This is a Preliminary Official Statement, complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Board has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Board will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations that request payment for the Bonds.

Ratings: Moody's: "Aa3" (School Bond Reserve Act)
Moody's: "A1" (Underlying Rating)
(See "RATINGS" herein)

Book-Entry-Only

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 7, 2015

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Board (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") interest on the Bonds (as defined herein) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate (as defined herein), assume continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

THE BOARD OF EDUCATION OF THE BOROUGH OF RIDGEFIELD IN THE COUNTY OF BERGEN, NEW JERSEY $1,807,000 SCHOOL BONDS (Book-Entry-Only) (Callable) (Bank Qualified)

Dated: Date of Delivery **Due:** February 15, as shown below

The $1,807,000 School Bonds (the "Bonds") of The Board of Education of the Borough of Ridgefield in the County of Bergen, New Jersey (the "Board" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. See "Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity or earlier redemption, commencing on August 15, 2015. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds shall be subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS- Redemption" herein.

The Bonds are valid and legally binding obligations of the Board and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

Year	Principal Amount	Interest Rate	Yield	CUSIPS	Year	Principal Amount	Interest Rate	Yield	CUSIPS
2016	$100,000				2024	$150,000			
2017	100,000				2025	150,000			
2018	100,000				2026	150,000			
2019	100,000				2027	132,000			
2020	100,000				2028	125,000			
2021	100,000				2029	125,000			
2022	100,000				2030	125,000			
2023	150,000								

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as financial advisor in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about January 28, 2015.

BID PROPOSALS FOR THE BONDS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION VIA THE MUNIAUCTION WEBSITE AT WWW.GRANTSTREET.COM (OPEN AUCTION) ON JANUARY 13, 2015 AT 11:00 A.M. TO 11:15 A.M., SUBJECT TO THE 2 MINUTE RULE. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY AND TO VIEW THE NOTICE OF SALE, VISIT THE WEBSITE ADDRESS ABOVE.

THE BOARD OF EDUCATION OF
BOROUGH OF RIDGEFIELD
IN THE COUNTY OF BERGEN, NEW JERSEY

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Hackensack, New Jersey

FINANCIAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Board and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board of Education during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Board or the Underwriter.

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OF
THE BOARD OF EDUCATION OF THE
BOROUGH OF RIDGEFIELD
IN THE COUNTY OF BERGEN, NEW JERSEY

$1,807,000
SCHOOL BONDS
(BOOK-ENTRY-ONLY ISSUE)
(CALLABLE) (BANK QUALIFIED)

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Board of Education of Borough of Ridgefield in the County of Bergen, New Jersey (the "Board" or “Board of Education” when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the sale and issuance of its $1,807,000 School Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated the date of delivery and shall mature on February 15 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the fifteenth day of February and August, commencing on August 15, 2015 (each an "Interest Payment Date"), in each of the years and at the interest rates set forth on the front cover page hereof in each year until maturity, or earlier redemption, by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each February 1 and August 1 immediately preceding the respective Interest Payment Dates (the "Record Dates"). So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry-only form, without certificates. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of $1,000 integrals, with a minimum purchase of $5,000, through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption

The Bonds maturing prior to February 15, 2025 are not subject to optional redemption. The Bonds maturing on or after February 15, 2025 shall be subject to redemption at the option of the Board, in whole or in part, on any date on or after February 15, 2024 at par, plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable property within the School District without limitation as to rate or amount.

New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)

All school bonds are secured by the School Bond Reserve established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). Amendments to the Act provide that the Fund will be divided into two School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to 1-1/2% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued prior to July 1, 2003 (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the Reserve at the required levels, the State agrees that the State Treasurer shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the district, county or municipality and shall not obligate the State to make, nor entitle the district, county or municipality to receive any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act. On September 11, 2014 Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, downgraded the School Bond Reserve rating from “A+” (stable) to “A” (stable). Moody’s Investors Service, Inc. has maintained the rating of “Aa3” (negative) in connection with the School Bond Reserve.

Authorization and Purpose

The Bonds have been authorized and are being issued pursuant to Title 18A, Chapter 24 of the New Jersey Statutes (N.J.S.A. 18A:24-1 et seq.), a proposal adopted by the Board on April 10, 2014 and approved by a majority of the legal voters present and voting at the school district election held on September 30, 2014 and by a resolution duly adopted by the Board on December 18, 2014 (the “Resolution”).

The purpose of the referendum is to provide funds for systems upgrades consisting of replacement of windows, HVAC controls and electrical panels and communication and security systems improvements at Ridgefield Memorial High School, systems upgrades consisting of replacement of windows, HVAC controls, toilet room exhaust system and electrical panels and cooling, communication and security systems improvements at Slocum-Skewes Middle School, and replacement of windows at Bergen Boulevard Elementary School, including related work. The total cost of the project is $3,012,564. The Board will fund the project in part with $1,205,026 grants from the State of New Jersey. $1,807,000 will be funded through the issuance of the Bonds and the remaining balance of $538 will be made available from other funds of the Board.

BOOK-ENTRY-ONLY SYSTEM[1]

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

[1] Source: The Depository Trust Company

certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board/paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Board/paying agent together with the duly executed assignment in form satisfactory to the Board/paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Date, whether or not a business day, next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The School District is a Type II school district without a board of school estimate coterminous with the boundaries of the Borough of Ridgefield (the “Borough”) located in the County of Bergen, New Jersey (the “State”). The district serves special education pre-school students as well as having regular and special education programs for grades kindergarten through 12^{th} grade.

The Board consists of nine (9) elected members. Pursuant to State statute, the Board appoints a Superintendent and a Business Administrator/Board Secretary. *See* "APPENDIX A – Certain Economic and Demographic Information About the School District and the Borough of Ridgefield.”

THE STATE’S ROLE IN PUBLIC EDUCATION

The constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been adopted by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63 approved April 3, 2007 (A4), the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts though the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally categorized in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate, which board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, approves all fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters, or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and vote upon all fiscal matters. Regional school districts may be “All Purpose Regional School Districts” or “Limited Purpose Regional School Districts”;

(4) State operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of chosen freeholders of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders of the county, which approves all fiscal matters;

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of chosen freeholders of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the Borough must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

The New Budget Election Law (P.L. 2011, c. 202, effective January 17, 2012) establishes procedures that allow the date of the annual school election of a Type II district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the Board or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least 15% of the legally qualified voters, is filed with the Board. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four years.

School districts that opt to move the annual school election to November would no longer be required to submit the budget to the voters for approval if the budget is at or below the two-percent property tax levy cap as provided for the New Cap Law. For school districts that opt to change the annual school election date to November, proposals to spend above the two-percent property tax levy cap would be presented to voters at the annual school election in November.

Spending Growth Limitation

CEIFA (as hereinafter defined) places limits on the amount school districts can increase their annual current expenses and capital outlay budgets, and such limits are known as a school district's spending growth limitation amount (the "Spending Growth Limitation"). See "SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT" herein.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts that are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual cash basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (amended and partially repealed) first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitation was known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 ("QEA") (now repealed) also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by Chapter 62 of the Laws of New Jersey of 1991, and further amended by Chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 ("CEIFA") (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by a spending growth limitation. CEIFA limited the amount school districts could increase their annual current expenses and capital outlay budgets, defined as a school district's Spending Growth Limitation. Generally, budgets could increase by either a set percent or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded $40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approved by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets, created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the 4% cap on the tax levy increase imposed by Chapter 62.

The previous legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment. The new law limits the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election. The process for obtaining waivers from the Commissioner for additional increases over the tax levy or Spending Growth Limitations has been eliminated under Chapter 44.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years; (ii) bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district for a Type I school District; (iii) for Type II school districts (without boards of school estimate) bonds shall be issued by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school district a supplemental debt statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 <u>et</u> <u>seq.</u>)

Every board is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the year ended June 30, 2010, a licensed public school accountant must complete the annual audit no later than five months (5) after the end of the fiscal year. P.L. 2010, c. 49 amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously the audit was required to be completed within four months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts may not capitalize interest on temporary notes, but must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a pre-kindergarten (Pre-K) through grade twelve (12) school district, the board can borrow up to 4% of the average equalized valuation of taxable property in the School District. The Board has not exceeded its 4% debt limit. See "APPENDIX A – Debt Limit of the Board."

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e., the excess of 3.5% of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). The School District has not utilized the municipality's borrowing margin. A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 ("EFCFA"), repealed the authorization to enter into facilities leases in excess of five years. The payment of rent on an equipment lease and on a five year and under facilities lease is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA) are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's Spending Growth Limitation and tax levy cap.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective 60 days thereafter, districts may issue energy savings obligations without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the value of the savings will cover the cost of the measures.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") first ruled in Robinson v. Cahill that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the State Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq. (P.L. 1975, c. 212) (the "Public School Education Act") (since amended and partially repealed), which required funding of the State's school aid through the

New Jersey Gross Income Tax Act, P. L. 1976, c. 47, since amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in Abbott v. Burke that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years aid was simply determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The most current school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260 approved January 1, 2008 (A500), removed the special status given to certain districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's current plan for school aid is a "constitutionally adequate scheme".

Notwithstanding over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the Education Facilities Construction and Financing Act of 2001. The amount of the aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) for the fiscal years 2011 through 2014 and has proposed the same reduction for 2015. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85% of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in their fiscal year 2011, 2012, 2013 and 2014 budgets representing 15% of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Elementary and Secondary Education Act, as amended and restated by the No Child Left Behind Act of 2001, 20 U.S.C.A. § 6301 et seq., is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants.

Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N. J. S. A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. With Local Finance Board approval, the Borough has exceeded its statutory debt limit for the year ended December 31, 2013.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit's bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year's required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

Local Budget Law (N. J. S. A. 40A:4-1 et seq.)

The foundation of the New Jersey local finance system is the annual cash basis budget. The Borough, which operate on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division (the "Director") prior to final adoption.

The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes, which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.*)* imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Legislation constituting P.L. 2010, c. 44, approved July 13, 2010 limits tax levy increases for local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits, including the provisions of the recent legislation, would limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the Bergen County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of $10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey, for further hearing. Some State Tax Court appeals may take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The Chief Financial Officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

The financial statements of the Board for the fiscal year ended June 30, 2014 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Lerch Vinci & Higgins, LLP, Fairlawn, New Jersey, an independent auditor, as stated in the reports appearing in Appendix B to this Official Statement. See "APPENDIX B – Financial Statements of the Board".

LITIGATION

To the knowledge of the Board Attorney, Ferrara, Turitz, Harraka & Goldberg, P.C., Hackensack, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter of the Bonds at the closing.

TAX MATTERS

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code), provides that interest on the Bonds is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Board has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Bonds, to comply with these continuing requirements and has made certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds to assure this exclusion. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

In the opinion of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), pursuant to Section 103(a) of Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate, assume continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Bonds

Although, pursuant to Section 103(a) of the Code, interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

Bank Qualification

The Bonds <u>will</u> be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income Tax

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the federal or State level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions and even proposals for change could adversely affect the market price or marketability of the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE BONDS.

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to 11 U.S.C. 401 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Board expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters will be passed on for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Board President and the Business Administrator/Board Secretary.

All other information has been obtained from sources that the Board considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and the completeness of such information.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATINGS

Moody’s Investors Service, Inc. ("Rating Agency"), has assigned an underlying rating of "A1" to the Bonds. In addition, the Rating Agency has assigned its municipal bond rating of "Aa3" to the Bonds based upon the additional security provided by the New Jersey School Bond Reserve Act.

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The School District furnished to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the ratings will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, such ratings may have an adverse effect on the marketability or market price of the Bonds.

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the Board with respect to the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Board shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 15 of each year, beginning February 15, 2016, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Board consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Board and certain financial information and operating data consisting of (1) Board and overlapping indebtedness including a schedule of outstanding debt issued by the Board; (2) the Board's most current adopted budget; (3) property valuation information; and (4) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law;

(b) if any of the following material events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) Notice of failure of the Board to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

(d) If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

(e) The Business Administrator/Board Secretary shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Board prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

(f) In the event that the Board fails to comply with the Rule requirements or the written contracts or undertakings specified in the Resolution, the Board shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

The Board previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: (i) its adopted budgets for the fiscal years ending June 30, 2009 and 2010; (ii) operating data for the fiscal years ending June 30, 2009 and 2010; and (iii) annual financial statements for the fiscal years ending June 30, 2009 and 2010. Additionally, the Board acknowledges that it previously failed to file material event notices and late filing notices in connection with (i) its timely filings of annual financial information; and (ii) certain rating changes. Such notices of material events and late filings have been filed with EMMA as of the date of this Official Statement. The Board has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Richard Guarini, Business Administrator/Board Secretary, at 555 Chestnut Street, Ridgefield, NJ 07657, (201) 670-2670, or to the Financial Advisor, Phoenix Advisors, LLC, at 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one of its authorized officials to the effect that he has examined this Official Statement (including the appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by the this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

THE BOARD OF EDUCATION OF THE BOROUGH OF RIDGEFIELD IN THE COUNTY OF BERGEN, NEW JERSEY

By: ____
Richard Guarini, Business Administrator/Board Secretary

Date: January __, 2015

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE SCHOOL DISTRICT AND THE BOROUGH OF RIDGEFIELD

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE SCHOOL DISTRICT AND THE BOROUGH OF RIDGEFIELD, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY

Summary

The public school system in the Borough of Ridgefield, in the County of Bergen, State of New Jersey (the "Borough") is operated by The Board of Education of the Borough of Ridgefield in the County of Bergen, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed thereby), as a Type II School District. It functions independently through a seven (7) member board, elected by the voters in staggered three (3) year terms. The Board appoints a Superintendent who is responsible for budgeting, planning and operational functions of the School District. The Board operates a Pre-Kindergarten through grade twelve (12) district which houses its students in three (3) elementary school facilities and one (1) high school facility. These facilities include class rooms with rooms for music, art, sciences, computer studies, a library, multi-purpose rooms, a cafeteria and gymnasium.

SCHOOL DISTRICT ENROLLMENT

Fiscal Year	Total School District Enrollment
2013-2014	1,767
2012-2013	1,806
2011-2012	1,885
2010-2011	1,885
2009-2010	1,938
2008-2009	1,972
2007-2008	2,060
2006-2007	1,990

Staff[1]

The Superintendent is the chief administrative officer of the School District. The School Business Administrator/Board Secretary oversees the business functions of the Board and reports through the Superintendent to the Board. As of June 30, 2014, the School District employed the following staff (Including part-time employees):

Description	
Teaching Staff	392
Administrators/Professionals	29
Office Staff	8
Custodial/Maintenance	28
Other	40
Total	497

Labor Relations[2]

The Board's contract with the Ridgefield Education Association expires June 30, 2016.

1 Source: School Business Administrator/Board Secretary; Board records.

2 Source: School Business Administrator/Board Secretary; Board records.

Comparison of General Fund Revenues and Appropriations – Budgetary Basis

	(Budget) Fiscal Year 2014-2015	(Actual) Fiscal Year 2013-2014	(Actual) Fiscal Year 2012-2013	(Actual) Fiscal Year 2011-2012
GENERAL FUND				
REVENUES				
Budgeted Fund Balance	$ 132,000			
Withdrawal from Tuition Reserves	600,000			
Local Sources:				
Local Tax Levy	18,734,606	18,367,261	17,860,060	$ 17,509,863
Tuition	9,736,394	10,519,040	9,951,375	9,005,163
Miscellaneous	1,628,014	1,806,482	1,613,149	1,469,300
State Sources	2,877,748	3,247,474	2,896,072	2,492,461
Federal Sources	4,760	-	-	93,176
TOTAL REVENUES	$ 33,713,522	$ 33,940,257	$ 32,320,656	$ 30,569,963
APPROPRIATIONS				
Instruction:				
Regular Programs	$ 8,467,062	$ 8,362,360	$ 8,605,441	$ 8,612,533
Special Education	7,279,042	7,582,488	6,821,938	5,648,686
Basic Skills/Remedial	65,514	72,166	89,652	-
Bilingual Education	304,995	252,274	237,410	215,689
School-Sponsored Co-Curricular Activities	258,227	233,742	220,972	202,376
School-Sponsored Athletic Activities	336,014	362,071	438,369	409,599
Undistributed Expenditures:				
Tuition	821,540	585,664	573,889	469,395
Attendance and Social Work Services	29,689	27,878	36,407	43,683
Health	419,114	398,820	368,667	393,936
Speech, OT, PT, Related & Extraordinary Svcs.	2,899,301	2,289,974	2,362,247	2,471,034
Guidance	472,465	460,845	467,989	563,209
Child Study Teams	412,862	430,606	375,246	179,526
Improvement of Instructional Services	-	-	1,250	9,000
Educational Media Services - School Library	73,493	69,249	9,561	41,407
Instructional Staff Training	32,700	13,922	3,579	6,215
General Administration	916,239	837,591	664,291	965,861
School Administration	1,107,511	1,044,526	866,281	1,205,978
Central Services & Admin. Info. Tech.	634,207	606,122	1,007,737	530,846
Operation and Maintenance of Plant Services	2,368,356	2,610,315	2,389,257	2,479,607
Student Transportation	513,400	492,926	424,104	422,190
Personnel Services - Employee Benefits	6,300,537	5,702,252	5,694,771	5,496,215
	33,712,268	32,435,791	31,659,058	30,366,985
Capital Outlay	1,254	623,998	210,683	311,851
TOTAL APPROPRIATIONS/EXPENDITURES	$ 33,713,522	$ 33,059,789	$ 31,869,741	$ 30,678,836

* All years exclude TPAF Pension and Social Security on behalf payments.

School District Debt Limit and Borrowing Margin[3]

The debt limitation of the School District is established pursuant to N.J.S.A. 18A:24-19. The School District is permitted to incur debt up to four percent (4.0%) of the average equalized valuation of taxable property in the School District before requiring an extension of credit from the Borough and the Local Finance Board. The total equalized valuation of real property, including improvements, in the Borough for the last three (3) years and the School District's available borrowing margin as of December 31, 2013 are summarized below:

Year	Amount
2011	$ 1,813,800,157
2012	1,787,648,050
2013	1,801,018,813

Average for the Three (3) Year Period	$ 1,800,822,340
School District Borrowing Margin (4.0% of $1,800,822,340)	72,032,894
School Debt as of December 31, 2013	9,128,000
Available School District Borrowing Margin	$ 62,904,894

COMPUTATION OF SCHOOL AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2013[4]

Debt of School District as of December 31, 2013	$ 9,128,000
Overlapping Debt of School District:	
Borough of Ridgefield	14,123,234
County of Bergen	9,279,589
Bergen County Utilities Authority - Water Pollution	6,234,347
Total School and Overlapping Bonded Debt	$ 38,765,170

3 Source: The Borough of Ridgefield 2013 Annual Debt Statement
4 Source: The Borough of Ridgefield 2013 Annual Debt Statement

GENERAL INFORMATION OF THE BOROUGH OF RIDGEFIELD, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY

Size and Geographical Location

The Borough of Ridgefield (the "Borough" or "Ridgefield") comprises an area of approximately 2.6 square miles, located in the southeastern section of Bergen County, New Jersey, approximately 5 miles from New York City. Surrounding municipalities include Palisades Park, Ridgefield Park, Cliffside Park, Edgewater, Fairview and Little Ferry in Bergen County and North Bergen in Hudson County.

Form of Government

Ridgefield was organized in 1892 under the borough form of government. There is a Mayor and a Council composed of 6 members. The Mayor and Council are assisted by an appointed Administrator responsible for implementation of policies established by the governing body and coordination of the various Borough departments.

The Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough; (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the municipal Public Library.

The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough Government.

Transportation

Because of its close proximity to New York City, many residents are employed in the City of New York and commute through access of mass transportation. There are bus lines to the Port Authority Bus Terminal in Manhattan and the regional shopping centers in Bergen County, as well as the Port Authority Facilities in Hoboken and Jersey City. The Borough is served by major highways such as Interstate Highways 80 and 95, the New Jersey Turnpike and Route 46.

Protection

The Borough is served by a full-time police department, a volunteer fire department, and a volunteer ambulance corps.

Population Trends[5]

Population trends for the Borough, County and State since 1980 are shown below:

	1980	1990	2000	2010	2013
Borough of Ridgefield	10,294	9,996	10,830	11,032	11,218
County of Bergen	845,385	825,380	884,118	905,116	925,328
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	8,899,339

5 Source: State of New Jersey, Data Center, Census Data

Money Income as of 2013[6]

	Median Household Income	Median Family Income	Per Capita Income
Borough of Ridgefield	$ 67,500	$ 82,377	$ 30,936
County of Bergen	83,794	102,222	43,347
State of New Jersey	71,629	87,347	36,027

Employment and Unemployment Data[7]

For the years 2010 to 2013 the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County and the State:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Borough of Ridgefield				
2013	5,801	5,236	565	9.7%
2012	5,532	5,089	443	8.0%
2011	5,490	5,058	432	7.9%
2010	5,494	5,055	439	8.0%
Bergen County				
2013	477,410	443,734	33,676	7.1%
2012	483,097	443,956	39,141	8.1%
2011	479,131	441,277	37,854	7.9%
2010	477,342	438,688	38,654	8.1%
State of New Jersey				
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%

6 Source: U.S. Census Bureau, 2009 - 2013 American Community Survey

7 Source: State of New Jersey Data Center

STATEMENT OF STATUTORY NET DEBT
FOR THE BOROUGH OF RIDGEFIELD[8]
AS OF DECEMBER 31, 2013

GENERAL PURPOSES		
Bonds, Loans and Notes Issued and Outstanding		
Bonds	$ 12,106,000	
Notes	756,705	
Loans	414,179	
Bonds and Notes Authorized But Not Issued	809,350	
		$ 14,086,234
SWIM POOL UTILITY		
Bonds and Notes Authorized but Not Issued	37,000	
		37,000
LOCAL SCHOOL		
Debt Issued and Outstanding		9,128,000
TOTAL GROSS DEBT		23,251,234
STATUTORY DEDUCTIONS		
School Debt	9,128,000	
Swim Pool	37,000	
Municipal	1,018,493	
		10,183,493
TOTAL NET DEBT		$ 13,067,741
OVERLAPPING DEBT		
County of Bergen (Note 1)	$ 9,279,589	
Bergen County Utilities Authority - Water Pollution (Note 2)	6,234,347	
TOTAL OVERLAPPING DEBT		$ 15,513,936
GROSS DEBT		
Per Capita (2013 - 11,218)		$ 2,073
Percent of Net Valuation Taxable (2014 - $1,574,907,515)		1.48%
Percent of Estimated True Value of Real Property (2014 - $1,840,932,433)		1.26%
NET MUNICIPAL DEBT		
Per Capita (2013 - 11,218)		$ 1,165
Percent of Net Valuation Taxable (2014 - $1,574,907,515)		0.83%
Percent of Estimated True Value of Real Property (2014 - $1,840,932,433)		0.71%
OVERALL DEBT (Gross and Overlapping Debt)		
Per Capita (2013 - 11,218)		$ 3,456
Percent of Net Valuation Taxable (2014 - $1,574,907,515)		2.46%
Percent of Estimated True Value of Real Property (2014 - $1,840,932,433)		2.11%

Note 1: Overlapping debt was computed based upon the real property ratio of equalized valuations of the Borough to all municipalities within the County, as provided in the 2013 Abstract of Ratables published by the Bergen County Board of Taxation.
Note 2: Overlapping debt was computed based upon the annual flow of the Borough to all participants within the Authority.

[8] Source: The Borough of Ridgefield 2013 Annual Debt Statement

Largest Taxpayers[9]

The largest taxpayers in the Borough and their 2014 assessed valuations are listed below:

Taxpayer	Assessment	% of Total Assessed Value
Hudson Transmission Partners	$ 38,313,500	2.43%
Ratner/NY Urban LLC	35,068,600	2.23%
PSEG Power LLC	33,693,400	2.14%
NY Cental Lines LLC	32,855,800	2.09%
Genzyme Biosurgery Accts Payable	22,936,400	1.46%
FNL Realty LP NJ LTD/L. Goldstein	19,532,000	1.24%
CSX Tax Dept. C910	19,289,700	1.22%
Ridgefield Industrial, LLC/The Mack	18,158,900	1.15%
DCT 101 RRNJ LLC	17,837,300	1.13%
Ridgefield Holding Corp.	17,707,700	1.12%
	$ 255,393,300	**16.22%**

Assessed Valuations/Land and Improvements by Class[10]

Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total
2014	$ 66,647,700	$ 969,087,300	$ 228,534,300	$ 241,862,300	$ 67,803,300	$ 1,573,934,900
2013	66,375,300	968,920,400	230,396,000	217,362,300	67,803,300	1,550,857,300
2012 (1)	66,640,500	965,065,000	231,804,700	217,862,300	67,803,300	1,549,175,800
2011	63,036,300	1,260,507,200	235,839,600	228,370,500	61,959,800	1,849,713,400
2010	62,805,500	1,262,052,700	235,509,900	215,463,800	62,292,100	1,838,124,000

(1) - The Borough underwent a reassessment of real property effective in 2012.

Assessed Valuations/Net Valuation Taxable[11]

Year	Real Property	Business Personal Property	Net Valuation Taxable	Ratio of Assessed Value to True Value of Real Property	Total True Value of Assessed Property
2014	$ 1,573,934,900	$ 972,615	$ 1,574,907,515	86.11%	$ 1,840,932,433
2013	1,550,857,300	1,238,338	1,552,095,638	86.66%	1,802,638,944
2012 (1)	1,549,175,800	1,465,708	1,550,641,508	92.23%	1,694,353,610
2011	1,849,713,400	2,485,633	1,852,199,033	100.32%	1,861,734,898
2010	1,838,124,000	1,408,405	1,839,532,405	87.49%	2,118,852,225

(1) - The Borough underwent a reassessment of real property effective in 2012.

9 Borough of Ridgefield Tax Assessor
10 Ridgefield Board of Education Annual Audit Reports
11 Bergen County Abstract of Ratables

Components of Real Estate Tax Rate (per $100 of Assessment)[12]

Year	Total	Municipal	Local School	County
2014	$ 2.099	$ 0.629	$ 1.197	$ 0.273
2013	2.080	0.630	1.180	0.270
2012 (1)	2.002	0.617	1.146	0.239
2011	1.647	0.508	0.931	0.208
2010	1.615	0.501	0.889	0.225

(1) - The Borough underwent a reassessment of real property effective in 2012.

Board Tax Collections[13]

Fiscal Year Ending June 30,	Total Levy	Collection During Year of Levy Amount	Percentage
2014	$18,668,473	$18,668,473	100%
2013	17,934,727	17,934,727	100%
2012	17,585,300	17,585,300	100%
2011	16,906,430	16,906,430	100%
2010	15,807,804	15,807,804	100%

[12] Ridgefield Board of Education Annual Audit Reports
[13] Ridgefield Board of Education Annual Audit Reports

APPENDIX B

FINANCIAL STATEMENTS OF THE BOARD

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17-17 ROUTE 208 • FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100 • FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Ridgefield Board of Education
Ridgefield, 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 Ridgefield Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously 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 Ridgefield Board of Education as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2014 on our consideration of the Ridgefield Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Ridgefield Board of Education's internal control over financial reporting and compliance.

By/s/ LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Fair Lawn, New Jersey
December 5, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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RIDGEFIELD BOARD OF EDUCATION
RIDGEFIELD, NEW JERSEY

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

This section of the Ridgefield Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2013-2014 fiscal year include the following:

- The assets of the Ridgefield Board of Education exceeded its liabilities at the close of the fiscal year by $4,196,806 (net position).

- The district's overall net position increased $865,104.

- Overall district revenues were $38,932,519. General revenues accounted for $20,561,906 or 53% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $18,370,613 or 47% of total revenues.

- The school district had $37,078,035 in expenses for governmental activities; $17,350,031 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of $20,561,044 were adequate to provide for these programs.

- As of the close of the current fiscal year, the district's governmental funds reported a combined ending fund balance of $4,700,322

- The General Fund unassigned fund balance at June 30, 2014 was $164,944, an increase of $75,909 when compared to the previous year's unassigned fund balance of $89,035.

- The General Fund unassigned budgetary fund balance at June 30, 2014 was $1,120,967 which represents an increase of $422,917 when compared to the ending unassigned budgetary fund balance at June 30, 2013 of $698,050.

- The District's total outstanding long-term liabilities decreased $599,794 during the current fiscal year.

RIDGEFIELD BOARD OF EDUCATION
RIDGEFIELD, NEW JERSEY

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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.

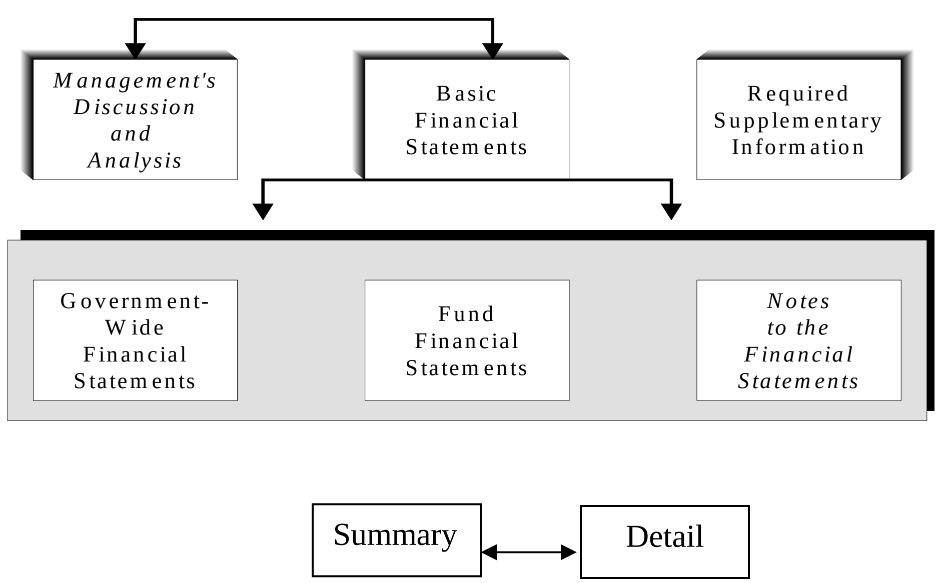
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.

  - 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 the information in the statements and provide more detailed data. The illustration below shows how the various parts of this annual report are arranged and related to one another.



Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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 Regular and Special Education Instruction and Building maintenance	Activities the district operates similar to private businesses: Enterprise Fund	Instances in which the district administers resources held in trust, Such as Scholarship Funds, Payroll Agency and Student Activities
Required financial statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Position Statement of revenue, 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/liability/ deferred resource 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 there after; no capital assets or long-term liabilities included	All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, and short-term and long- term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	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.

District-Wide Financial 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, deferred outflows, liabilities and deferred inflows. 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 District's *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.

District-Wide Financial Statements (continued)

- Over time, increases or decreases in the District's net position are 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 statements 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 plant operations and maintenance. Property taxes and state and federal aids finance most of these activities.

- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service and Saturday Happenings Program operations are included under this category.

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 bond covenants.

- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

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 assets 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 explains 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 – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated 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 two active enterprise funds:

- Food Service (Cafeteria)
- Saturday Happenings Program (Before/After School Programs)

Fund Financial Statements (continued)

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. 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-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.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general and special revenue funds. A budgetary comparison statement has been provided for these funds 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, including the budgetary comparison statement for the Debt Service Fund.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by $4,196,806 and $3,331,702 as of June 30, 2014 and 2013, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are 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 represent amounts reserved for specific purposes by outside parties or statutory requirements. Unrestricted net position represent amounts available to the government that are neither restricted nor invested in capital assets.

Net Position
As of June 30, 2014 and 2013

	Governmental Activities 2014	Governmental Activities 2013	Business-Type Activities 2014	Business-Type Activities 2013	Total 2014	Total 2013
Assets						
Current Assets	$ 6,468,153	$ 8,562,376	$ 329,697	$ 293,468	$ 6,797,850	$ 8,855,844
Capital Assets	8,538,612	6,412,556	67,051	51,236	8,605,663	6,463,792
Total Assets	15,006,765	14,974,932	396,748	344,704	15,403,513	15,319,636
Liabilities						
Long-Term Liabilities	9,462,193	10,061,987			9,462,193	10,061,987
Other Liabilities	1,667,723	1,869,136	76,791	56,442	1,744,514	1,925,578
Total Liabilities	11,129,916	11,931,123	76,791	56,442	11,206,707	11,987,565
Deferred Inflows of Resources	-	-	-	369	-	369
Net Position:						
Net Investment in Capital Assets	2,098,963	1,898,855	67,051	51,236	2,166,014	1,950,091
Restricted	1,851,025	1,400,272			1,851,025	1,400,272
Unrestricted	(73,139)	(255,318)	252,906	236,657	179,767	(18,661)
Total Net Position	$ 3,876,849	$ 3,043,809	$ 319,957	$ 287,893	$ 4,196,806	$ 3,331,702

The District's total net position of $4,196,806 at June 30, 2014 represent a $865,104 or 26% increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2014 and 2013, respectively.

Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013

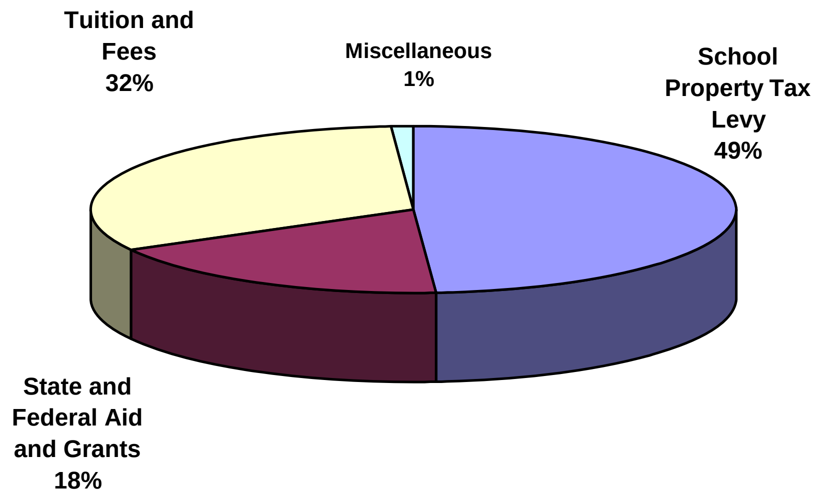
	Governmental Activities		Business-Type Activities		Total	
Revenues	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Program Revenues						
Charges for Services	$ 12,164,934	$ 11,409,891	$ 745,812	$ 718,601	$ 12,910,746	$ 12,128,492
Operating Grants and Contributions	5,111,328	5,547,823	274,770	264,850	5,386,098	5,812,673
Capital Grants and Contributions	73,769	4,088			73,769	4,088
General Revenues						
Property Taxes	18,668,473	17,934,727			18,668,473	17,934,727
State Aid - Unrestricted	1,656,830	1,613,884			1,656,830	1,613,884
Other	235,741	125,779	862	840	236,603	126,619
Total Revenues	**37,911,075**	**36,636,192**	**1,021,444**	**984,291**	**38,932,519**	**37,620,483**
Expenses						
Instruction						
Regular	12,122,395	12,483,389			12,122,395	12,483,389
Special Education	10,821,587	10,143,827			10,821,587	10,143,827
Other Instruction	480,261	504,280			480,261	504,280
School Sponsored Activities and Ath.	742,480	825,877			742,480	825,877
Support Services						
Student and Instruction Related Serv.	5,324,929	5,255,119			5,324,929	5,255,119
General Administrative Services	929,529	798,885			929,529	798,885
School Administrative Services	1,447,400	1,207,722			1,447,400	1,207,722
Central and Other Support Services	796,983	774,518			796,983	774,518
Plant Operations and Maintenance	3,476,968	3,123,932			3,476,968	3,123,932
Pupil Transportation	632,085	555,123			632,085	555,123
Interest on Long Term Debt	303,418	312,560			303,418	312,560
Food Services	-		718,142	680,824	718,142	680,824
Saturday Happenings Program	-	-	271,238	266,953	271,238	266,953
Total Expenses	**37,078,035**	**35,985,232**	**989,380**	**947,777**	**38,067,415**	**36,933,009**
Change in Net Position	**833,040**	**650,960**	**32,064**	**36,514**	**865,104**	**687,474**
Net Position, Beginning of Year	**3,043,809**	**2,392,849**	**287,893**	**251,379**	**3,331,702**	**2,644,228**
Net Position, End of Year	**$ 3,876,849**	**$ 3,043,809**	**$ 319,957**	**$ 287,893**	**$ 4,196,806**	**$ 3,331,702**

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were $37,911,075 for the fiscal year ended June 30, 2014, property taxes of $18,668,473 represented 49% of revenues. Another significant portion of revenues came from grants and aid; total State, Federal and local grants and aid was $6,841,927 represented 18% of revenues. Charges for services from special education tuition, one to one aides, and OT/PT service fees was another predominant source of revenue; $12,164,934 was earned during the year representing 32% of revenues. In addition, miscellaneous revenue was earned which includes items such as interest, prior year refunds and other miscellaneous income items and represented 1% of revenues.

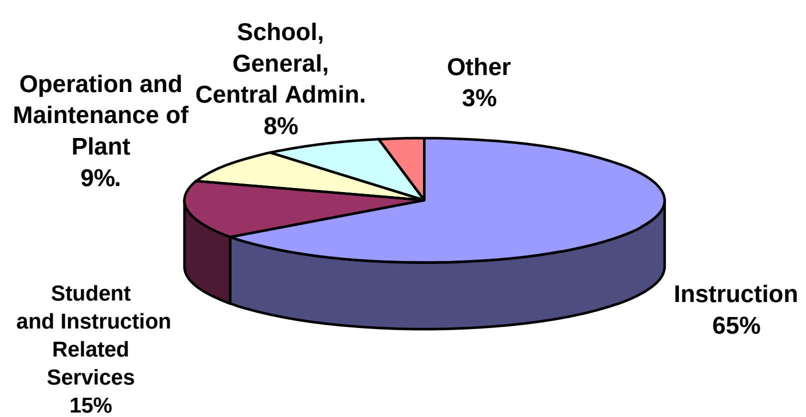
The total cost of all governmental activities programs and services was $37,078,035 for the fiscal year ended June 30, 2014. The District's expenses are predominantly related to educating and caring for students. Instruction totaled $24,166,723 (65%) of total expenditures. Support services totaled $12,607,894 (34%) of total expenditures. Interest charges for long-term debt represents 1% of governmental expenditures.

Total governmental activities revenues exceeded expenses increasing net position $833,040 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2014



Expenditures by Type- Governmental Activities
For Fiscal Year 2014



Total and Net Cost of Governmental Activities. The District's total cost of services was $37,078,035 for the fiscal year ended June 30, 2014. After applying program revenues, derived from charges for services of $12,164,934; operating and capital grants and contributions of $5,185,097; the net cost of services of the District is $19,728,004.

Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2014 and 2013

	Total Cost of Services		Net Cost (Income) of Services	
	2014	**2013**	**2014**	**2013**
Instruction				
Regular	$ 12,122,395	$ 12,483,389	$ 10,525,536	$ 10,536,169
Special Education	10,821,587	10,143,827	(2,241,411)	(2,349,741)
Other Instruction	480,261	504,280	395,796	419,796
School Sponsored Activities and Athletics	742,480	825,877	742,480	825,877
Support Services				
Student and Instruction Related Svcs.	5,324,929	5,255,119	3,027,132	3,114,544
General Administrative Services	929,529	798,885	929,529	798,885
School Administrative Services	1,447,400	1,207,722	1,315,968	1,084,298
Central and Other Support Services	796,983	774,518	758,343	745,248
Plant Operations and Maintenance	3,476,968	3,123,932	3,434,926	3,088,549
Pupil Transportation	632,085	555,123	614,594	537,141
Interest on Long Term Debt	303,418	312,560	225,111	222,664
Total	**$ 37,078,035**	**$ 35,985,232**	**$ 19,728,004**	**$ 19,023,430**

Business-Type Activities – The District's total business-type activities revenues were $1,021,444 for the fiscal year ended June 30, 2014. Charges for services accounted for 73% or $745,812 of total revenues for the year. Operating grants and contributions accounted for 27% or $274,440 of total revenues for the year. In addition, miscellaneous revenue was earned from interest income which represented less than one percent of revenues for the year.

The total cost of all business-type activities programs and services was $989,380. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District at a total cost of $718,142 (73%) and the Saturday Happenings Programs which offers before and after school programs to all District students and residents at a total cost of $271,238 (27%).

Total business-type activities revenues surpassed expenses increasing net position by $32,064 from the previous year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

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 $4,700,322. The prior year fund balance at June 30, 2013 was $6,679,535. The net decrease for the year ended June 30, 2014 was $1,979,213 and was largely attributable to the expenditures related to the voter approved referendum project.

Revenues for the District's governmental funds were $37,844,088, while total expenses were $39,823,301 for the year ended June 30, 2014.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from kindergarten through grade 12 including pupil transportation activities, operation and maintenance of plant and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Tax Levy	$ 18,367,261	$ 17,860,060	$ 507,201	3%
Tuition	10,519,040	9,951,375	567,665	6%
Interest Earnings	21,200	18,138	3,062	17%
Miscellaneous	1,785,282	1,595,011	190,271	12%
State Sources	5,785,051	6,161,231	(376,180)	-6%
Total General Fund Revenues	$ 36,477,834	$ 35,585,815	$ 892,019	3%

Total General Fund Revenues increased by $892,019 or 3% over the previous year. Local property taxes increased by $507,201 or 3% over the previous year primarily to offset increases in operating costs. The District realized a 6% increase in tuition revenue during the current school year. In addition, State aid revenues decreased $376,180 or 6% largely due to a decrease in on-behalf State aid for teachers' pension contributions.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Amount of Increase (Decrease)	Percent Change
Instruction	$ 23,412,494	$ 23,214,334	$ 198,160	1%
Support Services	11,838,815	11,140,974	697,841	6%
Debt Services	69,541	678,815	(609,274)	-90%
Capital Outlay	623,524	205,357	418,167	204%
Total Expenditures	$ 35,944,374	$ 35,239,480	$ 704,894	2%

Total General Fund expenditures increased $704,894 or approximately 2% from the previous year. The increase was for the most part attributable to an increase in support services and capital outlay expenditures. However, the debt service expenditures decreased because additional payments were made in the prior year to pay off lease obligation principal in advance. For the fiscal year ended June 30, 2014 General Fund revenues and other financing sources exceeded expenditures by $541,626. As a result, total fund balance increased to $2,601,970 at June 30, 2014. After deducting restricted and assigned fund balances, the unassigned fund balance increased by $75,909 to a fund balance of $164,944 at June 30, 2014 from a fund balance of $89,035 at June 30, 2013. In addition, restricted fund balances for capital reserve, maintenance reserve, tuition adjustments and reserved excess surplus increased $534,746 from the previous year.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students.

Revenues of the Special Revenue Fund were $830,767 for the year ended June 30, 2014. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 89% or $741,077 of the total revenue for the year. State sources accounted for 4% or $35,088 of the total revenue for the year. The remaining 7% or $54,602 of revenue came from local sources.

Total Special Revenue Fund revenues increased $51,139 or 7% from the previous year. State sources decreased $1,734 or 5%, Federal sources increased $106,125 or 17%. Local grants decreased $53,252 or 51% from the prior year.

Expenditures of the Special Revenue Fund were $830,767. Instructional expenditures were $565,946 or 68% and expenditures for support services were 191,052 or 23% of the total amount expended for the year ended June 30, 2014. The remaining expenditures were for capital outlay.

Capital Projects Fund - The capital projects revenues exceeded expenditures and other financing uses by $2,520,569 resulting in a fund balance of $2,098,351 at June 30, 2014. $1,620,835 of the fund balance at year end is restricted for the payment of outstanding serial bonds and represents funds no longer needed for completed projects.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services and Saturday Happenings programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the General Fund annual operating budget. The budget revisions were due to the following:

- Reappropriation of prior year encumbrances of $456,694.
- Increase budget appropriations by $775,000 funded by additional tuition revenues.
- Appropriation of $100,000 of restricted fund balance to fund required facility maintenance projects.

For fiscal year 2014 General Fund budgetary basis revenues and other financing sources were greater than expenditures by $888,634. Therefore budgetary fund balance increased to $3,557,993 at June 30, 2014. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance at June 30, 2014 was $1,120,967, an increase of $422,917 when compared to the previous year's unassigned budgetary fund balance of $698,050 at June 30, 2013. The amount restricted for tuition refund reserves increased by $200,000 to $1,200,000 and the District increased its capital and maintenance reserve by $250,052 at June 30, 2014.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to $8,605,663 (net of accumulated depreciation). The capital assets consist of land, land improvements, construction in progress, buildings, building improvements, leasehold improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2013-2014 amounted to $718,806 for governmental activities and $22,185 for business-type activities.

Capital Assets at June 30, 2014 and 2013
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 288,751	$ 288,751			$ 288,751	$ 288,751
Construction in Progress	-	234,035			-	234,035
Land Improvements	81,970	51,198			81,970	51,198
Buildings and Building Improvements	6,893,001	5,515,531			6,893,001	5,515,531
Leasehold Improvements	29,113	31,644			29,113	31,644
Machinery and Equipment	1,245,777	291,397	$ 67,051	$ 51,236	1,312,828	342,633
Total Capital Assets, Net	$ 8,538,612	$ 6,412,556	$ 67,051	$ 51,236	$ 8,605,663	$ 6,463,792

Additional information on the District's capital assets are presented in the Notes of this report.

LONG TERM LIABILITIES

At June 30, 2014, the District's long-term liabilities consisted of serial bonds payable of $8,538,000, lease purchase agreements outstanding of $118,733, compensated absences payable of $640,648, and the deferred pension obligation of $164,812 compared to serial bonds payable of $9,128,000, capital leases payable of $4,621, lease purchase agreements outstanding of $173,411, compensated absences payable of $580,912, and the deferred pension obligation of $175,043 at June 30, 2013. The District's total outstanding long term liabilities decreases $599,794 during the 2013/2014 fiscal year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2014-2015 budget. The primary factors were the District's projected student population, anticipated state and federal aid, special education tuition and related service fees, special education costs, prior year tuition refunds as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2014-2015. Budgeted expenditures in the General Fund increased 2.6% to $33,713,522 in fiscal year 2014-2015.

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 information contact the School Business Administrator, Ridgefield Board of Education, 555 Chestnut Street, Ridgefield, NJ 07657

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DISTRICT-WIDE FINANCIAL STATEMENTS

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RIDGEFIELD BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	$ 5,464,928	$ 281,460	$ 5,746,388
Receivables, Net	1,003,225	40,888	1,044,113
Inventory		7,349	7,349
Capital Assets, Not Being Depreciated	288,751		288,751
Capital Assets, Being Depreciated, Net	8,249,861	67,051	8,316,912
Total Assets	15,006,765	396,748	15,403,513
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,005,348	48,551	1,053,899
Payable to Other Governments	568,934		568,934
Accrued Interest Payable	59,019		59,019
Unearned Revenue	34,422	28,240	62,662
Noncurrent Liabilities			
Due within one year	749,996		749,996
Due beyond one year	8,712,197	-	8,712,197
Total Liabilities	11,129,916	76,791	11,206,707
NET POSITION			
Net Investment in Capital Assets	2,098,963	67,051	2,166,014
Restricted for			
Tuition Adjustments	1,200,000		1,200,000
Capital Projects	500,053		500,053
Plant Maintenance	150,971		150,971
Debt Service	1		1
Unrestricted	(73,139)	252,906	179,767
Total Net Position	$ 3,876,849	$ 319,957	$ 4,196,806

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

RIDGEFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities							
Instruction							
Regular	$ 12,122,395		$ 1,596,859		$ (10,525,536)		$ (10,525,536)
Special Education	10,821,587	$ 10,577,992	2,476,806	$ 8,200	2,241,411		2,241,411
Other Instruction	480,261		84,465		(395,796)		(395,796)
School Sponsored Activities and Athletics	742,480				(742,480)		(742,480)
Support Services							
Student and Instruction Related Services	5,324,929	1,586,942	645,286	65,569	(3,027,132)		(3,027,132)
General Administrative Services	929,529				(929,529)		(929,529)
School Administrative Services	1,447,400		131,432		(1,315,968)		(1,315,968)
Central and Other Support Services	796,983		38,640		(758,343)		(758,343)
Admin. Info Technology							-
Plant Operations and Maintenance	3,476,968		42,042		(3,434,926)		(3,434,926)
Pupil Transportation	632,085		17,491		(614,594)		(614,594)
Interest on Long-Term Debt	303,418	-	78,307	-	(225,111)	-	(225,111)
Total Governmental Activities	37,078,035	12,164,934	5,111,328	73,769	(19,728,004)	-	(19,728,004)
Business-Type Activities							
Food Service	718,142	413,430	274,770	-	-	$ (29,942)	(29,942)
Saturday Happenings	271,238	332,382	-	-	-	61,144	61,144
Total Business-Type Activities	989,380	745,812	274,770	-	-	31,202	31,202
Total Primary Government	$ 38,067,415	$ 12,910,746	$ 5,386,098	$ 73,769	(19,728,004)	31,202	(19,696,802)

Continued

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

RIDGEFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	**Business-type Activities**	**Total**
General Revenues			
Taxes			
Property Taxes Levied for General Purposes	$ 18,367,261		$ 18,367,261
Property Taxes Levied for Debt Service	301,212		301,212
State Aid -Unrestricted	1,509,028		1,509,028
State Aid for Debt Service Principal	147,802		147,802
Investment Earnings	29,366		29,366
Miscellaneous Income	206,375	$ 862	207,237
Total General Revenues	20,561,044	862	20,561,906
Change in Net Position	833,040	32,064	865,104
Net Position, Beginning of Year	3,043,809	287,893	3,331,702
Net Position, End of Year	$ 3,876,849	$ 319,957	$ 4,196,806

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

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FUND FINANCIAL STATEMENTS

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RIDGEFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash	$ 3,354,132		$ 2,110,795	$ 1	$ 5,464,928
Receivables from Other Governments, Net	661,014	$ 260,305			921,319
Due from Other Funds	240,546	-	-	-	240,546
Total Assets	$ 4,255,692	$ 260,305	$ 2,110,795	$ 1	$ 6,626,793
LIABILITIES					
Liabilities					
Accounts Payable	$ 937,728	$ 62,813	$ 4,807		$ 1,005,348
Payable to Federal Government		9,638			9,638
Payable to State Government		2,429			2,429
Payables to Local Governments	556,867				556,867
Due to Other Funds		151,003	7,637		158,640
Unearned Revenue	-	34,422	-	-	34,422
Total Liabilities	1,494,595	260,305	12,444	-	1,767,344
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Tuition	159,127	-	-	-	159,127
Total Deferred Inflows of Resources	159,127	-	-	-	159,127
FUND BALANCES					
Fund Balances					
Restricted					
Capital Reserve	500,053				500,053
Maintenance Reserve	150,971				150,971
Tuition Adjustments	600,000				600,000
Tuition Adjustments - Designated for Subsequent Year's Expenditures	600,000				600,000
Excess Surplus	83,723				83,723
Excess Surplus - Designed for Subsequent Year's Expenditures	14,614				14,614
Capital Projects			477,516		477,516
Debt Service			1,620,835	$ 1	1,620,836
Assigned					
Year End Encumbrances	370,279				370,279
Designed for Subsequent Year's Expenditures	117,386				117,386
Unassigned	164,944	-	-	-	164,944
Total Fund Balances	2,601,970	-	2,098,351	1	4,700,322
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,255,692	$ 260,305	$ 2,110,795	$ 1	$ 6,626,793

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

Continued

RIDGEFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014

Total Fund Balances (Exhibit B-1)			$	4,700,322
Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $16,377,828 and the accumulated depreciation is $7,839,216.				8,538,612
Deferred revenues in the funds that are unavailable and do not provide current financial resources are realized as revenues in the statement of activities.				159,127
The District has financed capital assets through the issuance of long-term lease obligations. The interest accrual at year end is:				(59,019)
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.				
	Bonds Payable	$ (8,538,000)		
	Lease Purchase Agreements	(118,733)		
	Compensated Absences	(640,648)		
	Deferred Pension Obligation	(164,812)		
				(9,462,193)
Net Position of Governmental Activities (Exhibit A-1)			$	3,876,849

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

Continued

RIDGEFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	$ 18,367,261			$ 301,212	$ 18,668,473
Tuition	10,519,040				10,519,040
Interest	21,200		$ 8,166		29,366
Miscellaneous - Restricted	1,578,907				1,578,907
Miscellaneous - Unrestricted	206,375	$ 54,602	-	-	260,977
Total - Local Sources	30,692,783	54,602	8,166	301,212	31,056,763
State Sources	5,785,051	35,088		226,109	6,046,248
Federal Sources	-	741,077	-	-	741,077
Total Revenues	36,477,834	830,767	8,166	527,321	37,844,088
EXPENDITURES					
Current					
Instruction					
Regular Instruction	11,739,875	212,620			11,952,495
Special Education Instruction	10,477,026	328,108			10,805,134
Other Special Instruction	454,147	25,218			479,365
School-Sponsored Activities and Athletics	741,446				741,446
Support Services					
Student and Instruction Related Services	5,118,205	191,052			5,309,257
General Administrative Services	926,596				926,596
School Administrative Services	1,418,902				1,418,902
Central and Other Support Service	795,627				795,627
Plant Operations and Maintenance	2,971,328				2,971,328
Student Transportation	608,157				608,157
Debt Service					-
Principal	59,299			590,000	649,299
Interest and Other Charges	10,242			312,591	322,833
Capital Outlay	623,524	73,769	2,145,569	-	2,842,862
Total Expenditures	35,944,374	830,767	2,145,569	902,591	39,823,301
Excess (Deficiency) of Revenues Over (Under) Expenditures	533,460	-	(2,137,403)	(375,270)	(1,979,213)
OTHER FINANCING SOURCES (USES)					
Transfers In	8,166			375,000	383,166
Transfers Out	-	-	(383,166)	-	(383,166)
Total Other Financing Sources and Uses	8,166	-	(383,166)	375,000	-
Net Change in Fund Balances	541,626	-	(2,520,569)	(270)	(1,979,213)
Fund Balance, Beginning of Year	2,060,344	-	4,618,920	271	6,679,535
Fund Balance, End of Year	$ 2,601,970	$ -	$ 2,098,351	$ 1	$ 4,700,322

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

RIDGEFIELD 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, 2014

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		$ (1,979,213)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.		
Capital Outlays	$ 2,842,862	
Depreciation Expense	(716,806)	
		2,126,056
Repayment of long-term debt is an expenditure in the governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities		
Serial Bonds	590,000	
Capital Lease Principal	4,621	
Lease Purchase Agreement Principal	54,678	
		649,299
In the statement of activities, certain operating expenses are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):		
Increase in Compensated Absences	(59,736)	
Decrease in Deferred Pension Obligations	10,231	
		(49,505)
Revenues in the statement of activities related to receivables that do not provide current financial resources are not reported as revenue in the governmental funds but are deferred until collected.		
Increase in Deferred Tuition Revenue		66,987
Interest on long-term debt in the governmental funds is recorded as an expenditure when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
Decrease in Accrued Interest		19,416
Change in Net Position of Governmental Activities (Exhibit A-2)		$ 833,040

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

RIDGEFIELD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Food Service	Saturday Happenings Program	Total
ASSETS			
Cash	$ 62,351	$ 219,109	$ 281,460
Intergovernmental Receivable, Net	17,261		17,261
Accounts Receivable, Net	6,452	17,175	23,627
Inventory	7,349	-	7,349
Total Current Assets	93,413	236,284	329,697
Capital Assets			
Equipment	276,284	24,222	300,506
Accumulated Depreciation	(213,924)	(19,531)	(233,455)
Total Capital Assets, Net	62,360	4,691	67,051
Total Assets	155,773	240,975	396,748
LIABILITIES			
Current Liabilities			
Accounts Payable	48,328	223	48,551
Unearrned Revenue	3,843	24,397	28,240
Total Current Liabilities	52,171	24,620	76,791
NET POSITION			
Investment in Capital Assets	62,360	4,691	67,051
Unrestricted	41,242	211,664	252,906
Total Net Position	$ 103,602	$ 216,355	$ 319,957

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

RIDGEFIELD BOARD OF EDUCATION
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Food Service	Saturday Happenings Program	Total
OPERATING REVENUES			
Local Sources			
Daily Sales			
School Lunch Program	$ 407,705		$ 407,705
Other	5,725	-	5,725
Program Fees	-	$ 332,382	332,382
Total Operating Revenues	413,430	332,382	745,812
OPERATING EXPENSES			
Cost of Sales	332,514		332,514
Salaries and Benefits	262,106	260,318	522,424
Purchased Management Services	26,900		26,900
Other Purchased Services	17,035		17,035
General Supplies	42,350	3,884	46,234
Miscellaneous	17,398	4,690	22,088
Depreciation	19,839	2,346	22,185
Total Operating Expenses	718,142	271,238	989,380
Operating Income (Loss)	(304,712)	61,144	(243,568)
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	7,180		7,180
Federal Sources			
National School Breakfast Program	32,541		32,541
National School Lunch Program	235,049		235,049
Interest Income	249	613	862
Total Nonoperating Revenues	275,019	613	275,632
Changes in Net Position	(29,693)	61,757	32,064
Total Net Position, Beginning of Year	133,295	154,598	287,893
Total Net Position, End of Year	$ 103,602	$ 216,355	$ 319,957

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

RIDGEFIELD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Food Service	Saturday Happenings Program	Total
Cash Flows from Operating Activities			
Cash Received from Customers	$ 412,940	$ 334,896	$ 747,836
Cash Payments for Employees Salaries and Benefits	(262,106)	(260,318)	(522,424)
Cash Payments to Suppliers for Goods and Services	(385,833)	(8,351)	(394,184)
Net Cash Provided by (Used for) Operating Activities	(234,999)	66,227	(168,772)
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	237,458	-	237,458
Net Cash Provided by Noncapital Financing Activities	237,458	-	237,458
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(38,000)	-	(38,000)
Net Cash Used for Capital and Related Financing Activities	(38,000)	-	(38,000)
Cash Flows from Investing Activities			
Interest Received	249	613	862
Net Cash Provided by Investing Activities	249	613	862
Net Increase (Decrease) in Cash	(35,292)	66,840	31,548
Cash, Beginning of Year	97,643	152,269	249,912
Cash, End of Year	$ 62,351	$ 219,109	$ 281,460
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	$ (304,712)	$ 61,144	$ (243,568)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	19,839	2,346	22,185
Non-Cash Federal Assistance-Food Distribution Program	34,788		34,788
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Other Accounts Receivable	(2,090)	(4,043)	(6,133)
(Increase)/Decrease in Inventory	3,976		3,976
Increase/(Decrease) in Accounts Payable	11,969	223	12,192
Increase/(Decrease) in Unearned Revenue	1,600	6,557	8,157
Increase/(Decrease) in Deferred Commodities Revenue	(369)	-	(369)
Total Adjustments	69,713	5,083	74,796
Net Cash Provided by (Used for) Operating Activities	$ (234,999)	$ 66,227	$ (168,772)
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	$ 34,419		

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

RIDGEFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2014

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash	$ 115,223	$ 288,794
Total Assets	115,223	$ 288,794
LIABILITIES		
Payroll Deductions and Withholdings		$ 181,284
Due to Other Funds	$ 53,150	28,756
Due to Student Groups	-	78,754
Total Liabilities	53,150	$ 288,794
NET POSITION		
Held in Trust for Scholarship Awards	$ 62,073	

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

EXHIBIT B-8

RIDGEFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private Purpose Scholarship Fund
ADDITIONS	
Contributions	
Donations - Private	$ 33,200
Investment Earnings	
Interest	166
Total Additions	33,366
DEDUCTIONS	
Scholarship Awards	28,300
Change in Net Position	5,066
Net Position, Beginning of the Year	57,007
Net Position, End of the Year	$ 62,073

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ridgefield 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 seven 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 Ridgefield Board of Education this includes general operations, food service, before and after school child care and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 2014, the District adopted the following GASB statement:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62.* The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

- GASB 68, *Accounting and Financial Reporting for Pensions,* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 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.

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 *Saturday Happenings program fund* accounts for the activities of the District's Latchkey, Pre-K, Saturday Happenings and Summer Happenings operation which provides before and after school child care, Pre-K curriculum and community education programs for District students.

Additionally, the government reports the following fund types:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 have been reclassified in order to be consistent with the current year’s presentation.

D. Measurement Focus and Basis of Accounting

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

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

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, except for tuition and related service fees which are considered revenue if collected within 90 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

Property taxes, tuition, related service 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 government’s policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, 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. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

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

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

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

Assets	Years
Land Improvements	20
Buildings	50
Building Improvements	10-40
Leasehold Improvements	20
Office Equipment and Furniture	5

5. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. The item that qualifies for reporting in this category, unavailable revenue, is reported only in the governmental funds balance sheet for tuition. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. 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 do not permit the accrual of unused vacation and sick leave. 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.

7. 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.

8. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance **(Continued)**

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

Tuition Adjustments – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2013/2014 contract year and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief.

Tuition Adjustment – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2012/2013 contract year that is appropriated in the 2014/2015 original budget certified for taxes.

Excess Surplus **–** This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that is required to be appropriated in the 2015/2016 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, 2013 audited excess surplus that was appropriated in the 2014/2015 original budget certified for taxes.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

***8. Net Position/Fund Balance* (Continued)**

Governmental Fund Statements (Continued)

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 2014/2015 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.

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 revenue is 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 unearned revenue. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2012-2013 and 2013-2014 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 Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the Saturday Happening enterprise fund 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. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2013/2014. Also, during 2013/2014 the Board increased the original budget by $1,626,050. The increase was funded by additional surplus appropriated, additional tuition revenue, grant awards and the reappropriation of prior year general fund encumbrances. Included in the budget increase was an authorized fund balance appropriation of $100,000 from the General Fund Maintenance Reserve.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	Final Budget	Actual	Unfavorable Variance
General Fund			
Behavioral Disabilities			
Salaries of Teachers	$ 193,595	$ 196,199	$2,604
Autism			
Salaries of Teachers	1,900,151	1,903,241	3,090
Preschool Disabilities-Full Time			
Salaries of Teachers	93,396	96,384	2,998
Other Salaries for Instruction	119,034	119,076	42
Student Transportation Service			
Salaries for Pupil Transportation (Other than Bet. Home and School)	26,773	28,535	2,162

The above variances were offset with other available resources.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District on October 11, 2000. 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, 2014 is as follows:

Balance, July 1, 2013		$ 250,001
Increased by		
Interest Earned	52	
Deposits Approved by Board Resolution	250,000	
		250,052
Balance, June 30, 2014		$ 500,053

D. 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, 2014 is $98,337. Of this amount $14,614 was designated and appropriated in the 2014/2015 original budget certified for taxes and the remaining amount of $83,723 will be appropriated in the 2015/2016 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits were $6,150,405 and bank and brokerage firm balances of the Board’s deposits amounted to $6,496,057. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account	
Insured	$ 6,496,057

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, 2014 none of the Board’s bank balance was exposed to custodial credit risk.

Investments

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

As of June 30, 2014, the Board had no outstanding investments.

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2014 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Food Service	Saturday Happenings	Total
Receivables:					
Intergovernmental					
Local	$ 729,483	$ 26,005			$ 755,488
State			$ 490		490
Federal		234,300	16,771		251,071
Accounts	-	-	6,452	$ 20,235	26,687
Gross Receivables	729,483	260,305	23,713	20,235	1,033,736
Less: Allowance for Uncollectibles	(68,469)	-	-	(3,060)	(71,529)
Net Total Receivables	$ 661,014	$ 260,305	$ 23,713	$ 17,175	$ 962,207

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:

Special Revenue Fund	
Unemcumbered Grant Draw Downs	$ 9,567
Grant Draw Downs Reserved for Encumbrances	24,855
Total Unearned Revenue for Governmental Funds	$ 34,422

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance, July 1, 2013	Increases	Decreases	Balance, June 30, 2014
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 288,751			$ 288,751
Construction in Progress	234,035	-	$ (234,035)	-
Total Capital Assets, Not Being Depreciated	522,786	-	(234,035)	288,751
Capital Assets, Being Depreciated:				
Land Improvements	526,180	$ 36,125		562,305
Buildings and Building Improvements	11,187,888	1,861,525		13,049,413
Leasehold Improvements	50,627			50,627
Machinery and Equipment	1,247,485	1,179,247	-	2,426,732
Total Capital Assets Being Depreciated	13,012,180	3,076,897	-	16,089,077
Less Accumulated Depreciation for:				
Land Improvements	(474,982)	(5,353)		(480,335)
Buildings and Building Improvements	(5,672,357)	(484,055)		(6,156,412)
Leasehold Improvements	(18,983)	(2,531)		(21,514)
Machinery and Equipment	(956,088)	(224,867)	-	(1,180,955)
Total Accumulated Depreciation	(7,122,410)	(716,806)	-	(7,839,216)
Total Capital Assets, Being Depreciated, Net	5,889,770	2,360,091	-	8,249,861
Governmental Activities Capital Assets, Net	$ 6,412,556	$ 2,360,091	$ (234,035)	$ 8,538,612
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	$ 262,506	$ 38,000	-	$ 300,506
Total Capital Assets Being Depreciated	262,506	38,000	-	300,506
Less Accumulated Depreciation for:				
Machinery and Equipment	(211,270)	(22,185)	-	(233,455)
Total Accumulated Depreciation	(211,270)	(22,185)	-	(233,455)
Total Capital Assets, Being Depreciated, Net	51,236	15,815	-	67,051
Business-Type Activities Capital Assets, Net	$ 51,236	$ 15,815	$ -	$ 67,051

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:	
Instruction	
Regular	$ 150,444
Special Education	818
Total Instruction	151,262
Support Services	
Students and Instruction Related Services	8,735
General Administration	2,224
School Administration	25,896
Central and Other Support Services	
Operations and Maintenance of Plant	505,579
Student Transportation	23,110
Total Support Services	565,544
Total Depreciation Expense - Governmental Activities	$ 716,806
Business-Type Activities:	
Food Service	$ 19,839
Saturday Happenings Program	2,346
Total Depreciation Expense-Business-Type Activities	$ 22,185

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 151,003
General Fund	Capital Projects Fund	7,637
General Fund	Scholarship Fund	53,150
General Fund	Payroll Agency Fund	28,756
		$ 240,546

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 or to cover cash balances which were in an overdraft position.

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

Interfund transfers

	Transfer In:		
	General Fund	Debt Service Fund	Total
Transfer Out:			
Capital Projects Fund	$ 8,166	$ 375,000	$ 383,166
Total	$ 8,166	$ 375,000	$ 383,166

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases a school building under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2014 were $614,900. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending June 30	Amount
2015	$ 616,100
2016	616,900
2017	517,300
2018	517,300
2019	516,900
2020-2024	2,546,100
2025-2028	1,167,600
Total	$ 6,498,200

Leases Purchase Agreements

The District is leasing computers (supplies) totaling $211,662 under lease purchase agreements for terms of 3 years.

Capital Leases

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

Fiscal Year Ending June 30	Governmental Activities Lease-Purchase Agreements
2015	$ 64,412
2016	64,412
Total minimum lease payments	128,824
Less: amount representing interest	(10,091)
Present value of minimum lease payments	$ 118,733

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, 2014 are comprised of the following issues:

$3,240,000, 2006 Bonds, due in annual installments of $215,000 to $280,000 through February 15, 2022, interest at 4.15% to 4.20%	$1,990,000
$5,168,000, 2007 Bonds, due in annual installments of $230,000 to $340,000 through June 1, 2027, interest at 4.00% to 4.125%	3,813,000
$2,900,000, 2013 Bonds, due in annual installments of $170,000 to $220,000 through February 1, 2028, interest at 1.25% to 3.00%	2,735,000
	$8,538,000

Governmental Activities:

Fiscal Year Ended June 30,	Serial Bonds Principal	Serial Bonds Interest	Total
2015	$ 615,000	$ 294,303	$ 909,303
2016	640,000	274,055	914,055
2017	665,000	252,492	917,492
2018	690,000	229,590	919,590
2019	715,000	205,322	920,322
2020-2024	3,345,000	641,373	3,986,373
2025-2028	1,868,000	142,440	2,010,440
	$ 8,538,000	$ 2,039,575	$ 10,577,575

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

4% of Equalized Valuation Basis (Municipal)	$ 72,032,894
Less: Net Debt	8,538,000
Remaining Borrowing Power	$ 63,494,894

H. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled $414,490 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at June 30, 2014 is $164,812.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance, July 1, 2013	Additions	Reductions	Balance, June 30, 2014	Due Within One Year
Governmental activities:					
Bonds Payable	$ 9,128,000		$ 590,000	$ 8,538,000	$ 615,000
Capital Leases Payable	4,621		4,621	-	
Lease Purchase Agreements	173,411		54,678	118,733	57,746
Compensated Absences	580,912	$ 59,736		640,648	64,065
Deferred Pension Obligation	175,043	14,003	24,234	164,812	13,185
Governmental activity Long-term liabilities	$ 10,061,987	$ 73,739	$ 673,533	$ 9,462,193	$ 749,996

For the governmental activities, the liabilities for compensated absences and deferred pension obligations are generally liquidated by the general fund.

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 School Alliance Insurance Fund (SAIF or Fund). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other types of insurance coverage.

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

School Alliance Insurance Fund 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 SAIF 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.

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, 2014, 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, 2014, the District has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of $47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and $34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and $12.8 billion.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 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 from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 % percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.6% for PERS, 6.6% for TPAF and 5.50% for DCRP of the employee’s annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees,* for the fiscal year ended June 30, 2014 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2014	$ 451,196	$ 655,687	None
2013	465,593	1,051,774	None
2012	550,613	504,659	None

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute $655,687 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed $1,051,774 and $504,659, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $1,153,819 during the fiscal year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a $51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to $19.3 billion for state active and retired members and $32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2013, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed $1.07 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 paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2014, 2013 and 2012 were $1,075,079, $1,189,290 and $1,014,496, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 4 OTHER INFORMATION (Continued)

F. Subsequent Event

At a special election held on September 30, 2014 the legal voters of the Borough of Ridgefield approved a bond referendum project for various facility improvements at Ridgefield Memorial High School, Slocum-Skewes Middle School and Bergen Boulevard Elementary School. The proposal appropriated $3,012,564 towards these projects of which $1,205,026 is to be funded by state grants and $1,807,538 to be financed by the issuance of school district bonds. As of the date of this report the District has not issued nor awarded the sale of said bonds.

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BUDGETARY COMPARISON SCHEDULES

RIDGEFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	$ 18,367,261		$ 18,367,261	$ 18,367,261	
Tuition	9,639,564	$ 775,000	10,414,564	10,519,040	$ 104,476
Interest Income	15,000		15,000	21,200	6,200
Miscellaneous - Restricted	1,443,000	-	1,443,000	1,578,907	135,907
Miscellaneous - Unrestricted	100,000	-	100,000	206,375	106,375
Total Local	29,564,825	775,000	30,339,825	30,692,783	352,958
State Sources					
Special Education Aid	965,221		965,221	965,221	-
Equalization Aid	1,498,795		1,498,795	1,498,795	-
Extraordinary Aid	250,424		250,424	710,195	459,771
Security Aid	42,414		42,414	42,414	-
Transportation Aid	17,753		17,753	17,753	-
Under Adequacy Aid	11,745		11,745	11,745	-
Anti-Bullying Aid				1,351	1,351
On-behalf TPAF Pension Contribution(Nonbudgeted)					-
Pension Benefit Contribution				602,506	602,506
Pension - NCGI Premium				53,181	53,181
Post Retirement Medical Benefit Contribution				1,075,079	1,075,079
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	-	-	-	1,153,819	1,153,819
Total State	2,786,352	-	2,786,352	6,132,059	3,345,707
Total Revenues	32,351,177	775,000	33,126,177	36,824,842	3,698,665
CURRENT EXPENDITURES					
Regular Programs-Instruction					
Salaries of Teachers:					
Kindergarten	558,977	(17,933)	541,044	533,388	7,656
Grades 1-5	2,399,567	(148,457)	2,251,110	2,224,637	26,473
Grades 6-8	1,777,401	86,050	1,863,451	1,858,178	5,273
Grades 9-12	3,265,218	(82,000)	3,183,218	3,062,734	120,484
Regular Programs-Home Instruction					
Salaries of Teachers	15,000	-	15,000		15,000
Purchased Professional Educational Services	3,000	-	3,000	480	2,520
Regular Programs-Undistributed Instruction					
Other Salaries for Instruction	75,419	(6,600)	68,819	66,428	2,391
Other Purchased Services	188,661	49,211	237,872	220,118	17,754
General Supplies	179,466	209,472	388,938	372,841	16,097
Textbooks	203,224	(188,900)	14,324	14,324	-
Other Objects	40,380	(7,498)	32,882	9,232	23,650
Total Regular Programs	8,706,313	(106,655)	8,599,658	8,362,360	237,298
Behavioral Disabilities					
Salaries of Teachers	198,595	(5,000)	193,595	196,199	(2,604)
Other Salaries for Instruction	81,890	10,191	92,081	92,081	-
Purchased Professional Educational Services	5,093	(3,800)	1,293		1,293
Other Purchased Services	5,552	(2,506)	3,046	3,019	27
General Supplies	8,995	7,186	16,181	16,064	117
Other Objects	3,085	(1,070)	2,015	2,015	-
Total Behavioral Disabilities	303,210	5,001	308,211	309,378	(1,167)

Continued

RIDGEFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	$ 1,255,325	$ (98,919)	$ 1,156,406	$ 1,151,105	$ 5,301
Other Salaries for Instruction	591,591	128,409	720,000	711,920	8,080
Purchased Professional Educational Service	16,394	(11,000)	5,394	5,394	-
Other Purchased Services	5,093	71	5,164	5,164	-
General Supplies	67,164	36,359	103,523	101,365	2,158
Other Objects	24,775	(3,000)	21,775	20,522	1,253
Total Multiple Disabilities	1,960,342	51,920	2,012,262	1,995,470	16,792
Resource Room/Resource Center					
Salaries of Teachers	1,437,505	(85,235)	1,352,270	1,336,262	16,008
Other Salaries for Instruction	101,892	3,235	105,127	104,524	603
Total Resource Room/Resource Center	1,539,397	(82,000)	1,457,397	1,440,786	16,611
Autism					
Salaries of Teachers	1,760,951	139,200	1,900,151	1,903,241	(3,090)
Other Salaries for Instruction	943,467	336,800	1,280,267	1,265,712	14,555
Purchased Professional Educational Services	61,040	68,369	129,409	126,054	3,355
Other Purchased Services	12,418	6,378	18,796	16,709	2,087
General Supplies	50,321	229,029	279,350	252,321	27,029
Other Objects	45,854	2,183	48,037	44,957	3,080
Total Autism	2,874,051	781,959	3,656,010	3,608,994	47,016
Preschool Disabilities - Full-Time					
Salaries of Teachers	92,036	1,350	93,386	96,384	(2,998)
Other Salaries for Instruction	91,278	27,756	119,034	119,076	(42)
Purchased Professional Educational Services	3,000	(2,106)	894	867	27
Other Purchased Services	3,500	(1,039)	2,461	2,371	90
General Supplies	6,779	1,039	7,818	7,818	-
Other Objects	1,505	-	1,505	1,344	161
Total Preschool Disabilities - Full-Time	198,098	27,000	225,098	227,860	(2,762)
Total Special Education	6,875,098	783,880	7,658,978	7,582,488	76,490
Basic Skills/Remedial - Instruction					
Salaries of Teachers	109,783	(18,660)	91,123	72,166	18,957
Total Basic Skills/Remedial - Instruction	109,783	(18,660)	91,123	72,166	18,957
Bilingual Education - Instruction					
Salaries of Teachers	233,614	18,660	252,274	252,274	-
Total Bilingual Education - Instruction	233,614	18,660	252,274	252,274	-
School Sponsored Co/Extra Curricular Activities					
Salaries	192,958	-	192,958	154,423	38,535
Other Purchased Services		8,950	8,950	8,950	
Supplies and Materials	10,063	18,689	28,752	28,752	-
Other Objects	49,800	(7,527)	42,273	41,617	656
Total School Sponsored Co/Extra Curricular Activities	252,821	20,112	272,933	233,742	39,191
School Sponsored Athletics					
Salaries	192,914	39,915	232,829	232,583	246
Purchased Services	40,250	(6,739)	33,511	32,991	520
Supplies and Materials	46,550	4,264	50,814	48,564	2,250
Other Objects	50,000	(1,457)	48,543	47,933	610
Total School Sponsored Athletics	329,714	35,983	365,697	362,071	3,626
Total Instruction	16,507,343	733,320	17,240,663	16,865,101	375,562

Continued

RIDGEFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction:					
Tuition to County Voc. School District-Regular	$ 387,007	-	$ 387,007	$ 365,197	$ 21,810
Tuition to County Voc. School District-Special	79,866	-	79,866	827	79,039
Tuition to CSSD and Regional Day Schools	311,838	$ (44,710)	267,128	211,125	56,003
Tuition to Priv. Sch. for the Disabled -Within State	145,335	(14,063)	131,272	8,515	122,757
Tuition - State Facilities	31,294	(31,294)	-	-	-
Total Undistributed Expenditures- Instruction	955,340	(90,067)	865,273	585,664	279,609
Attendance and Social Work					
Salaries	29,223	-	29,223	27,878	1,345
Total Attendance and Social Work	29,223	-	29,223	27,878	1,345
Health Services					
Salaries	362,865	37,774	400,639	384,503	16,136
Purchased Professional/Technical Services	1,295	(446)	849	849	-
Supplies and Materials	9,625	4,387	14,012	13,468	544
Total Health Services	373,785	41,715	415,500	398,820	16,680
Speech, OT, PT, & Related Services					
Salaries	1,421,801	10,258	1,432,059	1,432,059	-
Purchased Professional/Educational Services	-	7,004	7,004	7,004	-
Supplies and Materials	6,000	(6,000)	-	-	-
Total Speech, OT, PT & Related Services	1,427,801	11,262	1,439,063	1,439,063	-
Other Support Services -Students- Extra Services					
Salaries	1,125,916	(245,258)	880,658	850,911	29,747
Total Other Support Services - Students - Extra Services	1,125,916	(245,258)	880,658	850,911	29,747
Guidance					
Salaries of Other Professional Staff	377,176	824	378,000	378,000	-
Salaries of Secretarial and Clerical Assistants	65,755	-	65,755	65,755	-
Purchased Professional/Educational Services	9,000	2,329	11,329	9,599	1,730
Other Purchased Professional/Technical Services	-	676	676	452	224
Supplies and Materials	7,105	(490)	6,615	6,604	11
Other Objects	-	1,433	1,433	435	998
Total Guidance	459,036	4,772	463,808	460,845	2,963
Child Study Team					
Salaries of Other Professional Staff	358,052	(15,000)	343,052	329,300	13,752
Salaries of Secretarial and Clerical Assistants	34,947	57,133	92,080	92,080	-
Purchased Professional-Educational Services	13,900	(4,540)	9,360	7,677	1,683
Other Purchased Services	150	-	150		150
Supplies and Materials	1,500	60	1,560	1,549	11
Total Child Study Team	408,549	37,653	446,202	430,606	15,596
Educational Media/School Library					
Salaries	60,000	2,514	62,514	62,514	-
Other Purchased Services		235	235	235	-
Supplies and Materials	7,000	-	7,000	6,500	500
Total Educational Media/School Library	67,000	2,749	69,749	69,249	500

Continued

RIDGEFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training					
Salaries of Supervisors of Instruction	$ 75,000	$ (75,000)			
Purchased Professional-Educational Services	5,700	8,263	$ 13,963	$ 12,480	$ 1,483
Other Purchased Services	5,000	(2,000)	3,000	1,442	1,558
Total Instructional Staff Training	85,700	(68,737)	16,963	13,922	3,041
General Administration					
Salaries	244,691	29,547	274,238	265,605	8,633
Legal Services	100,000	2,042	102,042	102,042	-
Audit Fees	36,000	54,815	90,815	89,230	1,585
Other Purchased Professional Services	11,000	-	11,000	10,273	727
Communications/Telephone	154,000	11,371	165,371	162,670	2,701
BOE Other Purchased Services	2,500	(900)	1,600	1,454	146
Miscellaneous Purchased Services	111,850	65,695	177,545	177,126	419
General Supplies	3,350	4,983	8,333	8,333	-
BOE In-House Training / Meeting Supplies	2,500	791	3,291	3,291	-
Judgements Against School District	15,000	(11,993)	3,007		3,007
Miscellaneous Expenditures	2,500	(1,030)	1,470	1,470	-
BOE Membership Dues and Fees	16,500	(403)	16,097	16,097	-
Total General Administration	699,891	154,918	854,809	837,591	17,218
School Administration					
Salaries of Principals/Assistant Principals	584,931	163,432	748,363	748,363	-
Salaries of Secretarial and Clerical Assistants	250,500	(21,432)	229,068	225,798	3,270
Other Purchased Services	3,000	(842)	2,158	2,099	59
Supplies and Materials	68,900	(2,294)	66,606	65,986	620
Other Objects	10,100	-	10,100	2,280	7,820
Total School Administration	917,431	138,864	1,056,295	1,044,526	11,769
Central Services					
Salaries	390,156	8,153	398,309	398,309	-
Purchased Professional Services	15,100	(1,635)	13,465	11,695	1,770
Miscellaneous Purchased Services	-	1,051	1,051	676	375
Sales / Lease-back Payments	18,400	(18,400)			-
Supplies and Materials	13,000	-	13,000	12,378	622
Interest on Lease Purchase Agreements	22,908	(12,629)	10,279	9,736	543
Miscellaneous Expenditures	2,220	1,050	3,270	3,177	93
Total Central Services	461,784	(22,410)	439,374	435,971	3,403
Admin. Info. Technology					
Salaries	106,591	2,902	109,493	109,493	-
Purchased Professional Services	34,950	9,511	44,461	43,611	850
Supplies and Materials	21,000	123,739	144,739	17,047	127,692
Total Admin. Info. Technology	162,541	136,152	298,693	170,151	128,542
Required Maintenance for School Facilities					
Salaries	182,456	11,129	193,585	191,257	2,328
Cleaning, Repair and Maintenance Services	198,583	80,761	279,344	260,344	19,000
General Supplies	32,000	4,074	36,074	35,444	630
Total Required Maintenance for School Facilities	413,039	95,964	509,003	487,045	21,958
Custodial Services					
Salaries	757,842	15,361	773,203	768,097	5,106
Rental of Land/Bldgs Other Than Lease Purchase Agreement	679,314	5,999	685,313	685,313	-
Other Purchased Property Services	60,500	(7,967)	52,533	51,892	641
Insurance	84,900	(13,216)	71,684	71,684	
Miscellaneous Purchased Services		83	83	83	
General Supplies	78,000	2,668	80,668	80,668	-
Energy (Electricity)	422,500	37,586	460,086	446,922	13,164
Total Custodial Services	2,083,056	40,514	2,123,570	2,104,659	18,911

Continued

RIDGEFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries		$ 1,304	$ 1,304	-	$ 1,304
Purchased Professional and Technical Services	$ 6,000	(142)	5,858	$ 5,211	647
Cleaning, Repair, and Maintenance Svc.	6,000	(6,000)			
General Supplies	5,000	142	5,142	5,142	-
Total Care and Upkeep of Grounds	17,000	(4,696)	12,304	10,353	1,951
Security					
Purchased Professional and Technical Services		325	325		325
General Supplies	-	8,258	8,258	8,258	-
Total Security	-	8,583	8,583	8,258	325
Student Transportation Services					
Sal. For Pupil Transportation (Bet. Home & Sch)-Reg.	22,500	(22,500)	-	-	-
Sal. For Pupil Transportation (Bet. Home & Sch)-Spec.	311,873	(21,373)	290,500	277,681	12,819
Sal. For Pupil Transportation (Other Than Bet. Home & Sch)		26,373	26,373	28,535	(2,162)
Cleaning, Repair & Maint. Services	75,000	2,175	77,175	77,175	
Lease Purchase Payments - School Buses		-			
Contr. Serv. (Spec. Ed. Students)-Vendor	34,000	(8,000)	26,000	25,687	313
Contr. Serv.-Aid in Lieu of Pymts-Non-Public School		-			-
Miscellaneous Purchased Services - Transportation	15,000	-	15,000	15,000	
Transportation Supplies	55,000	15,222	70,222	68,848	1,374
Total Student Transportation Services	513,373	(8,103)	505,270	492,926	12,344
Unallocated Employee Benefits					
Social Security Contributions	462,000	47,513	509,513	505,878	3,635
Other Retirement Contributions - PERS	488,500	(13,032)	475,468	451,196	24,272
Other Retirement Contributions - Deferred PERS Pymt	23,532	702	24,234	24,234	-
Unemployment Compensation	75,000	10,000	85,000	84,692	308
Workers Compensation	182,600	2,624	185,224	185,224	-
Health Benefits	4,861,737	(384,707)	4,477,030	4,451,028	26,002
Tuition Reimbursement	40,000	(10,000)	30,000		30,000
Other Employee Benefits	10,000	10,000	20,000	-	20,000
Total Unallocated Employee Benefits	6,143,369	(336,900)	5,806,469	5,702,252	104,217
On-behalf TPAF Pension Contribution (Nonbudgeted)					
Pension Benefit Contribution				602,506	(602,506)
Pension - NCGI Premium				53,181	(53,181)
Post Retirement Medical Benefit Contribution				1,075,079	(1,075,079)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	-	-	-	1,153,819	(1,153,819)
Total TPAF On-Behalf	-	-	-	2,884,585	(2,884,585)
Total Undistributed Expenditures	16,343,834	(103,025)	16,240,809	18,455,275	(2,214,466)
Total Current Expenditures	32,851,177	630,295	33,481,472	35,320,376	(1,838,904)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 1-5		35,525	35,525	35,525	-
Grades 6-8		46,503	46,503	46,503	-
Grades 9-12		47,140	47,140	23,525	23,615
Special Education - Instruction					
Behavioral Disabilities		23,555	23,555	16,911	6,644
Multiple Disabilities		31,488	31,488	29,888	1,600
Autism		177,338	177,338	160,371	16,967
Preschool Disabilities - Full-Time		14,739	14,739	14,739	-
School Sponsored and Other Instructional Programs		4,128	4,128	4,128	-
Undistributed Expenditures					
Required Maintenance for School Facilities		88,568	88,568	82,846	5,722
Security		118,824	118,824	101,642	17,182
School Buses - Special Education	-	104,941	104,941	104,941	-
Non-Instructional Equipment	-	8,176	8,176	2,505	5,671
Total Equipment	-	700,925	700,925	623,524	77,401

Continued

EXHIBIT C-1

RIDGEFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	-	$ 474	$ 474	$ 474	-
		-			
Total Facilities Acquisition and Construction Services	-	474	474	474	-
Total Capital Outlay	-	701,399	701,399	623,998	$ 77,401
Total Expenditures	$ 32,851,177	1,331,694	34,182,871	35,944,374	(1,761,503)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(500,000)	(556,694)	(1,056,694)	880,468	1,937,162
Other Financing Sources/(Uses)					
Transfers In	-	-	-	8,166	8,166
Total Other Financing Sources/(Uses)	-	-	-	8,166	8,166
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(500,000)	(556,694)	(1,056,694)	888,634	1,945,328
Fund Balances, Beginning of Year	2,669,359	-	2,669,359	2,669,359	-
Fund Balances, End of Year	$ 2,169,359	$ (556,694)	$ 1,612,665	$ 3,557,993	$ 1,945,328

Recapitulation of Fund Balance

Restricted Fund Balance	
Capital Reserve	500,053
Maintenance Reserve	150,971
Tuition Adjustments - 2013/2014	600,000
Tuition Adjustments - 2012/2013 - Designated for Subsequent Year's Expenditures	600,000
Excess Surplus	83,723
Excess Surplus - Designated for Subsequent Year's Expenditures	14,614
Assigned Fund Balance	
Year End Encumbrances	370,279
Designated for Subsequent Year's Expenditures	117,386
Unassigned Fund Balance	1,120,967
Fund Balance - Budgetary Basis	3,557,993
Reconciliation to Governmental Funds Statements (GAAP)	
Less: State Aid Revenue Not Recognized on GAAP Basis	(956,023)
Fund Balance Per Governmental Funds (GAAP)	$ 2,601,970

Continued

EXHIBIT C-2

RIDGEFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
State	$ 51,000	$ (15,912)	$ 35,088	$ 35,088	$ -
Federal	515,750	253,126	768,876	736,737	(32,139)
Local	33,000	57,142	90,142	79,277	(10,865)
Total Revenues	599,750	294,356	894,106	851,102	(43,004)
EXPENDITURES					
Instruction					
Salaries of Teachers	193,467	13,000	206,467	206,467	-
Other Purchased Services	285,400	29,325	314,725	312,975	1,750
General Supplies	18,445	57,217	75,662	45,649	30,013
Total Instruction	497,312	99,542	596,854	565,091	31,763
Support Services					
Salaries	16,989	(2,025)	14,964	14,964	-
Other Salaries	37,077	49,256	86,333	82,351	3,982
Purchased Professional Educational Services		-		-	-
Purchased Professional / Technical Services		12,590	12,590	10,590	2,000
Other Purchased Services	17,661	421	18,082	17,492	590
Supplies and Materials	15,381	2,033	17,414	16,193	1,221
Other Objects	4,500	-	4,500	4,500	-
Total Support Services	91,608	62,275	153,883	146,090	7,793
Unallocated Benefits					
Personal Services - Employee Benefits	6,730	38,495	45,225	41,777	3,448
Total Unallocated Benefits	6,730	38,495	45,225	41,777	3,448
Facilities Acquisition and Construction					
Instructional Equipment	4,100	4,100	8,200	8,200	-
Non-Instructional Equipment	-	89,944	89,944	89,944	-
Total Facilities Acq. & Construction	4,100	94,044	98,144	98,144	-
Total Expenditures	599,750	294,356	894,106	851,102	43,004
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Ending Balance, End of Year	$ -	$ -	$ -	-	$ -

RIDGEFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1, C-2)	$ 36,824,842	$ 851,102
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, 2014		(24,855)
Encumbrances - June 30, 2013		4,520
State Aid payment recognized for GAAP purposes not recognized for budgetary statements (2012/13 State Aid)	609,015	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2013/14 State Aid)	(956,023)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 36,477,834	$ 830,767
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	$ 35,944,374	$ 851,102
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, 2014		(24,855)
Encumbrances - June 30, 2013	-	4,520
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 35,944,374	$ 830,767

APPENDIX C

FORM OF APPROVING LEGAL OPINION

MS&B McMANIMON • SCOTLAND • BAUMANN
75 Livingston Avenue, Roseland, NJ 07068 (973) 622-1800

______, 2015

The Board of Education of the
Borough of Ridgefield in the
County of Bergen, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the Borough of Ridgefield in the County of Bergen, New Jersey (the "Board of Education") in connection with the issuance by the Board of Education of $1,807,000 School Bonds, dated the date hereof (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education on April 10, 2014 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on September 30, 2014 and (iii) a resolution duly adopted by the Board of Education on December 18, 2014. The Bonds are secured under the provisions of the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c.72 , approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Board of Education, and the Board of Education has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the school district for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Board of Education has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Board of Education continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in “adjusted current earnings” in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,