,932	785,701	24,231
Workmen's Compensation	399,061	(230)	398,831	391,832	6,999
Health Benefits	10,510,512	46,299	10,556,811	10,556,181	630
Unemployment Compensation	5,100	(5,100)	-	-	-
Tuition Reimbursement	265,000	(8,551)	256,449	232,506	23,943
Other Employee Benefits	58,100	960	59,060	42,621	16,439
Total Unallocated Benefits-Employee Benefits	12,991,568	(10,539)	12,981,029	12,852,958	128,071
Reimbursed TPAF Social Security Payments (Non-Budget)				3,376,281	(3,376,281)
On-behalf TPAF Pension System Contribution (Non-Budget)				6,318,406	(6,318,406)
On-behalf TPAF Pension - NCGI Premium (Non-Budget)				153,332	(153,332)
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)	-	-	-	4,179,958	(4,179,958)
On-behalf TPAF Long-Term Disability Insurance (Non-Budget)	-	-	-	6,935	(6,935)
Total On-Behalf TPAF	-	-	-	14,034,912	(14,034,912)
Total Undistributed Expenditures	54,150,525	943,444	55,093,969	67,681,071	(12,587,102)
Interest Earned on Maintenance Reserve	50	(50)	-	-	-
Interest Earned on Current Expense Emergency Res	50	(50)	-	-	-
Total Expenditures - Current Expenditures	98,479,774	779,343	99,259,117	111,723,753	(12,464,636)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 6-8	-	11,138	11,138	11,137	1
Grades 9-12	-	11,611	11,611	9,346	2,265
Undistributed Expenditures					
Resource Room	-	5,202	5,202	5,202	-
School-Sponsored and Other Instructional Program	-	20,812	20,812	15,511	5,301
Noninstructional Services	-	40,307	40,307	36,216	4,091
Total Equipment	-	89,070	89,070	77,412	11,658

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	\$ 75,000	\$ (29,220)	\$ 45,780	\$ 45,585	\$ 195
Construction Services	675,000	604,448	1,279,448	992,713	286,735
Assessment for Debt Service on SDA Funding	42,837	-	42,837	42,837	-
Total Facilities Acquisition and Construction Services	792,837	575,228	1,368,065	1,081,135	286,930
Interest Deposit into Capital Reserve	50	(50)	-	-	-
Total Capital Outlay	792,887	664,248	1,457,135	1,158,547	298,588
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	92,000	119,802	211,802	205,109	6,693
Other Salaries for Instruction	90,612	3,387	93,999	77,948	16,051
General Supplies	800	8,438	9,238	8,835	403
Total Summer School - Instruction	183,412	131,627	315,039	291,892	23,147
Summer School - Support Services					
Salaries	13,300	50,849	64,149	53,593	10,556
Personal Services - Employee Benefits	13,100	26,220	39,320	36,656	2,664
Other Purchased Services	-	16,330	16,330	15,759	571
Total Summer School - Support Services	26,400	93,399	119,799	106,008	13,791
Other Special Schools - Instruction					
Salaries of Teachers	426,000	(166,599)	259,401	253,255	6,146
Purchased Professional and Technical Services	40,000	(1,777)	38,223	38,223	-
Other Purchased Services	-	-	-	-	-
General Supplies	17,000	1,153	18,153	18,153	-
Total Other Special Schools - Instruction	483,000	(167,223)	315,777	309,631	6,146
Other Special Schools - Support Services					
Salaries	71,955	(29,980)	41,975	41,975	-
Personal Services - Employee Benefits	37,000	3	37,003	30,640	6,363
Other Purchased Services	49,299	(4,473)	44,826	38,777	6,049
Supplies and Materials	5,000	(4,897)	103	103	-
Other Objects	12,000	2,837	14,837	14,837	-
Total Other Special Schools - Support Services	175,254	(36,510)	138,744	126,332	12,412
Adult Education - Local - Instruction					
Salaries of Teachers	125,000	(12,093)	112,907	112,907	-
Purchased Professional and Technical Services	4,925	1,831	6,756	6,756	-
Other Purchased Services	66,000	(8,953)	57,047	57,047	-
General Supplies	2,500	(386)	2,114	2,114	-
Textbooks	-	-	-	-	-
Total Adult Education - Local - Instruction	198,425	(19,601)	178,824	178,824	-

RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Adult Education - Local - Support Services					
Salaries	\$ 49,970	\$ (1,998)	\$ 47,972	\$ 47,971	\$ 1
Personal Services - Employee Benefits	24,500	14,093	38,593	34,132	4,461
Other Purchased Services	85,000	(16,625)	68,375	61,876	6,499
Supplies and Materials	500	(395)	105	105	-
Other Objects	4,100	(1,766)	2,334	2,334	-
Total Adult Education - Local - Support Services	<u>164,070</u>	<u>(6,691)</u>	<u>157,379</u>	<u>146,418</u>	<u>10,961</u>
Total Special Schools	<u>1,230,561</u>	<u>(4,999)</u>	<u>1,225,562</u>	<u>1,159,105</u>	<u>66,457</u>
Total Expenditures	<u>100,503,222</u>	<u>1,438,592</u>	<u>101,941,814</u>	<u>114,041,405</u>	<u>(12,099,591)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,929,800)</u>	<u>(1,171,053)</u>	<u>(4,100,853)</u>	<u>(1,230,133)</u>	<u>2,870,720</u>
Other Financing Sources/Uses					
Transfer In - Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,256</u>	<u>98,256</u>
Total Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,256</u>	<u>98,256</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(2,929,800)</u>	<u>(1,171,053)</u>	<u>(4,100,853)</u>	<u>(1,131,877)</u>	<u>2,968,976</u>
Change in Fund Balance	<u>(2,929,800)</u>	<u>(1,171,053)</u>	<u>(4,100,853)</u>	<u>(1,131,877)</u>	<u>2,968,976</u>
Fund Balance, Beginning of Year	<u>8,546,093</u>	<u>-</u>	<u>8,546,093</u>	<u>8,546,093</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,616,293</u>	<u>\$ (1,171,053)</u>	<u>\$ 4,445,240</u>	<u>\$ 7,414,216</u>	<u>\$ 2,968,976</u>
Recapitulation Of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus				\$ 750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Capital Reserve				1,316,451	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,500,000	
Emergency Reserve - Designated for Subsequent Year's Expenditures				100,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				50,000	
Committed Fund Balance:					
Year End Encumbrances				290,930	
Assigned Fund Balance:					
Year End Encumbrances				41,823	
Designated for Subsequent Year's Expenditures				257,000	
Unassigned Fund Balance				<u>2,358,012</u>	
Reconciliation to Governmental Fund Statement (GAAP)				7,414,216	
State Aid Payments Not Recognized on GAAP Basis					
Extraordinary Aid			\$ (1,687,869)		
Delayed State Aid Payments			<u>(197,308)</u>		
				<u>(1,885,177)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 5,529,039</u>	

**RIDGEWOOD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 3,230	\$ 6,330	\$ 4,609	\$ (1,721)
Local	209,837	776,470	986,307	736,824	(249,483)
Federal	1,165,837	144,011	1,309,848	1,273,165	(36,683)
Total Revenues	<u>1,378,774</u>	<u>923,711</u>	<u>2,302,485</u>	<u>2,014,598</u>	<u>(287,887)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	122,807	109,310	232,117	227,725	4,392
Purchased Prof./Educational Services	1,093	13,926	15,019	8,682	6,337
Other Purchased Services	5,137	2,400	7,537	4,660	2,877
Tuition	1,006,000	19,710	1,025,710	1,025,710	-
Transportation	66	-	66	66	-
Travel	897	-	897	897	-
Supplies and Materials	40,245	94,123	134,368	46,813	87,555
Textbooks	400	914	1,314	1,311	3
Miscellaneous	45,926	289,831	335,757	269,445	66,312
Total Instruction	<u>1,222,571</u>	<u>530,214</u>	<u>1,752,785</u>	<u>1,585,309</u>	<u>167,476</u>
Support Services					
Salaries of Other Professional Staff	58,778	9,096	67,874	63,374	4,500
Personnel Services - Employee Benefits		57,547	57,547	57,510	37
Social Security Contributions		7,415	7,415	6,750	665
Purchased Professional and Educational/ Technical Services	3,812	17,876	21,688	3,752	17,936
Other Purchased Professional Services		2,328	2,328	775	1,553
Cleaning, Repair & Maintenance	16,681	-	16,681	13,304	3,377
Rental		39,193	39,193	39,193	-
Other Purchased Services	1,595	-	1,595	1,595	-
Transportation	10,414	28,162	38,576	30,310	8,266
Travel	213	3,500	3,713	619	3,094
General Supplies	25,089	(4,225)	20,864	20,032	832
Miscellaneous Expenditures	2,374	49,515	51,889	51,889	-
Total Support Services	<u>118,956</u>	<u>210,407</u>	<u>329,363</u>	<u>289,103</u>	<u>40,260</u>
Facilities Acquisition and Construction Services					
Instructional	26,024	179,744	205,768	125,617	80,151
Non-instructional Equipment	11,223	3,346	14,569	14,569	-
Total Facilities Acquisition and Const.Ser.	<u>37,247</u>	<u>183,090</u>	<u>220,337</u>	<u>140,186</u>	<u>80,151</u>
Total Expenditures	<u>\$ 1,378,774</u>	<u>\$ 923,711</u>	<u>\$ 2,302,485</u>	<u>\$ 2,014,598</u>	<u>\$ 287,887</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, 2018**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules (Exhibits C-1 and C-2)	\$ 112,811,272	\$ 2,014,598
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, 2017		85,645
Encumbrances June 30, 2018		(3,606)
State Aid payments recognized for budgetary purposes not recognized for GAAP statements		
Prior Year	1,890,921	
Current Year	<u>(1,885,177)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 112,817,016</u>	<u>\$ 2,096,637</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 114,041,405	\$ 2,014,598
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, 2017		85,645
Encumbrances June 30, 2018	<u>-</u>	<u>(3,606)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 114,041,405</u>	<u>\$ 2,096,637</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**PENSION INFORMATION
AND
POST-EMPLOYMENT BENEFITS INFORMATION**

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Five Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.07514%	0.07918%	0.08106%	0.12008%	0.11244%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 17,491,143</u>	<u>\$ 23,451,718</u>	<u>\$ 18,196,878</u>	<u>\$ 22,482,937</u>	<u>\$ 21,488,873</u>
District's Covered-Employee Payroll	<u>\$ 5,000,343</u>	<u>\$ 5,088,990</u>	<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	349.80%	460.83%	339.80%	313.69%	305.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	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 Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 696,082	\$ 703,450	\$ 696,919	\$ 989,952	\$ 847,187
Contributions in Relation to the Contractually Required Contributions	<u>696,082</u>	<u>703,450</u>	<u>696,919</u>	<u>989,952</u>	<u>847,187</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 5,000,343</u>	<u>\$ 5,088,990</u>	<u>\$ 5,355,142</u>	<u>\$ 7,167,298</u>	<u>\$ 7,023,952</u>
Contributions as a Percentage of Covered-Employee Payroll	13.92%	13.82%	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 Five Fiscal Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)					
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>300,609,650</u>	<u>346,457,855</u>	<u>280,128,643</u>	<u>231,014,249</u>	<u>223,403,034</u>
Total	<u>\$ 300,609,650</u>	<u>\$ 346,457,855</u>	<u>\$ 280,128,643</u>	<u>\$ 231,014,249</u>	<u>\$ 223,403,034</u>
District's Covered-Employee Payroll	<u>\$ 45,578,273</u>	<u>\$ 44,290,765</u>	<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	659.55%	782.23%	626.82%	527.47%	520.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	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, 2018**

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.

**RIDGEWOOD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 7,186,978
Interest on Total OPEB Liability	5,465,675
Changes of Assumptions	(22,719,433)
Gross Benefit Payments	(4,113,092)
Contribution from the Member	151,454
Net Change in Total OPEB Liability	(14,028,418)
Total OPEB Liability - Beginning	185,996,206
Total OPEB Liability - Ending	<u>\$ 171,967,788</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	171,967,788
Total OPEB Liability - Ending	<u>\$ 171,967,788</u>
District's Covered-Employee Payroll	<u>\$ 50,578,616</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability 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, 2018

	I.D.E.A.			Subtotal Page 2	Total
	Part B Basic	Preschool	Other Grants		
REVENUES					
State				\$ 4,609	\$ 4,609
Local			\$ 736,824	-	736,824
Federal	\$ 988,793	\$ 36,917	-	247,455	1,273,165
Total Revenues	<u>\$ 988,793</u>	<u>\$ 36,917</u>	<u>\$ 736,824</u>	<u>\$ 252,064</u>	<u>\$ 2,014,598</u>
EXPENDITURES					
Instruction					
Salaries of Teachers			\$ 109,791	\$ 117,934	\$ 227,725
Purchased Prof./Educational Services			8,019	663	8,682
Other Purchased Services			2,260	2,400	4,660
Tuition	\$ 988,793	\$ 36,917		-	1,025,710
Transportation			66	-	66
Travel			897	-	897
Supplies and Materials			40,936	5,877	46,813
Textbooks				1,311	1,311
Miscellaneous	-	-	269,445	-	269,445
Total Instruction	<u>988,793</u>	<u>36,917</u>	<u>431,414</u>	<u>128,185</u>	<u>1,585,309</u>
Support Services					
Salaries of Other Professional Staff				63,374	63,374
Personnel Services - Employee Benefits				57,510	57,510
Social Security Contributions			6,750	-	6,750
Purchased Professional and Educational/ Technical Services			1,832	1,920	3,752
Other Purchased Professional Services				775	775
Cleaning, Repair & Maintenance			13,304	-	13,304
Rental			39,193	-	39,193
Other Purchased Services			1,595	-	1,595
Transportation			30,310	-	30,310
Travel			319	300	619
General Supplies			20,032	-	20,032
Miscellaneous Expenditures	-	-	51,889	-	51,889
Total Support Services	<u>-</u>	<u>-</u>	<u>165,224</u>	<u>123,879</u>	<u>289,103</u>
Facilities Acquisition and Construction Services					
Instructional			125,617	-	125,617
Non-Instructional Equipment	-	-	14,569	-	14,569
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>140,186</u>	<u>-</u>	<u>140,186</u>
Total Expenditures	<u>\$ 988,793</u>	<u>\$ 36,917</u>	<u>\$ 736,824</u>	<u>\$ 252,064</u>	<u>\$ 2,014,598</u>

Continued

RIDGEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic Aid				Title I	Title II A	Title III A	Page 2
	Textbooks	Technology	Security	Nursing				Total
REVENUES								
State	\$ 1,311	\$ 818	\$ 1,705	\$ 775				\$ 4,609
Local								-
Federal	-	-	-	-	\$ 138,087	\$ 83,489	\$ 25,879	247,455
Total Revenues	<u>\$ 1,311</u>	<u>\$ 818</u>	<u>\$ 1,705</u>	<u>\$ 775</u>	<u>\$ 138,087</u>	<u>\$ 83,489</u>	<u>\$ 25,879</u>	<u>\$ 252,064</u>
EXPENDITURES								
Instruction								
Salaries of Teachers					\$ 102,493		\$ 15,441	\$ 117,934
Purchased Prof./Educational Services					663			663
Other Purchased Services					2,400			2,400
Tuition								-
Transportation								-
Travel								-
Supplies and Materials		\$ 818	\$ 1,705				3,354	5,877
Textbooks	\$ 1,311							1,311
Miscellaneous	-	-	-	-	-	-	-	-
Total Instruction	<u>1,311</u>	<u>818</u>	<u>1,705</u>	<u>-</u>	<u>105,556</u>	<u>-</u>	<u>18,795</u>	<u>128,185</u>
Support Services								
Salaries of Other Professional Staff						\$ 63,374		63,374
Personnel Services - Employee Benefits					32,531	20,115	4,864	57,510
Social Security Contributions								-
Purchased Professional and Educational/ Technical Services							1,920	1,920
Other Purchased Professional Services				\$ 775				775
Cleaning Repair & Maintenance								-
Rental								-
Other Purchased Services								-
Transportation								-
Travel							300	300
General Supplies								-
Miscellaneous Expenditures	-	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>775</u>	<u>32,531</u>	<u>83,489</u>	<u>7,084</u>	<u>123,879</u>
Facilities Acquisition and Construction Services								
Instructional								-
Non-Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,311</u>	<u>\$ 818</u>	<u>\$ 1,705</u>	<u>\$ 775</u>	<u>\$ 138,087</u>	<u>\$ 83,489</u>	<u>\$ 25,879</u>	<u>\$ 252,064</u>

**RIDGEWOOD BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

<u>Issue Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>	
GW New Construction	\$ 11,882,309	\$ 11,782,713	\$ (35,044)	\$ 134,640
RHS HVAC Upgrade	635,166	635,166	-	-
RHS Window Replacement	305,005	305,005	-	-
Energy Savings Improvement Program	<u>7,427,878</u>	<u>3,741,689</u>	<u>3,643,953</u>	<u>42,236</u>
	20,250,358	16,464,573	3,608,909	176,876

Capital Leases

2016-2017 Capital Lease - Computer Equipment	995,860	994,462	1,398	-
2017-2018 Capital Lease - Computer Equipment	916,378	2,500	913,213	665
2018-2019 Capital Lease - Computer Equipment	<u>900,950</u>	<u>-</u>	<u>107,149</u>	<u>793,801</u>
	<u>2,813,188</u>	<u>996,962</u>	<u>1,021,760</u>	<u>794,466</u>
	<u>\$ 23,063,546</u>	<u>\$ 17,461,535</u>	<u>\$ 4,630,669</u>	<u>\$ 971,342</u>

Reconciliation to GAAP

Project Balances, June 30, 2018 - Budgetary	<u>\$ 971,342</u>
Fund Balance, June 30, 2018 - GAAP	<u>\$ 971,342</u>

Recapitulation of Fund Balance

Restricted for Capital Projects	
Capital Lease Equipment Reserve	\$ 794,466
Available for Capital Projects	<u>176,876</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 971,342</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, 2018**

Revenues and Other Financing Sources

Capital Lease Proceeds	\$ 900,000
Interest	<u>2,065</u>
 Total Revenues and Other Financing Sources	 <u>902,065</u>

Expenditures and Other Financing Uses

Legal Services	3,500
Other Professional Services	37,867
Supplies and Materials	614,828
Equipment	316,662
Construction Services	3,636,953
SDA Grants Cancelled	47,123
Transfer to General Fund - Capital Reserve	98,256
Transfer to Enterprise Fund - Infant/Toddler	<u>20,859</u>
 Total Expenditures and Other Financing Uses	 <u>4,776,048</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (3,873,983)

Fund Balance, Beginning of Year 4,845,325

Fund Balance - End of Year \$ 971,342

Reconciliation to GAAP Basis

Fund Balance, June 30, 2018 - Budgetary Basis \$ 971,342

Fund Balance, June 30, 2018 - GAAP Basis \$ 971,342

**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, 2018**

	<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
Total Revenues	<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	10,603,787		10,603,787	10,703,383
General Supplies	182,412	\$ (35,044)	147,368	182,412
Total Expenditures and other Financing Sources	<u>11,782,713</u>	<u>(35,044)</u>	<u>11,747,669</u>	<u>11,882,309</u>
Excess of Revenues over Expenditures	<u>\$ 99,596</u>	<u>\$ 35,044</u>	<u>\$ 134,640</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, 2018**

	<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	\$ (33,097)	\$ 263,703	\$ 263,703
Transfer from Capital Reserve	<u>445,200</u>	<u>(73,737)</u>	<u>371,463</u>	<u>371,463</u>
Total Revenues	<u>742,000</u>	<u>(106,834)</u>	<u>635,166</u>	<u>635,166</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	<u>635,166</u>	<u>-</u>	<u>635,166</u>	<u>635,166</u>
Total Expenditures and other Financing Sources	<u>635,166</u>	<u>-</u>	<u>635,166</u>	<u>635,166</u>
Excess of Revenues over Expenditures	<u>\$ 106,834</u>	<u>\$ (106,834)</u>	<u>\$ -</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	\$ 263,703
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 742,000
Additional Authorized Cost	\$ (106,834)
Revised Authorized Cost	\$ 635,166

Percentage Increase (Decrease) over Original Authorized

Cost	-14.40%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2015
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 WINDOW REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 137,420	\$ (14,026)	\$ 123,394	\$ 123,394
Transfer from Capital Reserve	<u>206,130</u>	<u>(24,519)</u>	<u>181,611</u>	<u>181,611</u>
Total Revenues	<u>343,550</u>	<u>(38,545)</u>	<u>305,005</u>	<u>305,005</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	6,801		6,801	6,801
Construction Services	<u>298,204</u>	<u>\$ -</u>	<u>298,204</u>	<u>298,204</u>
Total Expenditures and other Financing Sources	<u>305,005</u>	<u>-</u>	<u>305,005</u>	<u>305,005</u>
Excess of Revenues over Expenditures	<u>\$ 38,545</u>	<u>\$ (38,545)</u>	<u>\$ -</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	\$ 123,394
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 343,550
Reduced Authorized Cost	\$ (38,545)
Revised Authorized Cost	\$ 305,005

Percentage Increase (Decrease) over Original Authorized

Cost	-11.22%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	Complete

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, 2018

	<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
Interest	846	\$ 14	860	860
	<u>995,846</u>	<u>14</u>	<u>995,860</u>	<u>995,860</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Legal Services	4,544		4,544	4,544
Professional Services	48,427		48,427	48,427
Supplies and Materials	449,279	1,398	450,677	450,677
Equipment	237,244		237,244	237,244
Construction Services	254,968	-	254,968	254,968
	<u>994,462</u>	<u>1,398</u>	<u>995,860</u>	<u>995,860</u>
Excess of Revenues over Expenditures	<u>\$ 1,384</u>	<u>\$ (1,384)</u>	<u>\$ -</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	\$ 860			
Revised Authorized Cost	\$ 995,860			
Percentage Increase (Decrease) over Original Authorized				
Cost	0.09%			
Percentage Completion	100.00%			
Original Target Completion Date	09/30/2014			
Revised Target Completion Date	Complete			

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
2017-2018 CAPITAL LEASE - COMPUTER EQUIPMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Lease Proceeds	\$ 915,000		\$ 915,000	\$ 915,000
Interest	<u>277</u>	<u>\$ 1,101</u>	<u>1,378</u>	<u>1,378</u>
 Total Revenues	 <u>915,277</u>	 <u>1,101</u>	 <u>916,378</u>	 <u>916,378</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Legal Services		3,500	3,500	3,500
Purchased Professional Services	2,500	28,867	31,367	31,367
Supplies and Materials		522,722	522,722	523,525
Equipment	<u>-</u>	<u>358,124</u>	<u>358,124</u>	<u>357,986</u>
 Total Expenditures and other Financing Sources	 <u>2,500</u>	 <u>913,213</u>	 <u>915,713</u>	 <u>916,378</u>
 Excess of Revenues over Expenditures	 <u>\$ 912,777</u>	 <u>\$ (912,112)</u>	 <u>\$ 665</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	\$ 915,000			
Additional Authorized Cost	\$ 1,378			
Revised Authorized Cost	\$ 916,378			
 Percentage Increase (Decrease) over Original Authorized				
Cost	0.15%			
Percentage Completion	99.93%			
Original Target Completion Date	6/30/2018			
Revised Target Completion Date	9/30/2018			

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS IMPROVEMENT PROGRAM
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Energy Savings Bond Proceeds	\$ 6,660,000		\$ 6,660,000	\$ 6,660,000
Premium on Energy Savings Bonds	452,878		452,878	452,878
Transfer from Capital Outlay	315,000	-	315,000	315,000
	<u>7,427,878</u>	<u>-</u>	<u>7,427,878</u>	<u>7,427,878</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Other Professional Services	28,305	\$ 7,000	35,305	35,305
Construction Services	3,713,384	3,636,953	7,350,337	7,392,573
	<u>3,741,689</u>	<u>3,643,953</u>	<u>7,385,642</u>	<u>7,427,878</u>
Excess of Revenues over Expenditures	<u>\$ 3,686,189</u>	<u>\$ (3,643,953)</u>	<u>\$ 42,236</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	11/30/2016			
Bonds Authorized	\$ 6,660,000			
Bonds Issued	\$ 6,660,000			
Original Authorized Cost	\$ 7,427,878			
Additional Authorized Cost				
Revised Authorized Cost	\$ 7,427,878			
Percentage Increase (Decrease) over Original Authorized				
Cost	0.00%			
Percentage Completion	99.43%			
Original Target Completion Date	6/30/2018			
Revised Target Completion Date	6/30/2018			

**RIDGEWOOD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
2018-2019 CAPITAL LEASE - COMPUTER EQUIPMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Capital Lease Proceeds		\$ 900,000	\$ 900,000	\$ 900,000
Interest	-	950	950	950
Total Revenues	<u>-</u>	<u>900,950</u>	<u>900,950</u>	<u>900,950</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional Services	-	2,000	2,000	2,000
Supplies and Materials		105,149	105,149	105,149
Equipment	-	-	-	793,801
Total Expenditures and other Financing Sources	<u>-</u>	<u>107,149</u>	<u>107,149</u>	<u>900,950</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 793,801</u>	<u>\$ 793,801</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	\$ 900,000
Additional Authorized Cost	\$ 950
Revised Authorized Cost	\$ 900,950

Percentage Increase (Decrease) over Original Authorized

Cost	0.11%
Percentage Completion	11.89%
Original Target Completion Date	06/30/2019
Revised Target Completion Date	06/30/2019

ENTERPRISE FUND

**RIDGEWOOD BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET POSITION
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 307,059	\$ 73,803	\$ 380,862
Total Assets	<u>\$ 307,059</u>	<u>\$ 73,803</u>	<u>\$ 380,862</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable		\$ 45,934	\$ 45,934
Due to Other Funds		27,869	27,869
Due to Student Groups	<u>\$ 307,059</u>	<u>-</u>	<u>307,059</u>
Total Liabilities	<u>\$ 307,059</u>	<u>\$ 73,803</u>	<u>\$ 380,862</u>

**RIDGEWOOD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

EXHIBIT H-3

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
ELEMENTARY SCHOOLS				
Hawes	\$ 20,764	\$ 22,033	\$ 36,609	\$ 6,188
Orchard	3,739	19,810	17,777	5,772
Ridge	8,310	46,804	45,768	9,346
Somerville	12,126	40,786	40,326	12,586
Travell	4,720	3,219	3,395	4,544
Willard	<u>52,077</u>	<u>67,137</u>	<u>61,916</u>	<u>57,298</u>
Total Elementary Schools	<u>101,736</u>	<u>199,789</u>	<u>205,791</u>	<u>95,734</u>
MIDDLE SCHOOLS				
Benjamin Franklin	20,370	219,022	218,018	21,374
George Washington	<u>19,646</u>	<u>107,674</u>	<u>111,626</u>	<u>15,694</u>
Total Junior High School	<u>40,016</u>	<u>326,696</u>	<u>329,644</u>	<u>37,068</u>
HIGH SCHOOL				
Ridgewood High School	204,362	639,635	674,717	169,280
Athletic Accounts	<u>6,477</u>	<u>104,655</u>	<u>106,155</u>	<u>4,977</u>
Total Senior High School	<u>210,839</u>	<u>744,290</u>	<u>780,872</u>	<u>174,257</u>
Total All Schools	<u>\$ 352,591</u>	<u>\$ 1,270,775</u>	<u>\$ 1,316,307</u>	<u>\$ 307,059</u>

**RIDGEWOOD BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 174,925	\$ 65,964,569	\$ 66,065,691	\$ 73,803
Total Assets	<u>\$ 174,925</u>	<u>\$ 65,964,569</u>	<u>\$ 66,065,691</u>	<u>\$ 73,803</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 155,917	\$ 65,477,766	\$ 65,587,749	\$ 45,934
Due to Other Funds	<u>19,008</u>	<u>486,803</u>	<u>477,942</u>	<u>27,869</u>
Total Liabilities	<u>\$ 174,925</u>	<u>\$ 65,964,569</u>	<u>\$ 66,065,691</u>	<u>\$ 73,803</u>

LONG-TERM DEBT

**RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<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, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
Additions and Renovations to Various Schools	April 8, 2010	\$ 38,420,000	03/15/19	\$ 800,000	4.00%			
			03/15/20	1,500,000	4.00%			
						\$ 3,000,000	\$ 700,000	\$ 2,300,000
Additions and Renovations to Various Schools (Refunded 2003 Bonds Maturing 2/15/2016 to 2/15/2028)	June 1, 2011	3,475,000	2/15/19	205,000	3.00%			
			2/15/20	215,000	5.00%			
			2/15/21	220,000	5.00%			
			2/15/22-2/15/23	230,000	3.25%			
			2/15/24-2/15/27	235,000	4.00%			
			2/15/28	230,000	4.00%			
						2,475,000	205,000	2,270,000
School Refunding Bonds	October 24, 2013	5,300,000	10/01/18	1,205,000	2.23%	2,455,000	1,250,000	1,205,000
School Refunding Bonds	November 1, 2016	32,860,000	3/15/21	1,580,000	4.00%			
			3/15/22	1,630,000	4.00%			
			3/15/23	1,680,000	4.00%			
			3/15/24	1,780,000	4.00%			
			3/15/25	1,860,000	4.00%			
			3/15/26	1,975,000	4.00%			
			3/15/27	2,050,000	4.00%			
			3/15/28	2,175,000	4.00%			
			3/15/29	2,275,000	4.00%			
			3/15/30	2,370,000	4.00%			
			3/15/31	2,465,000	4.00%			
			3/15/32	2,610,000	4.00%			
			3/15/33	2,755,000	4.00%			
			3/15/34	2,745,000	4.00%			
			3/15/35	2,735,000	3.00%			
						32,685,000		32,685,000

RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>			
Energy Savings Improvement Bonds	November 1, 2016	\$ 6,660,000	11/15/18	\$ 710,000	2.00%						
			11/15/19	640,000	2.00%						
			11/15/20	550,000	2.00%						
			11/15/21	295,000	2.00%						
			11/15/22	305,000	2.00%						
			11/15/23	210,000	3.00%						
			11/15/24	225,000	3.00%						
			11/15/25	240,000	3.00%						
			11/15/26	255,000	3.00%						
			11/15/27	270,000	3.00%						
			11/15/28	290,000	4.00%						
			11/15/29	310,000	4.00%						
			11/15/30	330,000	3.00%						
			11/15/31	355,000	4.00%						
			11/15/32	380,000	4.00%						
			11/15/33	405,000	4.00%						
			11/15/34	430,000	4.00%						
			11/15/35	460,000	4.00%						
									\$ 6,660,000	-	\$ 6,660,000
									<u>\$ 47,275,000</u>	<u>\$ 2,155,000</u>	<u>\$ 45,120,000</u>
						Paid	<u>\$ 2,155,000</u>				
							<u>\$ 2,155,000</u>				

**RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Capital Leases</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance, June 30, 2018</u>
Computers - 2013-2014	1.1390%	\$ 975,000	\$ 197,459		\$ 197,459	
Technology Equipment - 2014-2015	1.2480%	970,000	391,308		194,441	\$ 196,867
Computers - 2014-2015	1.4690%	485,000	195,327		96,951	98,376
Technology Equipment - 2015-2016	1.5600%	955,000	573,479		188,208	385,271
Technology Equipment - 2016-2017	1.5730%	995,000	791,086		193,166	597,920
Technology Equipment - 2017-2018	1.7300%	915,000	915,000		187,026	727,974
Technology Equipment - 2018-2019	2.8970%	900,000		\$ 900,000		900,000
42 Konica Digital Copier	2.6900%	635,645	536,403		122,511	413,892
2 Savin Digital Copiers	4.8420%	15,400	14,517		2,762	11,755
1 Konica Digital Copier	4.8430%	11,293	<u>10,809</u>	<u>-</u>	<u>2,015</u>	<u>8,794</u>
			3,625,388	900,000	1,184,539	3,340,849
<u>Lease Purchase Agreements</u>						
1 Savin Digital Copier	5.0170%	1,631	<u>1,443</u>	<u>-</u>	<u>297</u>	<u>1,146</u>
			<u>\$ 3,626,831</u>	<u>\$ 900,000</u>	<u>\$ 1,184,836</u>	<u>\$ 3,341,995</u>

**RIDGEWOOD BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 3,265,783		\$ 3,265,783	\$ 3,265,783	
State Sources					
State Aid Type II	<u>417,813</u>	<u>-</u>	<u>417,813</u>	<u>417,813</u>	<u>-</u>
Total Revenues	<u>3,683,596</u>	<u>-</u>	<u>3,683,596</u>	<u>3,683,596</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal on Bonds	2,155,000	-	2,155,000	2,155,000	-
Interest on Bonds	<u>1,528,597</u>	<u>-</u>	<u>1,528,597</u>	<u>1,528,597</u>	<u>-</u>
Total Expenditures	<u>3,683,597</u>	<u>-</u>	<u>3,683,597</u>	<u>3,683,597</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
Fund Balance, Beginning of Year	<u>111,032</u>	<u>-</u>	<u>111,032</u>	<u>111,032</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 111,031</u>	<u>\$ -</u>	<u>\$ 111,031</u>	<u>\$ 111,031</u>	<u>\$ -</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Designated for Subsequent Year's Budgeted Debt Service Expenditures				<u>\$ 111,031</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 111,031</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
				(Restated)						
Governmental Activities										
Net Investment in Capital Assets	\$32,735,639	\$ (3,026,561)	\$20,697,948	\$41,756,338	\$46,132,466	\$46,434,486	\$47,460,901	\$50,296,485	\$ 48,026,214	\$ 52,024,622
Restricted	4,051,369	41,634,752	23,915,797	7,834,188	5,262,133	5,271,884	4,818,989	2,446,640	6,721,461	3,154,358
Unrestricted (Deficit)	(1,033,044)	(1,350,383)	(1,335,961)	(1,415,055)	277,381	479,002	(21,862,874)	(18,159,172)	(18,984,086)	(19,296,734)
Total Governmental Activities Net Position	<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>\$34,583,953</u>	<u>\$ 35,763,589</u>	<u>\$ 35,882,246</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 84,172	\$ 78,561	\$ 174,404	\$ 200,277	\$ 200,056	\$ 182,963	\$ 165,869	\$ 157,906	\$ 161,011	\$ 168,572
Unrestricted (Deficit)	317,127	238,200	84,170	(14,732)	(262,802)	(177,875)	(127,338)	(52,385)	(75,778)	169,197
Total Business-Type Activities Net Position	<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>\$ 105,521</u>	<u>\$ 85,233</u>	<u>\$ 337,769</u>
District-Wide										
Net Investment in Capital Assets	\$32,819,811	\$ (2,948,000)	\$20,872,352	\$41,956,615	\$46,332,522	\$46,617,449	\$47,626,770	\$50,454,391	\$ 48,187,225	\$ 52,193,194
Restricted	4,051,369	41,634,752	23,915,797	7,834,188	5,262,133	5,271,884	4,818,989	2,446,640	6,721,461	3,154,358
Unrestricted (Deficit)	(715,917)	(1,112,183)	(1,251,791)	(1,429,787)	14,579	301,127	(21,990,212)	(18,211,557)	(19,059,864)	(19,127,537)
Total District Net Position	<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>\$34,689,474</u>	<u>\$ 35,848,822</u>	<u>\$ 36,220,015</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 36,067,316	\$ 37,635,956	\$ 39,044,444	\$ 39,520,534	\$ 41,066,546	\$ 42,268,110	\$ 49,809,263	\$ 52,476,438	\$ 59,694,002	\$ 60,234,080
Special Education	6,604,765	6,697,403	7,094,778	8,659,407	9,677,014	10,365,003	12,214,247	20,423,801	22,405,915	22,237,366
Other Special Instruction	1,739,611	1,700,384	1,276,142	1,832,543	1,865,523	1,917,159	2,259,204			
Other Instruction	2,604,698	2,702,014	2,439,657	2,226,960	2,333,329	2,209,523	3,249,504	4,078,298	4,593,792	5,307,856
School Sponsored Activities and Athletics								1,560,774	1,761,876	1,718,793
Support Services:										
Tuition	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	13,963,348	15,001,751	14,731,156	15,693,498	16,593,369	17,168,297	20,121,714	19,624,092	21,377,496	21,458,596
School Administrative Services	4,903,953	4,886,853	4,797,546	4,630,097	4,912,473	5,124,205	5,956,806	5,921,747	6,433,802	6,405,997
General Administration Services	1,339,367	1,290,797	973,223	1,002,754	996,072	1,030,247	992,004	1,105,974	1,431,937	1,361,502
Central Services	1,634,429	1,609,055	1,569,040	1,566,374	1,557,969	1,647,350	1,802,578	1,500,900	1,678,752	1,539,412
Administration Information Technology	745,703	859,287	755,846	784,880	712,561	893,325	1,148,311	1,148,506	1,444,498	1,147,762
Plant Operations And Maintenance	7,699,034	7,343,995	7,235,913	7,743,196	7,760,169	8,829,531	9,002,078	8,907,317	9,519,429	12,395,800
Pupil Transportation	3,014,087	2,852,706	2,672,636	2,691,737	2,831,955	3,096,229	3,214,020	3,420,974	3,390,261	3,707,638
Special Schools	1,243,150	1,052,193	996,687	940,027	915,697	1,010,334	763,467			
Interest On Long-Term Debt	818,757	1,124,232	2,235,001	2,167,806	2,084,878	2,136,514	1,786,823	1,811,652	1,561,651	1,400,202
Unallocated Depreciation	2,185,602	2,177,278	2,341,669	2,337,989	3,478,605					
Total Governmental Activities Expenses	89,415,262	91,913,880	93,652,653	98,066,328	103,299,971	104,096,558	119,216,945	121,980,473	135,293,411	138,915,004
Business-Type Activities:										
Food Service	1,279,041	1,200,627	1,153,075	1,234,287	1,272,615	1,467,124	1,491,101	1,643,143	1,845,060	1,969,904
Infant/Toddler Development Program	1,061,693	1,056,302	1,074,626	1,005,350	923,260	716,747	952,967	1,005,800	1,054,794	933,221
Technology Initiative								58,239	85,159	89,063
Inclusive Preschool									14,140	30,834
Total Business-Type Activities Expense	2,340,734	2,256,929	2,227,701	2,239,637	2,195,875	2,183,871	2,444,068	2,707,182	2,999,153	3,023,022
Total District Expenses	\$ 91,755,996	\$ 94,170,809	\$ 95,880,354	\$ 100,305,965	\$ 105,495,846	\$ 106,280,429	\$ 121,661,013	\$ 124,687,655	\$ 138,292,564	\$ 141,938,026
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 1,724,684	\$ 1,697,013	\$ 1,671,910	\$ 1,440,927	\$ 1,932,584	\$ 879,643	\$ 689,432	\$ 390,244	\$ 1,541,938	\$ 1,570,131
Operating Grants and Contributions	7,900,404	8,970,346	8,515,529	10,101,630	12,062,765	1,730,518	1,999,970	28,730,584	39,130,298	40,845,805
Capital Grants And Contributions	279,223	522,627	4,123,851	3,440,895	1,012,305	177,260	1,815,883	10,828	-	11,027
Total Governmental Activities Program Revenues	9,904,311	11,189,986	14,311,290	14,983,452	15,007,654	2,787,421	4,505,285	29,131,656	40,672,236	42,426,963
Business-Type Activities:										
Charges For Services										
Food Service	1,126,800	1,058,262	1,044,532	1,078,878	1,096,927	1,395,639	1,537,697	1,678,546	1,883,039	2,013,836
Infant/Toddler Development Program	983,345	990,367	1,011,663	961,850	728,458	853,846	939,697	1,012,840	989,001	1,090,435
Technology Initiative								96,600	97,890	94,927
Inclusive Preschool									8,700	55,000
Operating Grants And Contributions	111,834	122,895	112,120	124,847	121,800	2,124				
Total Business Type Activities Program Revenues	2,221,979	2,171,524	2,168,315	2,165,575	1,947,185	2,251,609	2,477,394	2,787,986	2,978,630	3,254,198
Total District Program Revenues	\$ 12,126,290	\$ 13,361,510	\$ 16,479,605	\$ 17,149,027	\$ 16,954,839	\$ 5,039,030	\$ 6,982,679	\$ 31,919,642	\$ 43,650,866	\$ 45,681,161
Net (Expense)/Revenue										
Governmental Activities	\$ (79,510,951)	\$ (80,723,894)	\$ (79,341,363)	\$ (83,082,876)	\$ (88,292,317)	\$ (101,309,137)	\$ (114,711,660)	\$ (92,848,817)	\$ (94,621,175)	\$ (96,488,041)
Business-Type Activities	(118,755)	(85,405)	(59,386)	(74,062)	(248,690)	67,738	33,326	80,804	(20,523)	231,176
Total District-Wide Net Expense	\$ (79,629,706)	\$ (80,809,299)	\$ (79,400,749)	\$ (83,156,938)	\$ (88,541,007)	\$ (101,241,399)	\$ (114,678,334)	\$ (92,768,013)	\$ (94,641,698)	\$ (96,256,865)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 73,806,034	\$ 76,758,275	\$ 79,728,606	\$ 81,323,178	\$ 82,949,642	\$ 84,608,635	\$ 86,223,037	\$ 87,947,497	\$ 90,636,248	\$ 91,519,173
Debt Service	1,432,250	1,435,200	2,958,908	3,105,755	3,200,686	3,239,342	3,214,082	3,313,073	3,323,724	3,265,783
Unrestricted Grants And Contributions	3,098,311	3,428,070	2,189,099	3,146,320	5,239,532	12,345,398	23,699,314	436,954	440,918	473,672
Investment Earnings	106,712	127,785	207,272	119,899	27,018	13,687	13,391	32,868	18,164	27,426
Miscellaneous	294,271	478,408	277,454	285,421	371,948	1,510,467	1,282,353	1,820,195	1,381,757	1,341,503
Special Items						105,000				(20,859)
Total Governmental Activities	78,737,578	82,227,738	85,361,339	87,980,573	91,788,826	101,822,529	114,432,177	93,550,587	95,800,811	96,606,698
Business-Type Activities:										
Investment Earnings	1,744	867	1,199	1,033	399	96	117	254	235	501
Transfers In/(Out)										20,859
Total Business-Type Activities	1,744	867	1,199	1,033	399	96	117	254	235	21,360
Total District-Wide	\$ 78,739,322	\$ 82,228,605	\$ 85,362,538	\$ 87,981,606	\$ 91,789,225	\$ 101,822,625	\$ 114,432,294	\$ 93,550,841	\$ 95,801,046	\$ 96,628,058
Change In Net Position										
Governmental Activities	\$ (773,373)	\$ 1,503,844	\$ 6,019,976	\$ 4,897,697	\$ 3,496,509	\$ 513,392	\$ (279,483)	\$ 701,770	\$ 1,179,636	\$ 118,657
Business-Type Activities	(117,011)	(84,538)	(58,187)	(73,029)	(248,291)	67,834	33,443	81,058	(20,288)	252,536
Total District	\$ (890,384)	\$ 1,419,306	\$ 5,961,789	\$ 4,824,668	\$ 3,248,218	\$ 581,226	\$ (246,040)	\$ 782,828	\$ 1,159,348	\$ 371,193

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

	Fiscal year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 4,049,600	\$ 4,661,867								
Unreserved	416,268	388,549								
Restricted			\$ 4,491,947	\$ 4,137,931	\$ 4,285,603	\$ 5,271,884	\$ 4,818,989	\$ 4,390,327	\$ 4,637,415	\$ 4,466,451
Committed			626,236	524,538	863,807			936,100	208,900	290,930
Assigned			55,629	67,945	81,909	201,232	57,326	1,532,412	1,349,639	298,823
Unassigned			633,086	595,619	2,131,432	2,121,012	1,757,257	359,127	459,218	472,835
Total General Fund	<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>	<u>\$ 6,655,172</u>	<u>\$ 5,529,039</u>
All Other Governmental Funds										
Reserved		\$ 18,536,160								
Unreserved	\$ 1,769	18,436,725								
Restricted			\$ 3,544,259	\$ 2,682,320	\$ 112,723	\$ 238,428	\$ 217,185	\$ 1,354,153	\$ 4,898,207	\$ 1,082,373
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>\$ 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>	<u>\$ 4,898,207</u>	<u>\$ 1,082,373</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 75,238,284	\$ 78,193,475	\$ 82,687,514	\$ 84,428,933	\$ 86,150,328	\$ 87,847,977	\$ 89,437,119	\$ 91,260,570	\$ 93,959,972	\$ 94,784,956
Tuition	314,725	468,722	465,061	340,410	551,917	879,643	689,432	1,188,229	1,541,938	1,570,131
Interest Earnings	106,712	127,785	207,272	119,899	27,018	13,687	13,391			
Miscellaneous	2,471,838	2,372,905	2,284,237	2,391,509	2,924,860	3,124,804	2,142,073	1,620,019	1,954,998	2,187,119
State Sources	9,458,715	10,455,749	12,297,765	14,021,944	15,669,656	12,311,320	13,924,734	13,657,818	16,704,906	18,790,535
Federal Sources	1,275,193	2,025,226	1,963,964	1,893,252	1,672,701	1,297,519	1,256,141	1,377,359	1,294,706	1,277,600
Total Revenue	88,865,467	93,643,862	99,905,813	103,195,947	106,996,480	105,474,950	107,462,890	109,103,995	115,456,520	118,610,341
Expenditures										
Instruction										
Regular Instruction	28,362,247	29,667,390	30,442,131	30,223,875	30,930,494	31,968,923	32,726,271	41,966,925	44,795,853	47,820,687
Special Education Instruction	5,027,038	5,091,202	5,265,323	6,335,189	7,038,909	7,462,101	7,638,879	18,151,458	19,168,515	19,722,511
Other Special Instruction	1,325,825	1,294,233	957,878	1,349,859	1,352,093	1,417,159	1,450,732			
Other Instruction	2,076,127	2,156,305	1,925,886	1,776,047	1,866,881	1,709,523	1,750,022	3,510,599	3,749,114	4,063,010
School Sponsored Activities and Athletics								1,609,224	1,700,797	1,675,626
Support Services:										
Tuition	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	11,015,798	11,833,051	11,382,241	12,058,142	12,843,206	13,209,750	13,762,418	17,516,888	18,128,037	18,892,425
School Administration Services	1,207,743	1,179,235	926,283	911,760	897,146	896,078	812,902	4,967,525	5,175,251	5,295,387
General Administration Services	3,737,212	3,706,608	3,552,799	3,394,576	3,584,519	3,734,917	3,769,146	1,059,126	1,404,735	1,128,302
Central Services	1,294,683	1,264,768	1,174,765	1,177,958	1,181,180	1,246,810	1,182,702	1,494,132	1,625,937	1,496,184
Administrative Information Technology Services	681,177	760,859	589,380	617,686	548,276	679,276	774,375	1,142,986	1,301,853	1,115,710
Plant Operations And Maintenance	7,786,236	7,505,750	7,500,654	8,008,255	8,037,721	8,345,568	8,409,424	8,574,472	9,477,746	9,435,958
Pupil Transportation	2,995,211	2,832,276	2,644,397	2,664,944	2,806,253	2,939,264	3,020,649	3,301,115	3,352,012	3,703,386
Employee Benefits	15,603,662	16,241,126	17,271,044	18,897,615	20,406,898	18,215,072	19,683,350			
Special Schools	1,243,150	1,052,193	996,687	940,027	915,697	1,010,334	841,165			
Capital Outlay	2,307,514	3,824,054	25,114,187	21,742,993	6,127,501	2,266,611	3,461,864	1,317,861	6,740,799	5,163,118
Debt Service:										
Principal	1,135,000	1,190,000	1,260,000	1,565,000	1,640,000	1,755,000	1,975,000	3,019,821	3,394,979	3,339,836
Interest And Other Charges	774,549	716,821	2,102,778	2,085,255	2,053,173	2,004,717	1,745,785	1,726,086	1,425,961	1,579,309
Total Expenditures	91,424,614	95,295,847	118,595,348	120,017,707	108,743,758	105,261,834	109,901,610	109,358,218	121,441,589	124,431,449
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(2,559,147)	(1,651,985)	(18,689,535)	(16,821,760)	(1,747,278)	213,116	(2,438,720)	(254,223)	(5,985,069)	(5,821,108)
Other Financing Sources (Uses)										
Proceeds from Borrowing		38,420,000							6,660,000	
Premium (Discount) on Bonds		649				(31,800)			1,037,360	
Capital Leases (Non-Budgeted)	702,500	787,000	1,215,000	715,000	725,000	975,000	1,440,000	995,000	1,578,969	900,000
Proceeds from Refunding			3,609,274			5,300,000			32,860,000	
Payments to Refunded Bond Escrow Agent			(3,553,528)			(5,206,728)			(33,170,000)	
Special Item						105,000				
Transfers In		44,452	115,897	37,468	1,255		651,330		315,000	98,256
Transfers Out		(44,452)	(115,897)	(37,468)	(1,255)		(651,330)		(315,000)	(119,115)
Total Other Financing Sources (Uses)	702,500	39,207,649	1,270,746	715,000	725,000	1,141,472	1,440,000	995,000	8,966,329	879,141
Net Change In Fund Balances	\$ (1,856,647)	\$ 37,555,664	\$ (17,418,789)	\$ (16,106,760)	\$ (1,022,278)	\$ 1,354,588	\$ (998,720)	\$ 740,777	\$ 2,981,260	\$ (4,941,967)
Debt Service As A Percentage Of										
Noncapital Expenditures	2.14%	2.08%	3.60%	3.71%	3.60%	3.65%	3.50%	4.39%	4.20%	4.12%

* 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>Reimbursements/ Refunds</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>
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			278,441	38,575	797,985	258,817	32,868	1,794,591
2017	386,446	144,251	\$ 160,391		381,187	34,655		273,551	18,164	1,398,645
2018	407,209		261,231		319,600	65,865		287,598	25,361	1,366,864

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
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
2017	20,509,500	5,176,844,900	503,089,400	87,624,700	5,788,068,500		5,788,068,500	6,461,282,869	1.654
2018	17,793,600	5,198,029,600	505,395,700	87,624,700	5,808,843,600		5,808,843,600	6,651,451,246	1.678

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)

Assessment Year	Basic Rate	General Obligation Debt Services	Total District School	Overlapping Rates		Total Direct and Overlapping Tax Rate
				Village of Ridgewood	County of Bergen	
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
2017	1.601	0.053	1.654	0.560	0.270	2.484
2018	1.616	0.062	1.678	0.608	0.279	2.565

Source: The Village Tax Duplicate

(A) The Village reassessed real property effective 2013

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% Total of District Net Assessed Value
1200 E RIDGEWOOD LLC% CUSHMAN/WAKE	\$ 23,000,000	0.34%	\$ 27,683,800	0.41%
MILRIDGE REALTY, LLC	10,250,700	0.18%	14,030,100	0.21%
SL OAK MANOR OWNER LLC %601 W ASSOC	9,705,700	0.17%	14,413,500	0.21%
RIDGWD MAYFLOWER RLTY%KRIEGMAN&SMIT	8,700,600	0.15%	11,324,200	0.17%
CAMERON APARTMENTS	8,167,200	0.14%		
LUCERNE-RIDGEWOOD LLC	8,080,000	0.14%	9,802,700	0.15%
PONDVIEW MEDICAL CTR OF RIDGEWOOD	8,063,800	0.14%	10,240,400	0.15%
KIMCO RIDGEWOOD 615, INC.	7,452,500	0.13%		
VAN DYK HEALTH CARE	7,391,000	0.13%		
FRANKLIN-MAPLE LLC % P HIRSCHMANN	7,361,000	0.13%		
257 RIDGEWOOD AVENUE LLC			12,117,700	0.18%
KEW MANAGEMENT CORPORATION			10,516,500	0.16%
VERIZON - NEW JERSEY (Personal Property)			10,343,605	0.15%
STOP & SHOP SUPERMRKT% RE TAX DEPT			9,436,600	0.14%
Total	<u>\$ 98,172,500</u>	<u>1.64%</u>	<u>\$ 129,909,105</u>	<u>1.94%</u>

Source: Municipal Tax Assessor

The Village reassessed real property effective 2013

**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	
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
2017	93,959,972	93,959,972	100.00%	N/A
2018	94,784,956	94,784,956	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchases			
2009	\$ 15,881,000	\$ 1,333,071	\$ 17,214,071	24,181	\$ 712
2010	53,111,000	1,456,614	54,567,614	24,993	2,183
2011	51,915,000	1,866,566	53,781,566	25,159	2,138
2012	50,350,000	1,763,477	52,113,477	25,279	2,062
2013	48,710,000	1,662,254	50,372,254	25,398	1,983
2014	47,230,000	2,720,676	49,950,676	25,480	1,960
2015	45,255,000	3,137,662	48,392,662	25,607	1,890
2016	43,200,000	3,167,841	46,367,841	25,620	1,810
2017	47,275,000	3,626,831	50,901,831	25,692	1,981
2018	45,120,000	3,341,995	48,461,995	25,692 (A)	1,886

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			
2009	\$ 15,881,000		\$ 15,881,000	0.24%	\$ 657
2010	53,111,000		53,111,000	0.79%	2,125
2011	51,915,000		51,915,000	0.78%	2,063
2012	50,350,000		50,350,000	0.76%	1,992
2013	48,710,000		48,710,000	0.85%	1,918
2014	47,230,000		47,230,000	0.82%	1,854
2015	45,255,000		45,255,000	0.79%	1,767
2016	43,200,000		43,200,000	0.75%	1,686
2017	47,275,000	\$ 111,032	47,163,968	0.81%	1,836
2018	45,120,000	111,031	45,008,969	0.77%	1,752

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, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT: (1)			
School Purposes	\$ 47,000,000	\$ 47,000,000	
Local Utilities	33,367,365	33,367,365	
Municipal Purposes	<u>50,121,746</u>	<u>-</u>	<u>\$ 50,121,746</u>
	<u>\$ 130,489,111</u>	<u>\$ 80,367,365</u>	<u>50,121,746</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Bergen County			
County of Bergen (A)			47,475,771
Northwest Bergen County Utilities Authority (B)			<u>42,014</u>
			<u>47,517,785</u>
Total Direct and Overlapping Bonded Debt			<u>\$ 97,639,531</u>

SOURCE:

(1) Village of Ridgewood 2017 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 2017 equalized value by the total 2017 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 2017

Equalized Valuation Basis	
2017	\$ 6,616,447,759
2016	6,434,543,013
2015	<u>6,366,296,723</u>
	<u>\$ 19,417,287,495</u>
Average Equalized Valuation of Taxable Property	\$ 6,472,429,165
Debt Limit	258,897,167
Total Net Debt Applicable to Limit	<u>45,120,000</u>
Legal debt margin	<u>\$ 213,777,167</u>

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	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 266,708,799	\$ 270,146,454	\$ 266,850,895	\$ 260,721,259	\$ 253,879,774	\$ 200,299,151	\$ 199,955,909	\$ 247,500,182	\$ 253,282,184	\$ 258,897,167
Total Net Debt Applicable to Limit	<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>	<u>47,275,000</u>	<u>45,120,000</u>
Legal Debt Margin	<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>	<u>\$ 206,007,184</u>	<u>\$ 213,777,167</u>
Total net debt applicable to the limit as a percentage of debt limit	5.95%	19.66%	19.45%	19.31%	19.19%	23.58%	22.63%	17.45%	18.66%	17.43%

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>
2009	24,181	\$ 65,097	5.50%
2010	24,993	66,080	5.70%
2011	25,159	69,044	5.60%
2012	25,279	71,953	5.90%
2013	25,398	71,449	5.30%
2014	25,480	73,293	4.00%
2015	25,607	76,388	5.30%
2016	25,620	77,187	3.20%
2017	25,692	77,187 (A)	3.10%
2018	25,692 (A)	77,187 (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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	354	372	369	348	350	341	344	350	352	352
Special education	141	93	54	78	76	89	82	73	77	77
Other special education - suppl/mainstreaming	13	15	59	107	119	95	101	102	101	102
Other Instruction	1									
Support Services:										
Student & instruction related services	152	123	125	108	108	95	114	95	108	108
General administration	4	4	4	4	4	2	2	2	2	2
School administrative services	44	63	41	54	54	44	40	40	35	35
Central services	14	24	16	20	20	15	14	14	13	13
Administrative Information Technology	5	17	19	19	19	7	11	11	10	10
Plant operations and maintenance	16	9	2	7	6	3	2	2	3	3
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Special Schools	7	2	2	2	2	2	2	2	2	2
Infant/Toddler Development Center	33	33	33	33	32	33	33	33	33	33
Total	<u>785</u>	<u>756</u>	<u>725</u>	<u>781</u>	<u>791</u>	<u>727</u>	<u>746</u>	<u>725</u>	<u>737</u>	<u>738</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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	0.09%	96.87%
2017	5,678	109,577,063	19,299	5.65%	426.00	13.8	13.0	13.3	5,659	5,473.0	0.07%	96.71%
2018	5,691	114,349,186	20,093	4.12%	429.00	13.8	13.0	13.3	5,664	5,451.2	0.09%	96.24%

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Elementary										
<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	34	42	54	37	42	42	42	42	42	48
<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	405	416	407	405	407	407	407	407	423	408
<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	328	331	340	337	333	333	333	333	316	308
<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	478	478	500	497	514	514	514	514	432	442
<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	507	534	527	502	517	517	517	517	411	416
<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	416	416	407	395	365	365	365	365	385	389
<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	468	458	484	479	500	500	500	500	496	491
Middle School										
<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	692	691	691	697	738	738	738	738	711	713
<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	664	678	661	688	652	652	652	652	732	712

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
<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
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,652	1,664	1,662	1,663	1,684	1,684	1,684	1,684	1,730	1,746
<u>Other</u>										
Central Administration (1895)										
Square Feet	32,640	32,640	32,640	32,640	32,640	32,640	32,640	32,640	32,640	32,640

Number of Schools at June 30, 2018
 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

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
*School Facilities	School #										
Ridgewood High School	050	\$ 387,746	\$ 469,753	\$ 28,872	\$ 377,586	\$ 374,705	\$ 355,471	\$ 346,196	\$ 351,787	\$ 493,690	\$ 477,170
Benjamin Franklin Middle School	060	198,025	221,103	75,875	349,328	287,346	204,427	199,093	269,770	295,869	365,920
George Washington Middle School	070	73,267	158,124	122,790	173,071	149,408	141,019	137,340	141,119	216,994	191,417
Glen Elementary School	080	72,943	18,158	20,656	37,476	41,200	52,398	51,031	38,681	73,316	52,467
Hawes Elementary School	085	131,657	45,628	46,837	25,864	52,821	89,505	87,170	56,341	72,499	76,423
Ridge Elementary School	090	64,070	99,958	73,875	52,033	71,565	66,201	64,474	67,726	79,050	91,865
Somerville Elementary School	100	82,723	169,905	186,173	116,760	102,623	142,082	138,375	96,347	115,136	130,685
Travel Elementary School	110	87,790	79,188	140,485	83,408	69,120	70,942	69,091	67,726	117,861	91,865
Orchard Elementary School	120	111,325	71,535	204,931	126,520	58,103	66,450	64,716	59,697	101,684	80,974
Willard Elementary School	130	92,656	133,068	427,402	25,329	76,213	73,703	71,780	71,551	99,301	97,054
Education Center	999	20,321	46,167	134,943	111,929	49,259	83,579	81,398	46,246	55,209	62,729
Total School Facilities		<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>	<u>\$1,720,609</u>	<u>\$ 1,718,569</u>

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
PACKAGE POLICY - Great American Ins. Co.		
Property	\$ 262,768,595	\$ 5,000
Earthquake/Flood (Outside Zones A & V)	5,000,000	50,000
Flood (Zones A & V)	2,000,000	500,000
Automobile	1,000,000	\$1,000/COMP&COLL
Comprehensive General Liability	1,000,000	1,000
Crime (Non-Statutory Bonds) Selective Ins. Co.	\$100,000 Per Employee \$500,000 Excess	5,000
Boiler & Machinery	262,768,595	
ENVIRONMENTAL - ACE	4,000,000 20,000,000 Group Aggregate	15,000
EDUCATOR'S LEGAL LIABILITY/ EMPLOYMENT PRACTICES - Greenwich	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



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

**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 Education
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, 2018 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 January 24, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

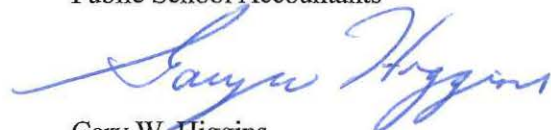
As part of obtaining reasonable assurance about whether the Ridgewood Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we 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 January 24, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 24, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT LERCH, CPA

**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 Education
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, 2018. 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 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The Ridgewood Board of Education's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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. However, material weaknesses may exist that have not been identified.

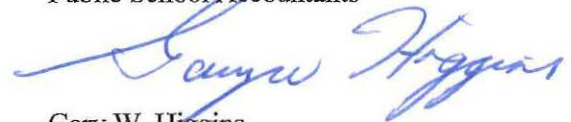
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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, 2018 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 January 24, 2019, 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
January 24, 2019

RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	July 1, 2017		A/R Carryover Amount	Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustment	Deferred Revenue Adjustment	Refund of Prior Years' Balances	June 30, 2018			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	1805NI5MAP	7/01/17-6/30/18	\$ 3,762	-	-	-	-	\$ 3,762	\$ 3,762	-	-	-	-	-	-	-
Total General Fund					-	-	-	-	3,762	3,762	-	-	-	-	-	-	-
Special Revenue Fund																	
U.S. Department of Education																	
Passed-through State Department of Education																	
IDEA Part B	84.027	H027A170100	7/1/17-6/30/18	988,793					988,793	988,793							
ID.E.A. Preschool	84.173	H173A170114	7/1/17-6/30/18	36,917	-	-	-	-	36,917	36,917	-	-	-	-	-	-	-
Total Special Education Cluster (IDEA)					-	-	-	-	1,025,710	1,025,710	-	-	-	-	-	-	-
Title I Part A	84.010	S010A170030	7/1/17-6/30/18	152,940			\$ (699)	\$ 699	82,657	138,087				\$ (70,982)	\$ 15,552		\$ (55,430)
Title I Part A	84.010	S010A160030	7/1/16-6/30/17	154,774	\$ (98,466)	\$ 699	699	(699)	97,767								
Title II A	84.367	S367A170029	7/1/17-6/30/18	83,489					46,884	83,489				(36,605)	-		(36,605)
Title II A	84.367	S367A160029	7/1/16-6/30/17	68,568	(32,815)				32,815								
Title III	84.365	S365A170030	7/1/17-6/30/18	26,472			(2,891)	2,891	14,557	25,879				(14,806)	3,484		(11,322)
Title III	84.365	S365A160030	7/1/16-6/30/17	25,634	(16,832)	2,891	2,891	(2,891)	13,941								
Title III, Immigrant	84.365	S365A170030	7/1/17-6/30/18	13,260			(4,387)	4,387			\$ 4,387	\$ (4,387)		(13,260)	13,260		-
Title III, Immigrant	84.365	S365A160030	7/1/16-6/30/17	14,286	(14,286)	4,387	4,387	(4,387)	9,899								
Total Title III Cluster					(31,118)	7,278	-	-	38,397	25,879	4,387	(4,387)	-	(28,066)	16,744	-	(11,322)
Teaching American History	84.215X	N/A	9/1/10-8/31/15	999,479	-	5,383	-	-	-	-	-	-	-	-	5,383	-	-
Total U.S. Department of Education					(162,399)	13,360	-	-	1,324,230	1,273,165	4,387	(4,387)	-	(135,653)	37,679	-	(103,357)
U.S. Department of Homeland Security																	
Passed-through the New Jersey State Police																	
Disaster Grants - Public Assist.	97.036	N/A	9/1/12-8/31/13	208,188	(29,143)	-	-	-	-	-	-	-	-	(29,143)	-	-	(29,143)
Total Special Revenue Fund					(191,542)	13,360	-	-	1,324,230	1,273,165	4,387	(4,387)	-	(164,796)	37,679	-	(132,500)
Total Federal Awards					\$ (191,542)	\$ 13,360	\$ -	\$ -	\$ 1,327,992	\$ 1,276,927	\$ 4,387	\$ (4,387)	\$ -	\$ (164,796)	\$ 37,679	\$ -	\$ (132,500)

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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Accounts Receivable Adjustment	Deferred Revenue Adjustment	Refund of Prior Years' Balances	June 30, 2018			MEMO	
				(Accounts Receivable)	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
General Fund																
State Department of Education																
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 2,049,826				\$ 1,884,999	\$ 2,049,826				\$ (164,827)				\$ 2,049,826
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,792,061	\$ (118,754)			118,754									
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	98,280				90,377	98,280				(7,903)				98,280
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	98,280	(6,513)			6,513									
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	56,660				52,104	56,660				(4,556)				56,660
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	56,660	(3,755)			3,755									
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	56,660				52,104	56,660				(4,556)				56,660
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	56,660	(3,755)			3,755									
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	55,375				50,522	55,375				(4,853)				55,375
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	55,375	(3,669)			3,669									
Total State Aid Public Cluster				(136,446)	-	-	2,266,952	2,316,801				(186,295)				2,316,801
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	136,964				125,951	136,964				(11,013)				136,964
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	136,964	(9,076)			9,076									
Additional Non Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	46,358					46,358				(46,358)		\$ (46,358)		46,358
Additional Non Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	23,260	(23,260)			23,260									
Total State Aid Transportation Cluster				(32,336)	-	-	158,287	183,322				(57,371)			(46,358)	183,322
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	1,687,869					1,687,869				(1,687,869)				1,687,869
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	1,745,399	(1,745,399)			1,745,399									
Payment of Institutionalized Children Unknown District of Residence	18-495-034-5120-005	7/1/17-6/30/18	118,664				118,664	118,664								118,664
Payment of Institutionalized Children Unknown District of Residence	17-495-034-5120-005	7/1/16-6/30/17	170,923	(76,998)			76,998									
Lead Testing Reimbursement	18-495-034-5120-104	7/1/17-6/30/18	9,774					9,774								9,774
On-Behalf TPAF Pension Benefits	18-495-034-5094-002	7/1/17-6/30/18	6,318,406				6,318,406	6,318,406								6,318,406
On-Behalf TPAF - Pension - NCGH Premium	18-495-034-5094-004	7/1/17-6/30/18	153,332				153,332	153,332								153,332
On-Behalf TPAF - Post Retirement Medical Contributions	18-495-034-5094-001	7/1/17-6/30/18	4,179,958				4,179,958	4,179,958								4,179,958
On-Behalf TPAF - Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	6,935				6,935	6,935								6,935
Reimbursed TPAF Social Security Contr.	18-495-034-5094-003	7/1/17-6/30/18	3,376,281				3,208,384	3,376,281				(167,897)		(167,897)		3,376,281
Reimbursed TPAF Social Security Contr.	18-495-034-5094-003	7/1/17-6/30/18	3,376,281	(163,209)			163,209									
Total General Fund				(2,154,388)	-	-	18,406,298	18,351,342				(2,099,432)			(214,255)	18,351,342
Special Revenue Fund																
N.J. Nonpublic Aid:																
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	1,314				1,314	1,311						\$ 3		1,311
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	1,844			\$ 299					\$ 299					-
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	888				888	818						70		818
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	832			66					66					-
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	1,800				1,800	1,705						95		1,705
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	1,600			354					354					-
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	2,328				2,328	775						1,553		775
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	2,880			2,784					2,784					-
Total Special Revenue Fund						3,503	6,330	4,609				3,503			1,721	4,609
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									-
NISDA - RHS HVAC Upgrades	4390-050-14-1002	6/27/14-completion	296,800	(296,799)	\$ 42,733		263,703		\$ 33,096	\$ (42,733)						-
NISDA - RHS Window Replacement	4390-050-14-1003	6/27/14-completion	137,420	(137,419)	15,417		123,394		14,025	(15,417)						-
Total Capital Projects Fund				(1,466,952)	58,150		1,419,831		47,121	(58,150)						-
Debt Service Fund																
Debt Service Aid	18-495-034-5120-017	7/1/17-6/30/18	417,813				417,813	417,813								417,813
Total State Financial Subject to Single Audit Determination				\$ (3,621,340)	\$ 58,150	\$ 3,503	\$ 20,250,272	\$ 18,773,764	\$ 47,121	\$ (58,150)	\$ 3,503	\$ (2,099,432)	\$ -	\$ 1,721	\$ (214,255)	\$ 18,773,764
Less Amounts Not Subject to Single Audit:																
On-Behalf TPAF Pension Benefits	18-495-034-5094-002	7/1/17-6/30/18	6,318,406				(6,318,406)	(6,318,406)								(6,318,406)
On-Behalf TPAF - Pension - NCGH Premium	18-495-034-5094-004	7/1/17-6/30/18	153,332				(153,332)	(153,332)								(153,332)
On-Behalf TPAF - Post Retirement Medical Contributions	18-495-034-5094-001	7/1/17-6/30/18	4,179,958				(4,179,958)	(4,179,958)								(4,179,958)
On-Behalf TPAF - Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	6,935				(6,935)	(6,935)								(6,935)
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (3,621,340)	\$ 58,150	\$ 3,503	\$ 9,991,641	\$ 8,115,133	\$ 47,121	\$ (58,150)	\$ 3,503	\$ (2,099,432)	\$ -	\$ 1,721	\$ (214,255)	\$ 8,115,133

**RIDGEWOOD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 schedule 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 Title 2 U.S. Code of Federal Regulations Part 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 an increase of \$5,744 for the general fund and an increase of \$82,039 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	\$ 3,762	\$ 18,357,086	\$ 18,360,848
Special Revenue Fund	1,273,838	4,609	1,278,447
Capital Projects Fund		11,027	11,027
Debt Service Fund	-	417,813	417,813
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 1,277,600</u>	<u>\$ 18,790,535</u>	<u>\$ 20,068,135</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, 2018**

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 \$3,376,281 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$6,471,738, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,179,958 and TPAF Long-Term Disability Insurance in the amount of \$6,935 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contribution payments 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, 2018**

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)? yes X none reported

Noncompliance material to the basic financial statements noted? yes X 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>
84.027	H027A170100	IDEA Basic
84.173	H173A170114	IDEA Preschool

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

Auditee qualified as low-risk auditee? X yes no

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I -- Summary of Auditor's Results

State Awards Section

Auditee qualified as low-risk auditee? yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes no

 2) Significant deficiencies identified that are not
 considered to be material weakness(es)? yes 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? yes no

Identification of major State programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low rise auditee yes no

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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*.

There are none.

**RIDGEWOOD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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

Finding 2018-001

Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable wages.

State Program Information

Reimbursed TPAF Social Security Contributions	495-034-5094-003
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Criteria or Specific Requirement

State Grant Compliance Supplement

Condition

Salaries used to determine State reimbursements for FICA paid for T.P.A.F. members included certain non-pensionable wages.

Questioned Costs

Unknown.

Context

Imputed income, a non-pensionable wage, was included in the salaries used to determine the amount to be reimbursed by the State.

Effect

Amounts reimbursed by State did not reflect actual FICA paid on T.P.A.F. members' pensionable wages.

Cause

See context.

Recommendation

The District review with its financial accounting software vendor the T.P.A.F FICA calculation to ensure T.P.A.F. FICA reimbursements are based only on pensionable wages subject to FICA.

View of Responsible Officials and Planned Corrective Action

Management agrees with this finding and had indicated that procedures will be implemented to take corrective action.

**RIDGEWOOD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

There were none.

**RIDGEWOOD BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

**RIDGEWOOD BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Auditor's Management Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
School Food Service	5
Infant/Toddler Development Fund	6
One to One Initiative	6
Community School	6
Student Body Activities	6-7
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Number of Meals Served and (Over)/Underclaim – Not Applicable	8
Comparison of Net Cash Resources to Three Months Average Expenditures	9
Application for State School Aid	10-12
Calculation of Excess Surplus	13
Recommendations	14-15
Acknowledgment	15



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. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

AUDITOR'S MANAGEMENT REPORT

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

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Ridgewood Board of Education as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 24, 2019.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, management, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

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

Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's Comprehensive Annual Financial Report (the "CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dr. Alfredo Aguilar	School Business Administrator/Board Secretary	\$500,000
Mr. Angelo DeSimone	Treasurer of School Monies	\$500,000

There is a blanket dishonesty bond covering all other employees, including faithful performance for elected officials, in the amount of \$100,000 per loss.

Financial Planning, Accounting and Reporting

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures and certifications.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were certified by the President of the Board, the Board Secretary/School Business Administrator and the Superintendent.

Salary withholdings were remitted to the proper agencies, including health benefit withholdings due to the General Fund.

The District maintains a personnel tracking and accounting (Position Control) system.

The required certification (E-CERTI) of compliance with requirements of income tax on compensation of District Administration was filed with the NJ Department of Treasury by the due date.

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

Travel

The District had an approved board travel policy as required by N.J.A.C. 6A:23A-6-13 and N.J.S.A. 18A:11-12. No exceptions were noted pertaining to travel expenses tested.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in fair condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Monthly Board Secretary's report and certifications were approved by the Board in a timely manner.

Finding – The District had total budget transfers from a general fund budget line that on a cumulative basis exceeded 10% of the total advertised general fund budget line appropriation.

Recommendation – Executive County Superintendent's approval be obtained for all transfers that exceed ten percent (10%) of the original advertised budget appropriation.

Treasurer's Records

The Treasurer did perform cash reconciliations for all District bank accounts.

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the Board Secretary.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, II and III of the Elementary and Secondary Education Act, as amended.

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

Finding (CAFR Finding 2018-001) – Our audit of the TPAF FICA reimbursements revealed the salaries used to determine the amount reimbursed by the state for FICA included certain non-pensionable wages.

Recommendation – The District review with its financial accounting software vendor the TPAF FICA calculations to ensure TPAF FICA reimbursements are based only on pensionable wages subject to FICA.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Offices of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law".

Effective April 17, 2000, N.J.S.A. 18A:18A (Public School Contracts Law) was revised by P.L. 1999, C. 440.

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000. The School Business Administrator/Board Secretary is a Qualified Purchasing Agent and the bid threshold has been approved by resolution at \$40,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The results of our examination did indicate that payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S. 18A:18A-4, as amended.

Finding – Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- Contracts awarded through national cooperative purchasing agreements were not subsequently advertised in the official newspaper.
- Vendor invoices for paving services awarded through Ed Data cooperative purchasing did not include both square footage and cost per square foot on certain invoices and rates charged were not verified to approved Ed Data rates.

Recommendation – Contracts awarded through national cooperative purchasing agreements be subsequently advertised. In addition vendor invoices be itemized and rates charged for paving services be in agreement with approved Ed Data cooperative purchasing rates.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal that purchases were made through the use of state contracts.

School Food Service

The District did not participate in the National School Lunch program.

The financial transactions and records of the school food services were maintained in satisfactory condition. The financial accounts and records were reviewed on a test-check basis.

The district utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18a:17-34, and 19-1 through 19.4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a \$10,000 profit to the District. The operating results provision has been met.

Cash receipts and bank records were reviewed for timely deposits.

Expenses were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenses for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

The District has contracted with Pomptonian Food Services, Inc. to operate its school food service program.

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Infant/Toddler Development and Inclusive Preschool Fund

The financial transactions of the Infant/Toddler Development and Inclusive Preschool Funds were maintained as Enterprise Funds. The financial accounts and records were reviewed on a test-check basis.

Finding – Our audit of the Infant/Toddler Development Fund revealed that certain deposits were not turned over to the business office on a timely basis.

Recommendation – Infant/Toddler Development Fund deposits be turned over to the business office on a timely basis.

One to One Initiative

The financial transactions of the One to One Initiative Program were maintained as an Enterprise Fund. The financial accounts and records were reviewed on a test-check basis.

Cash receipt records and bank records were reviewed for timely deposits and proper fee charges.

Cash disbursement records had supporting documentation and reflected program related expenses.

Community School

The Financial transactions of the Community School program were maintained in the General Fund. The financial accounts and records were reviewed on a test-check basis.

Student Body Activities

The Board has a policy which clearly establishes the regulation of student activity funds.

Cash receipts and cash disbursements records were maintained in fair condition.

All cash disbursements had proper supporting documentation.

Finding – Our audit of the various student activity accounts revealed the following:

Orchard and Travel Elementary Schools and George Washington Middle School

- Voucher approval requests were not approved.

Benjamin Franklin Middle School

- Pre-numbered receipts were not utilized.

Ridgewood High School

- There exists prior year outstanding checks and deposits in transit on the monthly bank reconciliations.
- Certain deposits were not made in a timely manner.

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Student Body Activities (Continued)

Athletics Account

- There exist prior year outstanding checks and deposits in transit on the monthly bank reconciliations.
- Certain transactions were incorrectly posted in the general ledger account software.

Recommendation – Continued efforts be made in the student body activity accounts to properly record and account for all related transactions.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, on-roll low-income and Limited English Proficient. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with immaterial exceptions. The information on the District workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary with material exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our testing, the District did not comply with proper bidding procedures and award of contracts. An exception was noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreements for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction.

Capital assets records were properly maintained.

**RIDGEWOOD BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

**COMPARISON OF NET CASH RESOURCES TO THREE
MONTHS AVERAGE EXPENDITURES
ENTERPRISE FUNDS
AS OF JUNE 30, 2018**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	193,131
Accounts Receivable		6,565

Current Liabilities

Less:

Accounts Payable	(30,697)
Due to Other Funds	(54,225)
Unearned Revenue	<u>(47,758)</u>

Net Cash Resources	\$	<u>67,016</u>
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	1,969,904
Less Depreciation		<u>(23,087)</u>

Adjusted Total Operating Expense	\$	<u>1,946,817</u>
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<u>Average Monthly Operating Expense:</u>	\$	<u>194,682</u>
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<u>Three Times Monthly Average:</u>	\$	<u>584,045</u>
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Total Net Cash Resources	\$	67,016
Three Times Monthly Average		<u>584,045</u>

Net Cash Resources below Three Month Average Expenses	\$	<u>(517,029)</u>
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**RIDGEWOOD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017
SCHEDULE OF AUDITED ENROLLMENTS**

	2018 - 2019 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Full Day Pre-School 3yr	13		13	-	-	-		13	-	4		9	-				-
Full Day Pre-School 4yr	11		11					11		11							-
Full Day Kindergarten	349		349					71		71							-
One	337		337	-	-	-		60		60		-	-				-
Two	373		373	-	-	-		60		60		-	-				-
Three	378		378	-	-	-		45		45		-	-				-
Four	362		362	-	-	-		72		72		-	-				-
Five	381		381	-	-	-		64		64		-	-				-
Six	393		394	-		(1)		213		212		1	-				-
Seven	417		417	-	-	-		198		198		-	-				-
Eight	423		423	-	-	-		213		213		-	-				-
Nine	371		370	-		1		370		370		-	-				-
Ten	392		389	-		3		389		389		-	-				-
Eleven	383		382	-		1		382		382		-	-				-
Twelve	383		383	-	-	-		383		383		-	-				-
Adult School (15+cr)	-		-					-		-		-	-				-
Subtotal	4,966	-	4,962	-		4		2,544	-	2,534	-	10	-				-
Sp. Ed. - Elementary	298		298			-		61		61		-	-	20	17	17	-
Sp. Ed. - Middle School	192		191			1		99		99		-	-	14	12	12	-
Sp. Ed. - High School	216	2	216	2		-		216		215		1	-	24	21	21	-
Subtotal	706	2	705	2		1		376	-	375	-	1	-	58	50	50	-
Totals	5,672	2	5,667	2		5		2,920	-	2,909	-	11	-	58	50	50	-
Percentage Error						0.09%	0.00%					0.38%					0.00%

**RIDGEWOOD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
	Full Day Kindergarten	3.0	3.0	-	2.0	2.0	-	2.0	2.0	-	2.0	2.0
One	5.0	5.0	-	2.0	2.0	-	2.0	2.0	-	2.0	2.0	-
Two	6.0	6.0	-	3.0	3.0	-	-	-	-	-	-	-
Three	4.0	4.0	-	2.0	2.0	-	1.0	1.0	-	1.0	1.0	-
Four	2.0	2.0	-	1.0	1.0	-	-	-	-	-	-	-
Five	4.0	4.0	-	2.0	2.0	-	2.0	2.0	-	2.0	2.0	-
Six	6.0	6.0	-	3.0	3.0	-	-	-	-	-	-	-
Seven	6.0	6.0	-	3.0	3.0	-	-	-	-	-	-	-
Eight	6.0	6.0	-	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-
Nine	3.0	3.0	-	2.0	2.0	-	-	-	-	-	-	-
Ten	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-	1.0	1.0	-
Eleven	6.0	6.0	-	3.0	3.0	-	-	-	-	-	-	-
Twelve	3.0	3.0	-	1.0	1.0	-	1.0	1.0	-	1.0	1.0	-
Adult School (15+ credits)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	57.0	57.0	-	28.0	28.0	-	10.0	10.0	-	10.0	10.0	-
Special Ed. - Elementary	19.0	19.0	-	9.0	9.0	-	3.0	3.0	-	3.0	3.0	-
Special Ed. - Middle	10.0	9.0	1.0	4.0	4.0	-	-	-	-	-	-	-
Special Ed. - High	16.0	16.0	-	8.0	8.0	-	-	-	-	-	-	-
Subtotal	45.0	44.0	1.0	21.0	21.0	-	3.0	3.0	-	3.0	3.0	-
Co.Voc. -Regular												
Co.Voc. Ft. Post Sec.												
Totals	102.0	101.0	1.0	49.0	49.0	-	13.0	13.0	-	13.0	13.0	-
Percentage Error			<u>0.99%</u>			<u>0.00%</u>						<u>0.00%</u>

	Transportation					
	Reported on DRTRS by BOE	Reported on DRTRS by District	Errors(1)	Tested	Verified	Errors
	Regular Public Students	369.0	369.0	-	35.0	35.0
Transported Non-Public Students	111.0	111.0	-	11.0	11.0	-
Regular Special Education (w/o needs)	143.0	140.0	3.0	13.0	12.0	(1.0)
Special Ed Students (w/special needs or out of district)	75.0	75.0	-	7.0	7.0	-
	<u>698.0</u>	<u>695.0</u>	<u>3.0</u>	<u>66.0</u>	<u>65.0</u>	<u>(1.0)</u>
Percentage Error			<u>0.43%</u>			<u>-1.52%</u>

**RIDGEWOOD BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2017
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as LEP Not low Income	Reported on Workpapers as LEP Not low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	13.0	13.0	-	5.0	5.0	-
One	14.0	14.0	-	6.0	6.0	-
Two	13.0	13.0	-	5.0	5.0	-
Three	15.0	15.0	-	6.0	6.0	-
Four	6.0	6.0	-	3.0	3.0	-
Five	10.0	10.0	-	4.0	4.0	-
Six	6.0	6.0	-	3.0	3.0	-
Seven	8.0	8.0	-	3.0	3.0	-
Eight	4.0	4.0	-	1.0	1.0	-
Nine	12.0	12.0	-	5.0	5.0	-
Ten	6.0	6.0	-	3.0	3.0	-
Eleven	4.0	4.0	-	2.0	2.0	-
Twelve	1.0	1.0	-	1.0	1.0	-
Adult School (15+ credits)	-	-	-	-	-	-
Subtotal	112.0	112.0	-	47.0	47.0	-
Special Ed. - Elementary	3.0	3.0	-	1.0	1.0	-
Special Ed. - Middle	-	-	-	-	-	-
Special Ed. - High	1.0	1.0	-	1.0		1.0
Subtotal	4.0	4.0	-	2.0	1.0	1.0
Co.Voc. -Regular						
Co.Voc. Ft. Post Sec.						
Totals	116.0	116.0	-	49.0	48.0	1.0
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**RIDGEWOOD BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus

2017-2018 Total General Fund Expenditures per the CAFR	\$ 114,041,405
Decreased by:	
On-Behalf TPAF Pension & Social Security	(14,034,912)
Assets Acquired Under Capital Leases	-
 Adjusted 2017-2018 General Fund Expenditures	 \$ 100,006,493
 2% of Adjusted 2017-2018 General Fund Expenditures	 \$ 2,000,130
 Enter Greater of 2% of Adjusted 2017-2018 General Fund Expenditures or \$250,000	 \$ 2,000,130
Increased by:	
Allowable Adjustments	357,882
 Maximum Unassigned Fund Balance	 \$ 2,358,012

SECTION 2

Total General Fund - Fund Balance at June 30, 2018	\$ 7,414,216
Decreased by:	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 750,000
Capital Reserve	1,316,451
Capital Reserve - Designated for Subsequent Year's Expenditures	1,500,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	50,000
Emergency Reserve - Designated for Subsequent Year's Expenditures	100,000
Year End Encumbrances	332,753
Designated for Subsequent Year's Expenditures	257,000
	4,306,204
 Total Unassigned Fund Balance	 \$ 3,108,012

SECTION 3

Restricted Fund Balance - Reserved Excess Surplus	\$ 750,000
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Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 750,000
Reserved Excess Surplus	750,000
	\$ 1,500,000

Detail of Allowable Adjustments

Extraordinary Aid	\$ 311,524
Nonpublic Transportation Aid	46,358
	\$ 357,882

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Executive County Superintendent's approval be obtained for all transfers that exceed ten percent (10%) of the original advertised budget appropriation.
2. The District review with its financial accounting software vendor the TPAF FICA calculations to ensure TPAF FICA reimbursements are based only on pensionable wages subject to FICA.

III. School Purchasing Program

It is recommended that contracts awarded through national cooperative purchasing agreements be subsequently advertised. In addition vendor invoices be itemized and rates charged for paving services be in agreement with approved Ed Data cooperative purchasing rates.

IV. School Food Service

There are none.

V. Infant/Toddler Development and Inclusive Preschool Funds

- * It is recommended that Infant/Toddler Development Fund deposits be turned over to the business office on a timely basis.

VI. One to One Initiative

There are none.

VII. Community School Program

There are none.

**RIDGEWOOD BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

RECOMMENDATIONS

VIII. Student Body Activities

- * It is recommended that continued efforts be made in the student body activity accounts to properly record and account for all related transactions.

IX. Application for State School Aid

There are none.

X. Pupil Transportation

There are none.

XI. Facilities and Capital Assets

There are none.

XII. Status of Prior Years' Audit Findings/Recommendations

A review was performed on the prior year's recommendations and corrective action was taken on all except those denoted with an asterisk.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Gary W. Higgins
Public School Accountant
Certified Public Accountant

RIDGEWOOD BOARD OF EDUCATION

SYNOPSIS OF AUDIT

FOR THE YEAR ENDED

JUNE 30, 2017

**RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<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	\$ 5,565,678	\$ 177,671	\$ 3,616,701	\$ 111,032	\$ 9,471,082
Restricted, Cash with Fiscal Agent			914,161		914,161
Receivables, Net					
Receivables from Other Governments	556,583	183,565	1,466,952		2,207,100
Other Accounts Receivable	94,348				94,348
Due from Other Funds	1,320,081	-	-	-	1,320,081
	<u>1,320,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,081</u>
Total Assets	<u>\$ 7,536,690</u>	<u>\$ 361,236</u>	<u>\$ 5,997,814</u>	<u>\$ 111,032</u>	<u>\$ 14,006,772</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 335,488	\$ 47,914	\$ 35,044		\$ 418,446
Payable to State Government		3,503			3,503
Due to Other Funds			1,117,445		1,117,445
Unearned Revenue	546,030	309,819	58,150	-	913,999
	<u>546,030</u>	<u>309,819</u>	<u>58,150</u>	<u>-</u>	<u>913,999</u>
Total Liabilities	<u>881,518</u>	<u>361,236</u>	<u>1,210,639</u>	<u>-</u>	<u>2,453,393</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	750,000				750,000
Excess Surplus - Designated for					
Subsequent Year's Expenditures	750,000				750,000
Capital Reserve	1,587,415				1,587,415
Capital Reserve - Designated for					
Subsequent Year's Expenditures	750,000				750,000
Capital Lease Equipment					
Reserve			914,161		914,161
Maintenance Reserve	200,000				200,000
Maintenance Reserve - Designated for					
Subsequent Year's Expenditures	200,000				200,000
Emergency Reserve	100,000				100,000
Emergency Reserve - Designated for					
Subsequent Year's Expenditures	300,000				300,000
Capital Projects			3,873,014		3,873,014
Debt Service				\$ 111,032	111,032
Committed Fund Balance					
Year End Encumbrances	208,900				208,900
Assigned Fund Balance					
Year End Encumbrances	419,839				419,839
Designated for Subsequent Year's					
Expenditures	929,800				929,800
Unassigned Fund Balance:					
General Fund	459,218	-	-	-	459,218
	<u>459,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,218</u>
Total Fund Balances	<u>6,655,172</u>	<u>-</u>	<u>4,787,175</u>	<u>111,032</u>	<u>11,553,379</u>
Total Liabilities and Fund Balances	<u>\$ 7,536,690</u>	<u>\$ 361,236</u>	<u>\$ 5,997,814</u>	<u>\$ 111,032</u>	<u>\$ 14,006,772</u>

**RIDGEWOOD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 90,636,248			\$ 3,323,724	\$ 93,959,972
Tuition	1,541,938				1,541,938
Miscellaneous	1,398,645	\$ 555,077	\$ 1,276	-	1,954,998
Total - Local Sources	<u>93,576,831</u>	<u>555,077</u>	<u>1,276</u>	<u>3,323,724</u>	<u>97,456,908</u>
State Sources	16,260,335	3,653		440,918	16,704,906
Federal Sources	-	1,294,706	-	-	1,294,706
Total Revenues	<u>109,837,166</u>	<u>1,853,436</u>	<u>1,276</u>	<u>3,764,642</u>	<u>115,456,520</u>
EXPENDITURES					
Current					
Instruction:					
Regular	44,000,206	357,382	\$ 438,265		44,795,853
Special Education	18,135,185	1,033,330			19,168,515
Other Instruction	3,571,731	177,383			3,749,114
School Sponsored Activities and Athletics	1,700,797				1,700,797
Support Services					
Student and Instruction Related Services	17,990,206	137,831			18,128,037
School Administrative Services	5,173,877		1,374		5,175,251
General Administration Services	1,092,904		9,044		1,101,948
Central Services	1,624,563		1,374		1,625,937
Administration Information Technology	1,179,250		122,603		1,301,853
Plant Operations And Maintenance	9,475,173		2,573		9,477,746
Pupil Transportation	3,338,945	13,067			3,352,012
Debt Service:					
Principal	1,070,158	49,821		2,275,000	3,394,979
Interest and Other Charges	47,350			1,378,611	1,425,961
Cost of Issuance			28,305	274,482	302,787
Advanced Refunding Escrow				3,526,091	3,526,091
Capital Outlay	2,348,584	84,622	4,307,593	-	6,740,799
Total Expenditures	<u>110,748,929</u>	<u>1,853,436</u>	<u>4,911,131</u>	<u>7,454,184</u>	<u>124,967,680</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(911,763)</u>	<u>-</u>	<u>(4,909,855)</u>	<u>(3,689,542)</u>	<u>(9,511,160)</u>
Other Financing Sources (Uses)					
Payment to Refunding Bond Escrow Agent				(33,170,000)	(33,170,000)
Refunding Bond Proceeds				32,860,000	32,860,000
Premium on Refunding Bond				4,110,573	4,110,573
Proceeds from Sale of Bonds			6,660,000	-	6,660,000
Premium on Sale of Bonds			452,878		452,878
Capital Lease Proceeds (Non Budget)	663,969	-	915,000	-	1,578,969
Transfers In			315,000		315,000
Transfers Out	(315,000)	-	-	-	(315,000)
Total Other Financing Sources (Uses)	<u>348,969</u>	<u>-</u>	<u>8,342,878</u>	<u>3,800,573</u>	<u>12,492,420</u>
Net Change in Fund Balances	<u>(562,794)</u>	<u>-</u>	<u>3,433,023</u>	<u>111,031</u>	<u>2,981,260</u>
Fund Balance, Beginning of Year	<u>7,217,966</u>	<u>-</u>	<u>1,354,152</u>	<u>1</u>	<u>8,572,119</u>
Fund Balance, End of Year	<u>\$ 6,655,172</u>	<u>\$ -</u>	<u>\$ 4,787,175</u>	<u>\$ 111,032</u>	<u>\$ 11,553,379</u>

**RIDGEWOOD BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Transfers to the Payroll Agency account for employer taxes and employee tax deductions be in agreement with the supporting bi-monthly payroll records.
2. The detailed billing and accounts receivable ledgers for tuition and facility rentals be reconciled with the general ledger accounts receivable balances on a monthly basis.

III. School Purchasing Program

There are none.

IV. School Food Service

There are none.

V. Infant/Toddler Development and Disclosure Preschool Funds

It is recommended that:

1. Corrective action be taken to eliminate the deficits at June 30, 2017 in the Infant/Toddler Development and Inclusive Preschool Funds.
- * 2. Infant/Toddler Development Fund deposits be turned over to the business office on a timely basis.

VI. One to One Initiative

There are none.

VII. Community School Program

There are none.

**RIDGEWOOD BOARD OF EDUCATION
RECOMMENDATIONS**

VIII. Student Body Activities

It is recommended that continued efforts be made in the student body activity accounts to properly record and account for all related transactions.

IX. Application for State School Aid

There are none.

X. Pupil Transportation

There are none.

XI. Facilities and Capital Assets

There are none.

XII. Status of Prior Years' Audit Findings/Recommendations

A review was performed on the prior year's recommendations and corrective action was taken on all except those denoted with an asterisk.

**RIDGEWOOD PUBLIC SCHOOLS
CORRECTIVE ACTION PLAN
FY18 AUDIT**



Superintendent
Dr. Daniel Fishbein



Business Administrator/Board Secretary
Antoinette Kelly

PRESENTED AT THE PUBLIC MEETING OF

Audit Area	Auditor's Finding	Auditor's Recommendation	Corrective Action	Implementation Date	Primary Responsibility	Status
Financial Planning, Accounting and Reporting I	1. The District had total budget transfers from a general fund budget line that on a cumulative basis exceeded 10% of the total advertised general fund budget line appropriation.	1. Executive County Superintendent's approval be obtained for all transfers that exceed ten percent (10%) of the original advertised budget appropriation.	1. Review all transfers on a monthly basis to ensure that any cumulative transfer from a budget line over 10% are submitted to the County for approval.	Effective Immediately	1. Business Administrator Assistant Business Administrator	Corrected
	2. The audit of the TPAF FICA reimbursements revealed the salaries used to determine the amount reimbursed by the state for FICA included certain non-pensionable wages.	2. The District review with its financial accounting software vendor the TPAF FICA calculations to ensure TPAF FICA reimbursements are based only on pensionable wages subject to FICA	2. Contact the accounting software vendor to correct the software to only include TPAF pensionable wages subject to FICA for the TPAF FICA reimbursement from the state.	Effective Immediately	2. Business Administrator Payroll Manager	Corrected
School Purchasing Programs II	Contracts awarded through national cooperative purchasing agreements were not subsequently advertised in the official newspaper. Vendor invoices for paving services awarded through Ed Data cooperative purchasing did not include both square footage and cost per square foot on certain invoices and rates charged were not verified to approved Ed Data rates.	Contracts awarded through national cooperative purchasing agreements be subsequently advertised. In addition vendor invoices be itemized and rates charged for paving services be in agreement with approved Ed Data cooperative purchasing rates.	Enhance purchasing controls to ensure contracts awarded through national coops be subsequently advertised and enhance review of quotes and invoices to ensure they are itemized properly and correct rates are listed.	Effective Immediately	Business Administrator Assistant Business Administrator Purchasing Coordinator	Corrected
ITDC and REACH Funds III	The Audit of the Infant/Toddler Development Fund revealed that certain deposits were not turned over to the business office on a timely basis.	Infant/Toddler Development Fund deposits be turned over to the business office on a timely basis.	Enhance internal controls to ensure that deposits be made within two days of receipt of funds.	Effective Immediately	Business Administrator Assistant Business Administrator	Corrected

**RIDGEWOOD PUBLIC SCHOOLS
CORRECTIVE ACTION PLAN
FY18 AUDIT**

<p>Student Body Activities</p> <p style="text-align: center;">IV.</p>	<p>The audit of the various student activity accounts revealed that voucher approval requests were not approved at all schools, Pre-numbered receipts were not utilized at one school, there exists prior year outstanding checks and deposits in transit on the monthly bank reconciliations for two schools, and certain deposits were not made in a timely manner.</p>	<p>Continued efforts be made in the student body activity accounts to properly record and account for all related transactions.</p>	<p>Continue monthly review of school level reconciliations and supporting system entries. Review the process of properly recording and maintaining student activity transactions will the responsible employees.</p>	<p>Effective Immediately</p>	<p>Business Administrator Purchasing Coordinator School Administrators</p>	<p>Corrected</p>
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