

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Little Falls, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

**Passaic Valley Regional High School District No. 1
Board of Education**

Little Falls, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

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BOARD OF EDUCATION
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INTRODUCTORY SECTION

BOARD OF EDUCATION

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT #1
PASSAIC VALLEY HIGH SCHOOL
EAST MAIN STREET
LITTLE FALLS, NEW JERSEY 07424

PAUL A. GERBER, JR.
BOARD SECRETARY
BUSINESS ADMINISTRATION

(973) 890-2500 X2510
FAX (973) 890-0512
pvgerber@yahoo.com

December 5, 2013

Honorable President and
Members of the Board of Education
Passaic Valley Regional High School #1
Little Falls, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Passaic Valley Regional High School District #1 for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education of the Passaic Valley Regional High School District #1. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) **REPORTING ENTITY AND ITS SERVICES:** Passaic Valley Regional High School District #1 is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds of the District are included in this report. The Passaic Valley Regional High School District #1 Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, technical as well as special education. The District completed the 2012-2013 fiscal year with an enrollment of 1,385 students. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2003-2004	1,227	15.8%
2004-2005	1,227	0.0%
2005-2006	1,270	3.5%
2006-2007	1,271	0.0%
2007-2008	1,272	0.0%
2008-2009	1,261	-0.7%
2009-2010	1,276	1.2%
2010-2011	1,284	0.6%
2011-2012	1,343	4.6%
2012-2013	1,385	3.1%

2) **ECONOMIC CONDITION AND OUTLOOK:** The Passaic Valley Regional High School District #1 is experiencing a period of development and expansion, which is expected to continue. The increasing number of businesses relocating to the area result in an increase in the employment level which results in an increased tax base, both residential and industrial, and an increase in annual daily enrollment. This expansion is expected to continue which suggests that the Passaic Valley Regional High School District #1 area will continue to prosper.

3) **MAJOR INITIATIVES:** Passaic Valley High School is a ninth through twelfth grade institution, located on a beautiful 45 acre Passaic Valley Campus consisting of four athletic fields, which affords students many academic and co-curricular opportunities. Teaching and learning are conducted in an atmosphere conducive to critical and creative thinking, skills we believe are absolutely vital for survival in the 21st century.

3) MAJOR INITIATIVES (Continued):

The graduating class of 2013 reported the following post-graduate plans:

54%	4 Year Colleges
32%	2 Year Community Colleges/ Technical Schools

Passaic Valley High School Seniors (Class of 2013) who went on to 4 Year Colleges achieved the following Scholastic Aptitude Test (SAT) scores:

	<u>Mean Score</u>	<u>Mid 50% Range</u>	
Critical Reading	465	420-570	
Mathematics	501	420-540	
Writing	466	410-520	
<u>Class of 2013 Score Distributions</u>			
	<u>Verbal</u>	<u>Math</u>	<u>Writing</u>
75 th Percentile	520	570	530
50 th Percentile	460	490	460
25 th Percentile	410	430	410

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

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

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

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements".

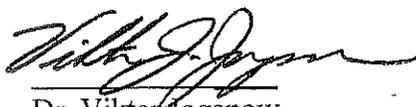
7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under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

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

9) **OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and state Treasury Circular letter 04-04 OMB. The auditor's report on the basic financial statements and schedules and required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Passaic Valley Regional High School District #1 Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

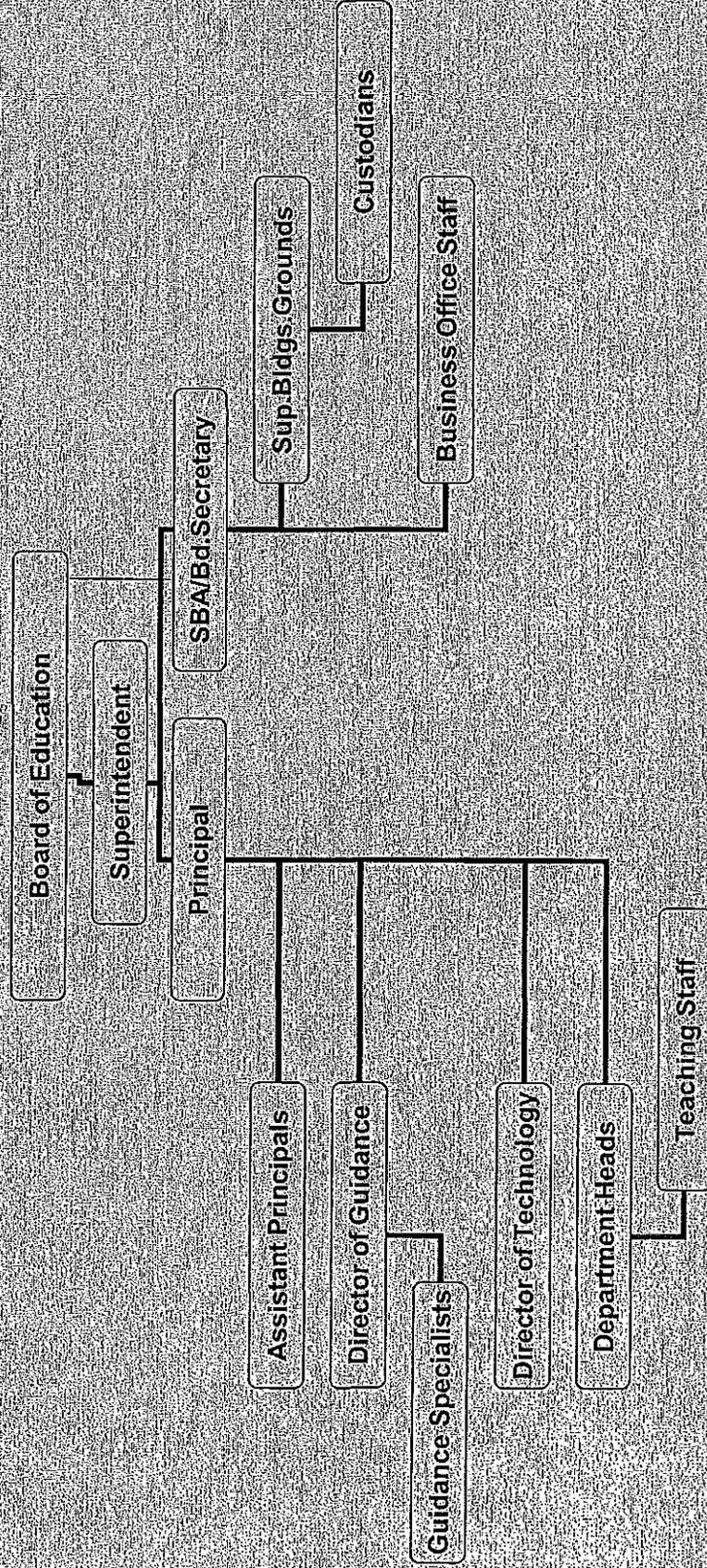


Dr. Viktor Joganow
Superintendent



Paul A. Gerber, Jr.
Board Secretary/Business Administrator

PVHS Organizational Chart



PASSAIC VALLEY REGIONAL HIGH SCHOOL #1
LITTLE FALLS, NEW JERSEY 07424

ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Carlo T. Spinella, President	2013
Eugene Ridgeway, Vice President	2014
Laura Van Winkle	2013
John Evans	2013
Joseph Appio	2013
James Damiano	2013
Richard Greco	2013
Lori Brigati	2014
Anthony Sgobba	2014

Other Officials

Viktor Joganow, Superintendent

Paul A. Gerber, Jr., Board Secretary/School Business Administrator

Raymond Reddin, Solicitor

Passaic Valley Regional High School District #1

Board of Education

Consultants and Advisors

Audit Firm

Lerch Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, N.J. 07410

Attorney

Raymond Reddin
485 Totowa Rd.
Totowa, N.J. 07512

Official Depository

PNC Bank
Main Street
Little Falls, N.J. 07424

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of June 30, 2013, 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 Information

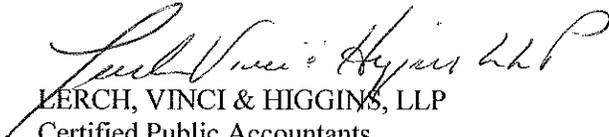
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Passaic Valley Regional High School District No. 1 Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Passaic Valley Regional High School District No. 1 Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

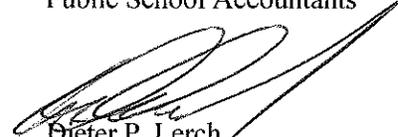
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2013 on our consideration of the Passaic Valley Regional High School District No. 1 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 Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Passaic Valley Regional High School District No. 1 Board of Education Little Falls, New Jersey

Management's Discussion and Analysis Year Ended June 30, 2013

This section of the Passaic Valley Regional High School District No. 1 Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. 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 issued in June 1999. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year are as follows:

- The assets of the Passaic Valley Regional High School District No. 1 Board of Education exceeded its liabilities at the close of the fiscal year by \$2,811,992 (net position).
- The District's total net position increased \$1,505,022.
- Overall district-wide revenues were \$27,989,182. General revenues accounted for \$23,525,174 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,464,008 or 16% of total revenues.
- The school district had \$25,676,062 in expenses for governmental activities; only \$3,624,816 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$23,525,174 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 \$2,409,158. Of this amount, \$392,815 is available for spending at the District's discretion (unassigned fund balance – General Fund).

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 Passaic Valley Regional High School District No. 1 Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Passaic Valley Regional High School District No. 1 Board of Education's overall financial status.

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The remaining statements are fund financial statements that focus on individual parts of the Passaic Valley Regional High School District No. 1 Board of Educations', reporting the Board's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board'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.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	Statements	District-Wide Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses: Food Service
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 revenues, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
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.

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

District-Wide Statements

The district-wide statements report information about the Passaic Valley Regional High School District No. 1 Board of Education 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 and liabilities. 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 and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position 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 building 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 community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

Fund Financial Statements

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

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

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

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 explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1
BOARD OF EDUCATION AS A WHOLE**

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

Table A-1 provides a summary of the school district's net position for 2013 and 2012.

Net position. The district's combined net position were \$2,811,992 and \$1,306,970 on June 30, 2013 and 2012, respectively. (See Table A-1).

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

**Table A-1
Statement of Net Position
As of June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2011</u> (Restated)
Current Assets	\$ 2,706,828	\$ 2,517,816	\$ 169,784	\$ 208,023	\$ 2,876,612	\$ 2,684,110
Capital Assets	<u>7,962,138</u>	<u>7,274,284</u>	<u>82,886</u>	<u>51,143</u>	<u>8,045,024</u>	<u>7,325,427</u>
Total Assets	<u>10,668,966</u>	<u>9,792,100</u>	<u>252,670</u>	<u>259,166</u>	<u>10,921,636</u>	<u>10,009,537</u>
Long-Term Liabilities	7,686,814	8,290,595			7,686,814	8,290,595
Other Liabilities	<u>404,479</u>	<u>356,031</u>	<u>18,351</u>	<u>55,941</u>	<u>422,830</u>	<u>411,972</u>
Total Liabilities	<u>8,091,293</u>	<u>8,646,626</u>	<u>18,351</u>	<u>55,941</u>	<u>8,109,644</u>	<u>8,702,567</u>
Net Position						
Net Investment in capital assets	538,415	12,323	82,886	51,143	621,301	21,737
Restricted	600	49,598			600	49,598
Unrestricted	<u>2,038,658</u>	<u>1,083,553</u>	<u>151,433</u>	<u>152,082</u>	<u>2,190,091</u>	<u>1,235,635</u>
Total Net Position	<u>\$ 2,577,673</u>	<u>\$ 1,145,474</u>	<u>\$ 234,319</u>	<u>\$ 203,225</u>	<u>\$ 2,811,992</u>	<u>\$ 1,306,970</u>

Table A-2 on the following page shows changes in net position for fiscal year 2013 and 2012.

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

Table A-2
Change in Net Position
For The Years Ended June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Charges for Services	\$ 165,722	\$ 178,685	\$ 677,581	\$ 896,500	\$ 843,303	\$ 1,075,185
Operating Grants and Contributions	3,459,094	2,845,252	161,611	130,825	3,620,705	2,976,077
Capital Grants and Contributions						
General Revenues						
Property Taxes	23,007,266	21,114,181			23,007,266	21,114,181
State Aid - Formula Grants	294,770	203,202			294,770	203,202
Other	223,138	126,478	-	-	223,138	126,478
Total Revenues	<u>27,149,990</u>	<u>24,467,798</u>	<u>839,192</u>	<u>1,027,325</u>	<u>27,989,182</u>	<u>25,495,123</u>
Expenses						
Instruction						
Regular	11,837,456	11,241,633			11,837,456	11,241,633
Special Education	3,228,110	2,438,282			3,228,110	2,438,282
Other Instruction	26,270	27,175			26,270	27,175
School Sponsored Activities and Athletics	1,088,063	1,097,836			1,088,063	1,097,836
Support Services						
Student and Instruction Related Services	2,019,635	1,915,879			2,019,635	1,915,879
General Administrative Services	613,658	573,026			613,658	573,026
School Administrative Services	921,657	939,296			921,657	939,296
Plant Operations and Maintenance	3,227,203	3,015,157			3,227,203	3,015,157
Pupil Transportation	1,599,648	1,475,776			1,599,648	1,475,776
Business and Other Support Services	844,702	908,870			844,702	908,870
Interest on Debt	269,660	301,218			269,660	301,218
Food Services	-	-	808,098	965,534	808,098	965,534
Total Expenses	<u>25,676,062</u>	<u>23,934,148</u>	<u>808,098</u>	<u>965,534</u>	<u>26,484,160</u>	<u>24,899,682</u>
Change in Net Position	1,473,928	533,650	31,094	61,791	1,505,022	595,441
Prior Period Adjustment - Capital Assets	-	209,647			-	209,647
Net Position - Beginning (Restated)	<u>1,103,745</u>	<u>360,448</u>	<u>203,225</u>	<u>141,434</u>	<u>1,306,970</u>	<u>501,882</u>
Net Position - Ending	<u>\$ 2,577,673</u>	<u>\$ 1,103,745</u>	<u>\$ 234,319</u>	<u>\$ 203,225</u>	<u>\$ 2,811,992</u>	<u>\$ 1,306,970</u>

Passaic Valley Regional High School District No. 1 Board of Education Little Falls, New Jersey

Management's Discussion and Analysis (continued) Year Ended June 30, 2013

Governmental Activities. The District's total revenues were \$27,149,990. The local share of the revenues, that included property taxes, transportation, interest, and miscellaneous revenue, amounted to \$23,396,126 or 86% of total revenues. Funding from state and federal sources amounted to \$3,753,864 or 14%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$16,179,899 (63%) and student support services totaled \$9,226,503 (36%) of total expenditures interest on debt totaled \$269,660. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities
For Fiscal Year 2013

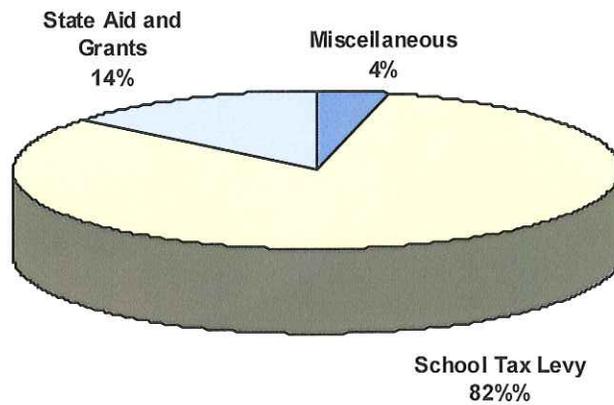
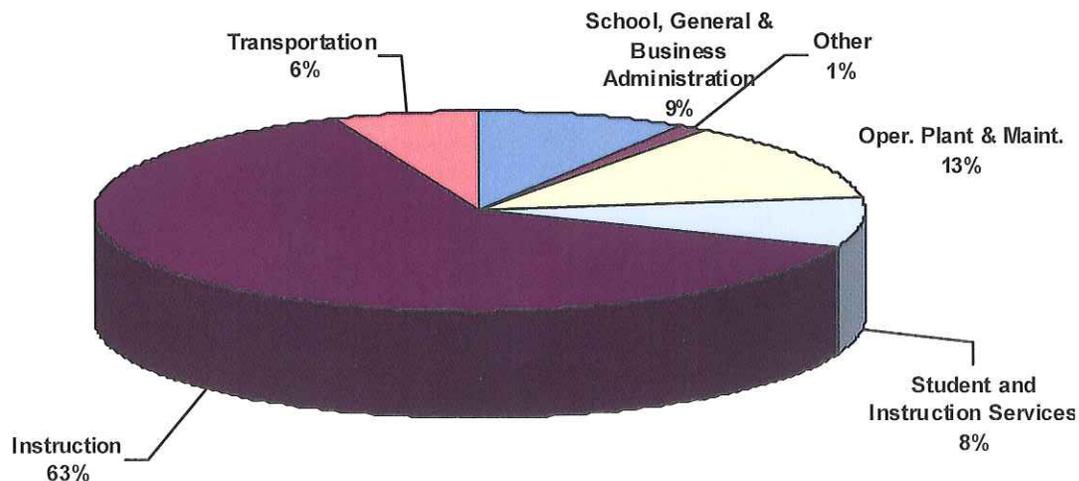


Table A-4 Expenses by Function – Governmental Activities
For Fiscal Year 2013



**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 11,837,456	\$ 11,241,633	\$ 10,154,344	\$ 9,915,045
Special Education	3,228,110	2,438,282	1,911,145	1,285,010
Other Instruction	26,270	27,175	22,112	24,322
School Sponsored Activities and Athletics	1,088,063	1,097,836	1,088,063	1,097,836
Support Services				
Student and Instruction Related Services	2,019,635	1,915,879	1,790,557	1,738,772
General Administrative Services	613,658	573,026	552,659	526,264
School Administrative Services	921,657	939,296	849,973	878,419
Plant Operations and Maintenance	3,227,203	3,015,157	3,227,203	3,015,157
Pupil Transportation	1,599,648	1,475,776	1,412,229	1,276,573
Business Services	844,702	908,870	773,301	851,595
Interest on Debt	269,660	301,218	269,660	301,218
Total	<u>\$ 25,676,062</u>	<u>\$ 23,934,148</u>	<u>\$ 22,051,246</u>	<u>\$ 20,910,211</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal years ended June 30, 2013 and 2012 were \$808,098 and \$965,534, respectively. These costs were funded by operating grants and charges for services (Detailed on Table A-2).

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

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, unreserved 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 \$2,409,158. As of June 30, 2012, the fund balance was \$2,233,383.

Revenues for the District's governmental funds were \$27,149,990 while total expenditures were \$26,974,215.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades 9 through 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2013 and 2012.

General Fund Revenues

	<u>Year Ended</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2013</u>	<u>2012</u>		
Local Sources				
Property Taxes	\$ 22,375,324	\$ 20,589,474	\$ 1,785,850	9%
Transportation	165,722	178,685	(12,963)	-7%
Miscellaneous	222,823	125,611	97,212	77%
Intergovernmental				
Federal Sources	4,238	52,385	(48,147)	100%
State Sources	<u>3,124,078</u>	<u>2,465,541</u>	<u>658,537</u>	27%
Total General Fund Revenues	<u>\$ 25,892,185</u>	<u>\$ 23,411,696</u>	<u>\$ 2,480,489</u>	11%

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2013 and 2012.

General Fund Expenditures

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2013</u>	<u>2012</u>		
Current Expense:				
Instruction	\$ 15,621,694	\$ 14,317,963	\$ 1,303,731	9%
Undistributed Expenses	8,969,208	8,547,302	421,906	5%
Capital Outlay	139,935	42,516	97,419	229%
Operating Lease Payments	225,658	194,795	30,863	16%
 Total Expenditures	 <u>\$ 24,956,495</u>	 <u>\$ 23,102,576</u>	 <u>\$ 1,853,919</u>	 8%

Total General Fund expenditures increased by \$1,853,919 or 8% from the previous year. The most significant increase can be attributable to the increases in the areas of Instruction.

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

Revenues of the Special Revenue Fund were \$439,741 and \$414,103, for the years ended June 30, 2013 and 2012. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 100% and 100% of the total revenue for the years June 30, 2013 and 2012.

Total Special Revenue Fund revenues increased \$25,638 or 6% from the previous year due to a increase of federal sources.

Expenditures of the Special Revenue Fund were \$439,741 and \$414,103 for the years ended June 30, 2013 and 2012. Instructional expenditures were \$437,416 and support and services were \$2,325.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues by \$710,917 resulting in a fund balance of \$170,028 at June 30, 2013.

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 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.

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

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 basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are the result of the implementation of budgets for specially funded projects and the reinstating prior year purchase orders being carried over.

Capital Assets. At the end of the fiscal year 2013, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

Table A-4

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	Increase <u>(Decrease)</u>
Buildings and Building Improvements	\$ 12,944,740	\$ 6,376,277	\$ 6,568,463
Improvements other than Buildings	840,970	840,970	-
Machinery and Equipment	709,840	569,905	139,935
Construction in Progress	-	5,857,546	(5,857,546)
	<u>14,495,550</u>	<u>13,644,698</u>	<u>850,852</u>
Less Accumulated Depreciation	<u>6,533,412</u>	<u>6,370,414</u>	<u>162,998</u>
 Total	 <u>\$ 7,962,138</u>	 <u>\$ 7,274,284</u>	 <u>\$ 687,854</u>

Debt Administration. As of June 30, 2013 and 2012 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$7,686,814 and \$8,290,295, respectively.

**Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2013**

Long-Term Liabilities

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2013</u>	<u>2012</u>
Serial Bonds	\$ 7,573,000	\$ 8,143,000
Intergovernmental Loans Payable	20,751	41,635
Compensated Absences Payable	<u>93,063</u>	<u>105,960</u>
 Total	 <u>\$ 7,686,814</u>	 <u>\$ 8,290,595</u>

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- ✓ Increases in the cost relating to the operation and maintenance of the plant.
- ✓ Increased costs in providing student transportation.
- ✓ Costs related to the instructional programs of the District.
- ✓ Shortfall in revenue caused by the state not remitting the final state aid payment to the district in June 2013.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Gerber, Passaic Valley Regional High School District No. 1 Board of Education, East Main Street, Little Falls, New Jersey 07424.

BASIC FINANCIAL STATEMENTS

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,651,358	\$ 91,386	\$ 1,742,744
Receivables, net			
Receivables from Other Governments	919,415	38,915	958,330
Other Receivables	25,248	29,383	54,631
Inventory		10,100	10,100
Capital Assets			
Being Depreciated Net	<u>7,962,138</u>	<u>82,886</u>	<u>8,045,024</u>
Total Assets	<u>10,558,159</u>	<u>252,670</u>	<u>10,810,829</u>
LIABILITIES			
Accounts Payable	82,687	18,351	101,038
Payable to State Government	438		438
Payable to Federal Government	862		862
Accrued Interest Payable	106,809		106,809
Unearned Revenue	102,876		102,876
Noncurrent Liabilities			
Due Within One Year	620,751		620,751
Due Beyond One Year	<u>7,066,063</u>	<u>-</u>	<u>7,066,063</u>
Total Liabilities	<u>7,980,486</u>	<u>18,351</u>	<u>7,998,837</u>
NET POSITION			
Net Investment in Capital Assets	538,415	82,886	621,301
Restricted for:			
Capital Projects	1		1
Debt Service	599		599
Unrestricted	<u>2,038,658</u>	<u>151,433</u>	<u>2,190,091</u>
Total Net Position	<u>\$ 2,577,673</u>	<u>\$ 234,319</u>	<u>\$ 2,811,992</u>

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 11,837,456		\$ 1,683,112		\$ (10,154,344)		\$ (10,154,344)
Special Education	3,228,110		1,316,965		(1,911,145)		(1,911,145)
Other Instruction	26,270		4,158		(22,112)		(22,112)
School Sponsored Co-Curricular Activities	1,088,063				(1,088,063)		(1,088,063)
Support Services:							
Student & Instruction Related Services	2,019,635		229,078		(1,790,557)		(1,790,557)
School Administrative Services	921,657		71,684		(849,973)		(849,973)
General Administrative Services	613,658		60,999		(552,659)		(552,659)
Plant Operations and Maintenance	3,227,203				(3,227,203)		(3,227,203)
Pupil Transportation	1,599,648	\$ 165,722	21,697		(1,412,229)		(1,412,229)
Business and Other Support Services	844,702		71,401		(773,301)		(773,301)
Interest on long-term debt	269,660	-	-		(269,660)		(269,660)
Total Governmental Activities	25,676,062	165,722	3,459,094	-	(22,051,246)	-	(22,051,246)
Business-Type Activities:							
Food Service	808,098	677,581	161,611	-	-	\$ 31,094	\$ 31,094
Total Business-Type Activities	808,098	677,581	161,611	-	-	31,094	31,094
Total Primary Government	\$ 26,484,160	\$ 843,303	\$ 3,620,705	\$ -	(22,051,246)	31,094	(22,020,152)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 22,375,324		\$ 22,375,324
Taxes Levied for Debt Service	631,942		631,942
State Aid - Unrestricted	294,770		294,770
Miscellaneous Income	223,138	-	223,138
	<u>23,525,174</u>	<u>-</u>	<u>23,525,174</u>
Total General Revenues			
	1,473,928	\$ 31,094	1,505,022
Change in Net Position			
	<u>1,103,745</u>	<u>203,225</u>	<u>1,306,970</u>
Net Position—Beginning of Year (Restated)			
Net Position—End of Year	<u>\$ 2,577,673</u>	<u>\$ 234,319</u>	<u>\$ 2,811,992</u>

FUND FINANCIAL STATEMENTS

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,350,224	\$ 74,854	\$ 226,280		\$ 1,651,358
Receivables From Other Governments	130,436	5,141	783,838		919,415
Due from Other Funds	<u>816,029</u>	<u>-</u>	<u>-</u>	\$ 599	<u>816,628</u>
Total Assets	<u>\$ 2,296,689</u>	<u>\$ 79,995</u>	<u>\$ 1,010,118</u>	<u>\$ 599</u>	<u>\$ 3,387,401</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 58,158		\$ 24,529		\$ 82,687
Due to Other Funds		\$ 3,429	787,951		791,380
Payable to Federal Government		862			862
Payable to State Government		438			438
Unearned Revenue	<u>-</u>	<u>75,266</u>	<u>27,610</u>	<u>-</u>	<u>102,876</u>
Total Liabilities	<u>58,158</u>	<u>79,995</u>	<u>840,090</u>	<u>-</u>	<u>978,243</u>
Fund Balances:					
Restricted:					
Capital Reserve	1				1
Excess Surplus	1,388,683				1,388,683
Excess Surplus - Designated for Subsequent Year's Expenditures	214,711				214,711
Capital Projects			74,581		74,581
Debt Service				\$ 599	599
Committed:					
Year End Encumbrances			95,447		95,447
Assigned:					
Designated for Subsequent Year's Expenditures	120,805				120,805
Year End Encumbrances	121,516				121,516
Unassigned, Reported in:					
General Fund	<u>392,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,815</u>
Total Fund Balances	<u>2,238,531</u>	<u>-</u>	<u>170,028</u>	<u>599</u>	<u>2,409,158</u>
Total Liabilities and Fund Balances	<u>\$ 2,296,689</u>	<u>\$ 79,995</u>	<u>\$ 1,010,118</u>	<u>\$ 599</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,495,550 and the accumulated depreciation is \$6,533,412. 7,962,138

The District has financed capital assets through the issuance of long-term debt. The interest accrual at year end is: (106,809)

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	\$ 7,573,000	
Loans Payable	20,751	
Compensated Absences	<u>93,063</u>	
		<u>(7,686,814)</u>

Net position of governmental activities (Exhibit A-1) \$ 2,577,673

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Property Tax Levy	\$ 22,375,324			\$ 631,942	\$ 23,007,266
Transportation	165,722				165,722
Miscellaneous	222,823	-	\$ 315	-	223,138
Total - Local Sources	<u>22,763,869</u>	<u>-</u>	<u>315</u>	<u>631,942</u>	<u>23,396,126</u>
State Sources	3,124,078			185,807	3,309,885
Federal Sources	4,238	\$ 439,741	-	-	443,979
Total Revenues	<u>25,892,185</u>	<u>439,741</u>	<u>315</u>	<u>817,749</u>	<u>27,149,990</u>
EXPENDITURES					
Instruction					
Regular	11,563,054	150,123			11,713,177
Special Education	2,940,607	287,293			3,227,900
Other	29,969				29,969
School Sponsored Co-Curricular Activities	1,088,063				1,088,063
Support Services and Undistributed Costs					
Student & Instruction Related Services	1,998,857	2,325			2,001,182
School Administrative Services	921,657				921,657
General Administrative Services	613,658				613,658
Plant Operations and Maintenance	3,066,972				3,066,972
Pupil Transportation	1,599,648				1,599,648
Business & Other Support Services	768,417				768,417
Operating Lease Payments	225,658				225,658
Capital Outlay	139,935		710,917		850,852
Debt Service					
Principal				590,884	590,884
Interest and other charges	-	-	-	276,178	276,178
Total Expenditures	<u>24,956,495</u>	<u>439,741</u>	<u>710,917</u>	<u>867,062</u>	<u>26,974,215</u>
Excess (Deficiency) of Revenues					
Over Expenditures	935,690	-	(710,602)	(49,313)	175,775
OTHER FINANCING SOURCES (USES)					
Transfers In				315	315
Transfers Out	-	-	(315)	-	(315)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(315)</u>	<u>315</u>	<u>-</u>
Net Change in Fund Balances	935,690	-	(710,917)	(48,998)	175,775
Fund Balance, Beginning of Year	1,302,841	-	880,945	49,597	2,233,383
Fund Balance, End of Year	<u>\$ 2,238,531</u>	<u>\$ -</u>	<u>\$ 170,028</u>	<u>\$ 599</u>	<u>\$ 2,409,158</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Total net change in fund balances - governmental funds (from B-2) **\$ 175,775**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

	\$ (162,998)	
Depreciation Expense	850,852	
Capital Outlays		687,854

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

	570,000	
Bond Principal	20,884	
Intergovernmental Loan Principal		590,884

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest		6,518
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Compensated Absences		12,897
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Change in net assets of governmental activities		\$ 1,473,928
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**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

		Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	91,386
Intergovernmental Receivable		
State		1,142
Federal		37,773
Accounts Receivable		29,383
Inventories		<u>10,100</u>
 Total Current Assets		 <u>169,784</u>
Capital Assets		
Furniture, Machinery and Equipment		193,906
Less: Accumulated Depreciation		<u>(111,020)</u>
 Total Capital Assets, Net		 <u>82,886</u>
 Total Assets		 <u>252,670</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		<u>18,351</u>
 Total Current Liabilities		 <u>18,351</u>
NET POSITION		
Net Investment in Capital Assets		82,886
Unrestricted		<u>151,433</u>
 Total Net Position	\$	 <u><u>234,319</u></u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 567,138
Daily Sales - Nonreimbursable Programs	101,211
Other Sales	<u>9,232</u>
 Total Operating Revenues	 <u>677,581</u>
OPERATING EXPENSES	
Labor Cost	298,253
Management Fee	44,749
Supplies and Materials	45,629
Other Expenses	52,257
Cost of Food	355,129
Depreciation	<u>12,081</u>
 Total Operating Expenses	 <u>808,098</u>
 Operating Loss	 <u>(130,517)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	3,837
Federal Sources	
Food Distribution Program	10,618
National School Breakfast Program	14,522
National School Lunch Program	<u>132,634</u>
 Total Nonoperating Revenues	 <u>161,611</u>
 Change in Net Position	 31,094
 Total Net Position - Beginning of Year	 <u>203,225</u>
 Total Net Position - End of Year	 <u>\$ 234,319</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Fund Food Services
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 677,581
Cash Payments for Employees' Salaries and Benefits	(298,253)
Cash Payments to Suppliers for Goods and Services	<u>(524,715)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(145,387)</u>
Cash Flows to / from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>238,737</u>
Net Cash Provided by Noncapital Financing Activities	<u>238,737</u>
Cash Flows to / from Capital Financing Activities	
Purchase of Equipment	<u>(43,824)</u>
Net Cash Used for Noncapital Financing Activities	<u>(43,824)</u>
Net Increase in Cash and Cash Equivalents	49,526
Cash and Cash Equivalents, Beginning of Year	<u>41,860</u>
Cash and Cash Equivalents, End of Year	<u>\$ 91,386</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (130,517)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	10,618
Depreciation	12,081
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	4,335
(Increase)/Decrease in Inventory	(4,314)
Increase/(Decrease) in Accounts Payable	(37,040)
Increase/(Decrease) in Deferred Revenue	<u>(550)</u>
Total Adjustments	<u>(14,870)</u>
Net Cash Used for Operating Activities	<u>\$ (145,387)</u>
Non-Cash Financing Activities:	
Fair Value of Food Distribution Program Commodities Received - National School Lunch Program	<u>\$ 10,618</u>

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 72,669	\$ 140,979	\$ 361,204
Total Assets	<u>72,669</u>	<u>140,979</u>	<u>\$ 361,204</u>
LIABILITIES			
Due to Student Groups			\$ 179,809
Intergovernmental Payable	4,098		
Accrued Salaries & Deductions			156,147
Due to Other Funds	<u>-</u>	<u>-</u>	<u>25,248</u>
Total Liabilities	<u>4,098</u>	<u>-</u>	<u>\$ 361,204</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes			
Restricted	<u>\$ 68,571</u>	<u>\$ 140,979</u>	

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>
ADDITIONS		
Contributions		
Employee	\$ 29,812	-
Total Contributions	<u>29,812</u>	<u>-</u>
Investment Earnings		
Interest	72	\$ 491
Net Investment Earnings	<u>72</u>	<u>491</u>
Total Additions	<u>29,884</u>	<u>491</u>
DEDUCTIONS		
Other Expenses	26,980	
Scholarships Awarded	<u>-</u>	<u>5,772</u>
Total Deductions	<u>26,980</u>	<u>5,772</u>
Change in Net Position	2,904	(5,281)
Net Position Beginning of the Year	<u>65,667</u>	<u>146,260</u>
Net Position End of the Year	<u>\$ 68,571</u>	<u>\$ 140,979</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Passaic Valley Regional High School District No. 1 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 nine 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 Passaic Valley Regional High School District No. 1 Board of Education this includes general operations, food service, 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 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. 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.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the 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. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic 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.

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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and 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 for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is 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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

Additionally, the government reports the following fund type:

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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 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 revenue.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities 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:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	40
Improvements and Other Buildings	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

5. Compensated Absences

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

6. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position/Fund Balance (Continued)

6. *Long-Term Obligations (Continued)*

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

7. *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.

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.)

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 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, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 District budget certified for taxes.

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

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

8. *Reclassifications*

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 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 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$182,034. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Fund			
Support Services			
Professional and Technical Services	\$ -0-	\$ 2,325	\$2,325
Debt Service Fund			
Regular Debt Service			
Interest	276,116	276,178	62

The above variances were offset with other available resources.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District on October 10, 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, 2013 is as follows:

Balance, July 1, 2012	\$ 1
Balance, June 30, 2013	\$ 1

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance 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, 2013 is \$1,603,394. Of this amount, \$214,711 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$1,388,683 will be appropriated in the 2014/2015 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$2,317,596 and bank and brokerage firm balances of the Board's deposits amounted to \$3,100,255. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured \$ 3,100,255

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, 2013 the Board's bank balance was not exposed to any 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, 2013, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2013 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts				\$ 29,383	\$ 29,383
Intergovernmental	\$ 130,436	\$ 5,141	\$ 783,838	38,915	958,330
Gross Receivables	130,436	5,141	783,838	68,298	987,713
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 130,436</u>	<u>\$ 5,141</u>	<u>\$ 783,838</u>	<u>\$ 68,298</u>	<u>\$ 987,713</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 75,266
Capital Projects Fund	
Unrealized School Facilities Grants	<u>27,610</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 102,876</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance, <u>June 30, 2013</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Construction in Progress	\$ 5,857,546	\$ 710,917	-	\$ (6,568,463)	-
Total Capital Assets, Not Being Depreciated	<u>5,857,546</u>	<u>710,917</u>	-	<u>(6,568,463)</u>	-
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	6,376,277			6,568,463	\$ 12,944,740
Improvements Other Than Buildings	840,970				840,970
Machinery and Equipment	569,905	139,935	-	-	709,840
Total Capital Assets Being Depreciated	<u>7,787,152</u>	<u>139,935</u>	-	<u>6,568,463</u>	<u>14,495,550</u>
Less Accumulated Depreciation for:					
Buildings	5,458,852	94,873			5,553,725
Improvements Other Than Buildings	631,898	13,655			645,553
Machinery and Equipment	279,664	54,470	-	-	334,134
Total Accumulated Depreciation	<u>6,370,414</u>	<u>162,998</u>	-	-	<u>6,533,412</u>
Total Capital Assets, Being Depreciated, Net	<u>1,416,738</u>	<u>(23,063)</u>	-	<u>6,568,463</u>	<u>7,962,138</u>
Government Activities Capital Assets, Net	<u>\$ 7,274,284</u>	<u>\$ 687,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,962,138</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 150,082	\$ 43,824	-	\$ 193,906
Total Capital Assets Being Depreciated	<u>150,082</u>	<u>43,824</u>	<u>-</u>	<u>193,906</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>98,939</u>	<u>12,081</u>	<u>-</u>	<u>111,020</u>
Total Accumulated Depreciation	<u>98,939</u>	<u>12,081</u>	<u>-</u>	<u>111,020</u>
Total Capital Assets, Being Depreciated, Net	<u>51,143</u>	<u>31,743</u>	<u>-</u>	<u>82,886</u>
Business-Type Activities Capital Assets, Net	<u>\$ 51,143</u>	<u>\$ 31,743</u>	<u>\$ -</u>	<u>\$ 82,886</u>

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

Governmental activities:	
Instruction	
Regular	\$ 29,808
Other Instruction	<u>1,872</u>
Total Instruction	<u>31,680</u>
Support Services	
Student and Instruction Related Services	17,915
Operations and Maintenance of Plant	<u>113,403</u>
Total Support Services	<u>131,318</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 162,998</u>
Business-Type Activities:	
Food Service Fund	\$ 12,081
Total Depreciation Expense-Business-Type Activities	<u>\$ 12,081</u>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Renovations and Improvements at Passaic Valley High School	\$ 6,613,669	\$ 95,447

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 787,352
General Fund	Payroll Agency	9,248
General Fund	Student Activities	16,000
General Fund	Special Revenue	3,429
Debt Service	Capital Projects	599
		<u>\$ 816,628</u>

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

	<u>Transfers In:</u>	
	<u>Debt Service</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 315	\$ 315
	<u>\$ 315</u>	<u>\$ 315</u>

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers and office equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$225,658.

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, 2013 are comprised of the following issues:

\$950,000, 2001 Bonds, due in annual installments of \$70,000 through November 15, 2015, interest at 4.5% - 4.75%	\$210,000
\$2,255,000, 2003 Bonds, due in annual installments of \$180,000 Through May 1, 2018, interest at 3.75% - 4.00%	900,000
\$6,788,000, 2010 Bonds, due in annual installments of \$350,000 to \$650,000 through July 1, 2024, interest at 3.00% - 3.85%	<u>6,463,000</u>
	<u>\$7,573,000</u>

Intergovernmental Loan Payable

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities and other capital assets.

Loans payable at June 30, 2013 are comprised of the following:

\$246,404, 1993 Loan due in an annual installment of \$18,255 through July 15, 2013 interest at 5.29%	\$18,255
\$82,134, 1993 Loan due in an annual installment of \$2,496 through July 15, 2013 interest at 1.50%	<u>2,496</u>
	<u>\$20,751</u>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year	<u>Serial Bonds</u>		<u>Intergovernmental Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 600,000	\$ 253,880	\$ 20,751	\$ 508	\$ 875,139
2015	600,000	233,393			833,393
2016	650,000	211,877			861,877
2017	630,000	190,264			820,264
2018	630,000	169,564			799,564
2019-2023	3,175,000	504,105			3,679,105
2024-2026	<u>1,288,000</u>	<u>77,040</u>	<u>-</u>	<u>-</u>	<u>1,365,040</u>
	<u>\$ 7,573,000</u>	<u>\$ 1,640,123</u>	<u>\$ 20,751</u>	<u>\$ 508</u>	<u>\$ 9,234,382</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 178,617,804
Less: Net Debt	<u>7,593,751</u>
Remaining Borrowing Power	<u>\$ 171,024,053</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance,</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 8,143,000		\$ 570,000	\$ 7,573,000	\$ 600,000
Loans Payable	41,635		20,884	20,751	20,751
Compensated Absences	<u>105,960</u>	<u>-</u>	<u>12,897</u>	<u>93,063</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 8,290,595</u>	<u>\$ -</u>	<u>\$ 603,781</u>	<u>\$ 7,686,814</u>	<u>\$ 620,751</u>

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 Pooled Insurance Program (PIP). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

PIP 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 respective insurance funds are on file with the School's Business Administrator.

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

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

<u>Fiscal</u> <u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 29,812	\$ 26,980	\$ 68,571
2012	28,953	53,679	65,667
2011	27,299	97,156	90,310

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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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, 2013, 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, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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.

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 and are considered in the annual actuarial calculation of the required State contribution for the system.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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.

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.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- 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).

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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 limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 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) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 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 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 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.

During the years ended June 30, 2013, 2012 and 2011 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:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2013	\$ 188,010	\$ 618,482
2012	196,000	287,340
2011	196,804	27,831

The State contributed \$618,482 and \$287,340 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$27,831 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$704,703 during the year ended June 30, 2013 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 cost sharing multiple employer defined benefit plans.

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, PDP-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 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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free 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 free 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 employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. 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, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in 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 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, 2011, 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, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million 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 free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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 years ended June 30, 2013, 2012 and 2011 were \$699,346, \$577,629 and \$591,132, 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 RESTATEMENT

On July 1, 2012, the Passaic Valley Regional High School District No. 1 Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Passaic Valley Regional High School District No. 1 Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$41,729 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$1,145,474 as originally reported to \$1,103,745 as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 22,375,324		\$ 22,375,324	\$ 22,375,324	
Transportation Fees from Other LEAs	185,000		185,000	165,722	\$ (19,278)
Investment Income	1,200		1,200	1,374	174
Miscellaneous	68,818	-	68,818	221,449	152,631
Total Local Sources	<u>22,630,342</u>	<u>-</u>	<u>22,630,342</u>	<u>22,763,869</u>	<u>133,527</u>
State Sources					
Categorical Special Education Aid	769,655		769,655	769,655	
Equalization Aid	83,170		83,170	83,170	
Categorical Security Aid	26,925		26,925	26,925	
Categorical Transportation Aid	87,108		87,108	87,108	
Extraordinary Aid				164,386	164,386
Non Public Transportation Reimbursement				21,697	21,697
On-behalf TPAF Normal Costs (Non-budgeted)				587,568	587,568
On-behalf TPAF NCGI Premium (Non-budgeted)				30,914	30,914
On-behalf Post Retirement Medical Contribution (Non-budgeted)				699,346	699,346
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	704,703	704,703
Total State Sources	<u>966,858</u>	<u>-</u>	<u>966,858</u>	<u>3,175,472</u>	<u>2,208,614</u>
Federal Sources					
Medicaid Reimbursement	14,985	-	14,985	4,238	(10,747)
Total Federal Sources	<u>14,985</u>	<u>-</u>	<u>14,985</u>	<u>4,238</u>	<u>(10,747)</u>
Total Revenues	<u>23,612,185</u>	<u>-</u>	<u>23,612,185</u>	<u>25,943,579</u>	<u>2,331,394</u>
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	7,382,049	\$ (41,340)	7,340,709	7,166,810	173,899
Regular Programs- Home Instruction					
Salaries of Teachers	150,000	-	150,000	111,268	38,732
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	284,166	-	284,166	284,166	-
General Supplies	238,600	-	238,600	219,233	19,367
Textbooks	102,406	-	102,406	94,019	8,387
Other Objects	18,143	-	18,143	16,400	1,743
Total Regular Programs	<u>8,175,364</u>	<u>(41,340)</u>	<u>8,134,024</u>	<u>7,891,896</u>	<u>242,128</u>
Resource Room					
Salaries of Teachers	708,072	-	708,072	695,828	12,244
General Supplies	6,261	-	6,261	6,096	165
Total Resource Room	<u>714,333</u>	<u>-</u>	<u>714,333</u>	<u>701,924</u>	<u>12,409</u>
Total Special Education	<u>714,333</u>	<u>-</u>	<u>714,333</u>	<u>701,924</u>	<u>12,409</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 19,177	\$ 2,500	\$ 21,677	\$ 21,628	\$ 49
Total Bilingual Education	<u>19,177</u>	<u>2,500</u>	<u>21,677</u>	<u>21,628</u>	<u>49</u>
School Sponsored Co-Curricular Activities					
Salaries	220,000	-	220,000	211,351	8,649
Supplies and Materials	47,100	-	47,100	19,861	27,239
Total School Sponsored Co-Curricular Activities	<u>267,100</u>	<u>-</u>	<u>267,100</u>	<u>231,212</u>	<u>35,888</u>
Co-Curricular Athletics					
Salaries	350,000	17,000	367,000	362,866	4,134
Purchased Services	1,000	-	1,000	719	281
Supplies and Materials	330,396	(43,515)	286,881	274,582	12,299
Total Co-Curricular Athletics	<u>681,396</u>	<u>(26,515)</u>	<u>654,881</u>	<u>638,167</u>	<u>16,714</u>
Total - Instruction	<u>9,857,370</u>	<u>(65,355)</u>	<u>9,792,015</u>	<u>9,484,827</u>	<u>307,188</u>
Undistributed Expenditures					
Instruction					
Tuition to County Voc.School Dist. - Reg.	615,327	130,000	745,327	744,603	724
Tuition to Priv. Sch. For the Disables within State	1,967,185	(54,000)	1,913,185	1,907,983	5,202
Tuition to State Facilities	4,500	57,840	62,340	62,340	-
Total Undistributed Expenditures - Instruction	<u>2,587,012</u>	<u>133,840</u>	<u>2,720,852</u>	<u>2,714,926</u>	<u>5,926</u>
Health Services					
Salaries	115,516	2,225	117,741	115,073	2,668
Supplies and Materials	93,907	26,550	120,457	113,479	6,978
Total Health Services	<u>209,423</u>	<u>28,775</u>	<u>238,198</u>	<u>228,552</u>	<u>9,646</u>
Speech, OT, PT & Related Services					
Salaries	25,000	12,800	37,800	37,789	11
Total Support Services- Student- Related Serv.	<u>25,000</u>	<u>12,800</u>	<u>37,800</u>	<u>37,789</u>	<u>11</u>
Guidance					
Salaries of Other Professional Staff	557,537	(5,000)	552,537	551,659	878
Salaries of Sec. & Clerical Assts.	111,815	-	111,815	107,924	3,891
Supplies and Materials	12,000	-	12,000	11,258	742
Total Guidance	<u>681,352</u>	<u>(5,000)</u>	<u>676,352</u>	<u>670,841</u>	<u>5,511</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXPENDITURES	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
CURRENT EXPENSE (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 326,992	\$ (24,000)	\$ 302,992	\$ 302,630	\$ 362
Miscellaneous Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	5,623	-	5,623	5,591	32
Other Objects	500	175	675	660	15
Total Child Study Teams	334,115	(23,825)	310,290	308,881	1,409
Educational Media Services/School Library					
Salaries	172,430	-	172,430	172,374	56
Supplies and Materials	84,905	(1,113)	83,792	82,643	1,149
Other Objects	2,100	-	2,100	1,768	332
Total Educational Media Services/School Library	259,435	(1,113)	258,322	256,785	1,537
Support Services General Administration					
Salaries	319,163	-	319,163	317,305	1,858
Legal Services	2,000	1,500	3,500	3,223	277
Other Purchased Professional Services	32,500	(6,000)	26,500	26,200	300
Communications/Telephone	70,000	1,225	71,225	71,221	4
Miscellaneous Purchased Services	48,185	-	48,185	47,085	1,100
Miscellaneous Expenditures	39,500	(10,000)	29,500	26,215	3,285
Total Support Services General Administration	511,348	(13,275)	498,073	491,249	6,824
Support Services School Administration					
Salaries of Principals/Asst. Principals	370,035	3,000	373,035	372,886	149
Salaries of Secretarial and Clerical Assistants	244,322	52,500	296,822	288,752	8,070
Other Purchased Services	500	-	500	200	300
Supplies and Materials	6,100	-	6,100	6,040	60
Total Support Services School Administration	620,957	55,500	676,457	667,878	8,579
Central Services					
Salaries	275,538	-	275,538	268,232	7,306
Miscellaneous Expenditures	146,900	54,000	200,900	200,146	754
Total Central Services	422,438	54,000	476,438	468,378	8,060
Admin. Info. Technology					
Salaries	122,362	-	122,362	103,181	19,181
Supplies and Materials	68,297	-	68,297	53,615	14,682
Total Admin. Info. Technology	190,659	-	190,659	156,796	33,863
Undist. Expend. - Required Maint. For School Facilities					
Salaries	223,289	-	223,289	223,289	-
Cleaning, Repair, and Maintenance	261,900	5,900	267,800	266,281	1,519
General Supplies	8,500	1,490	9,990	9,271	719
Other Objects	19,500	6,650	26,150	25,808	342
Total Undist. Expend - Required Maint. For School Facilities	513,189	14,040	527,229	524,649	2,580

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXPENDITURES	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
CURRENT EXPENSE (Continued)					
Custodial Services					
Salaries	\$ 1,206,424	\$ 19,000	\$ 1,225,424	\$ 1,221,516	\$ 3,908
Cleaning, Repair, and Maintenance Services	79,850	20,500	100,350	95,674	4,676
Other Purchased Property Services	31,000	(10,000)	21,000	18,175	2,825
Insurance	78,908	(14,000)	64,908	63,990	918
General Supplies	123,850	3,376	127,226	121,850	5,376
Energy (Electricity)	350,020	-	350,020	286,097	63,923
Energy (Natural Gas)	308,654	(113,250)	195,404	89,789	105,615
Total Custodial Services	2,178,706	(94,374)	2,084,332	1,897,091	187,241
Security					
Purchased Professional and Technical Services	100,000	(5,000)	95,000	94,993	7
Total Security	100,000	(5,000)	95,000	94,993	7
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	63,367	-	63,367	63,367	-
Other Purchased Professional and Technical Services	4,500	-	4,500	3,975	525
Contracted Services (Between Home and School) - Vendors	718,350	10,011	728,361	681,331	47,030
Contracted Services (Other Than Between Home and School) - Vendors	230,000	(50,000)	180,000	160,789	19,211
Contracted Services (Sp Ed Stds)- Vendors	769,862	-	769,862	425,738	344,124
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	225,000	20,000	245,000	240,315	4,685
Total Student Transportation Services	2,011,079	(19,989)	1,991,090	1,575,515	415,575
Unallocated Benefits - Employee Benefits					
Social Security Contributions	260,100	20,000	280,100	276,592	3,508
Other Retirement Contributions	205,319	(17,000)	188,319	188,010	309
Unemployment Compensation	98,681	-	98,681	-	98,681
Workmen's Compensation	139,645	(13,700)	125,945	125,945	-
Health Benefits	2,601,605	(300)	2,601,305	2,388,614	212,691
Total Unallocated Benefits - Employee Benefits	3,305,350	(11,000)	3,294,350	2,979,161	315,189
On-behalf TPAF Normal Costs (Non-budgeted)					
				587,568	(587,568)
On-behalf TPAF NCGI Premium (Non-budgeted)					
				30,914	(30,914)
On-behalf Post Retirement Medical Contribution (Non-budgeted)					
				699,346	(699,346)
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
	-	-	-	704,703	(704,703)
Total On-behalf Contributions	-	-	-	2,022,531	(2,022,531)
Total Undistributed Expenditures	13,950,063	125,379	14,075,442	15,096,015	(1,020,573)
Total Expenditures - Current Expense	23,807,433	60,024	23,867,457	24,580,842	(713,385)

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 9-12	\$ 102,597	-	\$ 102,597	\$ 102,545	\$ 52
Undistributed Expenditures					
Supports Services-Instructional Staff	45,000	-	45,000	32,143	12,857
Central Services	127,500	-	127,500	76,285	51,215
Custodial Services	158,000	\$ 11,599	169,599	154,620	14,979
Total Equipment	<u>433,097</u>	<u>11,599</u>	<u>444,696</u>	<u>365,593</u>	<u>79,103</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	34	-	34	34	-
Total Facilities Acquisition and Construction Services	<u>34</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>-</u>
Total Capital Outlay	<u>433,131</u>	<u>11,599</u>	<u>444,730</u>	<u>365,627</u>	<u>79,103</u>
Transfer of Funds to Charter Schools	42,500	(32,000)	10,500	10,026	474
Total Expenditures	<u>24,283,064</u>	<u>39,623</u>	<u>24,322,687</u>	<u>24,956,495</u>	<u>(633,808)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(670,879)	(39,623)	(710,502)	987,084	1,697,586
Fund Balances, Beginning of Year	<u>1,503,394</u>	<u>-</u>	<u>1,503,394</u>	<u>1,503,394</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 832,515</u>	<u>\$ (39,623)</u>	<u>\$ 792,892</u>	<u>\$ 2,490,478</u>	<u>\$ 1,697,586</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1	
Excess Surplus - Designated for Subsequent Year's Expenditures				214,711	
Excess Surplus				1,388,683	
Assigned:					
Designated for Subsequent Year's Expenditures				120,805	
Year - End Encumbrances				121,516	
Unassigned Fund Balance				<u>644,762</u>	
				2,490,478	
Less: State Payments Not Recognized on GAAP					
Deferred State Aid				<u>(251,947)</u>	
Fund Balance, GAAP Basis				<u>\$ 2,238,531</u>	

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - EDUCATION JOBS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources	\$ 318,982	\$ 142,411	\$ 461,393	\$ 441,741	\$ (19,652)
Total Revenues	<u>318,982</u>	<u>142,411</u>	<u>461,393</u>	<u>441,741</u>	<u>(19,652)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	318,982	142,411	461,393	439,416	21,977
General Supplies	-	-	-	-	-
Total Instruction	<u>318,982</u>	<u>142,411</u>	<u>461,393</u>	<u>439,416</u>	<u>21,977</u>
Support Services					
Professional and Technical Services	-	-	-	2,325	(2,325)
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,325</u>	<u>(2,325)</u>
Total Expenditures	<u>318,982</u>	<u>142,411</u>	<u>461,393</u>	<u>441,741</u>	<u>19,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GENERAL AND SPECIAL REVENUE FUNDS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 Funds 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 and C-2)	\$ 25,943,579	\$ 441,741	
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, 2013		(2,000)	
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	200,553		
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(251,947)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 25,892,185</u>	<u>\$ 439,741</u>	
Uses/Outflows of Resources			
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 24,956,495	\$ 441,741	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2013	<u>-</u>	<u>(2,000)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 24,956,495</u>	<u>\$ 439,741</u>	

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	NCLB Title I	NCLB Title I Carryover	NCLB Title II-A Carryover	NCLB Title III	NCLB Title III Carryover	IDEA Part B Basic	IDEA Part B Basic Carryover	Race to the Top	Total
REVENUES									
Intergovernmental Federal	\$ 69,631	\$ 42,644	\$ 26,622	\$ 12,460	\$ 766	\$ 170,981	\$ 116,312	\$ 2,325	\$ 441,741
Total Revenues	\$ 69,631	\$ 42,644	\$ 26,622	\$ 12,460	\$ 766	\$ 170,981	\$ 116,312	\$ 2,325	\$ 441,741
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 69,631	\$ 42,644	\$ 26,622	\$ 12,460	\$ 766	\$ 170,981	\$ 116,312	\$ -	\$ 439,416
General Supplies	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 69,631	\$ 42,644	\$ 26,622	\$ 12,460	\$ 766	\$ 170,981	\$ 116,312	\$ -	\$ 439,416
Support Services Professional and Technical Services	-	-	-	-	-	-	-	\$ 2,325	2,325
Total Support Services	-	-	-	-	-	-	-	2,325	2,325
Total Expenditures	\$ 69,631	\$ 42,644	\$ 26,622	\$ 12,460	\$ 766	\$ 170,981	\$ 116,312	\$ 2,325	\$ 441,741

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>	<u>Unexpended</u>
	<u>Prior Year</u>	<u>Current Year</u>	<u>Balance,</u>
			<u>June 30, 2013</u>
Alterations and Renovations at Passaic Valley High School	\$ 3,043,543	\$ 3,019,470	\$ 24,073
and (G) the Installation of an All Weather Track.	<u>6,788,040</u>	<u>5,902,752</u>	<u>174,371</u>
Renovations and Improvements at Passaic Valley High School	<u>\$ 9,831,583</u>	<u>\$ 8,922,222</u>	<u>\$ 198,444</u>
		Unexpended Project Balance \$	198,444
		Less: Deferred Revenue	(27,610)
		Less: Debt Authorized But Not Issued	<u>(806)</u>
		Fund Balance \$	<u>170,028</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Revenues and Other Financing Sources

Revenues

Interest Earnings	\$ <u>315</u>
 Total Revenues	 <u>315</u>

Expenditures and Other Financing Uses

Expenditures

Professional and Technical Services	27,387
Construction Services	683,530
Transfer to Debt Service Fund	<u>315</u>
 Total Expenditures and Transfers	 <u>711,232</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(710,917)
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Fund Balance - Beginning of Year	<u>908,555</u>
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Fund Balance - End of Year	<u>\$ 197,638</u>
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Reconciliation to GAAP

Fund Balance - Budgetary	\$ 197,638
Less: SCC Grant Revenue Not Realized on GAAP Basis	<u>(27,610)</u>
	<u>\$ 170,028</u>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
ALTERATIONS AND RENOVATIONS AT PASSAIC VALLEY HIGH SCHOOL AND
THE INSTALLATION OF AN ALL WEATHER TRACK
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- EDA Grant	\$ 787,777		\$ 787,777	\$ 787,777
Bond Proceeds	2,255,000	-	2,255,000	2,255,766
Total Revenues	<u>3,042,777</u>	<u>-</u>	<u>3,042,777</u>	<u>3,043,543</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Unallocated	<u>3,019,470</u>	<u>-</u>	<u>3,019,470</u>	<u>3,043,543</u>
Total Expenditures and other Financing Sources	<u>3,019,470</u>	<u>-</u>	<u>3,019,470</u>	<u>3,043,543</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 23,307</u>	<u>\$ -</u>	<u>\$ 23,307</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SP#20255
Grant Date	2003
Bond Issue Date	5/1/2003
Bonds Issued	2,255,000
Original Authorized Cost	3,043,543
Additional Authorized Cost	-
Revised Authorized Cost	3,043,543

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
RENOVATIONS AND IMPROVEMENTS TO PASSAIC VALLEY REGIONAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 6,788,000	-	\$ 6,788,000	\$ 6,788,040
Total Revenues	<u>6,788,000</u>	<u>-</u>	<u>6,788,000</u>	<u>6,788,040</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional and Technical Services	621,859	\$ 27,387	649,246	
Cost of Issuance	45,206		45,206	
Construction Services	<u>5,235,647</u>	<u>683,530</u>	<u>5,919,177</u>	<u>6,788,040</u>
Total Expenditures and other Financing Sources	<u>5,902,712</u>	<u>710,917</u>	<u>6,613,629</u>	<u>6,788,040</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 885,288</u>	<u>\$ (710,917)</u>	<u>\$ 174,371</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Approval Date	12/08
Bond Issue Date	7/8/2010
Bonds Issued	6,788,000
Original Authorized Cost	6,788,040
Additional Authorized Cost	-
Revised Authorized Cost	6,788,040

ENTERPRISE FUNDS

EXHIBIT G-1

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4.

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6.

FIDUCIARY FUNDS

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF AGENCY NET POSITION
 AS OF JUNE 30, 2013

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2012</u>
ASSETS			
Cash and Cash Equivalents	\$ 195,809	\$ 165,395	\$ 361,204
Total Assets	<u>\$ 195,809</u>	<u>\$ 165,395</u>	<u>\$ 361,204</u>
LIABILITIES			
Due to Student Groups	\$ 179,809		\$ 179,809
Accrued Salaries & Deductions		\$ 156,147	156,147
Due to Other Funds	<u>16,000</u>	<u>9,248</u>	<u>25,248</u>
Total Liabilities	<u>\$ 195,809</u>	<u>\$ 165,395</u>	<u>\$ 361,204</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>School</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
HIGH SCHOOL				
Due to Other Funds	\$ 16,000			\$ 16,000
Passaic County Regional High School	<u>160,696</u>	\$ 513,326	\$ 494,213	<u>179,809</u>
	<u>\$ 176,696</u>	<u>\$ 513,326</u>	<u>\$ 494,213</u>	<u>\$ 195,809</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
Due to Other Funds	\$ 9,248			\$ 9,248
Payroll Deductions and Withholdings	6,431	\$ 8,362,507	\$ 8,363,287	5,651
Accrued Salaries and Wages	<u>103,686</u>	<u>8,692,293</u>	<u>8,645,483</u>	<u>150,496</u>
	<u>\$ 119,365</u>	<u>\$ 17,054,800</u>	<u>\$ 17,008,770</u>	<u>\$ 165,395</u>

LONG-TERM DEBT

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 LONG TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
Refurbishment of the Roof, the Renovation of the Science Laboratories, and the Improvement of Technology, including all Work, Materials and Equipment	5/1/2001	\$ 950,000	11/1/13-15	\$ 70,000	various	\$ 280,000		\$ 70,000	\$ 210,000
Alteration and Renovation at Passaic Valley High School, and the Installation of an All Weather Track	5/1/2003	2,255,000	5/1/14-18	180,000	3.75-4.00%	1,075,000		175,000	900,000
Renovations and Improvements at Passaic Valley High School	7/8/2010	6,788,000	7/1/13-14 7/1/2015 7/1/16-17 7/1/18-20 7/1/21-23 7/1/2024	350,000 400,000 450,000 625,000 650,000 638,000	3.00% 3.00% 3.00% 3.125 - 3.400% 3.550 - 3.750% 3.85%	6,788,000	-	325,000	6,463,000
						<u>\$ 8,143,000</u>	<u>\$ -</u>	<u>\$ 570,000</u>	<u>\$ 7,573,000</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS SCHEDULE IS NOT APPLICABLE

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 631,942	-	\$ 631,942	\$ 631,942	-
Intergovernmental					
Debt Service Aid Type II	<u>185,807</u>	-	<u>185,807</u>	<u>185,807</u>	-
Total Revenues	<u>817,749</u>	-	<u>817,749</u>	<u>817,749</u>	-
EXPENDITURES					
Regular Debt Service					
Interest	276,116	-	276,116	276,178	\$ (62)
Principal	<u>590,884</u>	-	<u>590,884</u>	<u>590,884</u>	-
Total Expenditures	<u>867,000</u>	-	<u>867,000</u>	<u>867,062</u>	<u>(62)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(49,251)	-	(49,251)	(49,313)	(62)
Other Financing Sources Operating Transfers In	-	-	-	<u>315</u>	<u>315</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(49,251)	-	(49,251)	(48,998)	253
Fund Balance, Beginning of Year	<u>49,597</u>	-	<u>49,597</u>	<u>49,597</u>	-
Fund Balance, End of Year	<u>\$ 346</u>	<u>\$ -</u>	<u>\$ 346</u>	<u>\$ 599</u>	<u>\$ 253</u>

EXHIBIT I-4

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 LONG TERM DEBT
 SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Amount Outstanding June 30, 2012</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2013</u>
EDA Loan - Small Project Loan	5.29%	\$ 246,404	\$ 35,731	\$ 17,476	\$ 18,255
EDA Loan - Safe Loan	1.50%	82,134	5,904	3,408	2,496
			<u>\$ 41,635</u>	<u>\$ 20,884</u>	<u>\$ 20,751</u>

STATISTICAL SECTION

This part of the Passaic Valley Regional High School District No. 1 Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 1,676,129	\$ 1,850,198	\$ 937,290	\$ 1,146,859	\$ 1,272,215	\$ 1,497,868	\$ 1,643,008	\$ (329,194)	\$ 12,323	\$ 538,415
Restricted	18,544	9,705	9,732	37	96	5,900	26,994	70,432	49,598	600
Unrestricted	710,883	803,559	448,078	514,552	855,526	929,292	624,025	660,939	1,083,553	2,038,558
Total Governmental Activities Net Position	\$ 2,405,556	\$ 2,653,462	\$ 1,395,100	\$ 1,661,448	\$ 2,127,837	\$ 2,433,060	\$ 2,294,027	\$ 402,177	\$ 1,145,474	\$ 2,577,573
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 39,650	\$ 35,394	\$ 47,572	\$ 42,797	\$ 41,609	\$ 34,843	\$ 30,763	\$ 31,067	\$ 51,143	\$ 82,886
Restricted	29,605	37,224	14,890	38,057	35,889	55,815	67,291	110,367	152,082	151,433
Unrestricted	69,255	72,618	62,462	80,854	77,498	90,658	98,054	141,434	203,225	234,319
Total Business-Type Activities Net Position	\$ 69,255	\$ 72,618	\$ 62,462	\$ 80,854	\$ 77,498	\$ 90,658	\$ 98,054	\$ 141,434	\$ 203,225	\$ 234,319
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 1,715,779	\$ 1,885,592	\$ 984,862	\$ 1,189,656	\$ 1,313,824	\$ 1,532,711	\$ 1,673,771	\$ (298,127)	\$ 63,466	\$ 621,301
Restricted	18,544	9,705	9,732	37	96	5,900	26,994	70,432	49,598	600
Unrestricted	740,488	840,783	462,968	552,609	891,415	985,107	691,316	771,306	1,235,635	2,190,091
Total District Net Position	\$ 2,474,811	\$ 2,736,080	\$ 1,457,562	\$ 1,742,302	\$ 2,205,335	\$ 2,523,718	\$ 2,392,081	\$ 543,611	\$ 1,348,699	\$ 2,811,992

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,920,648	\$ 7,826,243	\$ 8,719,219	\$ 9,584,890	\$ 9,921,875	\$ 9,736,339	\$ 10,195,190	\$ 10,470,439	\$ 11,241,633	\$ 11,837,456
Special Education	2,052,430	2,351,378	2,592,452	2,583,412	2,554,008	2,450,362	2,616,384	2,402,172	2,438,282	3,228,110
Other Instruction	157,985	177,234	27,260	45,426	28,998	2,628	25,816	27,175	27,175	26,270
School Sponsored Activities And Athletics	741,748	805,676	1,089,690	1,097,938	1,137,084	1,213,689	1,206,306	1,039,671	1,097,836	1,088,063
Support Services:										
Student & Instruction Related Services	1,560,177	1,627,987	1,825,208	1,858,382	1,902,755	1,845,589	1,988,284	1,895,618	1,915,879	2,019,655
School Administrative Services	809,287	804,953	701,452	728,687	754,880	777,414	839,235	872,040	939,296	921,657
General Administration	529,775	554,603	660,517	637,978	637,769	657,058	616,505	599,175	573,026	613,658
Plant Operations And Maintenance	2,092,461	2,310,441	2,429,139	2,425,249	2,640,920	2,748,575	3,039,528	3,017,228	3,015,157	3,227,203
Pupil Transportation	1,115,563	1,232,290	1,363,463	1,399,183	1,581,681	1,590,106	1,545,406	1,459,584	1,475,776	1,599,648
Business and Other Support Services	851,731	733,322	765,606	843,211	987,552	1,027,202	850,321	911,878	908,870	844,702
Interest On Long-Term Debt	156,344	130,134	115,961	107,958	99,575	90,693	81,780	283,089	301,218	269,660
Total Governmental Activities Expenses	16,988,149	18,554,461	20,289,967	21,312,314	22,247,097	22,139,655	23,001,508	22,976,710	23,934,148	25,676,062
Business-Type Activities:										
Food Service	516,446	575,943	616,807	635,693	775,627	810,085	828,102	788,062	965,534	808,098
Total Business-Type Activities Expense	516,446	575,943	616,807	635,693	775,627	810,085	828,102	788,062	965,534	808,098
Total District Expenses	\$ 17,504,595	\$ 19,130,404	\$ 20,906,774	\$ 21,948,007	\$ 23,022,724	\$ 22,949,740	\$ 23,829,610	\$ 23,764,772	\$ 24,899,682	\$ 26,484,160
Program Revenues										
Governmental Activities:										
Charges For Services:										
Pupil Transportation	\$ 187,334	\$ 205,695	\$ 196,313	\$ 189,256	\$ 214,293	\$ 196,021	\$ 184,165	\$ 189,924	\$ 178,685	\$ 165,722
Operating Grants And Contributions	2,551,960	2,603,233	2,807,380	3,358,493	3,404,692	2,856,060	2,535,241	2,302,525	2,845,252	3,459,094
Capital Grants And Contributions	753,546	-	-	215	6,406	-	-	-	-	-
Total Governmental Activities Program Revenues	3,492,840	2,808,928	3,003,693	3,547,964	3,625,391	3,052,081	2,719,406	2,492,449	3,023,937	3,624,816
Business-Type Activities:										
Charges For Services										
Food Service	488,269	545,592	578,670	620,842	728,025	771,720	769,098	742,880	896,500	677,581
Operating Grants And Contributions	32,520	33,714	35,242	33,243	44,246	51,525	66,400	88,562	130,825	161,611
Total Business Type Activities Program Revenues	520,789	579,306	613,912	654,085	772,271	823,245	835,498	831,442	1,027,325	839,192
Total District Program Revenues	\$ 4,013,629	\$ 3,388,234	\$ 3,617,605	\$ 4,202,049	\$ 4,397,662	\$ 3,875,326	\$ 3,554,904	\$ 3,323,891	\$ 4,051,262	\$ 4,464,008
Net (Expense)/Revenue										
Governmental Activities	\$ (13,495,309)	\$ (15,745,533)	\$ (17,286,274)	\$ (17,745,350)	\$ (18,621,706)	\$ (19,087,574)	\$ (20,282,102)	\$ (20,484,261)	\$ (20,910,211)	\$ (22,051,246)
Business-Type Activities	4,343	3,363	(2,895)	18,392	(3,356)	13,160	7,396	43,380	61,791	31,094
Total District-Wide Net Expense	\$ (13,490,966)	\$ (15,742,170)	\$ (17,289,169)	\$ (17,745,958)	\$ (18,625,062)	\$ (19,074,414)	\$ (20,274,706)	\$ (20,440,881)	\$ (20,848,420)	\$ (22,020,152)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 14,465,839	\$ 15,401,811	\$ 16,178,112	\$ 17,262,984	\$ 18,265,821	\$ 18,854,854	\$ 19,504,048	\$ 20,204,210	\$ 20,589,474	\$ 22,375,324
Taxes Levied For Debt Service	328,098	301,827	318,975	311,883	323,816	320,707	335,836	338,729	524,707	631,942
Unrestricted Grants And Contributions	179,004	231,908	268,088	332,678	372,786	138,511	219,208	28,507	203,202	294,770
Miscellaneous Income	52,536	67,893	77,023	125,153	125,672	78,725	83,977	130,544	126,705	223,138
Loss on Disposal of Fixed Assets	-	-	17,541	-	-	-	-	-	(227)	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	15,025,477	16,003,439	16,859,739	18,032,698	19,088,095	19,392,797	20,143,069	20,721,990	21,443,861	23,525,174
Business-Type Activities:										
Transfers	-	-	(17,541)	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	(17,541)	-						
Total District-Wide	\$ 15,025,477	\$ 16,003,439	\$ 16,842,198	\$ 18,032,698	\$ 19,088,095	\$ 19,392,797	\$ 20,143,069	\$ 20,721,990	\$ 21,443,861	\$ 23,525,174
Change in Net Position										
Governmental Activities	\$ 1,530,168	\$ 257,906	\$ (426,535)	\$ 268,348	\$ 466,389	\$ 305,223	\$ (139,033)	\$ 237,729	\$ 533,650	\$ 1,473,928
Business-Type Activities	4,343	3,363	(20,436)	18,392	(3,256)	13,160	7,396	43,280	61,791	31,094
Total District	\$ 1,534,511	\$ 261,269	\$ (446,971)	\$ 286,740	\$ 463,033	\$ 318,383	\$ (131,637)	\$ 281,109	\$ 595,441	\$ 1,505,022

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted										
Assigned	\$ 509,134	\$ 515,619	\$ 210,270	\$ 166,204	\$ 590,765	\$ 669,559	\$ 465,571	\$ 550,558	\$ 765,269	\$ 1,603,395
Unassigned	399,545	408,690	307,501	522,700	549,131	410,007	298,848	39,373	159,945	242,321
Reserved								403,790	377,627	392,815
Unreserved								-	-	-
Total General Fund	\$ 908,679	\$ 924,309	\$ 517,771	\$ 688,904	\$ 1,139,896	\$ 1,079,566	\$ 764,419	\$ 993,721	\$ 1,302,841	\$ 2,238,531
All Other Governmental Funds										
Restricted										
Committed	\$ 27,406	\$ 24,406	\$ 24,406	\$ 100,940		\$ 1,821,709	\$ 2,583,621	\$ 1,131,128	\$ 260,592	\$ 75,180
Reserved	101,429	99,050	97,023	(4,267)	(4,208)	(2,406,710)	(5,439,990)	-	669,950	95,447
Unreserved								-	-	-
Total All Other Governmental Funds	\$ 128,835	\$ 123,456	\$ 121,429	\$ 96,673	\$ (4,208)	\$ (585,001)	\$ (2,856,369)	\$ 1,131,128	\$ 930,542	\$ 170,627

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Unaudited)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 14,793,937	\$ 15,703,638	\$ 16,497,087	\$ 17,574,867	\$ 18,589,637	\$ 19,175,561	\$ 19,839,884	\$ 20,562,939	\$ 21,114,181	\$ 23,007,266
Transportation	187,334	203,695	196,313	189,256	214,293	196,021	184,165	189,924	178,685	165,722
Miscellaneous	52,536	67,893	77,023	125,153	125,672	78,725	83,977	130,544	126,705	223,138
State Sources	3,181,657	2,581,242	2,759,795	3,374,871	3,455,849	2,611,164	2,266,991	1,809,456	2,581,966	3,309,885
Federal Sources	302,853	253,899	315,673	316,515	328,035	383,407	487,458	521,576	466,488	443,979
Total Revenue	18,518,317	18,812,367	19,845,891	21,580,662	22,713,486	22,444,878	22,862,475	23,214,439	24,468,025	27,149,990
Expenditures										
Instruction										
Regular Instruction	6,870,149	7,772,637	8,564,764	9,507,272	9,747,326	9,788,283	10,203,375	10,406,218	11,170,612	11,713,177
Special Education Instruction	2,055,347	2,048,792	2,598,231	2,578,856	2,554,263	2,467,379	2,611,938	2,414,832	2,438,153	3,227,900
Vocational Education	157,078	173,867	23,893	43,719	27,291	687	20,628	24,258	25,303	29,969
Other Instruction	741,748	805,676	1,084,089	1,092,564	1,137,084	1,213,689	1,200,681	1,039,563	1,097,998	1,088,063
School Sponsored Activities and Athletics										
Support Services:										
Student and Inst. Related Services	1,557,267	1,595,771	1,751,036	1,834,396	1,886,425	1,827,019	1,939,384	1,923,909	1,875,952	2,001,182
General Administration	528,885	554,603	618,930	622,246	637,769	657,038	616,505	599,175	573,026	613,658
School Administrative Services	807,998	804,953	697,537	727,206	754,880	777,414	839,235	872,040	939,296	921,657
Plant Operations And Maintenance	1,950,845	2,152,499	2,219,600	2,319,758	2,535,472	2,629,121	2,876,884	2,922,832	2,890,629	3,066,972
Pupil Transportation	1,115,563	1,232,290	1,370,648	1,399,183	1,581,681	1,590,106	1,545,406	1,459,584	1,475,776	1,599,648
Central Services	851,731	740,560	680,320	806,547	896,462	943,622	763,821	911,878	792,623	768,417
Operating Lease Payments										
Capital Outlay	2,077,672	307,195	343,976	180,951	280,879	871,008	2,513,777	2,847,338	222,268	850,852
Debt Service:										
Cost of Issuance for Bond Sale								45,206		
Principal	200,149	188,942	201,476	212,021	222,588	228,187	233,797	244,452	256,056	590,884
Interest and Other Charges	161,271	121,745	117,497	109,566	101,255	92,428	83,559	74,355	407,004	276,178
Total Expenditures	19,075,703	18,802,116	20,271,997	21,434,285	22,363,375	23,086,001	25,448,990	25,785,640	24,359,491	26,974,215
Excess (Deficiency) of Revenues	(557,386)	10,251	(426,106)	146,377	350,111	(641,123)	(2,586,515)	(2,571,201)	108,534	175,775
Other Financing Sources (Uses)										
Bond Sale Proceeds								6,788,000		
Accrued Interest on Bonds										
Premium on Bond Sale		21	17,566	9	86	5,712	2,614	3,516	1,094	315
Transfers In	3,310	(21)	(25)	(9)	(86)	(5,712)	(2,614)	(3,516)	(1,094)	(315)
Transfers Out										
Total Other Financing Sources (Uses)	-	-	17,541	-	-	-	-	6,788,000	-	-
Net Change in Fund Balances	(557,386)	10,251	(408,565)	146,377	350,111	(641,123)	(2,586,515)	(2,571,201)	108,534	175,775
Debt Service as a Percentage of Noncapital Expenditures	2.13%	1.68%	1.60%	1.51%	1.47%	1.44%	1.38%	1.39%	2.75%	3.32%

* Noncapital expenditures are total expenditures less capital outlay.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Rebates/ Refunds</u>	<u>Interest on Invest.</u>	<u>Tuition Refunds</u>	<u>Book Fines</u>	<u>Transportation Fees</u>	<u>Misc.</u>	<u>Total</u>
2004		\$ 3,310			\$ 187,334	\$ 49,226	\$ 239,870
2005		15,893			205,695	52,000	273,588
2006		25,690			196,313	51,308	273,311
2007		38,026		\$ 3,488	189,256	83,629	314,399
2008		35,920			214,293	89,666	339,879
2009	\$ 2,667	24,187	\$ 13,281		196,021	38,590	274,746
2010	1,080	7,616	21,088		184,165	54,193	268,142
2011	9,260	10,775	19,990		189,924	87,003	316,952
2012	415	1,242	9,342		178,685	114,612	304,296
2013		1,374			165,722	221,449	388,545

Source: District Records

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Township of Little Falls

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2004	\$ 16,486,400	\$ 535,542,100			\$ 97,804,300	\$ 29,779,200	\$ 40,627,300	\$ 720,239,300	\$ 3,724,619	\$ 723,963,919	1,377,599,034	0.740
2005	17,259,300	537,946,300			95,293,200	29,779,200	40,627,300	720,905,300	3,378,452	724,283,752	1,561,019,724	0.763
2006	16,927,800	539,021,600			95,079,000	29,779,200	40,627,300	721,434,900	3,378,452	724,813,352	1,865,145,936	0.796
2007	16,968,300	541,871,900			95,431,400	29,034,200	40,627,300	723,933,100	3,378,452	727,311,552	1,882,274,611	0.852
2008	16,872,000	542,293,100			96,911,800	28,454,700	39,977,300	724,508,900	2,484,700	726,993,600	1,240,289,464	0.903
2009	34,303,900	1,389,066,700			301,526,300	69,114,000	122,049,600	1,916,060,500	7,056,716	1,923,117,216	1,991,873,881	0.323
2010	36,499,400	1,385,258,500			304,658,000	64,840,900	122,049,600	1,913,304,400	6,569,100	1,919,873,500	1,919,873,500	0.331
2011	37,838,400	1,376,785,400			303,200,600	64,602,700	120,741,600	1,903,168,700	6,429,200	1,909,597,900	1,909,597,900	0.337
2012	36,882,200	1,376,430,700			283,233,000	65,340,500	117,147,600	1,879,034,000	6,627,100	1,885,661,100	1,885,661,100	0.385
2013	26,783,060	1,066,372,000			246,003,100	54,397,400	108,646,700	1,502,204,260	5,200,700	1,507,404,960	1,623,729,535	0.8505

Source: County Abstract of Ratables

N/A Not Available

^a Tax rates are per \$100

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Borough of Totowa

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County-Equalized) Value	Total Direct School Tax Rate ^a
2004	\$ 17,098,700	\$ 595,542,100	\$ 550,800	\$ 500	\$ 320,376,100	\$ 207,181,400	N/A	\$ 1,140,749,600	\$ 1,900,491	\$ 1,142,650,091	\$ 1,654,826,240	\$ 0.519
2005	12,624,100	634,068,400	550,800	500	321,028,500	206,968,800	N/A	1,175,241,100	1,637,570	1,176,878,670	1,984,493,359	0.560
2006	10,905,600	664,187,700	550,800	500	316,473,400	196,183,800	N/A	1,188,302,800	1,564,506	1,189,867,306	2,335,362,720	0.578
2007	12,383,700	656,458,500	550,800	500	312,189,700	190,153,000	N/A	1,171,716,200	1,422,982	1,173,139,182	2,323,507,986	0.607
2008	13,260,200	658,512,500	550,800	500	320,241,600	177,776,900	N/A	1,170,342,100	1,447,159	1,171,789,259	1,763,423,655	0.638
2009	36,899,000	1,544,805,000	1,007,100	2,800	739,736,900	377,270,900	N/A	2,699,721,700	3,583,498	2,703,305,198	2,527,634,598	0.293
2010	33,653,600	1,543,628,500	1,007,100	2,800	731,106,100	368,661,200	N/A	2,678,059,300	2,883,486	2,680,942,786	2,527,634,598	0.323
2011	30,317,700	1,380,731,400	900,400	2,800	655,477,800	337,383,600	N/A	2,404,813,700	2,718,721	2,407,532,421	2,356,236,463	0.372
2012	29,449,300	1,378,014,500	900,400	2,800	653,098,000	332,149,500	N/A	2,375,614,500	2,717,962	2,378,332,462	N/A	0.399
2013	27,680,700	1,375,365,900	980,400	2,800	604,639,000	330,052,800	N/A	2,338,584,100	2,405,947	2,341,247,547	2,115,230,027	0.588

Source: County Abstract of Raisables

^a Tax rates are per \$100

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Borough of Woodland Park

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2004	\$ 19,060,098	\$ 548,714,924		1,680	\$ 152,655,960	\$ 42,633,900	\$ 36,392,800	\$ 799,459,362	\$ 873,660	\$ 800,333,022	\$ 1,208,541,556	1
2005	18,200,798	531,968,824		1,680	152,609,260	37,815,200	36,392,800	796,988,562	745,708	797,734,270	1,308,720,416	0.532
2006	27,975,198	534,397,824		1,680	149,919,960	33,320,500	37,277,000	804,892,162	601,270	805,493,432	1,662,228,359	0.617
2007	34,193,613	554,965,324		1,680	150,161,360	35,076,600	37,277,000	811,675,577	1,130,140	812,825,717	1,499,561,201	0.653
2008	30,631,513	584,381,724		1,680	143,528,760	34,306,600	34,127,000	826,977,277	575,562	827,550,839	1,686,656,362	0.622
2009	25,682,613	615,591,324		1,680	142,974,460	33,674,000	34,127,000	852,051,077	610,243	852,661,320	1,946,713,342	0.688
2010	22,537,613	625,975,324		1,680	141,103,360	33,199,300	28,067,900	830,885,177	660,426	851,545,603	N/A	0.651
2011	49,329,600	512,375,600		1,800	158,177,000	29,217,100	14,562,900	763,664,000	1,267,698	764,931,698	N/A	0.341
2012	37,831,300	1,225,094,700		1,800	300,310,900	56,264,200	60,831,500	1,680,334,400	1,274,976	1,681,609,376	N/A	0.371
2013	29,526,300	1,243,680,100		1,800	289,689,300	54,365,100	60,840,500	1,678,103,100	1,306,748	1,679,409,848	N/A	0.404

Source: County Abstract of Raisables

^a Tax rates are per \$100

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

Township of Little Falls

Assessment Year	Passaic Valley Regional H.S. District No. 1	Little Falls School District	Township of Little Falls	Passaic County	Total
2004	0.740	1.240	0.860	1.050	3.890
2005	0.763	1.302	0.921	1.134	4.12
2006	0.796	1.343	1.020	1.231	4.39
2007	0.852	1.402	1.181	1.285	4.72
2008	0.903	1.446	1.304	1.363	5.02
2009	* 0.323	0.575	0.514	0.521	1.93
2010	0.331	0.621	0.572	0.539	2.06
2011	0.337	0.653	0.58	0.57	2.145
2012	0.385	0.667	0.608	0.64	2.30
2013	0.8505	0.5053	0.7735	0.716	2.845

Source: Tax Duplicate, Township of Little Falls

* Revaluation

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

Borough of Totowa

<u>Assessment Year</u>	<u>Passaic Valley Regional H.S. District No. 1</u>	<u>Totowa School District</u>	<u>Borough of Totowa</u>	<u>Passaic County</u>	<u>Total</u>
2004	\$0.519	\$0.926	\$0.668	\$0.797	\$2.910
2005	0.560	0.943	0.699	0.888	3.09
2006	0.578	0.978	0.729	0.925	3.21
2007	0.607	1.032	0.808	0.953	3.40
2008	0.638	1.045	0.859	0.997	3.54
2009	*	0.293	0.468	0.457	1.62
2010	0.323	0.488	0.390	0.497	1.71
2011	0.372	0.554	0.462	0.577	1.97
2012	0.399	0.566	0.474	0.621	2.06
2013	0.401	0.588	0.512	0.602	2.10

Source: Tax Duplicate, Borough of Totowa

* Revaluation

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

Borough of Woodland Park

<u>Assessment Year</u>	<u>Passaic Valley Regional H.S. District No. 1</u>	<u>Woodland Park School District</u>	<u>Borough of Woodland Park</u>	<u>Passaic County</u>	<u>Total</u>
2004	\$0.56	\$1.23	\$0.79	\$0.84	\$3.42
2005	0.552	1.285	0.880	0.863	3.58
2006	0.617	1.322	0.986	0.915	3.84
2007	0.653	1.429	0.998	1.04	4.12
2008	0.622	1.472	1.046	1.095	4.24
2009	* 0.688	1.494	1.149	1.164	4.50
2010	0.651	1.573	1.251	1.112	4.59
2011	0.341	0.817	0.669	0.606	2.43
2012	0.371	0.843	0.681	0.673	2.57
2013	0.404	0.871	0.692	0.683	2.65

Source: Tax Duplicate, Borough of West Paterson

* Revaluation

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Township of Little Falls

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 79,410,000	5.27%	\$ 27,000,000	3.73%
Theta Holding Co	70,658,000	4.69%	24,489,000	3.38%
PAR 3 PAR 5	15,117,600	1.00%		
Park Falls Associates	12,000,000	0.80%		
AMB-AMS Operating Part	11,420,500	0.76%	4,545,000	0.63%
Sisco	10,576,100	0.70%		
Great Notch Village	10,127,200	0.67%		
Andrew Realty	10,016,300	0.66%	3,750,000	0.52%
Saturn Realty	10,000,000	0.66%		
ST Hilltop Mnr LLC	9,190,700	0.61%		
North Jersey District Water			5,283,500	0.73%
Park Falls Associates			4,852,400	0.70%
Ward Trucking Corp			4,748,700	0.65%
Green Notch Village			4,481,400	0.62%
Parl Falls Association			4,400,000	0.61%
Verizon			3,378,452	0.47%
	<u>\$ 238,516,400</u>	<u>15.82%</u>	<u>\$ 86,928,452</u>	<u>12.04%</u>

Source: Municipal Tax Assessor

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)**

Borough of Totowa

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Totowa VF, LLC	\$ 56,501,300	2.41%	\$ 33,988,000	3.08%
Fidelity Syndications	46,000,000	1.96%	26,018,600	2.35%
Digital Totowa, LLC	32,485,800	1.39%		
930 N. Riverview Assoc LLC	24,424,700	1.04%	16,228,100	1.47%
Abill Realty	22,365,000	0.96%	9,305,000	84.00%
50 Madison Road LLC	18,928,400	0.81%		
Norwell Land Company	18,500,000	0.79%	15,474,200	1.40%
Totowa Plaza Rt 46 LLC	18,355,800	0.78%		0.00%
Totowa Plaza Rt 46 LLC	17,711,500	0.76%		
Taft Associates	16,920,000	0.72%	9,778,800	89.00%
Hoffman La Roche, Inc.			19,500,000	1.76%
Holiday 46 LLC			17,757,800	1.61%
Rossmore Assoc/Vons Co.			11,500,000	1.04%
IMS America, LTD			10,500,000	95.00%
	<u>\$ 255,272,500</u>	<u>11.63%</u>	<u>\$ 170,050,500</u>	<u>15.39%</u>

Source: Municipal Tax Assessor

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)**

Borough of Woodland Park

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Passaic County Park Comm.	\$ 36,492,000	2.17%		
Levco Route 46 Associates	35,831,200	2.13%	\$ 15,289,900	1.92%
Passaic County Park Dept.	33,246,500	1.98%		
Rose Manor Estates			36,178,000	4.55%
The Bank of New York	26,500,000	1.58%	19,043,400	2.39%
Kearfott Guidance			17,432,100	2.19%
Rose Manor Estates	27,851,500	1.66%		
G.O.P 1 LLC c/o Mtn. Dev't	14,000,000	0.83%		
1225 McBride Ave LLC	18,459,200	1.10%		
DDRM West Falls Plaza LLC	16,760,600	1.00%		
G.O.P 3 LLC c/o Mtn. Dev't	13,200,000	0.78%		
Passaic County Park Comm.	14,596,500	0.87%		
Garrett Mountain Trust			13,275,000	1.67%
Missionary Sisters			10,402,700	1.31%
Garrett Mountain Center			10,400,000	1.31%
Heller Rte 46E Assoc.			10,000,000	1.26%
Passaic Valley Water Comm.			8,576,100	1.08%
Browertown Realty			5,061,300	0.63%
	<u>\$ 236,937,500</u>	<u>14.09%</u>	<u>\$ 145,658,500</u>	<u>18.31%</u>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 18,518,317	\$ 18,518,317	100.00%	-
2005	18,808,886	18,808,886	100.00%	-
2006	16,497,087	16,497,087	100.00%	-
2007	17,574,867	17,573,110	99.99%	-
2008	18,589,637	18,589,637	100.00%	-
2009	19,175,561	19,175,561	100.00%	-
2010	19,839,884	19,839,884	100.00%	-
2011	20,562,939	20,562,939	100.00%	-
2012	21,114,181	21,114,181	100.00%	-
2013	23,007,266	23,007,266	100.00%	-

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST EIGHT FISCAL YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita
	General Obligation Bonds	Certificates of Participation	Lease Purchase Agreements	Inter-governmental Loans	Capital Leases	Total District	Population	
2006	\$ 2,640,000			\$ 153,744		\$ 2,793,744	33,054	\$ 85
2007	2,445,000			136,713		2,581,713	33,498	77.07
2008	2,240,000			119,126		2,359,126	33,955	69.48
2009	2,030,000			100,939		2,130,939	34,486	61.79
2010	1,815,000			82,143		1,897,143	37,081	51.16
2011	8,378,000			62,691		8,440,691	37,107	227.47
2012	8,143,000			41,635		8,184,635	37,832	216.34
2013	7,573,000			20,751		7,593,751	37,832 *	200.72

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

* Estimated

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2006	\$ 2,640,000		\$ 2,640,000	0.10%	\$ 78.25
2007	2,445,000		2,445,000	0.10%	72.99
2008	2,240,000		2,240,000	0.10%	65.97
2009	2,030,000		2,030,000	0.04%	58.86
2010	1,815,000		1,815,000	0.03%	48.95
2011	8,378,000		8,378,000	0.16%	225.78
2012	8,143,000		8,143,000	0.14%	215.24
2013	7,573,000		7,573,000	0.14%	200.17

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
(Unaudited)**

Net Direct Debt of School District as of December 31, 2012 (1)

Net Overlapping Debt of School District		
Township of Little Falls	\$ 28,178,089	
Borough of Totowa	1,786,939	
Borough of Woodland Park	<u>16,339,485</u>	
		<u>46,304,513</u>
		46,304,513
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	45,304,757	
Passaic County Utilities Authority (B)	7,306,745	
Passaic Valley Sewer Commission (C)	<u>7,089,955</u>	
		<u>59,701,457</u>
Total Direct and Overlapping Debt		<u>\$ 106,005,970</u>

Source:

(1) Borough's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2012 equalized value by the total 2012 equalized value for Passaic County.

(B) The debt was computed based upon dividing each Borough's 2012 equalized value to the County total

(C) The debt was computed based upon each municipalities usage

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
(Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 141,491,895	\$ 158,640,232	\$ 171,550,987	\$ 182,731,965	\$ 186,570,577	\$ 188,617,486	\$ 178,617,804	\$ 178,617,804
Total Net Debt Applicable to Limit	<u>2,793,734</u>	<u>2,582,479</u>	<u>2,359,892</u>	<u>2,130,939</u>	<u>1,897,143</u>	<u>8,440,691</u>	<u>8,185,441</u>	<u>7,593,751</u>
Legal Debt Margin	<u>\$ 138,698,161</u>	<u>\$ 156,057,753</u>	<u>\$ 169,191,095</u>	<u>\$ 180,601,026</u>	<u>\$ 184,673,434</u>	<u>\$ 180,176,795</u>	<u>\$ 170,432,363</u>	<u>\$ 171,024,053</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.97%	1.63%	1.38%	1.17%	1.02%	4.48%	4.58%	4.25%

Legal Debt Margin Calculation, December 31, 2011

2010	\$ 6,255,502,575
2011	6,004,559,906
2012	<u>5,601,717,940</u>
	<u>\$ 17,861,780,421</u>
Average equalized valuation of taxable property	\$ 5,953,926,807
3% of Equalized Valuation Basis	178,617,804
Less Net Debt	<u>7,593,751</u>
Remaining Borrowing Power	<u>\$ 171,024,053</u>

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Township of Little Falls

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2004	3.3	\$ 33,370	11,722
2005	4.4	35,269	11,676
2006	4.5	37,865	11,614
2007	4.2	40,223	11,581
2008	5.4	41,556	11,585
2009	10.5	40,426	11,646
2010	10.7	42,228	14,441
2011	10.5	43,209	14,449
2012	10.4	Not Available	14,472
2013	Not Available	Not Available	Not Available

Source: United States Bureau of Census, Population Division
NJ Department of Labor, Bureau of Labor Force Statistics

* Passaic County Information

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Borough of Totowa

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2004	3.2	\$ 33,370	10,160
2005	3.1	35,269	10,386
2006	3.1	37,865	10,431
2007	2.9	40,223	10,489
2008	3.8	41,556	10,557
2009	7.4	40,426	10,661
2010	7.6	42,228	10,811
2011	7.5	43,209	10,821
2012	7.3	Not Available	10,932
2013	Not Available	Not Available	Not Available

Source: United States Bureau of Census, Population Division
NJ Department of Labor, Bureau of Labor Force Statistics

Notes: * Passaic County Information

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Borough of Woodland Park

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2004	3.5	\$ 33,370	11,067
2005	3.5	35,269	11,016
2006	3.4	37,865	11,009
2007	3.1	40,223	11,428
2008	4.0	41,556	11,813
2009	8.0	40,426	12,179
2010	8.1	42,228	11,829
2011	8.0	43,209	11,837
2012	7.8	Not Available	12,428
2013	Not Available	Not Available	Not Available

Source: United States Bureau of Census, Population Division
NJ Department of Labor, Bureau of Labor Force Statistics

* Passaic County Information

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND TEN YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST SEVEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction							
Regular	97	97	99	99	100	97	97
Special Education	8	8	8	9	9	9	9
Other Special Education							
Vocational							
Other Instruction							
Nonpublic School Programs							
Adult/Continuing Education Programs							
Support Services:							
Student and Instruction Related Services	11	11	11	11	11	11	11
General Administration	2	2	2	2	2	2	2
School Administrative Services	9	7	7	7	7	7	7
Other Administrative Services	3	5	5	5	5	5	5
Central Services							
Administrative Information Technology	1	2	1	1	1	1	1
Plant Operations And Maintenance	21	21	20	20	20	20	20
Pupil Transportation	1	1	1	1	1	1	1
Other Support Services	9	9	9	9	9	9	9
Special Schools							
Food Service							
Child Care	-	-	-	-	-	-	-
Total	<u>162</u>	<u>163</u>	<u>163</u>	<u>164</u>	<u>165</u>	<u>162</u>	<u>162</u>

Source: District Personnel Records

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Senior High School	School				
2004	1,227	\$ 16,636,611	\$ 13,559	-4.67%	84	1:14	1,227	1,036	13.61%	84.43%	
2005	1,227	15,419,470	12,567	-7.32%	105	1:14	1,227	1,163	12.26%	94.78%	
2006	1,287	19,606,994	15,235	21.23%	106	1:12	1,270	1,216	3.50%	95.75%	
2007	1,309	20,736,475	15,841	3.98%	106	1:12	1,271	1,182	0.08%	93.00%	
2008	1,302	21,887,242	16,810	6.11%	106	1:12	1,272	1,184	0.08%	93.08%	
2009	1,296	21,894,378	16,894	0.50%	109	1:8.5	1,261	1,183	-0.86%	93.81%	
2010	1,285	22,617,857	17,601	4.19%	108	1:11	1,276	1,211	1.19%	94.91%	
2011	1,350	22,394,625	16,589	-5.75%	107	1:13	1,284	1,209	0.63%	94.16%	
2012	1,353	23,474,163	17,350	4.59%	105	1:12	1,343	1,277	4.60%	95.09%	
2013	1,395	25,256,301	18,105	4.35%	105	1:12	1,382	1,303	2.04%	94.28%	

Sources: District records

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS
(Unaudited)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>District Building</u>								
<u>Elementary</u>								
<u>High School</u>								
Square Feet	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Capacity (students)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,395	1,353	1,350	1,285	1,296	1,302	1,309	1,287
Number of Schools at June 30, 2012								
Elementary =	0	0	0	0	0	0	0	0
Middle School =	0	0	0	0	0	0	0	0
Senior High School =	1	1	1	1	1	1	1	1
Other =	0	0	0	0	0	0	0	0

Source: District Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 FOR THE TEN FISCAL YEARS ENDED JUNE 30
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>School Facilities</u>	<u>Project #</u>										
High School	N/A	\$ 524,649	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097	\$ 423,083	\$ 1,287,170	\$ 1,244,223	\$ 1,156,298
Total Required Maintenance for School Facilities		\$ 524,649	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097	\$ 423,083	\$ 1,287,170	\$ 1,244,223	\$ 1,156,298

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
INSURANCE SCHEDULE
AS OF JUNE 30, 2013**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-PIPNJ (1)		
Property Blanket Buildings & Contents	\$ 36,483,199	\$ 5,000
Comprehensive Automobile - Liability	1,000,000	
Commercial Automobile Liability	1,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Employee Dishonesty	500,000	5,000
School Board Legal Liability - Hartford Fire Insurance Company		
Directors and Officers	1,000,000	15,000
Public Official Bonds - Hartford Fire Insurance Company		
Board Secretary/Business Administrator	50,000	
Environmental Impairment Liability		
General Aggregate	2,000,000	
Each Occurrence	1,000,000	15,000
Excess Liability Policy	9,000,000	

(1) Pool coverage

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
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MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Passaic Valley Regional High School District No. 1 Board of Education's basic financial statements and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Passaic Valley Regional High School District No. 1 of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Passaic Valley Regional High School District No. 1 Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item 2013-001.

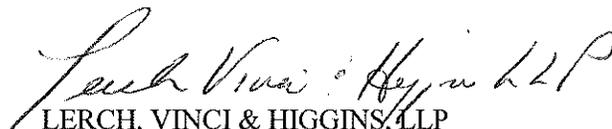
We also noted certain matters that we reported to management of the Passaic Valley Regional High School District No. 1 Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2013.

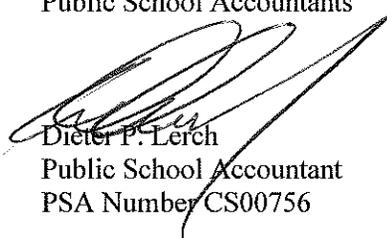
Passaic Valley Regional High School District No. 1 Board of Education's Response to Finding

The Passaic Valley Regional High School District No. 1 Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Passaic Valley Regional High School District No. 1 Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Passaic Valley Regional High School District No. 1 Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 December 5, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Passaic Valley Regional High School District No. 1 Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Passaic Valley Regional High School District No. 1 Board of Education's major federal and state programs for the fiscal year ended June 30, 2013. The Passaic Valley Regional High School District No. 1 Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Passaic Valley Regional High School District No. 1 Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Passaic Valley Regional High School District No. 1 Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Passaic Valley Regional High School District No. 1 Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Passaic Valley Regional High School District No. 1 Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003. Our opinion on each major federal and state program is not modified with respect to these matters.

The Passaic Valley Regional High School District No. 1 Board of Education's responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Passaic Valley Regional High School District No. 1 Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Passaic Valley Regional High School District No. 1 Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Passaic Valley Regional High School District No. 1 Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over compliance.

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

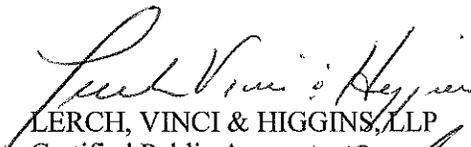
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003 that we consider to be significant deficiencies.

The Passaic Valley Regional High School District No. 1 Board of Education's responses to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Passaic Valley Regional High School District No. 1 Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

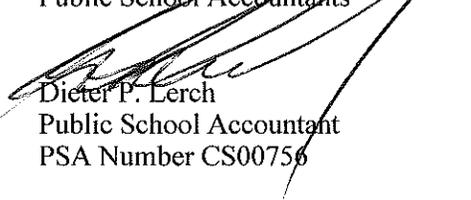
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 5, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2013

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2013

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Accounts Receivable	Unearned Revenue	Due to Grantor	Cash Receipts	Budgetary Expenditures	Accounts Receivable Adjustment	Repayment of Prior Year Balances	Balance, June 30, 2013 (Account Receivable)	Deferred Revenue	MEMO GAAP Receivable		
U.S. Department of Agriculture Passed-Through State Department of Education															
10.553	N/A	7/1/12-6/30/13	\$ 14,522				\$ 13,182	\$ 14,522			\$ (1,340)		\$ (1,340)		
10.550	N/A	7/1/11-6/30/12	9,863		\$ 550			550							
10.550	N/A	7/1/12-6/30/13	10,618				10,618	10,618							
10.555	N/A	7/1/12-6/30/13	132,654				132,654	132,654					(9,874)		
10.555	N/A	7/1/10-6/30/11	75,501	\$ (5,499)			122,760						(5,499)		
10.555	N/A	7/1/11-6/30/12	117,248	(117,248)			96,188						(21,060)		
Total Enterprise Fund															
Total Enterprise Fund															
U.S. Department of Education Passed-Through State Department of Education															
Special Revenue															
84.389A	ARRA39909C	9/1/09-8/31/11	69,727	(789)									(789)		
84.010A	NCLB99013C	9/1/12-8/31/13	124,754				72,438	69,631			(789)				
84.010A	NCLB99012C	9/1/11-8/31/12	118,199	(80,990)	\$ (1,736)		79,254	42,644			(54,032)	\$ 56,859			
84.010A	NCLB9909C	9/1/08-8/31/09	86,269												
84.168A	NCLB9908C	9/1/07-8/31/08	26,622		11,375										
84.168A	NCLB99013C	9/1/12-8/31/13	29,547	(29,547)	28,505		23,481	26,622	(1,530)		(3,141)	26,622	\$ 353		
84.168A	NCLB9909C	9/1/08-8/31/09	30,960	(1,530)			29,547		1,530						
84.168A	NCLB9909C	9/1/07-8/31/08	27,242												
84.168A	NCLB9907C	9/1/09-8/31/10	921		240										
84.168A	NCLB99013C	9/1/12-8/31/13	22,716				8,108	12,460			(14,608)	10,256	(4,352)		
84.168A	NCLB99012C	9/1/11-8/31/12	15,382	(13,382)	766		13,382	766							
84.168A	NCLB99011C	9/1/10-8/31/11	679		269										
N/A	N/A	7/1/12-11/09/15	9,413												
84.027	IDEA399013	9/1/12-8/31/13	287,301				2,470	2,325							
84.027	IDEA399012	9/1/11-8/31/12	264,182	(25,794)	116,312		217,813	170,981			(6,943)	7,088			
84.027	IDEA399011	9/1/10-8/31/11	255,335	(1,981)			25,794	116,312			(69,488)	116,330			
84.027	IDEA399010	9/1/09-8/31/10	249,142				1,981								
84.027	IDEA39909	9/1/08-8/31/09	253,311										8,558		
84.027	IDEA39908	9/1/07-8/31/08	246,391										2,523		
Total Special Revenue															
Total Special Revenue															
U.S. Department of Education															
General Fund															
93.778	Medicaid Assistance Program (Semi)	7/1/12-6/30/13	4,238				4,238	4,238							
Total Federal Financial Awards															
Total Federal Financial Awards															
												\$ 29,094	\$ 217,145	\$ 862	\$ (42,914)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo Only		
											GAAP Accounts Receivable	Total Cumulative Expenditures	
State Department of Education													
General Fund													
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 769,655			\$ 699,953	\$ 769,655	\$ (69,702)				\$ 769,655	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	712,333	(64,811)		64,811							
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	95,615	(8,838)		8,838							
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	83,170			75,658	83,170	(7,532)				83,170	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	87,108			79,219	87,108	(7,889)				87,108	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	26,925			24,487	26,925	(2,438)				26,925	
On-Behalf TPAF Pension System Contributions (Normal Costs)	13-100-034-5095-006	7/1/12-6/30/13	587,568			587,568	587,568					587,568	
On-Behalf TPAF Pension System Contributions (NCGI Premium)	13-100-034-5095-001	7/1/12-6/30/13	30,914			30,914	30,914					30,914	
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	13-100-034-5095-001	7/1/12-6/30/13	699,346			699,346	699,346					699,346	
Reimbursed TPAF Social Security Contributions	12-100-034-5095-002	7/1/11-6/30/12	699,718	(34,609)		34,609							
Reimbursed TPAF Social Security Contributions	13-100-034-5095-002	7/1/12-6/30/13	704,703			669,437	704,703	(35,266)				704,703	
Extraordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	164,386			126,904	164,386	(164,386)				164,386	
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	126,904	(126,904)									
Non Public Transportation Reimbursement	N/A	7/1/11-6/30/12	20,518	(20,518)									
Non Public Transportation Reimbursement	N/A	7/1/12-6/30/13	21,697				21,697	(21,697)				21,697	
Total General Fund				(255,880)		3,122,242	3,175,472	(308,910)				(56,963)	3,175,472
Special Revenue Fund													
NJ Nonpublic Aid	13-100-034-5120-070	7/1/12-06/30/13	220			220				\$ 220			
Nursing Aid	13-100-034-5120-373	7/1/12-06/30/13	59			59				59			
Technology Aid	13-100-034-5120-064	7/1/12-06/30/13	159			159				159			
Textbook Aid													
Total Special Revenue Fund						438				438			
Capital Projects Fund													
NJ Economic Development Authority													
Upgrade of Various Building Systems at High School	SP 202555	N/A		(756,228)				(783,838)	\$ 27,610			(783,838)	
				(756,228)				(783,838)	27,610			(783,838)	
Total Capital Projects Fund													
Debt Service Fund													
Debt Service Aid	13-495-034-5120-125	7/1/12-6/30/13	185,807			185,807	185,807					185,807	
Debt Service Aid						185,807	185,807					185,807	
Total Debt Service Fund													
State Department of Agriculture													
Enterprise Fund													
National School Lunch Program (State Share)	13-100-010-3360-037	7/1/12-6/30/13	3,837			3,562	3,837	(275)				(275)	3,837
National School Lunch Program (State Share)	12-100-010-3360-037	7/1/11-6/30/12	3,714	(3,714)		3,046		(668)				(668)	
National School Lunch Program (State Share)	11-100-010-3360-037	7/1/10-6/30/11	199	(199)				(199)				(199)	
Total Enterprise Fund				(3,913)		6,608	3,837	(1,142)				(1,142)	3,837
Total State Financial Assistance				(1,015,821)		3,315,095	3,365,116	(1,093,890)	\$ 27,610	\$ 438		(841,943)	3,365,116
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Pension System Contributions (Normal Costs)	13-100-034-5095-006	7/1/12-6/30/13	587,568			(587,568)	(587,568)					(587,568)	
On-Behalf TPAF Pension System Contributions (NCGI Premium)	13-100-034-5095-001	7/1/12-6/30/13	30,914			(30,914)	(30,914)					(30,914)	
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	13-100-034-5095-001	7/1/12-6/30/13	699,346			(699,346)	(699,346)					(699,346)	
Total State Financial Assistance Subject to Single Audit				(1,015,821)		1,997,267	2,047,288	(1,093,890)	\$ 27,610	\$ 438		(841,943)	2,047,288

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Passaic Valley Regional High School District No. 1 Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$51,394 for the general fund and a decrease of \$2,000 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 4,238	\$ 3,124,078	\$ 3,128,316
Special Revenue Fund	439,741		439,741
Debt Service		185,807	185,807
Food Service Fund	<u>157,774</u>	<u>3,837</u>	<u>161,611</u>
Total Financial Assistance	<u>\$ 601,753</u>	<u>\$ 3,313,722</u>	<u>\$ 3,915,475</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The District's federal and state loans outstanding at June 30, 2013, which are not required to be reported on the schedule of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
N.J. Economic Development Authority - Safe Program	\$ 2,496
N.J. Economic Development Authority - Small Project	<u>18,255</u>
	<u>\$ 20,751</u>

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$704,703 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$618,482 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$699,346 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

State Awards

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

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes no

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
13-495-034-5120-089	Special Education Aid
13-495-034-5120-078	Equalization Aid
13-495-034-5120-084	Security Aid
13-100-034-5095-002	Reimbursed TPAF Social Security
	Contributions

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

Auditee qualified as low-risk auditee? yes X no

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2013-1

Our audit revealed that in some instances, bid files and supporting documentation were not retained and made available for audit.

Criteria or specific requirement

Local Public Contracts Law.

Condition

Certain bid files did not contain bid documentation of proof or advertisement.

Questioned Costs

Unknown

Context

See Condition.

Effect

None

Cause

Unknown.

Recommendation

In all instances, bid files and supporting documentation be retained and made available for audit.

Management Response

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2013-2

Our audit revealed that full-time employee salaries were being charged to the Title I and IDEA grant without minute approval.

Information on federal program

IDEA Part B Basic	84.027
NCLB-Title I	84.010

Criteria or specific requirement

Grant Compliance Supplement

Condition

Salary charges to the federal program are not supported by board approved employee lists with their related salary or percentage of their salary charged to the grant program.

Questioned Costs

Unknown

Context

Salaries in the amount of \$133,255 were charged to Title I and IDEA that were not properly documented.

Effect

There was no public record of approval for these expenditures.

Recommendation

Full-time employees charged to the Title I and IDEA grant be approved in the minutes.

Management Response

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2013-3

Our audit revealed that in some instances, bid files and supporting documentation were not retained and made available for audit.

Criteria or specific requirement

Local Public Contracts Law.

Condition

Certain bid files did not contain bid documentation of proof or advertisement.

Questioned Costs

Unknown

Context

See Condition.

Effect

None

Cause

Unknown.

Recommendation

In all instances, bid files and supporting documentation be retained and made available for audit.

Management Response

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1:

The audit of contract balances in the Capital Projects Fund revealed that certain purchase orders were not recorded as encumbrances or accounts payable by the District as of June 30, 2013.

Status:

Corrective action has been taken.

Finding 2012-2:

Our audit revealed that part-time summer employee salaries were being charged to the IDEA grant without minute approval.

Status:

Corrective action has been taken.