

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, 2011

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 2, 2011

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, 2011, 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 2010-2011 fiscal year with an enrollment of 1,284 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>
2001-2002	1,025	3.3%
2002-2003	1,080	5.3%
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%

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 2011 reported the following post-graduate plans:

55%	4 Year Colleges
36%	2 Year Community Colleges/ Technical Schools

Passaic Valley High School Seniors (Class of 2011) 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	456	420-570
Mathematics	485	420-540
Writing	462	410-520

Class of 2011 Score Distributions

	<u>Verbal</u>	<u>Math</u>	<u>Writing</u>
75 th Percentile	510	540	520
50 th Percentile	450	480	460
25 th Percentile	400	420	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, 2011.

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.

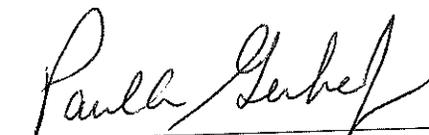
9) **OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins was selected by the Board. In addition to meeting the requirements set forth in state statutes, 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,

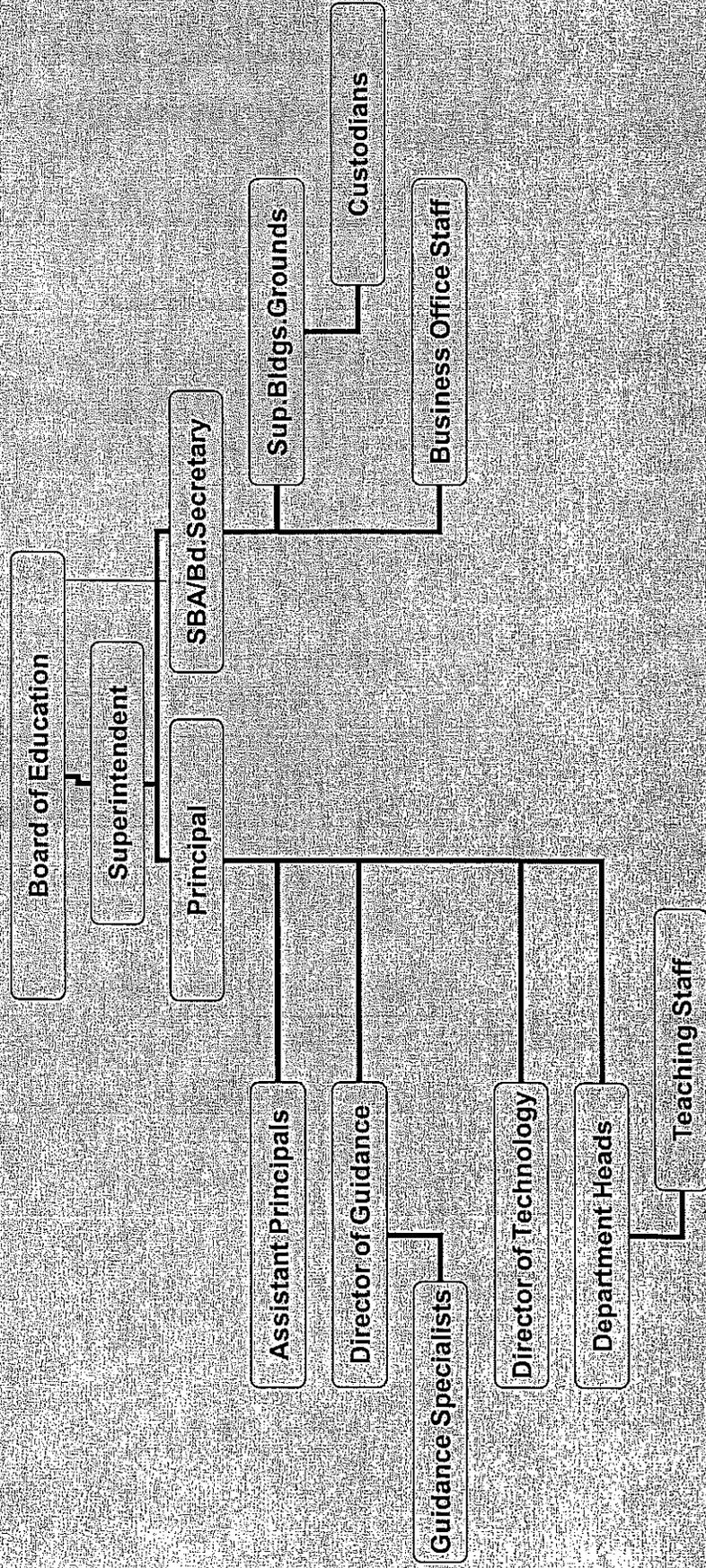


Dr. Viktor Joganow
Superintendent



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, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Laura Van Winkle, President	2013
John Evans, Vice President	2013
Carlo T. Spinella	2013
Eugene Ridgeway	2014
Joseph Appio	2012
James Damiano	2012
Richard Greco	2012
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
Piro, Zinna, Cifelli, Paris & Genitempo
360 Passaic Avenue
Nutley, NJ 07110

Official Depository

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

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, 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

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, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

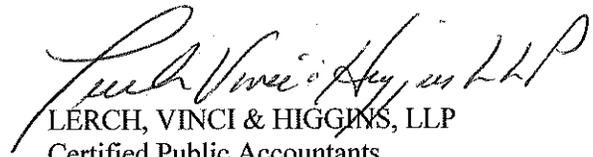
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

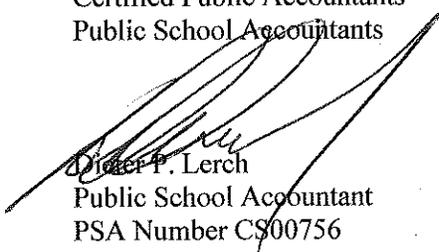
In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011 on our consideration of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

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 as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is 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.



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



Daniel P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2011

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, 2011

This section of the Passaic Valley Regional High School District No. 1 Board of Educations' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. 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 (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 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 \$543,611 (net assets).
- The District's total net assets decreased \$1,848,470.
- Overall district-wide revenues were \$24,045,881. General revenues accounted for \$20,721,990 or 86% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,323,891 or 14% of total revenues.
- The school district had \$22,976,710 in expenses for governmental activities; only \$2,492,449 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$20,721,990 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 \$2,124,849. Of this amount, \$403,790 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 Educations' 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, 2011

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 Education's, 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 assets Statement of activities	balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets 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, 2011

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 assets 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 assets and how they have changed. Net assets – 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 assets 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, 2011

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 assets and a statement of changes in fiduciary net assets. 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 assets for 2011 and 2010.

Net assets. The district's combined net assets were \$543,611 and \$2,392,081 on June 30, 2011 and 2010, 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, 2011**

**Table A-1
Statement of Net Assets
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 2,562,368	\$ 1,306,318	\$ 153,812	\$ 78,865	\$ 2,716,180	\$ 1,385,183
Capital Assets	<u>7,005,594</u>	<u>6,423,513</u>	<u>31,067</u>	<u>30,763</u>	<u>7,036,661</u>	<u>6,454,276</u>
Total Assets	<u>9,567,962</u>	<u>7,729,831</u>	<u>184,879</u>	<u>109,628</u>	<u>9,752,841</u>	<u>7,839,459</u>
Long-Term Liabilities	8,550,882	2,023,680			8,550,882	2,023,680
Other Liabilities	<u>614,903</u>	<u>3,412,124</u>	<u>43,445</u>	<u>11,574</u>	<u>658,348</u>	<u>3,423,698</u>
Total Liabilities	<u>9,165,785</u>	<u>5,435,804</u>	<u>43,445</u>	<u>11,574</u>	<u>9,209,230</u>	<u>5,447,378</u>
Net Assets						
Invested in capital assets, net of related debt	(329,194)	1,643,008	31,067	30,763	(298,127)	1,673,771
Restricted	70,432	26,994			70,432	26,994
Unrestricted	<u>660,939</u>	<u>624,025</u>	<u>110,367</u>	<u>67,291</u>	<u>771,306</u>	<u>691,316</u>
Total Net Assets	<u>\$ 402,177</u>	<u>\$ 2,294,027</u>	<u>\$ 141,434</u>	<u>\$ 98,054</u>	<u>\$ 543,611</u>	<u>\$ 2,392,081</u>

Table A-2 on the following page shows changes in net assets for fiscal year 2011 and 2010.

**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, 2011**

Table A-2
Change in Net Assets
For The Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 189,924	\$ 184,165	\$ 742,880	\$ 769,098	\$ 932,804	\$ 953,263
Operating Grants and Contributions	2,302,525	2,535,241	88,562	66,400	2,391,087	2,601,641
Capital Grants and Contributions						
General Revenues						
Property Taxes	20,562,939	19,839,884			20,562,939	19,839,884
State Aid - Formula Grants	28,507	219,208			28,507	219,208
Other	130,544	83,977	-	-	130,544	83,977
Total Revenues	<u>23,214,439</u>	<u>22,862,475</u>	<u>831,442</u>	<u>835,498</u>	<u>24,045,881</u>	<u>23,697,973</u>
Expenses						
Instruction						
Regular	10,470,439	10,195,190			10,470,439	10,195,190
Special Education	2,402,172	2,616,384			2,402,172	2,616,384
Other Instruction	25,816	22,569			25,816	22,569
School Sponsored Activities and Athletics	1,039,671	1,206,306			1,039,671	1,206,306
Support Services						
Student and Instruction Related Services	1,895,618	1,988,284			1,895,618	1,988,284
General Administrative Services	599,175	616,505			599,175	616,505
School Administrative Services	872,040	839,235			872,040	839,235
Plant Operations and Maintenance	3,017,228	3,039,528			3,017,228	3,039,528
Pupil Transportation	1,459,584	1,545,406			1,459,584	1,545,406
Business and Other Support Services	911,878	850,321			911,878	850,321
Interest on Debt	283,089	81,780			283,089	81,780
Food Services	-	-	788,062	828,102	788,062	828,102
Total Expenses	<u>22,976,710</u>	<u>23,001,508</u>	<u>788,062</u>	<u>828,102</u>	<u>23,764,772</u>	<u>23,829,610</u>
Change in Net Assets	237,729	(139,033)	43,380	7,396	281,109	(131,637)
Prior Period Adjustment - Capital Assets	(2,129,579)				(2,129,579)	
Net Assets - Beginning	<u>2,294,027</u>	<u>2,433,060</u>	<u>98,054</u>	<u>90,658</u>	<u>2,392,081</u>	<u>2,523,718</u>
Net Assets - Ending	<u>\$ 402,177</u>	<u>\$ 2,294,027</u>	<u>\$ 141,434</u>	<u>\$ 98,054</u>	<u>\$ 543,611</u>	<u>\$ 2,392,081</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, 2011

Governmental Activities. The District's total revenues were \$23,214,439. The local share of the revenues, that included property taxes, transportation, interest, and miscellaneous revenue, amounted to \$20,883,407 or 90% of total revenues. Funding from state and federal sources amounted to \$2,331,035 or 10%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$13,938,098 (61%) and student support services totaled \$8,755,523 (39%) of total expenditures interest on debt totaled \$283,089. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities
For Fiscal Year 2011

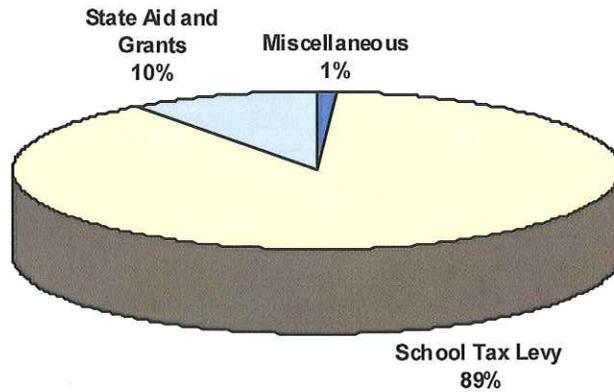
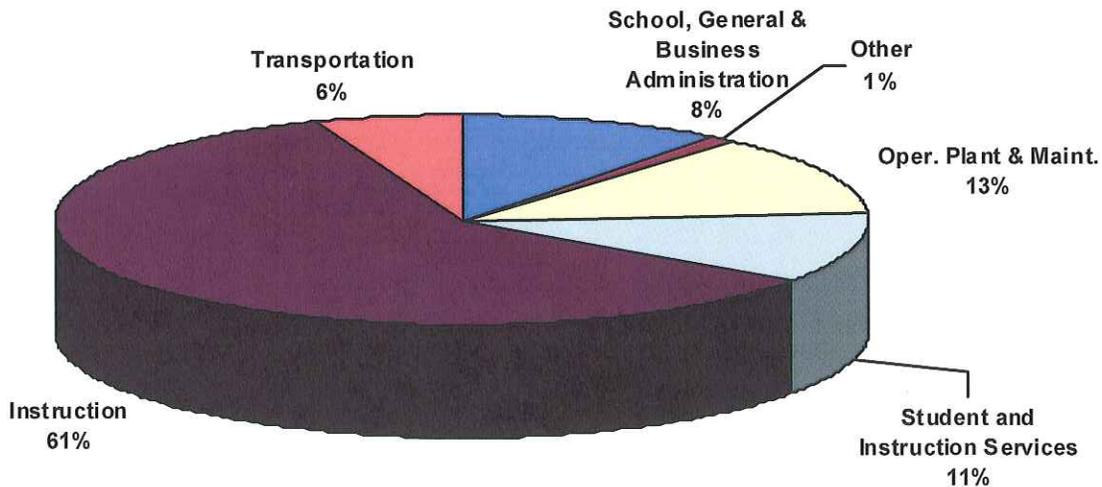


Table A-4 Expenses by Function – Governmental Activities
For Fiscal Year 2011



**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, 2011**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 10,470,439	\$ 10,195,190	\$ 9,365,559	\$ 9,099,201
Special Education	2,402,172	2,616,384	1,560,705	1,721,594
Other Instruction	25,816	22,569	23,390	20,525
School Sponsored Activities and Athletics	1,039,671	1,206,306	1,039,671	1,206,306
Support Services				
Student and Instruction Related Services	1,895,618	1,988,284	1,739,491	1,824,611
General Administrative Services	599,175	616,505	558,720	575,230
School Administrative Services	872,040	839,235	818,991	791,392
Plant Operations and Maintenance	3,017,228	3,039,528	3,017,228	3,039,528
Pupil Transportation	1,459,584	1,545,406	1,213,874	1,116,291
Business Services	911,878	850,321	863,543	805,644
Interest on Debt	283,089	81,780	283,089	81,780
Total	<u>\$ 22,976,710</u>	<u>\$ 23,001,508</u>	<u>\$ 20,484,261</u>	<u>\$ 20,282,102</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal years ended June 30, 2011 and 2010 were \$788,062 and \$828,102, 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, 2011**

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 \$2,124,849. As of June 30, 2010, the fund balance was \$(2,091,950).

Revenues for the District's governmental funds were \$23,214,439 while total expenditures were \$25,785,640.

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, 2011 and 2010.

General Fund Revenues

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2011	2010		
Local Sources				
Property Taxes	\$ 20,204,210	\$ 19,504,048	\$ 700,162	4%
Transportation	189,924	184,165	5,759	3%
Miscellaneous	127,028	81,363	45,665	56%
Intergovernmental				
Federal Sources	-	42,807	(42,807)	100%
State Sources	1,809,456	2,266,991	(457,535)	-20%
Total General Fund Revenues	\$ 22,330,618	\$ 22,079,374	\$ 251,244	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, 2011**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2011 and 2010.

General Fund Expenditures

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2011	2010		
Current Expense:				
Instruction	\$ 13,363,295	\$ 13,591,971	\$ (228,676)	-2%
Undistributed Expenses	8,509,754	8,581,235	(71,481)	-1%
Capital Outlay	48,603	80,302	(31,699)	377%
Operating Lease Payments	179,664	141,013	38,651	27%
 Total Expenditures	\$ 22,101,316	\$ 22,394,521	\$ (293,205)	-1%

Total General Fund expenditures decreased by \$293,205 or 1% from the previous year. The most significant decrease can be attributable to the decreases 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 \$521,576 and \$444,651, for the years ended June 30, 2011 and 2010. 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, 2011 and 2010.

Total Special Revenue Fund revenues increased \$76,925 or 17% from the previous year due to an increase of federal sources.

Expenditures of the Special Revenue Fund were \$521,576 and \$444,651 for the years ended June 30, 2011 and 2010. Instructional expenditures were \$521,576.

Capital Projects - The capital projects revenues and other financing sources exceeded expenditures by \$3,944,059 resulting in a fund balance of \$1,060,697 at June 30, 2011.

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, 2011**

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, which include both federal and state grants and the reinstating prior year purchase orders being carried over.

Capital Assets. At the end of the fiscal year 2011, 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>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Buildings and Building Improvements	\$ 6,376,277	\$ 8,097,451	\$ (1,721,174)
Improvements other than Buildings	840,970	1,536,534	(695,564)
Machinery and Equipment	303,850	711,948	(408,098)
Construction in Progress	<u>5,677,794</u>	<u>2,879,059</u>	<u>2,798,735</u>
	13,198,891	13,224,992	(26,101)
Less Accumulated Depreciation	<u>6,193,297</u>	<u>6,801,479</u>	<u>(608,182)</u>
 Total	 <u>\$ 7,005,594</u>	 <u>\$ 6,423,513</u>	 <u>\$ 582,081</u>

Debt Administration. As of June 30, 2011 and 2010 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$8,550,882 and \$2,023,680, 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, 2011**

Long-Term Liabilities

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

	<u>2011</u>	<u>2010</u>
Serial Bonds	\$ 8,378,000	\$ 1,815,000
Intergovernmental Loans Payable	62,691	82,143
Compensated Absences Payable	<u>110,191</u>	<u>126,537</u>
 Total	 <u>\$ 8,550,882</u>	 <u>\$ 2,023,680</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 2011.

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 ASSETS
AS OF JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,405,591	\$ 41,037	\$ 1,446,628
Receivables, net			
Receivables from Other Governments	1,086,323	72,903	1,159,226
Accounts Receivable	25,248	31,585	56,833
Inventory		8,287	8,287
Deferred Charges	45,206		45,206
Capital Assets			
Not Being Depreciated	5,677,794		5,677,794
Being Depreciated Net	<u>1,327,800</u>	<u>31,067</u>	<u>1,358,867</u>
Total Assets	<u>9,567,962</u>	<u>184,879</u>	<u>9,752,841</u>
LIABILITIES			
Accounts Payable	278,828	41,980	320,808
Payable to Federal Government	48,120		48,120
Accrued Interest Payable	222,590		222,590
Unearned Revenue	65,365	1,465	66,830
Noncurrent Liabilities			
Due within one year	255,142		255,142
Due beyond one year	<u>8,295,740</u>	<u>-</u>	<u>8,295,740</u>
Total Liabilities	<u>9,165,785</u>	<u>43,445</u>	<u>9,209,230</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	(329,194)	31,067	(298,127)
Restricted for:			
Capital Projects	1		1
Debt Service	70,431		70,431
Unrestricted	<u>660,939</u>	<u>110,367</u>	<u>771,306</u>
Total Net Assets	<u>\$ 402,177</u>	<u>\$ 141,434</u>	<u>\$ 543,611</u>

The accompanying Notes to the Basic 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, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,470,439		\$ 1,104,880		\$ (9,365,559)		\$ (9,365,559)
Special Education	2,402,172		841,467		(1,560,705)		(1,560,705)
Other Instruction	25,816		2,426		(23,390)		(23,390)
School Sponsored Co-Curricular Activities	1,039,671				(1,039,671)		(1,039,671)
Support Services:							
Student & Instruction Related Services	1,895,618		156,127		(1,739,491)		(1,739,491)
School Administrative Services	872,040		53,049		(818,991)		(818,991)
General Administrative Services	599,175		40,455		(558,720)		(558,720)
Plant Operations and Maintenance	3,017,228				(3,017,228)		(3,017,228)
Pupil Transportation	1,459,584	\$ 189,924	55,786		(1,213,874)		(1,213,874)
Business and Other Support Services	911,878		48,335		(863,543)		(863,543)
Interest on long-term debt	283,089	-	-		(283,089)		(283,089)
Total Governmental Activities	22,976,710	189,924	2,302,525	-	(20,484,261)	-	(20,484,261)
Business-Type Activities:							
Food Service	788,062	742,880	88,562			\$ 43,380	43,380
Total Business-Type Activities	788,062	742,880	88,562			43,380	43,380
Total Primary Government	\$ 23,764,772	\$ 932,804	\$ 2,391,087	\$ -	(20,484,261)	43,380	(20,440,881)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes, net	\$ 20,204,210		\$ 20,204,210
Taxes Levied for Debt Service	358,729		358,729
Federal and State Aid - Unrestricted	28,507		28,507
Miscellaneous Income	<u>130,544</u>	<u>-</u>	<u>130,544</u>
Total General Revenues	<u>20,721,990</u>	<u>-</u>	<u>20,721,990</u>
Change in Net Assets	237,729	\$ 43,380	281,109
Net Assets—beginning of year	2,294,027	98,054	2,392,081
Prior Period Adjustment - Capital Assets	<u>(2,129,579)</u>	<u>-</u>	<u>(2,129,579)</u>
Net Assets—end of year	<u>\$ 402,177</u>	<u>\$ 141,434</u>	<u>\$ 543,611</u>

FUND FINANCIAL STATEMENTS

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011

	<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	\$ 134,754		\$ 1,270,837		\$ 1,405,591
Receivables From Other Governments	97,422	\$ 205,063	783,838		1,086,323
Due from Other Funds	<u>927,388</u>	<u>-</u>	<u>-</u>	\$ 70,431	<u>997,819</u>
Total Assets	<u>\$ 1,159,564</u>	<u>\$ 205,063</u>	<u>\$ 2,054,675</u>	<u>\$ 70,431</u>	<u>\$ 3,489,733</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	93,350	5,651	\$ 179,827		278,828
Due to Other Funds	58,493	127,537	786,541		972,571
Payable to Federal Government		48,120			48,120
Deferred Revenue	<u>14,000</u>	<u>23,755</u>	<u>27,610</u>	<u>-</u>	<u>65,365</u>
Total Liabilities	<u>165,843</u>	<u>205,063</u>	<u>993,978</u>	<u>-</u>	<u>1,364,884</u>
Fund Balances:					
Restricted:					
Capital Reserve	1				1
Excess Surplus	550,557				550,557
Capital Projects			1,060,697		1,060,697
Debt Service				\$ 70,431	70,431
Assigned:					
Year End Encumbrances	39,373				39,373
Unassigned, Reported in:					
General Fund	<u>403,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,790</u>
Total Fund Balances	<u>993,721</u>	<u>-</u>	<u>1,060,697</u>	<u>70,431</u>	<u>2,124,849</u>
Total Liabilities and Fund Balances	<u>\$ 1,159,564</u>	<u>\$ 205,063</u>	<u>\$ 2,054,675</u>	<u>\$ 70,431</u>	

Amounts reported for *governmental activities* in the statement of net assets (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 \$13,198,891 and the accumulated depreciation is \$6,193,297.

7,005,594

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

(222,590)

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

Bonds Payable	\$ 8,378,000
Deferred Charges	(45,206)
Loans Payable	62,691
Compensated Absences	<u>110,191</u>

(8,505,676)

Net assets of governmental activities (Exhibit A-1)

\$ 402,177

**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, 2011**

	<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	\$ 20,204,210			\$ 358,729	\$ 20,562,939
Transportation	189,924				189,924
Miscellaneous	127,028	-	\$ 3,516	-	130,544
Total - Local Sources	<u>20,521,162</u>	<u>-</u>	<u>3,516</u>	<u>358,729</u>	<u>20,883,407</u>
State Sources	1,809,456				1,809,456
Federal Sources	-	\$ 521,576	-	-	521,576
Total Revenues	<u>22,330,618</u>	<u>521,576</u>	<u>3,516</u>	<u>358,729</u>	<u>23,214,439</u>
EXPENDITURES					
Instruction:					
Regular	10,219,391	186,827			10,406,218
Special Education	2,080,083	334,749			2,414,832
Other	24,258				24,258
School Sponsored Co-Curricular Activities	1,039,563				1,039,563
Support Services and Undistributed Costs					
Student & Instruction Related Services	1,895,911				1,895,911
School Administrative Services	872,040				872,040
General Administrative Services	599,175				599,175
Plant Operations and Maintenance	2,862,356				2,862,356
Pupil Transportation	1,459,584				1,459,584
Business & Other Support Services	820,688				820,688
Operating Lease Payments	179,664				179,664
Capital Outlay	48,603		2,798,735		2,847,338
Debt service:					
Cost of Issuance for Bond Sale			45,206		45,206
Principal				244,452	244,452
Interest and other charges	-	-	-	74,355	74,355
Total Expenditures	<u>22,101,316</u>	<u>521,576</u>	<u>2,843,941</u>	<u>318,807</u>	<u>25,785,640</u>
Excess (Deficiency) of Revenues					
Over Expenditures	229,302	-	(2,840,425)	39,922	(2,571,201)
OTHER FINANCING SOURCES (USES)					
Proceeds from Bond Sale			6,788,000		6,788,000
Transfers In				3,516	3,516
Transfers Out	-	-	(3,516)	-	(3,516)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>6,784,484</u>	<u>3,516</u>	<u>6,788,000</u>
Net Change in Fund Balances	229,302	-	3,944,059	43,438	4,216,799
Fund Balance, Beginning of Year	764,419	-	(2,883,362)	26,993	(2,091,950)
Fund Balance, End of Year	<u>\$ 993,721</u>	<u>\$ -</u>	<u>\$ 1,060,697</u>	<u>\$ 70,431</u>	<u>\$ 2,124,849</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, 2011**

Total net change in fund balances - governmental funds (from B-2) **\$ 4,216,799**

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.

	\$ (135,678)	
Depreciation expense	2,847,338	
Capital outlays		2,711,660

The issuance of long term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long term debt.

	(6,788,000)	
Principal Repayments:	45,206	
Proceeds from Debt		(6,742,794)
Deferred Charge - Bond Issuance Cost		

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.

	225,000	
Bond Principal	19,452	
Intergovernmental Loan Principal		244,452

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) (208,734)

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 (+).

		16,346
Compensated Absences		

Change in net assets of governmental activities **\$ 237,729**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 41,037
Intergovernmental Receivable	
State	2,370
Federal	70,533
Accounts Receivable	31,585
Inventories	<u>8,287</u>
Total Current Assets	<u>153,812</u>
Capital Assets	
Furniture, Machinery and Equipment	131,738
Less: Accumulated Depreciation	<u>(100,671)</u>
Total Capital Assets	<u>31,067</u>
Total Assets	<u>184,879</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	41,980
Deferred Revenue	<u>1,465</u>
Total Current Liabilities	<u>43,445</u>
NET ASSETS	
Invested in Capital Assets - Net of Related Debt	31,067
Unrestricted	<u>110,367</u>
Total Net Assets	<u>\$ 141,434</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
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 543,037
Daily Sales - Nonreimbursable Programs	199,843
	742,880
Total Operating Revenues	742,880
OPERATING EXPENSES	
Labor Cost	309,362
Management Fee	57,585
Supplies and Materials	53,166
Other Expenses	33,072
Cost of Food	328,503
Depreciation	6,374
	788,062
Total Operating Expenses	788,062
Operating Loss	(45,182)
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	2,576
Federal Sources	
Food Distribution Program	10,485
National School Lunch Program	75,501
	88,562
Total Nonoperating Revenues	88,562
Change in Net Assets	43,380
Total Net Assets - Beginning of Year	98,054
Total Net Assets - End of Year	\$ 141,434

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
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 742,651
Cash Payments for Employees' Salaries and Benefits	(309,362)
Cash Payments to Suppliers for Goods and Services	<u>(431,151)</u>
Net Cash Provided by (Used for) Operating Activities	<u>2,138</u>
Cash Flows to / from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>10,070</u>
Net Cash Provided by Noncapital Financing Activities	<u>10,070</u>
Cash Flows to / from Capital Financing Activities	
Purchase of Equipment	<u>(6,678)</u>
Net Cash Provided by Noncapital Financing Activities	<u>(6,678)</u>
Net Increase in Cash and Cash Equivalents	5,530
Cash and Cash Equivalents, Beginning of Year	<u>35,507</u>
Cash and Cash Equivalents, End of Year	<u>\$ 41,037</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (45,182)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	10,485
Depreciation	6,374
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(229)
(Increase)/Decrease in Inventory	(1,181)
Increase/(Decrease) in Accounts Payable	31,571
Increase/(Decrease) in Deferred Revenue	<u>300</u>
Total Adjustments	<u>47,320</u>
Net Cash Used for Operating Activities	<u>\$ 2,138</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 ASSETS
AS OF JUNE 30, 2011**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose Trust Fund	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 97,567	\$ 147,756	\$ 209,889
Total Assets	<u>97,567</u>	<u>147,756</u>	<u>\$ 209,889</u>
LIABILITIES			
Due to Student Groups			\$ 146,327
Intergovernmental Payable	7,257		
Accrued Salaries & Deductions			38,314
Due to Other Funds	<u>-</u>	<u>-</u>	<u>25,248</u>
Total Liabilities	<u>7,257</u>	<u>-</u>	<u>\$ 209,889</u>
NET ASSETS			
Held In Trust For Unemployment Claims and Other Purposes			
Restricted	<u>90,310</u>	<u>147,756</u>	
Total Net Assets	<u>\$ 90,310</u>	<u>\$ 147,756</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 CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>
ADDITIONS		
Contributions		
Other	\$ 27,299	-
	<u>27,299</u>	<u>-</u>
Total Contributions		
	<u>27,299</u>	<u>-</u>
Investment Earnings		
Interest	240	\$ 1,467
	<u>240</u>	<u>1,467</u>
Net investment earnings		
	<u>240</u>	<u>1,467</u>
Total additions	<u>27,539</u>	<u>1,467</u>
DEDUCTIONS		
Other Expenses	97,156	
Scholarships Awarded	-	3,000
	<u>97,156</u>	<u>3,000</u>
Total deductions		
	<u>97,156</u>	<u>3,000</u>
Change in net assets	(69,617)	(1,533)
Net assets, beginning of the year	<u>159,927</u>	<u>149,289</u>
Net assets, end of the year	<u>\$ 90,310</u>	<u>\$ 147,756</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. 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 assets, 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. 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.

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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 and state 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 major capital facilities and other capital assets.

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.

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.

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.

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.

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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits 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 and Payables*

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".

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

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 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.

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 revenues. 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. 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 unearned revenue.

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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	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 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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

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 assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 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.

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.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

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

Debt Service Reserve – This restriction was created from the proceeds from the sale of District property to be used to retire any outstanding debt obligations or finance debt service expenditures of the District in accordance with NJAC 6A:23A-14.4(A)2.

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

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. *Reclassifications*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 2010/2011. During 2010/2011 the Board increased the original budget by \$368,309. 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Central Services			
Interest on Bond Anticipation Notes	\$-0-	\$45,173	\$(45,713)

The above variances were offset with other available resources.

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, 2011 is as follows:

Balance, July 1, 2010	<u>\$ 1</u>
Balance, June 30, 2011	<u>\$ 1</u>

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, 2011 is \$550,557. The full amount will be appropriated in the 2012/2013 original budget certified for taxes.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,901,840 and bank balances of the Board's cash and deposits amounted to \$2,656,323. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 2,656,323</u>
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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, 2011, 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, 2011 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				\$ 31,585	\$ 31,585
Intergovernmental	\$ 97,422	\$ 205,063	\$ 783,838	72,903	1,159,226
Gross Receivables	97,422	205,063	783,838	104,488	1,190,811
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 97,422</u>	<u>\$ 205,063</u>	<u>\$ 783,838</u>	<u>\$ 104,488</u>	<u>\$ 1,190,811</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Unencumbered grant draw downs	\$ 14,000
Special Revenue Fund	
Unencumbered grant draw downs	9,479
Grant draw downs reserved for encumbrances	14,276
Capital Projects Fund	
Economic Development Authority School Facility Grants	<u>27,610</u>
 Total deferred revenue for governmental funds	 <u>\$ 65,365</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Prior Period Adjustments</u>	<u>Balance, June 30, 2011</u>
Governmental activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 2,879,059	\$ 2,798,735	-	-	\$ 5,677,794
Total capital assets, not being depreciated	<u>2,879,059</u>	<u>2,798,735</u>	<u>-</u>	<u>-</u>	<u>5,677,794</u>
Capital assets, being depreciated:					
Buildings	8,097,451			\$ (1,721,174)	6,376,277
Improvements other than buildings	1,536,534			(695,564)	840,970
Machinery and equipment	711,948	48,603	-	(456,701)	303,850
Total capital assets being depreciated	<u>10,345,933</u>	<u>48,603</u>	<u>-</u>	<u>(2,873,439)</u>	<u>7,521,097</u>
Less accumulated depreciation for:					
Buildings	5,604,744	13,985		(254,750)	5,363,979
Improvements other than buildings	824,923	94,904		(301,584)	618,243
Machinery and equipment	371,812	26,789	-	(187,526)	211,075
Total accumulated depreciation	<u>6,801,479</u>	<u>135,678</u>	<u>-</u>	<u>(743,860)</u>	<u>6,193,297</u>
Total capital assets, being depreciated, net	<u>3,544,454</u>	<u>(87,075)</u>	<u>-</u>	<u>(2,129,579)</u>	<u>1,327,800</u>
Government activities capital assets, net	<u>\$ 6,423,513</u>	<u>\$ 2,711,660</u>	<u>\$ -</u>	<u>\$ (2,129,579)</u>	<u>\$ 7,005,594</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 125,060	\$ 6,678	-	\$ 131,738
Total capital assets being depreciated	<u>125,060</u>	<u>6,678</u>	-	<u>131,738</u>
Less accumulated depreciation for:				
Machinery and equipment	94,297	6,374	-	100,671
Total accumulated depreciation	<u>94,297</u>	<u>6,374</u>	-	<u>100,671</u>
Total capital assets, being depreciated, net	<u>30,763</u>	<u>304</u>	-	<u>31,067</u>
Business-type activities capital assets, net	<u>\$ 30,763</u>	<u>\$ 304</u>	<u>\$ -</u>	<u>\$ 31,067</u>

The District conducted an update and appraisal of its capital assets during the 2010/2011 school year. The update and appraisal was conducted by an independent appraisal company hired by the Board. The capital asset report valued all capital assets and their estimated historical cost through back trending and other acceptable methods. The District recorded a prior period adjustment to its July 1, 2010 capital assets values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report.

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

Governmental activities:

Instruction	
Regular	\$ 24,812
Other Instruction	<u>1,558</u>
Total Instruction	<u>26,370</u>
Support Services	
Student and Instruction Related Services	14,912
Operations and maintenance of plant	<u>94,396</u>
Total Support Services	<u>109,308</u>
Total depreciation expense - governmental activities	<u>\$ 135,678</u>

Business-type activities:

Food Service Fund	\$ 6,374
Total depreciation expense-business-type activities	<u>\$ 6,374</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Renovations and Improvements at Passaic Valley High School	<u>\$ 5,723,156</u>	<u>\$ 1,064,884</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 127,537
General Fund	Capital Projects Fund	774,604
General Fund	Payroll Agency Fund	9,248
Debt Service Fund	General Fund	58,493
Debt Service Fund	Capital Projects Fund	11,937
General Fund	Student Activities Fund	<u>16,000</u>
		<u>\$ 997,819</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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfers In:</u>	
	<u>Debt</u>	
	<u>Service</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 3,516	\$ 3,516
	<u>\$ 3,516</u>	<u>\$ 3,516</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

E. Leases

Operating Leases

The District leases copiers and office equipment under noncancelable operating leases. Lease payments for the year ended June 30, 2011 were \$179,664.

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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, 2011 are comprised of the following issues:

\$950,000, 2001 Bonds, due in annual installments of \$70,000 through November 1, 2015, interest at 4.5% - 4.75%	\$350,000
\$2,255,000, 2003 Bonds, due in annual installments of \$165,000 to \$180,000 Through May 1, 2018, interest at 3.60% - 4.0%	1,240,000
\$6,788,000, 2010 Bonds, due in annual installments of \$325,000 to \$638,000 Through July 1, 2024, interest at 3.00% - 3.85%	<u>6,788,000</u>
	<u>\$8,378,000</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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.

Loans payable at June 30, 2011 are comprised of the following:

\$246,404, 1993 Loan due in Semi-annual installments of \$12,572 to \$18,255 through July 15, 2013, interest at 5.29%	\$52,464
\$82,134, 1993 Loan due in Semi-annual Installments of \$3,409 through July 15, 2013, interest at 1.50%	<u>10,227</u>
Grand Total	<u>\$62,691</u>

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

Governmental Activities:

Fiscal Year	Serial Bonds		Intergovernmental Loan		Total
	Principal	Interest	Principal	Interest	
2012	\$ 235,000	\$ 404,710	\$ 20,142	\$ 2,460	\$ 662,312
2013	570,000	273,611	20,884	1,504	865,999
2014	600,000	253,880	21,665	508	876,053
2015	600,000	233,393			833,393
2016	650,000	211,877			861,877
2017-2021	3,135,000	740,338			3,875,338
2022-2026	<u>2,588,000</u>	<u>200,632</u>	<u>-</u>	<u>-</u>	<u>2,788,632</u>
	<u>\$ 8,378,000</u>	<u>\$ 2,318,441</u>	<u>\$ 62,691</u>	<u>\$ 4,472</u>	<u>\$ 10,763,604</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 188,617,486
Less: Net Debt	<u>8,440,691</u>
Remaining Borrowing Power	<u>\$ 180,176,795</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,815,000	\$ 6,788,000	\$ 225,000	\$ 8,378,000	\$ 235,000
Loans Payable	82,143		19,452	62,691	20,142
Compensated absences	126,537	-	16,346	110,191	-
Governmental activity Long-term liabilities	<u>\$ 2,023,680</u>	<u>\$ 6,788,000</u>	<u>\$ 260,798</u>	<u>\$ 8,550,882</u>	<u>\$ 255,142</u>

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

Project Notes/Grant Anticipation Notes/Loans Payable

The Board issues Temporary Notes to interim finance Capital Projects. The Board's short-term debt activity for the year ended June 30, 2011 was as follows:

<u>Purpose</u>	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
Temporary Note for Renovations and Improvements at Passaic Valley HS	\$ 2,875,000	\$ -	\$ 2,875,000	\$ -
	<u>\$ 2,875,000</u>	<u>\$ -</u>	<u>\$ 2,875,000</u>	<u>\$ -</u>

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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

The Pooled Insurance Program (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 insurance fund are on file with the School's Business Administrator.

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

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

<u>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>
2011	\$ 27,299	\$ 97,156	\$ 90,310
2010	30,767	13,323	159,927
2009	26,940	11,807	142,077

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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011, 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, 2011, 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 8 to 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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

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

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 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 (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 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 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, 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, 2011, 2010 and 2009 the Board was required to contribute for PERS 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>
2011	\$ 196,804	\$ 27,831
2010	153,261	30,303
2009	131,004	28,428

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$27,831, \$30,303 and \$28,428 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$691,593 during the year ended June 30, 2011 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

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 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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 June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB 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 June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

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, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

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, 2011, 2010 and 2009 were \$591,132, \$569,123 and \$542,335, 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.

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, 2011**

	<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	\$ 20,204,210		\$ 20,204,210	\$ 20,204,210	
Transportation Fees from Other LEAs	200,000		200,000	189,924	\$ (10,076)
Investment Income	6,000		6,000	10,775	4,775
Miscellaneous	44,000		44,000	116,253	72,253
State Sources					
Categorical Special Education Aid	374,503		374,503	374,503	
Extraordinary Aid				115,271	115,271
Non Public Transportation Reimbursement				18,741	18,741
On-behalf TPAF NCGI Premium (Non-budgeted)				27,831	27,831
On-behalf Post Retirement Medical Contribution (Non-budgeted)				591,132	591,132
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	691,593	691,593
Total Revenues	<u>20,828,713</u>	<u>-</u>	<u>20,828,713</u>	<u>22,340,233</u>	<u>1,511,520</u>
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	6,773,500	\$ 222,780	6,996,280	6,904,371	91,909
Regular Programs- Home Instruction					
Salaries of Teachers	120,000	-	120,000	88,880	31,120
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	222,780	(222,780)	-	-	-
General Supplies	228,402	489	228,891	177,484	51,407
Textbooks	99,844	-	99,844	68,000	31,844
Other Objects	18,078	-	18,078	18,067	11
Total Regular Programs	<u>7,462,604</u>	<u>489</u>	<u>7,463,093</u>	<u>7,256,802</u>	<u>206,291</u>
Resource Room					
Salaries of Teachers	684,823	16,850	701,673	701,655	18
General Supplies	8,557	-	8,557	5,726	2,831
Total Resource Room	<u>693,380</u>	<u>16,850</u>	<u>710,230</u>	<u>707,381</u>	<u>2,849</u>
Total Special Education	<u>693,380</u>	<u>16,850</u>	<u>710,230</u>	<u>707,381</u>	<u>2,849</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<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	\$ 21,214	-	\$ 21,214	\$ 18,477	\$ 2,737
Total Bilingual Education	<u>21,214</u>	<u>-</u>	<u>21,214</u>	<u>18,477</u>	<u>2,737</u>
School Sponsored Co-Curricular Activities					
Salaries	225,793	\$ (12,715)	213,078	213,078	-
Supplies and Materials	45,180	-	45,180	29,943	15,237
Total School Sponsored Co-Curricular Activities	<u>270,973</u>	<u>(12,715)</u>	<u>258,258</u>	<u>243,021</u>	<u>15,237</u>
Co-Curricular Athletics					
Salaries	350,830	-	350,830	350,481	349
Purchased Services	6,675	-	6,675	979	5,696
Supplies and Materials	242,285	2,615	244,900	232,200	12,700
Total Co-Curricular Athletics	<u>599,790</u>	<u>2,615</u>	<u>602,405</u>	<u>583,660</u>	<u>18,745</u>
Total - Instruction	<u>9,047,961</u>	<u>7,239</u>	<u>9,055,200</u>	<u>8,809,341</u>	<u>245,859</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	148,667	(148,667)			
Tuition to County Voc.School Dist. - Reg.	715,333	30,000	745,333	744,937	396
Tuition to Priv. Sch. For the Disabilities within State	991,372	149,847	1,141,219	1,099,956	41,263
Tuition - State Facilities	67,000	-	67,000	53,200	13,800
Total Undistributed Expenditures - Instruction	<u>1,922,372</u>	<u>31,180</u>	<u>1,953,552</u>	<u>1,898,093</u>	<u>55,459</u>
Health Services					
Salaries	109,887	1,500	111,387	111,299	88
Supplies and Materials	79,456	(10,000)	69,456	65,303	4,153
Total Health Services	<u>189,343</u>	<u>(8,500)</u>	<u>180,843</u>	<u>176,602</u>	<u>4,241</u>
Other Support Services-Student - Related Serv.					
Salaries	30,000	(5,000)	25,000	21,918	3,082
Total Support Services- Student- Related Serv.	<u>30,000</u>	<u>(5,000)</u>	<u>25,000</u>	<u>21,918</u>	<u>3,082</u>
Guidance					
Salaries of Other Professional Staff	535,420	-	535,420	532,027	3,393
Salaries of Sec. & Clerical Assts.	131,062	-	131,062	130,152	910
Supplies and Materials	12,000	180	12,180	10,345	1,835
Total Guidance	<u>678,482</u>	<u>180</u>	<u>678,662</u>	<u>672,524</u>	<u>6,138</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 361,292	-	\$ 361,292	\$ 361,116	\$ 176
Salaries of Sec. & Clerical Assts.	40,927	\$ (36,300)	4,627	4,400	227
Miscellaneous Purchased Services	1,000	-	1,000	669	331
Supplies and Materials	9,308	-	9,308	9,006	302
Other Objects	1,000	-	1,000	971	29
Total Child Study Teams	<u>413,527</u>	<u>(36,300)</u>	<u>377,227</u>	<u>376,162</u>	<u>1,065</u>
Educational Media Services/School Library					
Salaries	226,640	(56,800)	169,840	162,939	6,901
Supplies and Materials	76,191	-	76,191	61,673	14,518
Other Objects	2,100	-	2,100	1,138	962
Total Educational Media Services/School Library	<u>304,931</u>	<u>(56,800)</u>	<u>248,131</u>	<u>225,750</u>	<u>22,381</u>
Support Services General Administration					
Salaries	309,043	-	309,043	308,167	876
Legal Services	1,500	-	1,500	-	1,500
Other Purchased Professional Services	37,500	7,500	45,000	44,352	648
Communications/Telephone	88,500	(28,000)	60,500	60,050	450
Miscellaneous Purchased Services	43,909	-	43,909	43,020	889
Miscellaneous Expenditures	52,800	-	52,800	47,118	5,682
Total Support Services General Administration	<u>533,252</u>	<u>(20,500)</u>	<u>512,752</u>	<u>502,707</u>	<u>10,045</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	355,432	48,675	404,107	404,103	4
Salaries of Secretarial and Clerical Assistants	232,607	10,890	243,497	243,494	3
Other Purchased Services	1,000	-	1,000	480	520
Supplies and Materials	6,700	-	6,700	5,541	1,159
Total Support Services School Administration	<u>595,739</u>	<u>59,565</u>	<u>655,304</u>	<u>653,618</u>	<u>1,686</u>
Central Services					
Salaries	249,254	3,445	252,699	250,580	2,119
Interest on Bond Anticipation Notes (BANs)				45,713	(45,713)
Miscellaneous Expenditures	133,000	32,000	165,000	161,823	3,177
Total Central Services	<u>382,254</u>	<u>35,445</u>	<u>417,699</u>	<u>458,116</u>	<u>(40,417)</u>
Admin. Info. Technology					
Salaries	118,366	-	118,366	117,611	755
Supplies and Materials	120,840	10,000	130,840	129,755	1,085
Total Admin. Info. Technology	<u>239,206</u>	<u>10,000</u>	<u>249,206</u>	<u>247,366</u>	<u>1,840</u>
Undist. Expend. - Required Maint. For School Facilities					
Salaries	201,106	-	201,106	201,091	15
Cleaning, Repair, and Maintenance	362,695	(35,681)	327,014	194,312	132,702
General Supplies	9,140	-	9,140	3,441	5,699
Other Objects	17,700	1,677	19,377	19,331	46
Total Undist. Expend - Required Maint. For School Facilities	<u>590,641</u>	<u>(34,004)</u>	<u>556,637</u>	<u>418,175</u>	<u>138,462</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Custodial Services					
Salaries	\$ 1,089,427	\$ 14,450	\$ 1,103,877	\$ 1,103,871	\$ 6
Cleaning, Repair, and Maintenance Services	93,450	(10,000)	83,450	64,100	19,350
Other Purchased Property Services	31,500	-	31,500	31,481	19
Insurance	68,976	-	68,976	68,976	
General Supplies	135,850	(5,000)	130,850	110,003	20,847
Energy (Electricity)	356,100	(13,600)	342,500	308,680	33,820
Energy (Heat)	204,475	(34,000)	170,475	170,153	322
Total Custodial Services	<u>1,979,778</u>	<u>(48,150)</u>	<u>1,931,628</u>	<u>1,857,264</u>	<u>74,364</u>
Security					
Purchased Professional and Technical Services	106,000	-	106,000	93,974	12,026
Total Security	<u>106,000</u>	<u>-</u>	<u>106,000</u>	<u>93,974</u>	<u>12,026</u>
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	59,131	1,250	60,381	60,372	9
Other Purchased Professional and Technical Services	4,000	-	4,000	3,975	25
Contracted Services (Between Home and School) - Vendors	612,500	3,419	615,919	586,940	28,979
Contracted Services (Other Than Between Home and School) - Vendors	171,160	-	171,160	138,197	32,963
Contracted Services (Sp Ed Stds)- Vendors	432,750	4,488	437,238	427,299	9,939
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	220,000	-	220,000	219,996	4
Total Student Transportation Services	<u>1,499,541</u>	<u>9,157</u>	<u>1,508,698</u>	<u>1,436,779</u>	<u>71,919</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	261,730	-	261,730	255,642	6,088
Other Retirement Contributions	135,200	61,800	197,000	196,804	196
Workmen's Compensation	143,624	-	143,624	143,624	-
Health Benefits	2,157,878	-	2,157,878	2,088,512	69,366
Total Unallocated Benefits - Employee Benefits	<u>2,698,432</u>	<u>61,800</u>	<u>2,760,232</u>	<u>2,684,582</u>	<u>75,650</u>
On-behalf TPAF NCGI Premium (Non-budgeted)				27,831	(27,831)
On-behalf Post Retirement Medical Contribution (Non-budgeted)				591,132	(591,132)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	691,593	(691,593)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,310,556</u>	<u>(1,310,556)</u>
Total Undistributed Expenditures	<u>12,163,498</u>	<u>(1,927)</u>	<u>12,161,571</u>	<u>13,034,186</u>	<u>(872,615)</u>
Total Expenditures - Current Expense	<u>21,211,459</u>	<u>5,312</u>	<u>21,216,771</u>	<u>21,843,527</u>	<u>(626,756)</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<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	\$ 57,000	-	\$ 57,000	\$ 56,006	\$ 994
Undistributed Expenditures					
Supports Services-Instructional Staff	28,057	-	28,057	16,095	11,962
Central Services	90,000	\$ 2,500	92,500	91,190	1,310
Custodial Services	68,000	-	68,000	64,976	3,024
Total Equipment	<u>243,057</u>	<u>2,500</u>	<u>245,557</u>	<u>228,267</u>	<u>17,290</u>
Facilities Acquisition and Construction Services					
Other Objects	43	-	43	43	-
Total Facilities Acquisition and Construction Services	<u>43</u>	<u>-</u>	<u>43</u>	<u>43</u>	<u>-</u>
Total Capital Outlay	<u>243,100</u>	<u>2,500</u>	<u>245,600</u>	<u>228,310</u>	<u>17,290</u>
Transfer of Funds to Charter Schools	<u>20,574</u>	<u>10,000</u>	<u>30,574</u>	<u>29,479</u>	<u>1,095</u>
Total Expenditures	<u>21,475,133</u>	<u>17,812</u>	<u>21,492,945</u>	<u>22,101,316</u>	<u>(608,371)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(646,420)	(17,812)	(664,232)	238,917	903,149
Fund Balances, Beginning of Year	<u>900,841</u>	<u>-</u>	<u>900,841</u>	<u>900,841</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 254,421</u>	<u>\$ (17,812)</u>	<u>\$ 236,609</u>	<u>\$ 1,139,758</u>	<u>\$ 903,149</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1	
Excess Surplus				550,557	
Assigned:					
Year - End Encumbrances				39,373	
Unassigned Fund Balance				<u>549,827</u>	
				1,139,758	
Less: State Payments Not Recognized on GAAP					
Deferred State Aid				<u>(146,037)</u>	
Fund Balance, GAAP Basis				<u>\$ 993,721</u>	

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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 309,731	\$ 350,497	\$ 660,228	\$ 535,852	\$ (124,376)
Total Revenues	<u>309,731</u>	<u>350,497</u>	<u>660,228</u>	<u>535,852</u>	<u>(124,376)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	238,107	64,109	302,216	283,397	18,819
General Supplies	71,624	45,488	117,112	107,557	9,555
Miscellaneous Expenditures	-	240,900	240,900	144,898	96,002
Total Instruction	<u>309,731</u>	<u>350,497</u>	<u>660,228</u>	<u>535,852</u>	<u>124,376</u>
Support Services					
General Supplies	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>309,731</u>	<u>350,497</u>	<u>660,228</u>	<u>535,852</u>	<u>124,376</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, 2011**

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)	\$ 22,340,233	\$ 535,852
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, 2010		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011		(14,276)
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	136,422	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(146,037)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 22,330,618</u>	<u>\$ 521,576</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 22,101,316	\$ 535,852
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011	<u>-</u>	<u>(14,276)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 22,101,316</u>	<u>\$ 521,576</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, 2011

	ARRA Title I	NCLB Title I	NCLB Title II-A	NCLB Title III	NCLB Title IV	ARRA Basic	I.D.E.I.A. Part B Basic	Total
REVENUES								
Intergovernmental	\$ 50,520	\$ 107,557	\$ 18,344	\$ 12,898	\$ 410	\$ 94,378	\$ 251,745	\$ 535,852
Federal	\$ 50,520	\$ 107,557	\$ 18,344	\$ 12,898	\$ 410	\$ 94,378	\$ 251,745	\$ 535,852
Total Revenues	\$ 50,520	\$ 107,557	\$ 18,344	\$ 12,898	\$ 410	\$ 94,378	\$ 251,745	\$ 535,852
EXPENDITURES								
Instruction								
Salaries of Teachers		\$ 107,557	\$ 18,344	\$ 12,898	\$ 410	\$ 94,378	\$ 251,745	\$ 283,397
General Supplies	\$ 50,520	-	-	-	-	\$ 94,378	-	107,557
Miscellaneous Expenditures								144,898
Total Instruction	\$ 50,520	\$ 107,557	\$ 18,344	\$ 12,898	\$ 410	\$ 94,378	\$ 251,745	\$ 535,852
Support Services								
General Supplies	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
Total Expenditures	\$ 50,520	\$ 107,557	\$ 18,344	\$ 12,898	\$ 410	\$ 94,378	\$ 251,745	\$ 535,852

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, 2011

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, 2011

<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, 2011</u>
Alterations and Renovations at Passaic Valley High School and (G) the Installation of an All Weather Track.	\$ 3,043,543	\$ 3,019,470	\$	24,073
Renovations and Improvements at Passaic Valley High School	<u>6,788,040</u>	<u>2,879,149</u>	<u>\$ 2,843,941</u>	<u>1,064,950</u>
	<u>\$ 9,831,583</u>	<u>\$ 5,898,619</u>	<u>\$ 2,843,941</u>	<u>\$ 1,089,023</u>
			Unexpended Project Balance \$	1,089,023
			Less: Deferred Revenue	(27,610)
			Less: Debt Authorized But Not Issued	<u>(716)</u>
			Fund Balance \$	<u>1,060,697</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, 2011**

Revenues and Other Financing Sources**Revenues**

Proceeds from Bond Sale	\$ 6,788,000
Interest Earnings	3,516
	6,791,516

Total Revenues

Expenditures and Other Financing Uses**Expenditures**

Professional and Technical Services	86,579
Construction Services	2,712,156
Cost of Issuance	45,206
Transfer to Debt Service Fund	3,516
	2,847,457

Total Expenditures and Transfers

Excess (Deficiency) of Revenues Over (Under) Expenditures	3,944,059
Fund Balance - Beginning of Year	(2,855,752)
Fund Balance - End of Year	\$ 1,088,307

Reconciliation to GAAP

Fund Balance - Budgetary	\$ 1,088,307
Less: SCC Grant Revenue Not Realized on GAAP Basis	(27,610)
	\$ 1,060,697

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, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized 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	3,019,470	-	3,019,470	3,043,543
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, 2011

	<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	 -	 6,788,000	 6,788,000	 6,788,040
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional and Technical Services	\$ 479,697	86,579	566,276	
Cost of Issuance	-	45,206	45,206	
Construction Services	2,399,452	2,712,156	5,111,608	6,788,040
 Total Expenditures and other Financing Sources	 2,879,149	 2,843,941	 5,723,090	 6,788,040
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ (2,879,149)	 \$ 3,944,059	 \$ 1,064,910	 \$ -

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 ASSETS
AS OF JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4.

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2011</u>
ASSETS			
Cash and Cash Equivalents	\$ 162,327	\$ 47,562	\$ 209,889
Total Assets	<u>\$ 162,327</u>	<u>\$ 47,562</u>	<u>\$ 209,889</u>
LIABILITIES			
Due to Student Groups	\$ 146,327		\$ 146,327
Accrued Salaries & Deductions		\$ 38,314	38,314
Due to Other Funds	<u>16,000</u>	<u>9,248</u>	<u>25,248</u>
Total Liabilities	<u>\$ 162,327</u>	<u>\$ 47,562</u>	<u>\$ 209,889</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011**

<u>School</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
HIGH SCHOOL				
Passaic County Regional High School	\$ 178,784	\$ 487,225	\$ 503,682	\$ 162,327

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
Due to Other Funds	\$ 9,248			\$ 9,248
Payroll Deductions and Withholdings	3,853	\$ 8,205,683	\$ 8,205,867	3,669
Accrued Salaries and Wages	<u>118,601</u>	<u>7,856,992</u>	<u>7,940,948</u>	<u>34,645</u>
	<u>\$ 131,702</u>	<u>\$ 16,062,675</u>	<u>\$ 16,146,815</u>	<u>\$ 47,562</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, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</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	11/1/10-15	\$ 70,000	various	\$ 420,000		\$ 70,000	\$ 350,000
Alteration and Renovation at Passaic Valley High School, and the Installation of an All Weather Track	5/1/2003	2,255,000	5/1/2012	165,000	3.60%				
			5/1/2013	175,000	3.655%				
			5/1/14-18	180,000	3.75-4.00%	1,395,000		155,000	1,240,000
Renovations and Improvements at Passaic Valley High School	7/8/2010	6,788,000	7/1/2012	325,000	3.00%				
			7/1/13-14	350,000	3.00%				
			7/1/2015	400,000	3.00%				
			7/1/16-17	450,000	3.00%				
			7/1/18-20	625,000	3.125 - 3.400%				
			7/1/21-23	650,000	3.550 - 3.750%				
			7/1/2024	638,000	3.85%		\$ 6,788,000	-	6,788,000
						\$ 1,815,000	\$ 6,788,000	\$ 225,000	\$ 8,378,000

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, 2011

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, 2011

	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Favorable / (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	\$ 358,729	-	\$ 358,729	\$ 358,729	-
Total Revenues	<u>358,729</u>	<u>-</u>	<u>358,729</u>	<u>358,729</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest	120,090		120,090	74,355	\$ 45,735
Principal	244,452		244,452	244,452	-
Total Expenditures	<u>364,542</u>	<u>-</u>	<u>364,542</u>	<u>318,807</u>	<u>45,735</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(5,813)	-	(5,813)	39,922	45,735
Other Financing Sources Operating Transfers In				3,516	3,516
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(5,813)	-	(5,813)	43,438	49,251
Fund Balance, Beginning of Year	26,993	-	26,993	26,993	-
Fund Balance, End of Year	<u>\$ 21,180</u>	<u>\$ -</u>	<u>\$ 21,180</u>	<u>\$ 70,431</u>	<u>\$ 49,251</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, 2011

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Amount Outstanding July 1, 2010</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
EDA Loan - Small Project Loan	5.29%	\$ 246,404	\$ 68,507	\$ 16,043	\$ 52,464
EDA Loan - Safe Loan	1.50%	82,134	13,636	3,409	10,227
			<u>\$ 82,143</u>	<u>\$ 19,452</u>	<u>\$ 62,691</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 ASSETS BY COMPONENT
 LAST NINE FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 1,180,810	\$ 1,676,129	\$ 1,850,198	\$ 937,290	\$ 1,146,859	\$ 1,272,215	\$ 1,497,868	\$ 1,643,008	\$ (329,194)
Restricted	1	18,544	9,705	9,732	37	96	5,900	26,994	70,432
Unrestricted	(59,769)	710,883	803,559	448,078	514,552	855,526	929,292	624,025	660,939
Total Governmental Activities Net Assets	\$ 1,121,042	\$ 2,405,556	\$ 2,663,462	\$ 1,395,100	\$ 1,661,448	\$ 2,127,837	\$ 2,433,060	\$ 2,294,027	\$ 402,177
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	\$ 25,550	\$ 39,650	\$ 35,394	\$ 47,572	\$ 42,797	\$ 41,609	\$ 34,843	\$ 30,763	\$ 31,067
Restricted									
Unrestricted	39,362	29,605	37,224	14,890	38,057	35,889	55,815	67,291	110,367
Total Business-Type Activities Net Assets	\$ 64,912	\$ 69,255	\$ 72,618	\$ 62,462	\$ 80,854	\$ 77,498	\$ 90,658	\$ 98,054	\$ 141,434
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 1,206,360	\$ 1,715,779	\$ 1,885,592	\$ 984,862	\$ 1,189,656	\$ 1,313,824	\$ 1,532,711	\$ 1,673,771	\$ (298,127)
Restricted	1	18,544	9,705	9,732	37	96	5,900	26,994	70,432
Unrestricted	(20,407)	740,488	840,783	462,968	552,609	891,415	985,107	691,316	771,306
Total District Net Assets	\$ 1,185,954	\$ 2,474,811	\$ 2,736,080	\$ 1,457,562	\$ 1,742,302	\$ 2,205,335	\$ 2,523,718	\$ 2,392,081	\$ 543,611

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year June 30, 2003 only nine years of information are 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
 CHANGES IN NET ASSETS
 LAST NINE FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 6,511,021	\$ 6,920,648	\$ 7,826,243	\$ 8,719,219	\$ 9,584,890	\$ 9,921,875	\$ 9,736,339	\$ 10,195,190	\$ 10,470,439
Special Education	2,366,080	2,052,430	2,351,378	2,592,452	2,583,412	2,554,608	2,450,362	2,616,384	2,402,172
Other Instruction	805,965	157,985	177,234	27,260	45,426	28,998	2,628	22,569	25,816
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
Support Services:									
Student & Instruction Related Services	1,177,071	1,560,177	1,627,987	1,825,208	1,858,382	1,902,755	1,845,589	1,988,284	1,895,618
School Administrative Services	728,072	809,287	804,953	701,452	728,687	754,880	777,414	839,235	872,040
General Administration	470,935	529,775	554,603	660,517	637,978	637,769	657,058	616,505	599,175
Plant Operations And Maintenance	1,855,165	2,092,461	2,310,441	2,429,139	2,425,249	2,640,920	2,748,575	3,039,528	3,017,228
Pupil Transportation	995,682	1,115,563	1,232,290	1,363,463	1,399,183	1,581,681	1,590,106	1,545,406	1,459,584
Business and Other Support Services	688,117	851,731	733,522	765,606	843,211	987,552	1,027,202	850,321	911,878
Interest On Long-Term Debt	64,942	156,344	130,134	115,961	107,958	99,575	90,693	81,780	283,089
Total Governmental Activities Expenses	15,663,050	16,988,149	18,554,461	20,289,967	21,312,314	22,247,097	22,139,655	23,001,508	22,976,710
Business-Type Activities:									
Food Service	497,736	516,446	575,943	616,807	635,693	775,627	810,085	828,102	788,062
Total Business-Type Activities Expense	497,736	516,446	575,943	616,807	635,693	775,627	810,085	828,102	788,062
Total District Expenses	\$ 16,160,786	\$ 17,504,595	\$ 19,130,404	\$ 20,906,774	\$ 21,948,007	\$ 23,022,724	\$ 22,949,740	\$ 23,829,610	\$ 23,764,772
Program Revenues									
Governmental Activities:									
Charges For Services:									
Pupil Transportation	\$ 164,128	\$ 187,334	\$ 205,695	\$ 196,313	\$ 189,256	\$ 214,293	\$ 196,021	\$ 184,165	\$ 189,924
Operating Grants And Contributions	2,260,935	2,551,960	2,603,233	2,807,380	3,358,493	3,404,692	2,856,060	2,535,241	2,302,525
Capital Grants And Contributions	-	753,546	-	-	215	6,406	-	-	-
Total Governmental Activities Program Revenues	2,425,063	3,492,840	2,808,928	3,003,693	3,547,964	3,625,391	3,052,081	2,719,406	2,492,449
Business-Type Activities:									
Charges For Services:									
Food Service	481,321	488,269	545,592	578,670	620,842	728,025	771,720	769,098	742,880
Operating Grants And Contributions	28,204	32,520	33,714	35,242	33,243	44,246	51,525	66,400	88,562
Total Business-Type Activities Program Revenues	509,525	520,789	579,306	613,912	654,085	772,271	823,245	835,498	831,442
Total District Program Revenues	\$ 2,934,588	\$ 4,013,629	\$ 3,388,234	\$ 3,617,605	\$ 4,202,049	\$ 4,397,662	\$ 3,875,326	\$ 3,554,904	\$ 3,323,891
Net (Expense)/Revenue									
Governmental Activities	\$ (13,237,987)	\$ (13,495,309)	\$ (15,745,533)	\$ (17,286,274)	\$ (17,764,350)	\$ (18,621,706)	\$ (19,087,574)	\$ (20,282,102)	\$ (20,484,261)
Business-Type Activities	11,789	4,343	3,363	(2,895)	18,392	(3,556)	13,160	7,396	43,380
Total District-Wide Net Expense	\$ (13,226,198)	\$ (13,490,966)	\$ (15,742,170)	\$ (17,289,169)	\$ (17,745,958)	\$ (18,625,062)	\$ (19,074,414)	\$ (20,274,706)	\$ (20,440,881)

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

	Fiscal Year Ended June 30.								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 13,204,682	\$ 14,465,839	\$ 15,401,811	\$ 16,178,112	\$ 17,262,984	\$ 18,265,821	\$ 18,854,854	\$ 19,504,048	\$ 20,204,210
Taxes Levied For Debt Service	559,772	328,098	301,827	318,975	311,883	323,816	320,707	335,836	358,729
Unrestricted Grants And Contributions	58,558	179,004	231,908	268,088	332,678	372,786	138,511	219,208	28,507
Special Items from Bond Sale	4,894								
Miscellaneous Income	37,226	52,536	67,893	77,023	125,153	125,672	78,725	83,977	130,544
Transfers	-	-	-	17,541	-	-	-	-	-
Total Governmental Activities	13,665,132	15,025,477	16,003,439	16,859,739	18,032,698	19,088,095	19,392,797	20,143,069	20,721,990
Business-Type Activities:									
Transfers	-	-	-	(17,541)	-	-	-	-	-
Total Business-Type Activities	-	-	-	(17,541)	-	-	-	-	-
Total District-Wide	\$ 13,665,132	\$ 15,025,477	\$ 16,003,439	\$ 16,842,198	\$ 18,032,698	\$ 19,088,095	\$ 19,392,797	\$ 20,143,069	\$ 20,721,990
Change in Net Assets									
Governmental Activities	\$ 427,145	\$ 1,530,168	\$ 257,906	\$ (426,535)	\$ 268,348	\$ 466,389	\$ 305,223	\$ (139,033)	\$ 237,729
Business-Type Activities	11,789	4,343	3,363	(20,436)	18,392	(3,356)	13,160	7,396	43,380
Total District	\$ 438,934	\$ 1,534,511	\$ 261,269	\$ (446,971)	\$ 286,740	\$ 463,033	\$ 318,383	\$ (131,637)	\$ 281,109

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year June 30, 2003 only nine years of information are 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
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Restricted									\$ 550,558
Assigned									39,373
Unassigned									403,790
Reserved	\$ 7,561	\$ 509,134	\$ 515,619	\$ 210,270	\$ 166,204	\$ 590,765	\$ 669,539	\$ 465,571	
Unreserved	147,733	399,545	408,690	307,501	522,700	549,131	410,007	298,848	
Total General Fund	\$ 155,294	\$ 908,679	\$ 924,309	\$ 517,771	\$ 688,904	\$ 1,139,896	\$ 1,079,566	\$ 764,419	\$ 993,721
All Other Governmental Funds									
Restricted									\$ 1,131,128
Reserved	\$ 2,030,387	\$ 27,406	\$ 24,406	\$ 24,406	\$ 100,940		\$ 1,821,709	\$ 2,583,621	
Unreserved	(590,781)	101,429	99,050	97,023	(4,267)	(4,208)	(2,406,710)	(5,439,990)	
Total All Other Governmental Funds	\$ 1,439,606	\$ 128,835	\$ 123,456	\$ 121,429	\$ 96,673	\$ (4,208)	\$ (585,001)	\$ (2,856,369)	\$ 1,131,128

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year June 30, 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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 NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax Levy	\$ 13,564,454	\$ 14,793,937	\$ 15,703,638	\$ 16,497,087	\$ 17,574,867	\$ 18,589,637	\$ 19,175,561	\$ 19,839,884	\$ 20,562,939
Transportation	164,128	187,334	205,695	196,313	189,256	214,293	196,021	184,165	189,924
Miscellaneous	37,226	52,536	67,893	77,023	125,153	125,672	78,725	83,977	130,544
State Sources	2,037,565	3,181,657	2,581,242	2,759,795	3,374,871	3,455,849	2,611,164	2,266,991	1,809,456
Federal Sources	281,928	302,853	253,899	315,673	316,515	328,035	383,407	487,458	521,576
Total Revenue	16,085,301	18,518,317	18,812,367	19,845,891	21,580,662	22,713,486	22,444,878	22,862,475	23,214,439
Expenditures									
Instruction									
Regular Instruction	6,350,776	6,870,149	7,772,637	8,564,764	9,507,272	9,747,326	9,788,283	10,203,375	10,406,218
Special Education Instruction	2,365,613	2,055,347	2,048,792	2,398,231	2,578,856	2,554,263	2,467,379	2,611,938	2,414,832
Vocational Education			302,586						
Other Instruction	804,850	157,078	173,867	23,893	43,719	27,291	687	20,628	24,258
School Sponsored Activities and Athletics		741,748	805,676	1,084,089	1,092,564	1,137,084	1,213,689	1,200,681	1,039,563
Support Services:									
Student and Inst. Related Services	1,171,062	1,557,267	1,595,771	1,751,036	1,834,396	1,886,425	1,827,019	1,939,384	1,923,909
General Administration	481,895	528,885	554,603	618,930	622,246	637,769	657,058	616,505	599,175
School Administrative Services	723,562	807,998	804,953	697,537	727,206	754,880	777,414	839,235	872,040
Plant Operations And Maintenance	1,779,985	1,950,845	2,152,499	2,219,600	2,319,758	2,535,472	2,629,121	2,876,884	2,922,832
Pupil Transportation	995,682	1,115,563	1,232,290	1,370,648	1,399,183	1,581,681	1,590,106	1,545,406	1,459,584
Central Services	688,117	851,731	740,560	680,320	806,547	896,462	943,622	763,821	911,878
Capital Outlay	1,091,786	2,077,672	307,195	343,976	180,951	280,879	871,808	2,513,777	2,847,338
Debt Service:									
Cost of Issuance for Bond Sale									45,206
Principal	303,036	200,149	188,942	201,476	212,021	222,588	228,187	233,797	244,452
Interest and Other Charges	58,639	161,271	121,745	117,497	109,566	101,255	92,428	83,559	74,355
Total Expenditures	16,814,923	19,075,703	18,802,116	20,271,997	21,434,285	22,363,375	23,086,001	25,448,990	25,785,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	(729,622)	(557,386)	10,251	(426,106)	146,377	350,111	(641,123)	(2,586,515)	(2,571,201)
Other Financing Sources (Uses)									
Bond Sale Proceeds	2,255,000								6,788,000
Accrued Interest on Bonds	4,857								
Premium on Bond Sale	37								
Transfers In	15,233	3,310	21	17,566	9	86	5,712	2,614	3,516
Transfers Out	(15,233)	(3,310)	(21)	(25)	(9)	(86)	(5,712)	(2,614)	(3,516)
Total Other Financing Sources (Uses)	2,259,894	-	-	17,541	-	-	-	-	6,788,000
Net Change in Fund Balances	\$ 1,530,272	\$ (557,386)	\$ 10,251	\$ (408,565)	\$ 146,377	\$ 350,111	\$ (641,123)	\$ (2,586,515)	\$ 4,216,799
Debt Service as a Percentage of Noncapital Expenditures	2.30%	2.13%	1.68%	1.60%	1.51%	1.47%	1.44%	1.38%	1.39%

* Noncapital expenditures are total expenditures less capital outlay.

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year June 30, 2003 only nine years of information are 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
GOVERNMENTAL FUNDS
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<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>
2002		\$ 19,393	\$ 9,820		\$ 171,916	\$ 7,436	\$ 208,565
2003		8,376			164,128	18,511	191,015
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

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,	Total Assessed Value							Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
	Vacant Land	Residential	Farm Reg	Qfarm	Commercial	Industrial	Apartment			
2002	\$ 17,368,500	\$ 526,975,200			\$ 97,536,000	\$ 30,576,200	\$ 41,817,800	\$ 714,273,700	\$ 1,209,369,042	\$ 0.656
2003	16,912,200	531,915,600			98,330,300	29,784,900	41,817,800	718,780,800	1,226,840,593	0.700
2004	16,486,400	535,542,100			97,804,300	29,779,200	40,627,300	720,239,300	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	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	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	1,882,274,611	0.852
2008	16,872,000	542,293,100			96,911,800	28,454,700	35,977,300	724,508,900	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	1,991,873,881	0.323
2010	36,499,400	1,385,258,500			304,656,000	64,840,900	122,049,600	1,913,304,400	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	1,909,597,900	0.337

Source: County Abstract of Rates

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.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 21,889,400	\$ 549,962,500	\$ 550,800	500	\$ 319,165,300	\$ 204,896,000	N/A	\$ 1,096,464,500	\$ 2,416,355	\$ 1,098,880,855	\$ 1,313,265,717	\$ 0.476
2003	21,267,200	556,386,400	550,800	500	319,429,600	207,238,700	N/A	1,104,873,200	2,372,827	1,107,246,027	1,348,120,422	0.496
2004	17,998,700	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	10,906,600	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	2,333,562,720	0.578
2007	12,383,700	656,438,500	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	177,776,500	N/A	1,170,342,100	1,447,159	1,171,789,259	1,765,425,655	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	33,633,600	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	2,527,765,395	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

Source: County Abstract of Rentals

^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
2002	\$ 22,772,413	\$ 530,454,324			\$ 145,528,960	\$ 42,633,900	\$ 36,392,800	\$ 777,782,397	\$ 1,116,774	\$ 778,899,171	\$ 929,545,116	\$ 0.468
2003	21,191,513	542,496,824		1,680	152,322,760	42,633,900	36,392,800	795,039,477	1,055,788	796,095,265	1,046,379,938	0.533
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	0.559
2005	18,200,798	551,968,824		1,680	152,609,260	37,815,200	36,392,800	796,988,562	745,708	797,734,270	1,308,720,416	0.552
2006	27,975,198	554,397,824		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	1,150,140	812,825,717	1,499,561,201	0.653
2008	30,631,513	584,381,724		1,680	145,528,760	34,306,600	34,127,000	826,977,277	573,562	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	1,946,715,342	0.688
2010	22,537,613	625,975,324		1,680	141,103,360	33,199,300	28,067,900	850,885,177	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

Source: County Abstract of Rates

^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

<u>Assessment Year</u>	<u>Passaic Valley Regional H.S. District No. 1</u>	<u>Little Falls School District</u>	<u>Township of Little Falls</u>	<u>Passaic County</u>	<u>Total</u>
2002	\$0.66	\$1.06	\$0.75	\$0.96	\$3.43
2003	0.700	1.150	0.830	0.990	3.67
2004	0.74	1.24	0.860	1.05	3.89
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

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>
2002	\$0.48	\$0.74	\$0.64	\$0.73	\$2.58
2003	0.496	0.857	0.651	0.706	2.71
2004	0.519	0.926	0.668	0.797	2.91
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	0.391	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

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>
2002	\$0.47	\$1.13	\$0.67	\$0.73	\$3.00
2003	0.533	1.152	0.702	0.749	3.15
2004	0.559	1.229	0.793	0.839	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

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	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 79,410,000	4.14%	\$ 27,000,000	3.75%
Theta Holding Co	70,658,000	3.68%	24,601,500	3.42%
PAR 3 PAR 4	15,117,600	0.79%		
Ward Trucking Corp	14,269,800	0.74%		
Park Falls Associates	13,110,000	0.68%		
Saturn Realty of Little Falls	12,492,100	0.65%		
AMB	11,420,500	0.59%		
Sisco	10,959,300	0.57%		
Great Notch Village	10,127,200	0.53%		
Montclair State University				
North Jersey District			5,006,700	0.70%
PAR 3 PAR 5			4,663,400	0.65%
Ward Trucking Corp			4,454,000	0.62%
AMB			4,346,200	0.60%
Great Notch Village			4,069,400	0.57%
Park Falls Associates			3,850,000	0.54%
Andrew Realty	10,016,300	0.52%	3,750,000	0.52%
Verizon			3,600,000	0.50%
	<u>\$ 247,580,800</u>	<u>12.89%</u>	<u>\$ 85,341,200</u>	<u>11.87%</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	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Fidelity Syndications	\$ 56,514,800	2.35%		
Totowa VF, LLC	56,501,300	2.35%		
Hoffman La Roche, Inc.	32,485,800	1.35%		
930 N. Riverview Assoc LLC	24,424,700	1.02%		
Norwell Land Co.	23,000,000	0.96%		
Abill Realty	22,365,000	0.93%		
Mountainview Venture 50 Madison LLC	18,928,400	0.79%		
Totowa Plaza Rt 46 LLC	18,355,800	0.76%		
Taft Associates	16,920,000	0.70%		
Totowa Prop.	12,000,000	0.50%		
	<u>\$ 281,495,800</u>	<u>11.71%</u>		

NOT AVAILABLE

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	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rose Manor Estates	\$ 20,689,600	2.70%		
Levco Route 46 Associates	16,490,100	2.16%		
Rose Manor Estates	11,490,000	1.50%		
The Bank of New York	10,411,800	1.36%		
Rose Manor Estates	8,014,600	1.05%		
G.O.P 5 LLC c/o Mtn. Dev't	7,623,100	1.00%		Not Available
G.O.P 3 LLC c/o Mtn. Dev't	7,469,000	0.98%		
Dorm Westfalls Plaza LLC	6,160,600	0.81%		
G.O.P.S. 1 LLC	5,929,000	0.78%		
Leeward Corporation	3,420,700	0.45%		
	<u>\$ 97,698,500</u>	<u>12.77%</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	
2002	\$ 14,649,469	\$ 14,649,469	100.00%	-
2003	16,074,962	16,074,962	100.00%	-
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%	-

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST SEVEN 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	
2005	\$ 2,825,000			\$ 170,211	\$ 20,570	\$ 3,015,781	33,078	\$ 91.17
2006	2,640,000			153,744		2,793,744	33,054	84.52
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	34,486 *	55.01
2011	8,378,000			62,691		8,440,691	34,486 *	244.76

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 seven 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 SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 2,825,000		\$ 2,825,000	0.10%	\$ 84.35
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%	52.63
2011	8,378,000		8,378,000	0.16%	242.94

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 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
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011
(Unaudited)**

Net Direct Debt of School District as of June 30, 2011 (1)

Net Overlapping Debt of School District

Borough of Little Falls	\$ 26,325,454	
Borough of Totowa	2,728,922	
Borough of West Paterson	<u>13,955,811</u>	
		<u>43,010,187</u>
		43,010,187
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	42,078,933	
Passaic County Utilities Authority (B)	7,113,475	
Passaic Valley Sewer Commission (C)	<u>7,190,348</u>	
		<u>56,382,756</u>
 Total Direct and Overlapping Debt		 <u>\$ 99,392,943</u>

Source:

(1) Borough's 2010 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2010 equalized value by the total 2010 equalized value for Passaic County.

(B) The debt was computed based upon dividing each Borough's 2010 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 SEVEN FISCAL YEARS
(Unaudited)

	Calendar Year						
	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 129,015,000	\$ 141,491,895	\$ 158,640,232	\$ 171,550,987	\$ 182,731,965	\$ 186,570,577	\$ 188,617,486
Total Net Debt Applicable to Limit	<u>2,995,211</u>	<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>
Legal Debt Margin	<u>\$ 126,019,789</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.32%	1.97%	1.63%	1.38%	1.17%	1.02%	4.48%

Legal Debt Margin Calculation, December 31, 2010

	2008	\$ 6,366,698,112
	2009	6,239,547,873
	2010	<u>6,255,502,575</u>
		<u>\$ 18,861,748,560</u>
Average equalized valuation of taxable property		\$ 6,287,249,520
3% of Equalized Valuation Basis		188,617,486
Less Net Debt		<u>8,440,691</u>
Remaining Borrowing Power		<u>\$ 180,176,795</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>	
2002	4.2	\$ 32,313	11,846	
2003	4.3	32,807	11,797	
2004	3.3	33,721	11,722	
2005	4.4	35,699	11,676	
2006	4.5	38,392	11,614	
2007	4.2	40,845	11,581	
2008	5.4	41,756	11,585	
2009	10.5	40,436	11,646	
2010	10.7	Not Available	11,646	**
2011	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

** Estimated

**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>	
2002	4.1	\$ 32,313	9,935	
2003	4.2	32,807	9,903	
2004	3.2	33,721	10,160	
2005	3.1	35,699	10,386	
2006	3.1	38,392	10,431	
2007	2.9	40,845	10,489	
2008	3.8	41,756	10,557	
2009	7.4	40,436	10,661	
2010	7.6	Not Available	10,661	**
2011	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
** Estimated

**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>	
2002	4.4	\$ 32,313	11,110	
2003	4.5	32,807	11,104	
2004	3.5	33,721	11,067	
2005	3.5	35,699	11,016	
2006	3.4	38,392	11,009	
2007	3.1	40,845	11,428	
2008	4.0	41,756	11,813	
2009	8.0	40,436	12,179	
2010	8.1	Not Available	12,179	**
2011	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

** Estimated

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

<u>Employer</u>	<u>2011</u>		<u>2002</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 SIX FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction						
Regular	99	99	100	97	97	93
Special Education	8	9	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	9
General Administration	2	2	2	2	2	9
School Administrative Services	7	7	7	7	7	5
Other Administrative Services	5	5	5	5	5	5
Central Services						
Administrative Information Technology	1	1	1	1	1	1
Plant Operations And Maintenance	20	20	20	20	20	20
Pupil Transportation	1	1	1	1	1	1
Other Support Services	9	9	9	9	9	9
Special Schools						
Food Service						
Child Care	-	-	-	-	-	-
Total	<u>163</u>	<u>164</u>	<u>165</u>	<u>162</u>	<u>162</u>	<u>161</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 six 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					
2002	1,025	\$ 13,842,676	\$ 13,505	-2.48%	95	1:10.7	1,025	966	3.33%	94.24%	
2003	1,080	15,361,462	14,224	5.32%	81	1:19	1,080	1,036	5.37%	95.93%	
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	0.00%	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	22,594,625	16,589	-5.75%	107	1:13	1,284	1,209	0.63%	94.16%	

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 SIX FISCAL YEARS
(Unaudited)**

	<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
Capacity (students)	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,350	1,285	1,296	1,302	1,309	1,287
Number of Schools at June 30, 2011						
Elementary =	0	0	0	0	0	0
Middle School =	0	0	0	0	0	0
Senior High School =	1	1	1	1	1	1
Other =	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 six 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)

School Facilities	Project #	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
High School	N/A	418,175	408,002	453,697	481,097	423,083	1,287,170	1,244,223	1,156,298	1,130,724	1,106,677
Total Required Maintenance for School Facilities		\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097	\$ 423,083	\$ 1,287,170	\$ 1,244,223	\$ 1,156,298	\$ 1,130,724	\$ 1,106,677

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
INSURANCE SCHEDULE
AS OF JUNE 30, 2011**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-PIPNI (1)		
Property Blanket Buildings & Contents	\$ 36,483,200	\$ 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	
Treasurer of School Monies	220,000	
Environmental Impairment Liability		
General Aggregate	3,000,000	
Each Occurrence	1,000,000	15,000
Excess Liability Policy	50,000,000	

(1) Pool coverage

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

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REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, 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

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 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, 2011, 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 2, 2011. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Passaic Valley Regional High School District No. 1 Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. 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 financial reporting.

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 Passaic Valley Regional High School District No. 1 Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

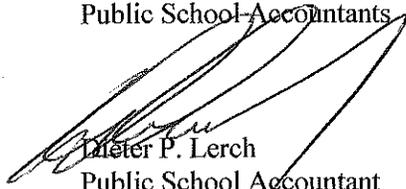
Compliance and Other Matters

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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Passaic Valley Regional High School District No. 1 Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 2, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


 Michael P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 December 2, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND 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

Compliance

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, 2011. 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Passaic Valley Regional High School District No. 1 Board of Education's management. Our responsibility is to express an opinion on Passaic Valley Regional High School District No. 1 Board of Education's compliance based on our audit.

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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; 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 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. Our audit does not provide a legal determination on Passaic Valley Regional High School District No. 1 Board of Education's compliance with those requirements.

In our opinion, Passaic Valley Regional High School District No. 1 Board of Education complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with 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 item 2011-1.

Internal Control Over Compliance

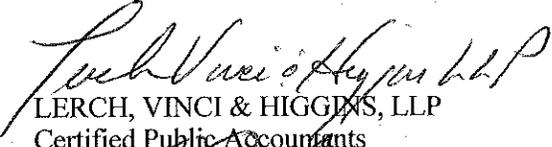
Management of Passaic Valley Regional High School District No. 1 Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Passaic Valley Regional High School District No. 1 Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with 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 Board's internal control over compliance.

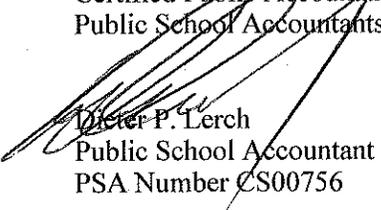
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


 Dieter P. Lerch
 Public School Accountant
 PSA Number CS00756

Fair Lawn, New Jersey
 December 2, 2011

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Granor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	(Account Receivable)	Deferred Revenue	Due to Granor
U.S. Department of Agriculture Passed-Through State Department of Education												
Enterprise Fund												
National School Lunch Program	10.550	N/A	7/1/09-6/30/10	\$ 9,323	\$ 1,165		\$ 1,165					
Non-Cash Assistance (Food Distribution Program)												
Non-Cash Assistance (Food Distribution Program)	10.550	N/A	7/1/10-6/30/11	10,485			10,485	9,020			\$ 1,465	
Cash Assistance	10.555	N/A	7/1/10-6/30/11	75,501			4,968	75,501				
Cash Assistance	10.555	N/A	7/1/09-6/30/10	54,086	(4,653)		4,653					
Total Enterprise Fund					(3,488)		20,086	85,686		(70,533)	1,465	
U.S. Department of Education Passed-Through State Department of Education												
Special Revenue												
ARRA - Title I												
N.C.L.B. - Title I, Carryover	84.389A	ARRA334010C	9/1/09-8/31/11	69,727	(19,207)		58,187	50,520		(11,540)		
N.C.L.B. - Title I, Carryover	84.010A	NCLB334010C	9/1/09-8/31/10	89,530	(66,976)		55,953			(11,023)		
N.C.L.B. - Title I, Carryover	84.010A	NCLB334009C	9/1/08-8/31/09	86,269	(4,544)		4,544					
N.C.L.B. - Title I, Carryover	84.010A	NCLB334009C	9/1/08-8/31/09	86,269	11,375						\$ 11,375	
N.C.L.B. - Title I, Carryover	84.010A	NCLB334007C	9/1/08-8/31/09	36,376	226						226	
N.C.L.B. - Title I - A	84.01	NCLB334007C	9/1/10-8/31/11	149,666	5,032		30,377	107,557		(77,180)		5,032
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334010C	9/1/09-8/31/10	31,814	(25,140)		25,140			(1,530)		
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334009C	9/1/08-8/31/09	30,960	(1,530)							
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334009C	9/1/08-8/31/09	30,960	2,678							2,678
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334007C	9/1/08-8/31/09	27,242	2,697							2,697
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334006C	9/1/08-8/31/09	27,326	7,056							7,056
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334005C	9/1/08-8/31/09	27,729	2,367							2,367
N.C.L.B. - Title II-A	84.168A	NCLB334005C	9/1/10-8/31/11	43,947			8,344	18,344		(10,000)	921	162
N.C.L.B. - Title II-D, Carryover	84.168A	NCLB334007C	9/1/08-8/31/09	162			921					
N.C.L.B. - Title II-D	84.168A	NCLB334007C	9/1/10-8/31/11	240								
N.C.L.B. - Title III, Carryover	84.365A	NCLB334010C	9/1/09-8/31/10	12,975	(12,209)		12,066			(145)		
N.C.L.B. - Title III, Carryover	84.365A	NCLB334009C	9/1/08-8/31/09	16,669	(1,148)		1,148					
N.C.L.B. - Title III, Carryover	84.365A	NCLB334007C	9/1/08-8/31/09	27,056	1,758							1,758
N.C.L.B. - Title III, Carryover	84.365A	NCLB334006C	9/1/08-8/31/09	24,652	6,747							6,747
N.C.L.B. - Title III	84.365A	NCLB334006C	9/1/10-8/31/11	15,654								
N.C.L.B. - Title IV, Carryover	84.186A	NCLB334010C	9/1/09-8/31/10	2,782	(2,103)		2,102			(12,898)		
N.C.L.B. - Title IV, Carryover	84.186A	NCLB334006C	9/1/08-8/31/09	2,837	86					(1)		86
N.C.L.B. - Title IV, Carryover	84.186A	NCLB334006C	9/1/10-8/31/11	679	760			410		(410)		760
N.C.L.B. - Title V, Carryover	84.186A	NCLB334007C	9/1/08-8/31/09	1,655	622							622
ARRA - IDEA Part B	84.027	ARRA99002	9/1/09-8/31/11	271,937	(48,921)		110,630	94,378		(32,669)	8,558	
IDEA - Basic, Carryover	84.027	IDEA99002	9/1/09-8/31/10	249,142	8,558							2,533
IDEA - Basic, Carryover	84.027	IDEA99002	9/1/08-8/31/09	255,311	2,533							106
IDEA - Part B-Basic, Carryover	84.027	IDEA99002	9/1/08-8/31/09	246,391	106							3,914
IDEA - Part B-Basic, Carryover	84.027	IDEA99002	9/1/08-8/31/09	236,460	3,914							
IDEA - Part B-Basic, Carryover	84.027	IDEA99002	9/1/10-8/31/11	230,752			204,076	251,745		(47,669)		
Total Special Revenue					(123,100)		511,488	552,852		(205,063)	9,479	48,120
Total Federal Financial Awards					(126,568)		\$ 531,374	\$ 621,538		\$ (275,596)	\$ 10,944	\$ 48,120

* Note - This Schedule was not subject to a Federal Single Audit in accordance with OMB Circular A-133.

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, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Balance, June 30, 2011		Memo Only	
									Deferred Revenue	Due to Grantor	GAAP Accounts Receivable	Total Cumulative Expenditures
State Department of Education												
General Fund												
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 257,307	\$ (37,045)		\$ 37,045						\$ 374,503
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	374,503		343,737	\$ 374,503	\$ (30,766)					
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	492,257	(70,870)	70,870							
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	70,820	(10,196)	10,196							
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	127,189	(18,311)	18,311							
On-Behalf TPAF Pension System Contributions (NCGI)	11-100-034-5095-006	7/1/10-6/30/11	27,831		27,831							27,831
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	11-100-034-5095-001	7/1/10-6/30/11	591,132		591,132							591,132
Reimbursed TPAF Social Security Contributions	11-100-034-5095-002	7/1/10-6/30/11	691,593		691,593							691,593
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	115,271		115,271		(115,271)					115,271
Non Public Transportation Reimbursement	N/A	7/1/10-6/30/11	18,741		18,741		(18,741)					18,741
Non Public Transportation Reimbursement	N/A	7/1/09-6/30/10	14,864	(14,864)		14,864						
Total General Fund				(151,286)		1,805,579	1,819,071	(164,778)			(18,741)	1,819,071
Capital Projects Fund												
NJ Economic Development Authority												
Upgrade of Various Building Systems at High School	SP 202555	N/A	787,777	(756,228)				(783,838)	\$ 27,610			(783,838)
Total Capital Projects Fund								(783,838)	27,610			(783,838)
State Department of Agriculture												
Enterprise Fund												
National School Lunch Program (State Share)	10-100-010-3360-037	7/1/09-6/30/10	2,992	(263)	263							2,576
National School Lunch Program (State Share)	11-100-010-3360-037	7/1/10-6/30/11	2,576		206		2,576	(2,370)				(2,370)
Total Enterprise Fund				(263)	469		2,576	(2,370)				(2,370)
Total State Financial Assistance				(907,777)		1,806,048	1,821,647	(950,986)	\$ 27,610			(804,949)
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF Pension System Contributions (NCGI)	11-100-034-5095-006	7/1/10-6/30/11	27,831		(27,831)							(27,831)
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	11-100-034-5095-001	7/1/10-6/30/11	591,132		(591,132)							(591,132)
Total State Financial Assistance Subject to Single Audit				(907,777)		1,187,085	1,202,684	(950,986)	\$ 27,610			(804,949)

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, 2011**

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 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.

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 \$(9,615) for the general fund and \$(14,276) 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		\$ 1,089,456	\$ 1,089,456
Special Revenue Fund	\$ 521,576		521,576
Food Service Fund	<u>85,986</u>	<u>2,576</u>	<u>88,562</u>
Total Financial Assistance	<u>\$ 607,562</u>	<u>\$ 1,092,032</u>	<u>\$ 1,699,594</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, 2011**

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, 2011, 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	\$ 10,227
N.J. Economic Development Authority - Small Project	<u>52,464</u>
	<u>\$ 62,691</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 \$691,593 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$27,831 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$591,132 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 1 – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards Section

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

Auditee qualified as low-risk auditee? yes X no

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

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? yes X no

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

Identification of major state programs:

<u> 84.391 </u>	<u> ARRA - IDEA Part B </u>
<u> 84.027 </u>	<u> IDEA Part B, Basic </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**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, 2011**

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**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, 2011**

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

THERE ARE NONE.

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, 2011

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 2011-1

The audit of contract vendors revealed that in several instances the required Business Registration Statement and Political Contribution Disclosure form was not made available for review.

Information on State Program

Special Education Aid 11-495-034-5120-089

Criteria or specific requirement:

N.J.S.A. 18A:18A Public School Contracts Law

Questioned Costs:

There are none.

Condition:

Business Registration Statements and Political Contribution Disclosure forms were not filed for various contracted vendors.

Context:

Unknown.

Effect:

Unknown.

Cause:

Unknown

Recommendation:

All vendors be required to file a Business Registration Statement and Political Contribution Disclosure form, where required.

Management's 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 AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 2010-1:

The audit revealed that the monthly Board Secretary's Report did not include the financial transactions and cash balance of the Capital Projects Fund.

Current Status

Corrective action was taken.

Finding 2010-2:

The audit of contract vendors revealed that in several instances the required Business Registration Statement was not made available for review.

Current Status

See Finding 2011-1.