

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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, 2012**

**Prepared by**

**Business Office**

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BOARD OF EDUCATION  
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## **INTRODUCTORY SECTION**

# BOARD OF EDUCATION

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

PAUL A. GERBER, JR.  
BOARD SECRETARY  
BUSINESS ADMINISTRATION

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

December 5, 2012

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, 2012, 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 2011-2012 fiscal year with an enrollment of 1,343 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>
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%
2011-2012	1,343	4.6%

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 2012 reported the following post-graduate plans:

51%	4 Year Colleges
31%	2 Year Community Colleges/ Technical Schools

Passaic Valley High School Seniors (Class of 2012) 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	474	420-570	
Mathematics	496	420-540	
Writing	475	410-520	
<u>Class of 2012 Score Distributions</u>			
	<u>Verbal</u>	<u>Math</u>	<u>Writing</u>
75 <sup>th</sup> Percentile	530	550	520
50 <sup>th</sup> Percentile	460	480	470
25 <sup>th</sup> Percentile	410	430	410

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

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.

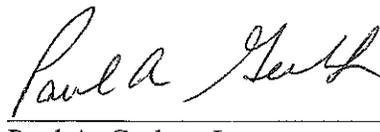
8) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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.

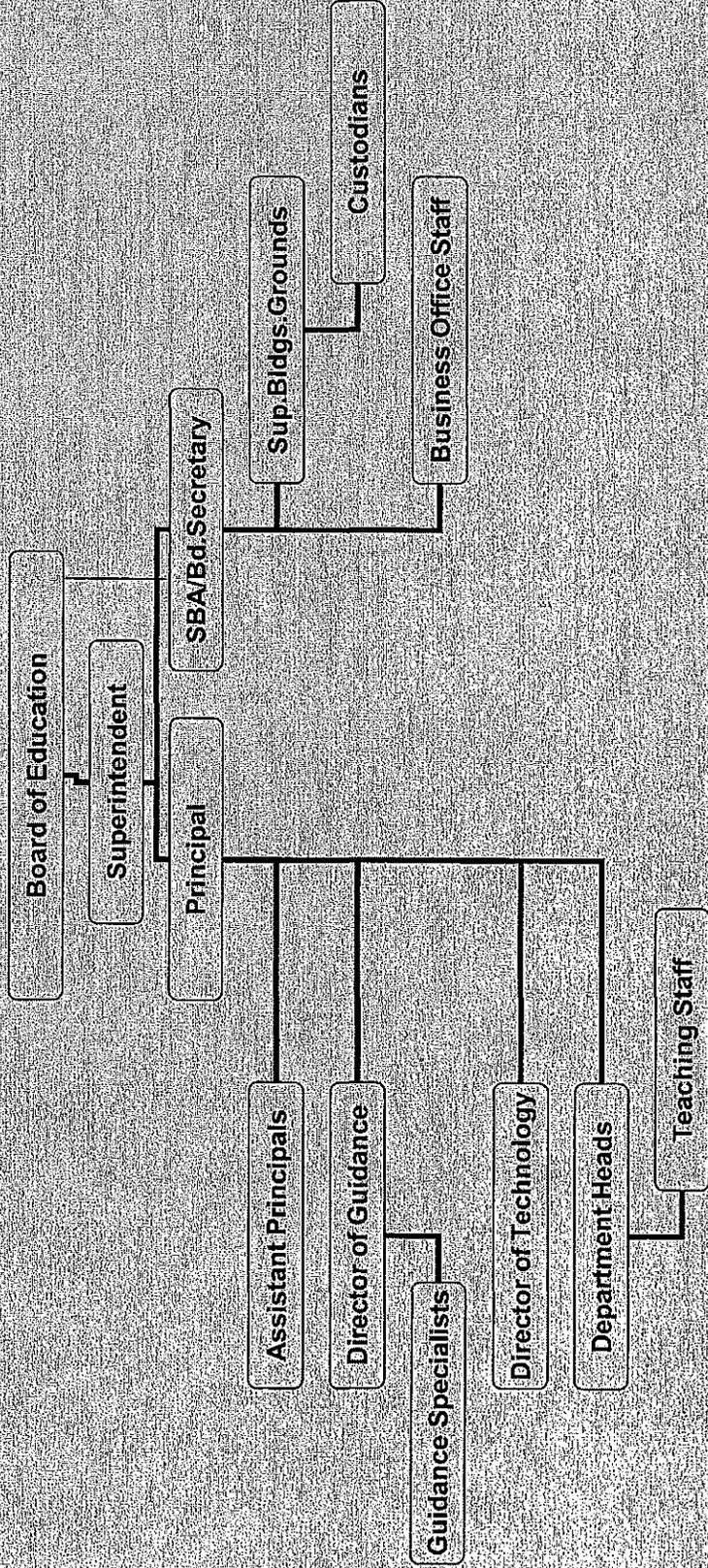
10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Passaic Valley Regional High School District #1 Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development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

Respectfully submitted,

  
Dr. Viktor Joganow  
Superintendent

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

# PVHS Organizational Chart



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

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

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

**Other Officials**

Viktor Joganow, Superintendent

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

Raymond Reddin, Solicitor

**Passaic Valley Regional High School District #1**

**Board of Education**

**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

Raymond Reddin  
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, 2012, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2012, and the respective changes in financial position and, where applicable, cash flows 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 5, 2012 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. Such information is 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 combining fund financial statements and schedule of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
December 5, 2012

**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, 2012**

This section of the Passaic Valley Regional High School District No. 1 Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. 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 (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2011-2012 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 \$1,348,699 (net assets).
- The District's total net assets increased \$805,088.
- Overall district-wide revenues were \$25,495,123. General revenues accounted for \$21,443,861 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,051,262 or 16% of total revenues.
- The school district had \$23,934,148 in expenses for governmental activities; only \$3,023,937 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$21,443,861 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 \$2,233,383. Of this amount, \$377,627 is available for spending at the District's discretion (unassigned fund balance – General Fund).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Passaic Valley Regional High School District No. 1 Board of Education.

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

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

## Management's Discussion and Analysis (continued) Year Ended June 30, 2012

### 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:
Required financial Statements	Statements of net assets	balance sheet	Food Service Statement of net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	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, 2012**

**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, 2012**

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 2012 and 2011.

**Net assets.** The district's combined net assets were \$1,348,699 and \$543,611 on June 30, 2012 and 2011, 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, 2012**

**Table A-1  
Statement of Net Assets  
As of June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current Assets	\$ 2,517,816	\$ 2,562,368	\$ 208,023	\$ 153,812	\$ 2,725,839	\$ 2,716,180
Capital Assets	<u>7,274,284</u>	<u>7,005,594</u>	<u>51,143</u>	<u>31,067</u>	<u>7,325,427</u>	<u>7,036,661</u>
<b>Total Assets</b>	<u>9,792,100</u>	<u>9,567,962</u>	<u>259,166</u>	<u>184,879</u>	<u>10,051,266</u>	<u>9,752,841</u>
Long-Term Liabilities	8,290,595	8,550,882			8,290,595	8,550,882
Other Liabilities	<u>356,031</u>	<u>614,903</u>	<u>55,941</u>	<u>43,445</u>	<u>411,972</u>	<u>658,348</u>
<b>Total Liabilities</b>	<u>8,646,626</u>	<u>9,165,785</u>	<u>55,941</u>	<u>43,445</u>	<u>8,702,567</u>	<u>9,209,230</u>
Net Assets						
Invested in capital assets, net of related debt	12,323	(329,194)	51,143	31,067	63,466	(298,127)
Restricted	49,598	70,432			49,598	70,432
Unrestricted	<u>1,083,553</u>	<u>660,939</u>	<u>152,082</u>	<u>110,367</u>	<u>1,235,635</u>	<u>771,306</u>
<b>Total Net Assets</b>	<u>\$ 1,145,474</u>	<u>\$ 402,177</u>	<u>\$ 203,225</u>	<u>\$ 141,434</u>	<u>\$ 1,348,699</u>	<u>\$ 543,611</u>

Table A-2 on the following page shows changes in net assets for fiscal year 2012 and 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, 2012**

Table A-2  
Change in Net Assets  
For The Years Ended June 30, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 178,685	\$ 189,924	\$ 896,500	\$ 742,880	\$ 1,075,185	\$ 932,804
Operating Grants and Contributions	2,845,252	2,302,525	130,825	88,562	2,976,077	2,391,087
Capital Grants and Contributions						
General Revenues						
Property Taxes	21,114,181	20,562,939			21,114,181	20,562,939
State Aid - Formula Grants	203,202	28,507			203,202	28,507
Other	126,478	130,544	-	-	126,478	130,544
<b>Total Revenues</b>	<u>24,467,798</u>	<u>23,214,439</u>	<u>1,027,325</u>	<u>831,442</u>	<u>25,495,123</u>	<u>24,045,881</u>
<b>Expenses</b>						
Instruction						
Regular	11,241,633	10,470,439			11,241,633	10,470,439
Special Education	2,438,282	2,402,172			2,438,282	2,402,172
Other Instruction	27,175	25,816			27,175	25,816
School Sponsored Activities and Athletics	1,097,836	1,039,671			1,097,836	1,039,671
Support Services						
Student and Instruction Related Services	1,915,879	1,895,618			1,915,879	1,895,618
General Administrative Services	573,026	599,175			573,026	599,175
School Administrative Services	939,296	872,040			939,296	872,040
Plant Operations and Maintenance	3,015,157	3,017,228			3,015,157	3,017,228
Pupil Transportation	1,475,776	1,459,584			1,475,776	1,459,584
Business and Other Support Services	908,870	911,878			908,870	911,878
Interest on Debt	301,218	283,089			301,218	283,089
Food Services	-	-	965,534	788,062	965,534	788,062
<b>Total Expenses</b>	<u>23,934,148</u>	<u>22,976,710</u>	<u>965,534</u>	<u>788,062</u>	<u>24,899,682</u>	<u>23,764,772</u>
<b>Change in Net Assets</b>	533,650	237,729	61,791	43,380	595,441	281,109
<b>Prior Period Adjustment - Capital Assets</b>	209,647	(2,129,579)			209,647	(2,129,579)
<b>Net Assets - Beginning</b>	<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>
<b>Net Assets - Ending</b>	<u>\$ 1,145,474</u>	<u>\$ 402,177</u>	<u>\$ 203,225</u>	<u>\$ 141,434</u>	<u>\$ 1,348,699</u>	<u>\$ 543,611</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, 2012

**Governmental Activities.** The District's total revenues were \$24,467,798. The local share of the revenues, that included property taxes, transportation, interest, and miscellaneous revenue, amounted to \$21,443,861 or 88% of total revenues. Funding from state and federal sources amounted to \$3,023,937 or 12%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$14,804,926 (62%) and student support services totaled \$8,828,004 (37%) of total expenditures interest on debt totaled \$301,218. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities  
For Fiscal Year 2012

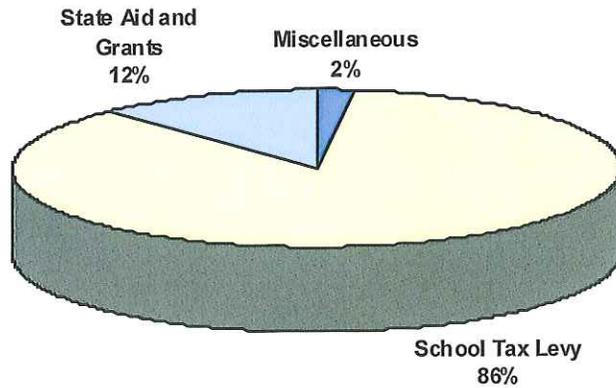
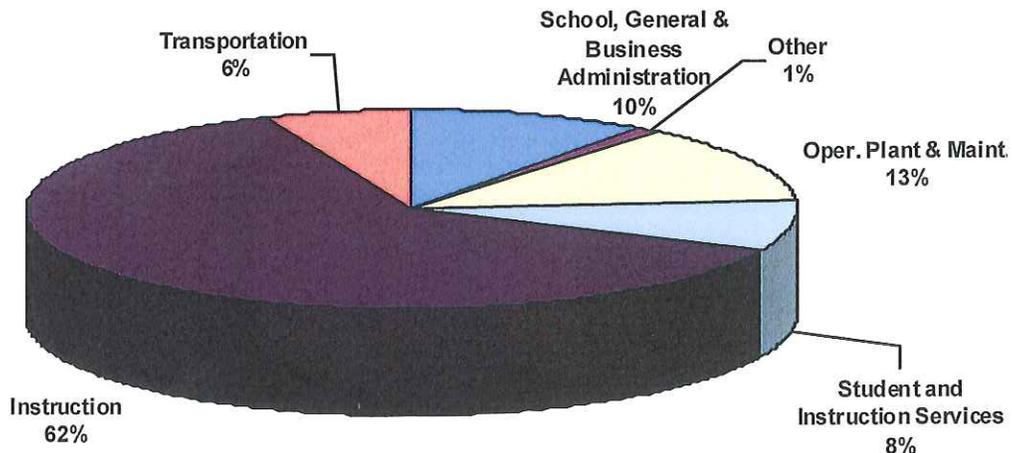


Table A-4 Expenses by Function – Governmental Activities  
For Fiscal Year 2012



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

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2012**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 11,241,633	\$ 10,470,439	\$ 9,915,045	\$ 9,365,559
Special Education	2,438,282	2,402,172	1,285,010	1,560,705
Other Instruction	27,175	25,816	24,322	23,390
School Sponsored Activities and Athletics	1,097,836	1,039,671	1,097,836	1,039,671
Support Services				
Student and Instruction Related Services	1,915,879	1,895,618	1,738,772	1,739,491
General Administrative Services	573,026	599,175	526,264	558,720
School Administrative Services	939,296	872,040	878,419	818,991
Plant Operations and Maintenance	3,015,157	3,017,228	3,015,157	3,017,228
Pupil Transportation	1,475,776	1,459,584	1,276,573	1,213,874
Business Services	908,870	911,878	851,595	863,543
Interest on Debt	301,218	283,089	301,218	283,089
<b>Total</b>	<b><u>\$ 23,934,148</u></b>	<b><u>\$ 22,976,710</u></b>	<b><u>\$ 20,910,211</u></b>	<b><u>\$ 20,484,261</u></b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal years ended June 30, 2012 and 2011 were \$965,534 and \$788,062, 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, 2012**

**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 \$2,233,383. As of June 30, 2011, the fund balance was \$2,124,849.

Revenues for the District's governmental funds were \$24,468,025 while total expenditures were \$24,359,491.

**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, 2012 and 2011.

**General Fund Revenues**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2012	2011		
Local Sources				
Property Taxes	\$ 20,589,474	\$ 20,204,210	\$ 385,264	2%
Transportation	178,685	189,924	(11,239)	-6%
Miscellaneous	125,611	127,028	(1,417)	-1%
Intergovernmental				
Federal Sources	52,385	-	52,385	100%
State Sources	2,465,541	1,809,456	656,085	36%
Total General Fund Revenues	\$ 23,411,696	\$ 22,330,618	\$ 1,081,078	5%

**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, 2012**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2012 and 2011.

**General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2012	2011		
Current Expense:				
Instruction	\$ 14,317,963	\$ 13,363,295	\$ 954,668	7%
Undistributed Expenses	8,547,302	8,509,754	37,548	0%
Capital Outlay	42,516	48,603	(6,087)	-13%
Operating Lease Payments	194,795	179,664	15,131	8%
Total Expenditures	\$ 23,102,576	\$ 22,101,316	\$ 1,001,260	5%

Total General Fund expenditures increased by \$1,001,260 or 5% from the previous year. The most significant increase can be attributable to the increases in the areas of Instruction.

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

Revenues of the Special Revenue Fund were \$414,103 and \$521,576, for the years ended June 30, 2012 and 2011. 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, 2012 and 2011.

Total Special Revenue Fund revenues decreased \$107,473 or 20% from the previous year due to a decrease of federal sources.

Expenditures of the Special Revenue Fund were \$414,103 and \$521,576 for the years ended June 30, 2012 and 2011. Instructional expenditures were \$414,103.

**Capital Projects** - The capital projects expenditures and other financing uses exceeded revenues by \$179,752 resulting in a fund balance of \$880,945 at June 30, 2012.

**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, 2012**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

**Capital Assets.** At the end of the fiscal year 2012, 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>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Buildings and Building Improvements	\$ 6,376,277	\$ 6,376,277	\$ -
Improvements other than Buildings	840,970	840,970	-
Machinery and Equipment	569,905	303,850	266,055
Construction in Progress	<u>5,857,546</u>	<u>5,677,794</u>	<u>179,752</u>
	13,644,698	13,198,891	445,807
Less Accumulated Depreciation	<u>6,370,414</u>	<u>6,193,297</u>	<u>177,117</u>
 Total	 <u>\$ 7,274,284</u>	 <u>\$ 7,005,594</u>	 <u>\$ 268,690</u>

**Debt Administration.** As of June 30, 2012 and 2011 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$8,290,595 and \$8,550,882, 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, 2012**

**Long-Term Liabilities**

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

	<u>2012</u>	<u>2011</u>
Serial Bonds	\$ 8,143,000	\$ 8,378,000
Intergovernmental Loans Payable	41,635	62,691
Compensated Absences Payable	<u>105,960</u>	<u>110,191</u>
 Total	 <u>\$ 8,290,595</u>	 <u>\$ 8,550,882</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 2012.

**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, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,432,899	\$ 41,860	\$ 1,474,759
Receivables, net			
Receivables from Other Governments	1,017,940	126,660	1,144,600
Other Receivables	25,248	33,718	58,966
Inventory		5,785	5,785
Deferred Charges	41,729		41,729
Capital Assets			
Not Being Depreciated	5,857,546		5,857,546
Being Depreciated Net	<u>1,416,738</u>	<u>51,143</u>	<u>1,467,881</u>
Total Assets	<u>9,792,100</u>	<u>259,166</u>	<u>10,051,266</u>
<b>LIABILITIES</b>			
Accounts Payable	94,973	55,391	150,364
Payable to Federal Government	29,094		29,094
Accrued Interest Payable	113,327		113,327
Unearned Revenue	118,637	550	119,187
Noncurrent Liabilities			
Due Within One Year	590,884		590,884
Due Beyond One Year	<u>7,699,711</u>	<u>-</u>	<u>7,699,711</u>
Total Liabilities	<u>8,646,626</u>	<u>55,941</u>	<u>8,702,567</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	12,323	51,143	63,466
Restricted for:			
Capital Projects	1		1
Debt Service	49,597		49,597
Unrestricted	<u>1,083,553</u>	<u>152,082</u>	<u>1,235,635</u>
Total Net Assets	<u>\$ 1,145,474</u>	<u>\$ 203,225</u>	<u>\$ 1,348,699</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, 2012**

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	\$ 11,241,633		\$ 1,326,588		\$ (9,915,045)		\$ (9,915,045)
Special Education	2,438,282		1,153,272		(1,285,010)		(1,285,010)
Other Instruction	27,175		2,853		(24,322)		(24,322)
School Sponsored Co-Curricular Activities	1,097,836				(1,097,836)		(1,097,836)
Support Services:							
Student & Instruction Related Services	1,915,879		177,107		(1,738,772)		(1,738,772)
School Administrative Services	939,296		60,877		(878,419)		(878,419)
General Administrative Services	573,026		46,762		(526,264)		(526,264)
Plant Operations and Maintenance	3,015,157				(3,015,157)		(3,015,157)
Pupil Transportation	1,475,776	\$ 178,685	20,518		(1,276,573)		(1,276,573)
Business and Other Support Services	908,870		57,275		(851,595)		(851,595)
Interest on long-term debt	301,218	-	-		(301,218)		(301,218)
<b>Total Governmental Activities</b>	<b>23,934,148</b>	<b>178,685</b>	<b>2,845,252</b>	<b>-</b>	<b>(20,910,211)</b>	<b>-</b>	<b>(20,910,211)</b>
Business-Type Activities:							
Food Service	965,534	896,500	130,825	-	-	\$ 61,791	61,791
<b>Total Business-Type Activities</b>	<b>965,534</b>	<b>896,500</b>	<b>130,825</b>	<b>-</b>	<b>-</b>	<b>61,791</b>	<b>61,791</b>
<b>Total Primary Government</b>	<b>\$ 24,899,682</b>	<b>\$ 1,075,185</b>	<b>\$ 2,976,077</b>	<b>\$ -</b>	<b>(20,910,211)</b>	<b>61,791</b>	<b>(20,848,420)</b>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		<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	\$ 20,589,474		\$ 20,589,474	
Taxes Levied for Debt Service	524,707		524,707	
State Aid - Unrestricted	203,202		203,202	
Miscellaneous Income	126,705		126,705	
Loss on Disposal of Fixed Assets	(227)	-	(227)	
	<u>21,443,861</u>	<u>-</u>	<u>21,443,861</u>	
Total General Revenues				
Change in Net Assets	533,650	\$ 61,791	595,441	
Net Assets—Beginning of Year	402,177	141,434	543,611	
Prior Period Adjustment - Capital Assets	<u>209,647</u>	<u>-</u>	<u>209,647</u>	
Net Assets—End of Year	<u>\$ 1,145,474</u>	<u>\$ 203,225</u>	<u>\$ 1,348,699</u>	

**FUND FINANCIAL STATEMENTS**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 389,056	\$ 69,420	\$ 974,423		\$ 1,432,899
Receivables From Other Governments	179,534	54,568	783,838		1,017,940
Due from Other Funds	<u>803,719</u>	<u>-</u>	<u>-</u>	\$ 49,597	<u>853,316</u>
Total Assets	<u>\$ 1,372,309</u>	<u>\$ 123,988</u>	<u>\$ 1,758,261</u>	<u>\$ 49,597</u>	<u>\$ 3,304,155</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 32,903		\$ 62,070		\$ 94,973
Due to Other Funds	36,565	\$ 3,867	787,636		828,068
Payable to Federal Government		29,094			29,094
Deferred Revenue	<u>-</u>	<u>91,027</u>	<u>27,610</u>	<u>-</u>	<u>118,637</u>
Total Liabilities	<u>69,468</u>	<u>123,988</u>	<u>877,316</u>	<u>-</u>	<u>1,070,772</u>
Fund Balances:					
Restricted:					
Capital Reserve	1				1
Excess Surplus	214,711				214,711
Excess Surplus - Designated for Subsequent Year's Expenditures	550,557				550,557
Capital Projects			210,995		210,995
Debt Service				\$ 49,597	49,597
Committed:					
Year End Encumbrances			669,950		669,950
Assigned:					
Designated for Subsequent Year's Expenditures	120,322				120,322
Year End Encumbrances	39,623				39,623
Unassigned, Reported in:					
General Fund	<u>377,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,627</u>
Total Fund Balances	<u>1,302,841</u>	<u>-</u>	<u>880,945</u>	<u>49,597</u>	<u>2,233,383</u>
Total Liabilities and Fund Balances	<u>\$ 1,372,309</u>	<u>\$ 123,988</u>	<u>\$ 1,758,261</u>	<u>\$ 49,597</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 \$13,644,698 and the accumulated depreciation is \$6,370,414. 7,274,284

The District has financed capital assets through the issuance of long-term debt. The interest accrual at year end is: (113,327)

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	\$ 8,143,000	
Deferred Charges	(41,729)	
Loans Payable	41,635	
Compensated Absences	<u>105,960</u>	
		<u>(8,248,866)</u>

Net assets of governmental activities (Exhibit A-1) \$ 1,145,474

**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, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Property Tax Levy	\$ 20,589,474			\$ 524,707	\$ 21,114,181
Transportation	178,685				178,685
Miscellaneous	125,611	-	\$ 1,094	-	126,705
<b>Total - Local Sources</b>	<u>20,893,770</u>	<u>-</u>	<u>1,094</u>	<u>524,707</u>	<u>21,419,571</u>
State Sources	2,465,541			116,425	2,581,966
Federal Sources	52,385	\$ 414,103	-	-	466,488
<b>Total Revenues</b>	<u>23,411,696</u>	<u>414,103</u>	<u>1,094</u>	<u>641,132</u>	<u>24,468,025</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	11,011,755	158,857			11,170,612
Special Education	2,182,907	255,246			2,438,153
Other	25,303				25,303
School Sponsored Co-Curricular Activities	1,097,998				1,097,998
Support Services and Undistributed Costs					
Student & Instruction Related Services	1,875,952				1,875,952
School Administrative Services	939,296				939,296
General Administrative Services	573,026				573,026
Plant Operations and Maintenance	2,890,629				2,890,629
Pupil Transportation	1,475,776				1,475,776
Business & Other Support Services	792,623				792,623
Operating Lease Payments	194,795				194,795
Capital Outlay	42,516		179,752		222,268
Debt Service					
Principal				256,056	256,056
Interest and other charges	-	-	-	407,004	407,004
<b>Total Expenditures</b>	<u>23,102,576</u>	<u>414,103</u>	<u>179,752</u>	<u>663,060</u>	<u>24,359,491</u>
Excess (Deficiency) of Revenues					
Over Expenditures	309,120	-	(178,658)	(21,928)	108,534
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In				1,094	1,094
Transfers Out	-	-	(1,094)	-	(1,094)
<b>Total Other Financing Sources and Uses</b>	<u>-</u>	<u>-</u>	<u>(1,094)</u>	<u>1,094</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	309,120	-	(179,752)	(20,834)	108,534
Fund Balance, Beginning of Year	993,721	-	1,060,697	70,431	2,124,849
<b>Fund Balance, End of Year</b>	<u>\$ 1,302,841</u>	<u>\$ -</u>	<u>\$ 880,945</u>	<u>\$ 49,597</u>	<u>\$ 2,233,383</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, 2012**

**Total net change in fund balances - governmental funds (from B-2)** **\$ 108,534**

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.

Depreciation Expense	\$	(162,998)	
Net of Disposal of Fixed Assets		(227)	
Capital Outlays		<u>222,268</u>	
			59,043

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.

Bond Principal		235,000	
Intergovernmental Loan Principal		<u>21,056</u>	
			256,056

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

Decrease in Accrued Interest		109,263	
Amortization of Deferred Charges on Issuance Costs		<u>(3,477)</u>	
			105,786

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

Compensated Absences			<u>4,231</u>
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**Change in net assets of governmental activities** **\$ 533,650**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2012**

		<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	41,860
Intergovernmental Receivable		
State		3,913
Federal		122,747
Accounts Receivable		33,718
Inventories		<u>5,785</u>
Total Current Assets		<u>208,023</u>
Capital Assets		
Furniture, Machinery and Equipment		150,082
Less: Accumulated Depreciation		<u>(98,939)</u>
Total Capital Assets		<u>51,143</u>
Total Assets		<u>259,166</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		55,391
Deferred Revenue		<u>550</u>
Total Current Liabilities		<u>55,941</u>
<b>NET ASSETS</b>		
Invested in Capital Assets - Net of Related Debt		51,143
Unrestricted		<u>152,082</u>
Total Net Assets	\$	<u>203,225</u>

**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, 2012**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 593,463
Daily Sales - Nonreimbursable Programs	297,771
Other Sales	<u>5,266</u>
 Total Operating Revenues	 <u>896,500</u>
<b>OPERATING EXPENSES</b>	
Labor Cost	336,776
Management Fee	72,443
Supplies and Materials	74,374
Other Expenses	36,569
Cost of Food	436,704
Depreciation	<u>8,668</u>
 Total Operating Expenses	 <u>965,534</u>
 Operating Loss	 <u>(69,034)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	3,714
Federal Sources	
Food Distribution Program	9,863
National School Lunch Program	<u>117,248</u>
 Total Nonoperating Revenues	 <u>130,825</u>
 Change in Net Assets	 61,791
Total Net Assets - Beginning of Year	<u>141,434</u>
Total Net Assets - End of Year	<u>\$ 203,225</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 894,367
Cash Payments for Employees' Salaries and Benefits	(336,776)
Cash Payments to Suppliers for Goods and Services	<u>(595,229)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(37,638)</u>
<b>Cash Flows to / from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>67,205</u>
Net Cash Provided by Noncapital Financing Activities	<u>67,205</u>
<b>Cash Flows to / from Capital Financing Activities</b>	
Purchase of Equipment	<u>(28,744)</u>
Net Cash Used for Noncapital Financing Activities	<u>(28,744)</u>
Net Increase in Cash and Cash Equivalents	823
Cash and Cash Equivalents, Beginning of Year	<u>41,037</u>
Cash and Cash Equivalents, End of Year	<u>\$ 41,860</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	<u>\$ (69,034)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	9,863
Depreciation	8,668
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(2,133)
(Increase)/Decrease in Inventory	2,502
Increase/(Decrease) in Accounts Payable	13,411
Increase/(Decrease) in Deferred Revenue	<u>(915)</u>
Total Adjustments	<u>31,396</u>
Net Cash Used for Operating Activities	<u>\$ (37,638)</u>
Non-Cash Financing Activities:	
Fair Value of Food Distribution Program Commodities Received - National School Lunch Program	<u>\$ 8,668</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, 2012**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 73,393	\$ 146,260	\$ 296,061
Total Assets	<u>73,393</u>	<u>146,260</u>	<u>\$ 296,061</u>
<b>LIABILITIES</b>			
Due to Student Groups			\$ 160,696
Intergovernmental Payable	7,725		
Accrued Salaries & Deductions			110,117
Due to Other Funds	<u>-</u>	<u>-</u>	<u>25,248</u>
Total Liabilities	<u>7,725</u>	<u>-</u>	<u>\$ 296,061</u>
<b>NET ASSETS</b>			
Held In Trust For Unemployment Claims and Other Purposes			
Restricted	<u>\$ 65,668</u>	<u>\$ 146,260</u>	

**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, 2012**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employee	\$ 28,953	-
	<hr/>	<hr/>
Total Contributions	28,953	-
	<hr/>	<hr/>
Investment Earnings		
Interest	84	\$ 1,004
	<hr/>	<hr/>
Net Investment Earnings	84	1,004
	<hr/>	<hr/>
Total Additions	29,037	1,004
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Other Expenses	53,679	
Scholarships Awarded	-	2,500
	<hr/>	<hr/>
Total Deductions	53,679	2,500
	<hr/>	<hr/>
Change in Net Assets	(24,642)	(1,496)
Net Assets, Beginning of the Year	90,310	147,756
	<hr/>	<hr/>
Net Assets, End of the Year	\$ 65,668	\$ 146,260
	<hr/>	<hr/>

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

**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, 2012**

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

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net 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, 2012**

**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 fund financial statements are provided for governmental, proprietary and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets 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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 capital projects and the child nutrition programs.

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

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

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, 2012**

**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 2010-2011 and 2011-2012 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 1<sup>st</sup> 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, 2012**

**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.

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

<u>Assets</u>	<u>Years</u>
Buildings	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, 2012

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*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original budget by \$156,135. The increase was funded by grant awards, increases in federal aid, and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to CSSD & Regular Day Schools	\$-0-	\$57,852	\$(57,842)
Unallocated Benefits – Employee Benefits			
Social Security Contributions	251,296	272,186	\$(20,890)
Debt Service Fund			
Regular Debt Service			
Principal	255,143	256,056	(913)

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, 2012 is as follows:

Balance, July 1, 2011	<u>\$ 1</u>
Balance, June 30, 2012	<u>\$ 1</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$-0-.

**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, 2012 is \$765,268. Of this amount, \$550,557 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$214,711 will be appropriated in the 2013/2014 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, 2012**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,990,473 and bank balances of the Board's cash and deposits amounted to \$2,709,094. 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>2,709,094</u>
---------	---------------------

**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, 2012, 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2012 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				\$ 33,718	\$ 33,718
Intergovernmental	\$ 179,534	\$ 54,568	\$ 783,838	126,660	1,144,600
Gross Receivables	179,534	54,568	783,838	160,378	1,178,318
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 179,534</u>	<u>\$ 54,568</u>	<u>\$ 783,838</u>	<u>\$ 160,378</u>	<u>\$ 1,178,318</u>

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>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 91,027
Capital Projects Fund	
Unrealized School Facilities Grants	<u>27,610</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 118,637</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, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Prior Period <u>Adjustments</u>	Balance, <u>June 30, 2012</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 5,677,794	\$ 179,752	-	-	\$ 5,857,546
Total capital assets, not being depreciated	<u>5,677,794</u>	<u>179,752</u>	<u>-</u>	<u>-</u>	<u>5,857,546</u>
Capital assets, being depreciated:					
Buildings	6,376,277				6,376,277
Improvements other than buildings	840,970				840,970
Machinery and equipment	303,850	42,516	\$ (19,900)	\$ 243,439	569,905
Total capital assets being depreciated	<u>7,521,097</u>	<u>42,516</u>	<u>(19,900)</u>	<u>243,439</u>	<u>7,787,152</u>
Less accumulated depreciation for:					
Buildings	5,363,979	94,873			5,458,852
Improvements other than buildings	618,243	13,655			631,898
Machinery and equipment	211,075	54,470	(19,673)	33,792	279,664
Total accumulated depreciation	<u>6,193,297</u>	<u>162,998</u>	<u>(19,673)</u>	<u>33,792</u>	<u>6,370,414</u>
Total capital assets, being depreciated, net	<u>1,327,800</u>	<u>(120,482)</u>	<u>(227)</u>	<u>209,647</u>	<u>1,416,738</u>
Government activities capital assets, net	<u>\$ 7,005,594</u>	<u>\$ 59,270</u>	<u>\$ (227)</u>	<u>\$ 209,647</u>	<u>\$ 7,274,284</u>
	Balance, <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2012</u>	
<b>Business-type activities:</b>					
Capital assets, being depreciated:					
Machinery and equipment	\$ 131,738	\$ 28,744	\$ (10,400)	\$ 150,082	
Total capital assets being depreciated	<u>131,738</u>	<u>28,744</u>	<u>(10,400)</u>	<u>150,082</u>	
Less accumulated depreciation for:					
Machinery and equipment	100,671	8,668	(10,400)	98,939	
Total accumulated depreciation	<u>100,671</u>	<u>8,668</u>	<u>(10,400)</u>	<u>98,939</u>	
Total capital assets, being depreciated, net	<u>31,067</u>	<u>20,076</u>	<u>-</u>	<u>51,143</u>	
Business-type activities capital assets, net	<u>\$ 31,067</u>	<u>\$ 20,076</u>	<u>\$ -</u>	<u>\$ 51,143</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, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

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

**Governmental activities:**

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

**Business-Type Activities:**

Food Service Fund	\$ 8,668
Total Depreciation Expense-Business-Type Activities	<u>\$ 8,668</u>

**Construction commitments**

The District has the following active construction projects as of June 30, 2012:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Renovations and Improvements at Passaic Valley High School	<u>\$ 5,902,752</u>	<u>\$ 669,950</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, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 774,604
General Fund	Payroll Agency	9,248
General Fund	Student Activities	16,000
General Fund	Special Revenue	3,867
Debt Service	General Fund	36,565
Debt Service	Capital Projects	13,032
		<u>\$ 853,316</u>

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

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

**Interfund transfers**

	<u>Transfers In:</u>	
	<u>Debt</u>	
	<u>Service</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 1,094	\$ 1,094
	<u>\$ 1,094</u>	<u>\$ 1,094</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, 2012 were \$194,795.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**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, 2012 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%	\$280,000
\$2,255,000, 2003 Bonds, due in annual Installments of \$1765,000 to \$180,000 Through May 1, 2018, interest at 3.60% - 4.0%	1,075,000
\$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>\$8,143,000</u>

**Intergovernmental Loan Payable**

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

Loans payable at June 30, 2012 are comprised of the following:

\$246,404, 1993 Loan due in Semi-annual installments of \$17,475 to \$18,255 through July 15, 2013, interest at 5.29%	\$35,731
\$82,134, 1993 Loan due in Semi-annual Installments of \$3,409 through July 15, 2013, interest at 1.50%	<u>5,904</u>
Grand Total	<u>\$41,635</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, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

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

**Governmental Activities:**

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Intergovernmental Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 570,000	\$ 273,611	\$ 20,884	\$ 1,504	\$ 865,999
2014	600,000	253,880	20,751	508	875,139
2015	600,000	233,393			833,393
2016	650,000	211,877			861,877
2017	630,000	190,264			820,264
2018-2022	3,155,000	636,128			3,791,128
2023-2026	1,938,000	114,578	-	-	2,052,578
	<u>\$ 8,143,000</u>	<u>\$ 1,913,731</u>	<u>\$ 41,635</u>	<u>\$ 2,012</u>	<u>\$ 10,100,378</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 184,996,104
Less: Net Debt	<u>8,185,441</u>
Remaining Borrowing Power	<u>\$ 176,810,663</u>

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance,</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 8,378,000		\$ 235,000	\$ 8,143,000	\$ 570,000
Loans Payable	62,691		21,056	41,635	20,884
Compensated absences	110,191	\$ 9,064	13,295	105,960	-
Governmental activity Long-term liabilities	<u>\$ 8,550,882</u>	<u>\$ 9,064</u>	<u>\$ 269,351</u>	<u>\$ 8,290,595</u>	<u>\$ 590,884</u>

For the governmental activities, compensated absences are generally liquidated by 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, 2012**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

The relationship between the Board and the insurance 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:

Fiscal Year Ended <u>June 30,</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2012	\$ 28,953	\$ 53,679	\$ 65,668
2011	27,299	97,156	90,310
2010	30,767	13,323	159,927

**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, 2012**

**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, 2012, 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, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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](http://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, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Significant Legislation**

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

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

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 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, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 5.91 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and 6.5% for TPAF of the employee’s annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 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>
2012	\$ 196,000	\$ 287,340
2011	196,804	27,831
2010	153,261	30,303

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$287,340 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$27,831 and \$30,303, 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 \$699,718 during the year ended June 30, 2012 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, 2012**

**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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Significant Legislation**

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 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 July 1, 2010, 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5 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, 2012, 2011 and 2010 were \$577,629, \$591,132 and \$569,123, 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, 2012**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 20,589,474		\$ 20,589,474	\$ 20,589,474	
Transportation Fees from Other LEAs	200,000		200,000	178,685	\$ (21,315)
Investment Income	5,000		5,000	1,242	(3,758)
Miscellaneous	89,549	-	89,549	124,369	34,820
<b>Total Local Sources</b>	<u>20,884,023</u>	<u>-</u>	<u>20,884,023</u>	<u>20,893,770</u>	<u>9,747</u>
State Sources					
Categorical Special Education Aid	591,225		591,225	712,333	121,108
Equalization Aid				95,615	95,615
Extraordinary Aid				126,904	126,904
Non Public Transportation Reimbursement				20,518	20,518
On-behalf TPAF Normal Costs (Non-budgeted)				259,493	259,493
On-behalf TPAF NCGI Premium (Non-budgeted)				27,847	27,847
On-behalf Post Retirement Medical Contribution (Non-budgeted)				577,629	577,629
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	699,718	699,718
<b>Total State Sources</b>	<u>591,225</u>	<u>-</u>	<u>591,225</u>	<u>2,520,057</u>	<u>1,928,832</u>
Federal Sources					
Medicaid Reimbursement				4,105	4,105
Education Jobs Funds	-	\$ 48,280	48,280	48,280	-
<b>Total Federal Sources</b>	<u>-</u>	<u>48,280</u>	<u>48,280</u>	<u>52,385</u>	<u>4,105</u>
<b>Total Revenues</b>	<u>21,475,248</u>	<u>48,280</u>	<u>21,523,528</u>	<u>23,466,212</u>	<u>1,942,684</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	7,002,728	317,560	7,320,288	7,320,277	11
Regular Programs- Home Instruction					
Salaries of Teachers	125,000	(9,210)	115,790	108,617	7,173
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	277,235	(277,235)	-	-	-
General Supplies	217,766	(40,159)	177,607	173,400	4,207
Textbooks	108,161	(16,500)	91,661	90,879	782
Other Objects	18,082	275	18,357	14,881	3,476
<b>Total Regular Programs</b>	<u>7,748,972</u>	<u>(25,269)</u>	<u>7,723,703</u>	<u>7,708,054</u>	<u>15,649</u>
Resource Room					
Salaries of Teachers	690,802	(24,750)	666,052	666,019	33
General Supplies	8,770	500	9,270	9,258	12
<b>Total Resource Room</b>	<u>699,572</u>	<u>(24,250)</u>	<u>675,322</u>	<u>675,277</u>	<u>45</u>
<b>Total Special Education</b>	<u>699,572</u>	<u>(24,250)</u>	<u>675,322</u>	<u>675,277</u>	<u>45</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Bilingual Education					
Salaries of Teachers	\$ 18,710	\$ 225	\$ 18,935	\$ 18,933	\$ 2
Total Bilingual Education	<u>18,710</u>	<u>225</u>	<u>18,935</u>	<u>18,933</u>	<u>2</u>
School Sponsored Co-Curricular Activities					
Salaries	234,437		234,437	234,344	93
Supplies and Materials	41,400	-	41,400	41,369	31
Total School Sponsored Co-Curricular Activities	<u>275,837</u>	<u>-</u>	<u>275,837</u>	<u>275,713</u>	<u>124</u>
Co-Curricular Athletics					
Salaries	349,000	4,500	353,500	353,491	9
Purchased Services	500		500	49	451
Supplies and Materials	207,961	41,572	249,533	245,287	4,246
Total Co-Curricular Athletics	<u>557,461</u>	<u>46,072</u>	<u>603,533</u>	<u>598,827</u>	<u>4,706</u>
Total - Instruction	<u>9,300,552</u>	<u>(3,222)</u>	<u>9,297,330</u>	<u>9,276,804</u>	<u>20,526</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	16,200	(16,200)	-	-	
Tuition to County Voc.School Dist. - Reg.	717,000	44,900	761,900	761,842	58
Tuition to CSSD & Regular Day Schools				57,842	(57,842)
Tuition to Priv. Sch. For the Disables within State	1,066,079	159,614	1,225,693	1,225,689	4
Total Undistributed Expenditures - Instruction	<u>1,799,279</u>	<u>188,314</u>	<u>1,987,593</u>	<u>2,045,373</u>	<u>(57,780)</u>
Health Services					
Salaries	112,699	1,500	114,199	114,199	-
Supplies and Materials	67,650	26,625	94,275	86,441	7,834
Total Health Services	<u>180,349</u>	<u>28,125</u>	<u>208,474</u>	<u>200,640</u>	<u>7,834</u>
Other Support Services-Student - Related Serv.					
Salaries	25,000	3,785	28,785	28,781	4
Total Support Services- Student- Related Serv.	<u>25,000</u>	<u>3,785</u>	<u>28,785</u>	<u>28,781</u>	<u>4</u>
Guidance					
Salaries of Other Professional Staff	545,093	17,685	562,778	562,778	-
Salaries of Sec. & Clerical Assts.	98,263	6,000	104,263	104,219	44
Supplies and Materials	12,000	(930)	11,070	8,697	2,373
Total Guidance	<u>655,356</u>	<u>22,755</u>	<u>678,111</u>	<u>675,694</u>	<u>2,417</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Child Study Teams					
Salaries of Other Professional Staff	\$ 319,017	\$ (17,685)	\$ 301,332	\$ 301,332	
Miscellaneous Purchased Services	1,000	-	1,000	378	\$ 622
Supplies and Materials	5,400	-	5,400	5,267	133
Other Objects	1,000	-	1,000	982	18
<b>Total Child Study Teams</b>	<b>326,417</b>	<b>(17,685)</b>	<b>308,732</b>	<b>307,959</b>	<b>773</b>
Educational Media Services/School Library					
Salaries	168,224	-	168,224	168,224	-
Supplies and Materials	80,725	(19,821)	60,904	57,950	2,954
Other Objects	2,100	-	2,100	1,623	477
<b>Total Educational Media Services/School Library</b>	<b>251,049</b>	<b>(19,821)</b>	<b>231,228</b>	<b>227,797</b>	<b>3,431</b>
Support Services General Administration					
Salaries	314,740	-	314,740	310,321	4,419
Legal Services	1,500	-	1,500	1,236	264
Other Purchased Professional Services	35,000	(5,000)	30,000	29,450	550
Communications/Telephone	70,000	(10,000)	60,000	56,756	3,244
Miscellaneous Purchased Services	44,123	-	44,123	42,944	1,179
Miscellaneous Expenditures	52,500	(24,500)	28,000	27,879	121
<b>Total Support Services General Administration</b>	<b>517,863</b>	<b>(39,500)</b>	<b>478,363</b>	<b>468,586</b>	<b>9,777</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	370,700	33,300	404,000	403,993	7
Salaries of Secretarial and Clerical Assistants	259,271	25,750	285,021	285,016	5
Other Purchased Services	1,000	-	1,000	-	1,000
Supplies and Materials	6,100	900	7,000	6,009	991
<b>Total Support Services School Administration</b>	<b>637,071</b>	<b>59,950</b>	<b>697,021</b>	<b>695,018</b>	<b>2,003</b>
Central Services					
Salaries	267,260	-	267,260	260,122	7,138
Miscellaneous Expenditures	144,150	25,200	169,350	169,166	184
<b>Total Central Services</b>	<b>411,410</b>	<b>25,200</b>	<b>436,610</b>	<b>429,288</b>	<b>7,322</b>
Admin. Info. Technology					
Salaries	116,650	3,350	120,000	119,963	37
Supplies and Materials	91,065	26,006	117,071	115,483	1,588
<b>Total Admin. Info. Technology</b>	<b>207,715</b>	<b>29,356</b>	<b>237,071</b>	<b>235,446</b>	<b>1,625</b>
Undist. Expend. - Required Maint. For School Facilities					
Salaries	209,793	-	209,793	209,793	-
Cleaning, Repair, and Maintenance	306,350	(74,445)	231,905	227,825	4,080
General Supplies	8,500	-	8,500	2,718	5,782
Other Objects	17,500	2,500	20,000	18,477	1,523
<b>Total Undist. Expend - Required Maint. For School Facilities</b>	<b>542,143</b>	<b>(71,945)</b>	<b>470,198</b>	<b>458,813</b>	<b>11,385</b>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Transfers</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CURRENT EXPENSE (Continued)</b>					
Custodial Services					
Salaries	\$ 1,126,173	\$ 34,150	\$ 1,160,323	\$ 1,160,259	\$ 64
Cleaning, Repair, and Maintenance Services	87,050	(19,500)	67,550	57,516	10,034
Other Purchased Property Services	29,500	(7,850)	21,650	21,646	4
Insurance	71,735	(7,500)	64,235	63,840	395
General Supplies	123,000	2,225	125,225	124,787	438
Energy (Electricity)	289,022	(97,160)	191,862	191,635	227
Energy (Heat)	208,565	-	208,565	208,565	-
<b>Total Custodial Services</b>	<b>1,935,045</b>	<b>(95,635)</b>	<b>1,839,410</b>	<b>1,828,248</b>	<b>11,162</b>
Security					
Purchased Professional and Technical Services	100,000	(17,200)	82,800	82,761	39
<b>Total Security</b>	<b>100,000</b>	<b>(17,200)</b>	<b>82,800</b>	<b>82,761</b>	<b>39</b>
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	60,485	1,375	61,860	61,851	9
Other Purchased Professional and Technical Services	4,500	-	4,500	3,975	525
Contracted Services (Between Home and School) - Vendors	586,265	24,000	610,265	601,272	8,993
Contracted Services (Other Than Between Home and School) - Vendors	170,000	(16,700)	153,300	152,325	975
Contracted Services (Sp Ed Stds)- Vendors	422,206	7,540	429,746	428,682	1,064
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	220,000	(15,400)	204,600	204,159	441
<b>Total Student Transportation Services</b>	<b>1,463,456</b>	<b>815</b>	<b>1,464,271</b>	<b>1,452,264</b>	<b>12,007</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	251,296	-	251,296	272,186	(20,890)
Other Retirement Contributions	196,000	-	196,000	196,000	-
Workmen's Compensation	121,429	-	121,429	121,429	-
Health Benefits	2,262,265	(7,000)	2,255,265	2,255,242	23
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,830,990</b>	<b>(7,000)</b>	<b>2,823,990</b>	<b>2,844,857</b>	<b>(20,867)</b>
On-behalf TPAF Normal Costs (Non-budgeted)				259,493	(259,493)
On-behalf TPAF NCGI Premium (Non-budgeted)				27,847	(27,847)
On-behalf Post Retirement Medical Contribution (Non-budgeted)				577,629	(577,629)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	699,718	(699,718)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,564,687</b>	<b>(1,564,687)</b>
<b>Total Undistributed Expenditures</b>	<b>11,883,143</b>	<b>89,514</b>	<b>11,972,657</b>	<b>13,546,212</b>	<b>(1,573,555)</b>
<b>Total Expenditures - Current Expense</b>	<b>21,183,695</b>	<b>86,292</b>	<b>21,269,987</b>	<b>22,823,016</b>	<b>(1,553,029)</b>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Programs - Instruction					
Grades 9-12	\$ 64,500	\$ 4,299	\$ 68,799	\$ 68,774	\$ 25
Undistributed Expenditures					
Supports Services-Instructional Staff	25,000	11,887	36,887	36,649	238
Central Services	90,000	27,500	117,500	116,247	1,253
Custodial Services	70,000	(42,525)	27,475	15,641	11,834
Total Equipment	<u>249,500</u>	<u>1,161</u>	<u>250,661</u>	<u>237,311</u>	<u>13,350</u>
Facilities Acquisition and Construction Services					
Other Objects	<u>25</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>25</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>-</u>
Total Capital Outlay	<u>249,525</u>	<u>1,161</u>	<u>250,686</u>	<u>237,336</u>	<u>13,350</u>
Transfer of Funds to Charter Schools	<u>42,028</u>	<u>200</u>	<u>42,228</u>	<u>42,224</u>	<u>4</u>
Total Expenditures	<u>21,475,248</u>	<u>87,653</u>	<u>21,562,901</u>	<u>23,102,576</u>	<u>(1,539,675)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	(39,373)	(39,373)	363,636	403,009
Fund Balances, Beginning of Year	<u>1,139,758</u>	<u>-</u>	<u>1,139,758</u>	<u>1,139,758</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,139,758</u>	<u>\$ (39,373)</u>	<u>\$ 1,100,385</u>	<u>\$ 1,503,394</u>	<u>\$ 403,009</u>
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 1	
Excess Surplus - Designated for Subsequent Year's Expenditures				550,557	
Excess Surplus				214,711	
Assigned:					
Designated for Subsequent Year's Expenditures				120,322	
Year - End Encumbrances				39,623	
Unassigned Fund Balance				<u>578,180</u>	
				1,503,394	
Less: State Payments Not Recognized on GAAP					
Deferred State Aid				<u>(200,553)</u>	
Fund Balance, GAAP Basis				<u>\$ 1,302,841</u>	

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND - EDUCATION JOBS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	-	\$ 48,280	\$ 48,280	\$ 48,280	-
 Total Revenues	<u>\$ -</u>	<u>\$ 48,280</u>	<u>\$ 48,280</u>	<u>\$ 48,280</u>	<u>\$ -</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	-	\$ 48,280	\$ 48,280	48,280	-
	-	48,280	48,280	48,280	-
 Total Expenditures	<u>\$ -</u>	<u>\$ 48,280</u>	<u>\$ 48,280</u>	<u>\$ 48,280</u>	<u>\$ -</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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 356,428	\$ 68,482	\$ 424,910	\$ 399,827	\$ (25,083)
Total Revenues	<u>356,428</u>	<u>68,482</u>	<u>424,910</u>	<u>399,827</u>	<u>(25,083)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	256,883	50,228	307,111	283,899	23,212
General Supplies	99,545	18,254	117,799	115,928	1,871
Total Instruction	<u>356,428</u>	<u>68,482</u>	<u>424,910</u>	<u>399,827</u>	<u>25,083</u>
Total Expenditures	<u>356,428</u>	<u>68,482</u>	<u>424,910</u>	<u>399,827</u>	<u>25,083</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, 2012**

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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 23,466,212	\$ 399,827
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, 2011		14,276
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	146,037	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(200,553)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 23,411,696</u>	<u>\$ 414,103</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 23,102,576	\$ 399,827
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>\$ 23,102,576</u>	<u>\$ 414,103</u>

**SCHOOL LEVEL SCHEDULES**

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

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

EXHIBIT E-1

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, 2012

	NCLB Title J	NCLB Title II-A	NCLB Title III	ARRA Basic	I.D.E.I.A. Part B Basic	Total
REVENUES						
Intergovernmental						
Federal	\$ 115,928	\$ 26,645	\$ 13,382	\$ 96,002	\$ 147,870	\$ 399,827
Total Revenues	\$ 115,928	\$ 26,645	\$ 13,382	\$ 96,002	\$ 147,870	\$ 399,827
EXPENDITURES						
Instruction						
Salaries of Teachers	\$ 115,928					\$ 283,899
General Supplies						115,928
Total Instruction	115,928	26,645	13,382	96,002	147,870	399,827
Total Expenditures	\$ 115,928	\$ 26,645	\$ 13,382	\$ 96,002	\$ 147,870	\$ 399,827

**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, 2012**

**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, 2012

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2012</u>
		<u>Prior Year</u>	<u>Current Year</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>5,723,000</u>	<u>\$ 179,752</u>	<u>885,288</u>
	<u>\$ 9,831,583</u>	<u>\$ 8,742,470</u>	<u>\$ 179,752</u>	<u>\$ 909,361</u>
			Unexpended Project Balance \$	909,361
			Less: Deferred Revenue	(27,610)
			Less: Debt Authorized But Not Issued	<u>(806)</u>
			Fund Balance \$	<u>880,945</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, 2012**

**Revenues and Other Financing Sources****Revenues**

Interest Earnings	\$ 1,094
	1,094
Total Revenues	1,094

**Expenditures and Other Financing Uses****Expenditures**

Professional and Technical Services	55,583
Construction Services	124,169
Transfer to Debt Service Fund	1,094
Total Expenditures and Transfers	180,846

Excess (Deficiency) of Revenues Over (Under) Expenditures	(179,752)
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Fund Balance - Beginning of Year	1,088,307
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Fund Balance - End of Year	\$ 908,555
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Reconciliation to GAAP

Fund Balance - Budgetary	\$ 908,555
Less: SCC Grant Revenue	(27,610)
Not Realized on GAAP Basis	(27,610)
	\$ 880,945

**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, 2012**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
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>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Unallocated	<u>3,019,470</u>	<u>-</u>	<u>3,019,470</u>	<u>3,043,543</u>
Total Expenditures and other Financing Sources	<u>3,019,470</u>	<u>-</u>	<u>3,019,470</u>	<u>3,043,543</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 23,307</u>	<u>\$ -</u>	<u>\$ 23,307</u>	<u>\$ -</u>

Additional Project Information:

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**RENOVATIONS AND IMPROVEMENTS TO PASSAIC VALLEY REGIONAL HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Authorized</u> <u>Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Bond Proceeds	\$ 6,788,000	-	\$ 6,788,000	\$ 6,788,040
 Total Revenues	 6,788,000	 -	 6,788,000	 6,788,040
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional and Technical Services	566,276	\$ 55,583	621,859	
Cost of Issuance	45,206	-	45,206	
Construction Services	5,111,518	124,169	5,235,687	6,788,040
 Total Expenditures and other Financing Sources	 5,723,000	 179,752	 5,902,752	 6,788,040
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ 1,065,000	 \$ (179,752)	 \$ 885,248	 \$ -

## 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, 2012**

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, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

**EXHIBIT G-3**

**COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2012</u>
ASSETS			
Cash and Cash Equivalents	\$ 176,696	\$ 119,365	\$ 296,061
Total Assets	<u>\$ 176,696</u>	<u>\$ 119,365</u>	<u>\$ 296,061</u>
LIABILITIES			
Due to Student Groups	\$ 160,696		\$ 160,696
Accrued Salaries & Deductions		\$ 110,117	110,117
Due to Other Funds	<u>16,000</u>	<u>9,248</u>	<u>25,248</u>
Total Liabilities	<u>\$ 176,696</u>	<u>\$ 119,365</u>	<u>\$ 296,061</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, 2012**

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, 2012**

<u>School</u>	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
HIGH SCHOOL				
Passaic County Regional High School	\$ 162,327	\$ 433,513	\$ 419,144	\$ 176,696

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
Due to Other Funds	\$ 9,248			\$ 9,248
Payroll Deductions and Withholdings	3,669	\$ 8,513,854	\$ 8,511,092	6,431
Accrued Salaries and Wages	34,645	8,209,371	8,140,330	103,686
	<u>\$ 47,562</u>	<u>\$ 16,723,225</u>	<u>\$ 16,651,422</u>	<u>\$ 119,365</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, 2012

<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, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</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	\$ 350,000		\$ 70,000	\$ 280,000
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%	1,240,000		165,000	1,075,000
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
						\$ 8,378,000	\$ -	\$ 235,000	\$ 8,143,000

**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, 2012**

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, 2012

	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Favorable / (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	\$ 524,707	-	\$ 524,707	\$ 524,707	-
Intergovernmental					
Debt Service Aid Type II	116,425	-	116,425	116,425	-
Total Revenues	641,132	-	641,132	641,132	-
EXPENDITURES					
Regular Debt Service					
Interest	407,169	-	407,169	407,004	\$ 165
Principal	255,143	-	255,143	256,056	(913)
Total Expenditures	662,312	-	662,312	663,060	(748)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(21,180)	-	(21,180)	(21,928)	(748)
Other Financing Sources Operating Transfers In	-	-	-	1,094	1,094
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(21,180)	-	(21,180)	(20,834)	346
Fund Balance, Beginning of Year	70,431	-	70,431	70,431	-
Fund Balance, End of Year	\$ 49,251	\$ -	\$ 49,251	\$ 49,597	\$ 346

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, 2012

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Amount Outstanding July 1, 2011</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2012</u>
EDA Loan - Small Project Loan	5.29%	\$ 246,404	\$ 52,464	\$ 16,733	\$ 35,731
EDA Loan - Safe Loan	1.50%	82,134	10,227	4,323	5,904
			<u>\$ 62,691</u>	<u>\$ 21,056</u>	<u>\$ 41,635</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 TEN FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
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)	\$ 12,323
Restricted	1	18,544	9,705	9,732	37	96	5,900	26,994	70,432	49,598
Unrestricted	(59,769)	710,883	803,559	448,078	514,552	855,326	929,292	624,025	660,939	1,083,553
<b>Total Governmental Activities Net Assets</b>	<b>\$ 1,121,042</b>	<b>\$ 2,405,556</b>	<b>\$ 2,663,462</b>	<b>\$ 1,395,100</b>	<b>\$ 1,661,448</b>	<b>\$ 2,127,837</b>	<b>\$ 2,433,060</b>	<b>\$ 2,294,027</b>	<b>\$ 402,177</b>	<b>\$ 1,145,474</b>
<b>Business-Type Activities</b>										
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	\$ 51,143
Restricted										
Unrestricted	39,362	29,605	37,224	14,890	38,057	35,889	55,815	67,291	110,367	152,082
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 64,912</b>	<b>\$ 69,255</b>	<b>\$ 72,618</b>	<b>\$ 62,462</b>	<b>\$ 80,854</b>	<b>\$ 77,498</b>	<b>\$ 90,658</b>	<b>\$ 98,054</b>	<b>\$ 141,434</b>	<b>\$ 203,225</b>
<b>District-Wide</b>										
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)	\$ 63,466
Restricted	1	18,544	9,705	9,732	37	96	5,900	26,994	70,432	49,598
Unrestricted	(20,407)	740,488	840,783	462,968	552,609	891,415	985,107	691,316	771,306	1,235,635
<b>Total District Net Assets</b>	<b>\$ 1,185,954</b>	<b>\$ 2,474,811</b>	<b>\$ 2,736,080</b>	<b>\$ 1,457,562</b>	<b>\$ 1,742,302</b>	<b>\$ 2,205,335</b>	<b>\$ 2,523,718</b>	<b>\$ 2,392,081</b>	<b>\$ 543,611</b>	<b>\$ 1,348,699</b>

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities</b>										
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	\$ 11,241,633
Special Education	2,366,080	2,052,430	2,351,378	2,592,452	2,583,412	2,554,008	2,450,362	2,616,384	2,402,172	2,438,282
Other Instruction	805,965	157,985	177,234	27,260	45,426	28,998	2,628	22,569	25,816	27,175
School Sponsored Activities And Athletics		741,748	805,676	1,089,690	1,097,938	1,137,084	1,213,689	1,206,306	1,039,671	1,097,836
Support Services:										
Student & Instruction Related Services	1,177,071	1,560,177	1,627,987	1,825,208	1,858,382	1,902,755	1,843,589	1,988,284	1,895,618	1,915,879
School Administrative Services	728,072	809,287	804,953	701,452	728,687	754,880	777,414	839,235	872,040	939,256
General Administration	470,935	529,775	554,603	660,517	637,978	637,769	657,058	616,505	599,175	573,026
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	3,015,157
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	1,475,776
Business and Other Support Services	688,117	851,731	733,522	765,606	843,211	987,552	1,027,202	850,321	911,878	908,870
Interest On Long-Term Debt	64,942	156,344	130,134	115,961	107,958	99,575	90,693	81,780	283,089	301,218
<b>Total Governmental Activities Expenses</b>	<b>15,663,050</b>	<b>16,988,149</b>	<b>18,554,461</b>	<b>20,289,967</b>	<b>21,312,314</b>	<b>22,247,097</b>	<b>22,139,655</b>	<b>23,001,508</b>	<b>22,976,710</b>	<b>23,934,148</b>
<b>Business-Type Activities:</b>										
Food Service	497,736	516,446	575,943	616,807	635,693	775,627	810,085	828,102	788,062	965,534
<b>Total Business-Type Activities Expense</b>	<b>497,736</b>	<b>516,446</b>	<b>575,943</b>	<b>616,807</b>	<b>635,693</b>	<b>775,627</b>	<b>810,085</b>	<b>828,102</b>	<b>788,062</b>	<b>965,534</b>
<b>Total District Expenses</b>	<b>\$ 16,160,786</b>	<b>\$ 17,504,595</b>	<b>\$ 19,130,404</b>	<b>\$ 20,906,774</b>	<b>\$ 21,948,007</b>	<b>\$ 23,022,724</b>	<b>\$ 22,949,740</b>	<b>\$ 23,829,610</b>	<b>\$ 23,764,772</b>	<b>\$ 24,899,682</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Pupil Transportation	\$ 164,128	\$ 187,334	\$ 205,695	\$ 196,313	\$ 189,256	\$ 214,293	\$ 196,021	\$ 184,165	\$ 189,924	\$ 178,685
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	2,845,252
Capital Grants And Contributions	-	753,546	-	-	215	6,406	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>2,425,063</b>	<b>3,492,840</b>	<b>2,808,928</b>	<b>3,003,693</b>	<b>3,547,964</b>	<b>3,625,391</b>	<b>3,052,081</b>	<b>2,719,406</b>	<b>2,492,449</b>	<b>3,023,937</b>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	481,321	488,269	545,592	578,670	620,842	728,025	771,720	769,098	742,880	896,500
Operating Grants And Contributions	28,204	32,220	33,714	35,242	33,243	44,246	51,525	66,400	88,562	130,825
<b>Total Business Type Activities Program Revenues</b>	<b>509,525</b>	<b>520,789</b>	<b>579,306</b>	<b>613,912</b>	<b>654,085</b>	<b>772,271</b>	<b>823,245</b>	<b>835,498</b>	<b>831,442</b>	<b>1,027,325</b>
<b>Total District Program Revenues</b>	<b>\$ 2,934,588</b>	<b>\$ 4,013,629</b>	<b>\$ 3,388,234</b>	<b>\$ 3,617,605</b>	<b>\$ 4,202,049</b>	<b>\$ 4,397,662</b>	<b>\$ 3,875,326</b>	<b>\$ 3,554,904</b>	<b>\$ 3,323,891</b>	<b>\$ 4,051,262</b>
<b>Net (Expense)/Revenue</b>										
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)	\$ (20,910,211)
Business-Type Activities	11,789	4,343	3,363	(2,895)	18,392	(3,356)	13,160	7,396	43,380	61,791
<b>Total District-Wide Net Expense</b>	<b>\$ (13,226,198)</b>	<b>\$ (13,490,966)</b>	<b>\$ (15,742,170)</b>	<b>\$ (17,289,169)</b>	<b>\$ (17,745,958)</b>	<b>\$ (18,625,062)</b>	<b>\$ (19,074,414)</b>	<b>\$ (20,274,706)</b>	<b>\$ (20,440,881)</b>	<b>\$ (20,848,420)</b>

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
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	\$ 20,589,474
Taxes Levied For Debt Service	359,772	328,098	301,827	318,975	311,883	323,816	320,707	335,836	358,729	524,707
Unrestricted Grants And Contributions	58,558	179,004	231,908	268,088	332,678	372,786	138,511	219,208	28,507	203,202
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	126,705
Loss on Disposal of Fixed Assets										(227)
Transfers	-	-	-	17,541	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>13,665,132</b>	<b>15,025,477</b>	<b>16,003,439</b>	<b>16,859,739</b>	<b>18,032,698</b>	<b>19,088,095</b>	<b>19,392,797</b>	<b>20,143,069</b>	<b>20,721,990</b>	<b>21,443,861</b>
<b>Business-Type Activities:</b>										
Transfers	-	-	-	(17,541)	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,541)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 13,665,132</b>	<b>\$ 15,025,477</b>	<b>\$ 16,003,439</b>	<b>\$ 16,842,198</b>	<b>\$ 18,032,698</b>	<b>\$ 19,088,095</b>	<b>\$ 19,392,797</b>	<b>\$ 20,143,069</b>	<b>\$ 20,721,990</b>	<b>\$ 21,443,861</b>
<b>Change in Net Assets</b>										
Governmental Activities	\$ 427,145	\$ 1,530,168	\$ 257,906	\$ (426,535)	\$ 268,348	\$ 466,389	\$ 305,223	\$ (139,033)	\$ 237,729	\$ 533,650
Business-Type Activities	11,789	4,343	3,363	(20,436)	18,392	(3,356)	13,160	7,396	43,380	61,791
<b>Total District</b>	<b>\$ 438,934</b>	<b>\$ 1,534,511</b>	<b>\$ 261,269</b>	<b>\$ (446,971)</b>	<b>\$ 286,740</b>	<b>\$ 463,033</b>	<b>\$ 318,383</b>	<b>\$ (131,637)</b>	<b>\$ 281,109</b>	<b>\$ 595,441</b>

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)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Restricted										
Assigned										
Unassigned										
Reserved	\$ 7,561	\$ 509,134	\$ 515,619	\$ 210,270	\$ 166,204	\$ 590,765	\$ 669,559	\$ 465,571	\$ 550,558	\$ 765,269
Unreserved	147,733	399,545	408,690	307,501	522,700	549,131	410,007	298,848	403,790	377,627
Total General Fund	\$ 155,294	\$ 908,679	\$ 924,309	\$ 517,771	\$ 688,904	\$ 1,139,896	\$ 1,079,566	\$ 764,419	\$ 993,721	\$ 1,302,841
All Other Governmental Funds										
Restricted										
Committed										
Reserved	\$ 2,030,387	\$ 27,406	\$ 24,406	\$ 24,406	\$ 100,940		\$ 1,821,709	\$ 2,583,621	\$ 1,131,128	\$ 260,592
Unreserved	(590,781)	101,429	99,050	97,023	(4,267)	(4,208)	(2,406,710)	(5,439,990)		669,950
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	\$ 930,542

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

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
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	\$ 21,114,181
Transportation	164,128	187,334	205,695	196,313	189,256	214,293	196,021	184,165	189,924	178,685
Miscellaneous	37,226	52,536	67,893	77,023	125,153	125,672	78,725	83,977	130,544	126,705
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	2,581,966
Federal Sources	281,928	302,853	253,899	315,673	316,515	328,035	383,407	487,458	521,576	466,488
<b>Total Revenue</b>	<b>16,085,301</b>	<b>18,518,317</b>	<b>18,812,367</b>	<b>19,845,891</b>	<b>21,580,662</b>	<b>22,713,486</b>	<b>22,444,878</b>	<b>22,862,475</b>	<b>23,214,439</b>	<b>24,468,025</b>
<b>Expenditures</b>										
<b>Instruction</b>										
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	11,170,612
Special Education Instruction	2,365,613	2,055,347	2,048,792	2,598,231	2,578,856	2,554,263	2,467,379	2,611,938	2,414,832	2,438,153
Vocational Education			302,586							
Other Instruction	804,850	157,078	173,867	23,893	43,719	27,291	687	20,628	24,258	25,303
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	1,097,998
<b>Support Services:</b>										
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	1,875,952
General Administration	481,895	528,885	554,603	618,930	622,246	637,769	657,058	616,505	599,175	573,026
School Administrative Services	723,562	807,998	804,953	697,537	727,206	754,880	777,414	839,235	872,040	939,296
Plant Operations And Maintenance	1,779,905	1,930,845	2,152,499	2,219,600	2,319,758	2,535,472	2,629,121	2,876,884	2,922,832	2,890,629
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	1,475,776
Central Services	688,117	851,731	740,560	680,320	806,547	896,462	943,622	763,821	911,878	792,623
Operating Lease Payments										194,795
Capital Outlay	1,091,786	2,077,672	307,195	343,976	180,951	280,879	871,008	2,513,777	2,847,338	222,268
<b>Debt Service:</b>										
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	256,056
Interest and Other Charges	58,639	161,271	121,745	117,497	109,566	101,255	92,428	83,559	74,355	407,004
<b>Total Expenditures</b>	<b>16,814,923</b>	<b>19,075,703</b>	<b>18,802,116</b>	<b>20,271,997</b>	<b>21,434,285</b>	<b>22,363,375</b>	<b>23,086,001</b>	<b>25,448,990</b>	<b>25,785,640</b>	<b>24,359,491</b>
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)	108,534
<b>Other Financing Sources (Uses)</b>										
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	1,094
Transfers Out	(15,233)	(3,310)	(21)	(25)	(9)	(86)	(5,712)	(2,614)	(3,516)	(1,094)
<b>Total Other Financing Sources (Uses)</b>	<b>2,259,894</b>	<b>-</b>	<b>-</b>	<b>17,541</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,788,000</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,530,272</b>	<b>\$ (557,386)</b>	<b>\$ 10,251</b>	<b>\$ (408,565)</b>	<b>\$ 146,377</b>	<b>\$ 350,111</b>	<b>\$ (641,123)</b>	<b>\$ (2,586,515)</b>	<b>\$ 4,216,799</b>	<b>\$ 108,534</b>
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%	2.75%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<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>
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
2012	415	1,242	9,342		178,685	114,612	304,296

Source: District Records

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

Township of Little Falls

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2003	\$ 16,912,200	\$ 531,915,600			\$ 98,350,300	\$ 29,784,900	\$ 41,817,800	\$ 718,780,800	\$ 4,148,992	\$ 722,929,792	\$ 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	3,724,619	723,963,919	1,377,599,034	0.740
2005	17,259,300	537,946,300			95,293,200	29,779,200	40,627,300	720,905,300	3,378,452	724,283,752	1,561,019,724	0.763
2006	16,927,800	539,021,600			95,079,000	29,779,200	40,627,300	721,434,900	3,378,452	724,813,352	1,865,145,936	0.796
2007	16,968,300	541,871,900			95,431,400	29,034,200	40,627,300	723,933,100	3,378,452	727,311,552	1,882,274,611	0.852
2008	16,872,000	542,293,100			96,911,800	28,454,700	39,977,300	724,508,900	2,484,700	726,993,600	1,240,289,464	0.903
2009	34,303,900	1,389,066,700			301,526,300	69,114,000	122,049,600	1,916,060,500	7,056,716	1,923,117,216	1,591,873,881	0.323
2010	36,499,400	1,385,258,500			304,656,000	64,840,900	122,049,600	1,913,304,400	6,569,100	1,919,873,500	1,919,873,500	0.331
2011	37,838,400	1,376,785,400			303,200,600	64,602,700	120,741,600	1,903,168,700	6,428,200	1,909,597,900	1,909,597,900	0.337
2012	36,882,200	1,376,430,700			283,233,000	65,340,500	117,147,600	1,879,034,000	6,627,100	1,885,661,100	1,885,661,100	0.385

Source: County Abstract of Ramables

N/A Not Available

<sup>a</sup> 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.	Q/Berm.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
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	17,098,700	595,542,100	550,800	500	320,376,100	207,181,400	N/A	1,140,749,600	1,900,491	1,142,650,091	1,654,826,240	0.519
2005	12,624,100	634,068,400	550,800	500	321,028,500	206,968,800	N/A	1,175,241,100	1,637,570	1,176,878,670	1,984,493,359	0.560
2006	10,906,600	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	2,335,362,720	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	1,763,425,655	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	33,653,600	1,543,628,500	1,007,100	2,800	731,106,100	368,661,200	N/A	2,678,059,300	2,883,486	2,680,942,786	2,522,765,395	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
2012	29,449,300	1,378,014,500	900,400	2,800	635,098,000	332,149,500	N/A	2,375,614,500	2,717,962	2,378,332,462	N/A	0.399

Source: County Abstract of Rates

\* 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 <sup>a</sup>
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	35,320,500	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	143,528,760	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	1,946,713,342	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
2012	37,831,300	1,225,094,700		1,800	300,310,900	56,264,200	60,831,500	1,680,334,400	1,274,976	1,681,609,376	N/A	0.371

Source: County Abstract of Rates

<sup>a</sup> 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>
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
2012	0.385	0.667	0.608	0.64	2.30

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>
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
2012	0.399	0.566	0.474	0.621	2.06

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>
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
2012	0.371	0.843	0.681	0.673	2.57

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	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 79,410,000	4.21%	\$ 27,000,000	3.73%
Theta Holding Co	70,658,000	3.75%	24,489,000	3.39%
PAR 3 PAR 5	14,588,800	0.77%		
Park Falls Associates	13,110,000	0.70%		
Saturn Realty	12,492,100	0.66%		
AMB-AMS Operating Part	11,420,500	0.61%		
Sisco	10,959,300	0.58%		
Great Notch Village	10,127,200	0.54%		
Andrew Realty	10,016,300	0.53%		
ST Hilltop Mnr LLC	9,190,700	0.49%		
Greenwood Corp			4,748,700	0.66%
Park Falls Associates			4,400,000	0.61%
North Jersey District Water			4,567,100	0.63%
Ralph Brass			4,545,000	0.63%
Green Notch Village			4,296,200	0.59%
Bell Atlantic			4,148,992	0.57%
Par3 LLC			4,069,400	0.56%
Local 424 Welfare and Pension			3,850,000	0.53%
	<u>\$ 241,972,900</u>	<u>12.83%</u>	<u>\$ 86,114,392</u>	<u>11.91%</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	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Fidelity Syndications	\$ 56,514,800	2.38%	\$ 26,018,600	3.08%
Totowa VF, LLC	56,501,300	2.38%	33,988,000	2.35%
Hoffman La Roche, Inc.	32,485,800	1.37%	19,500,000	1.76%
930 N. Riverview Assoc LLC	24,424,700	1.03%	16,228,100	1.47%
Holiday 46 LLC			17,757,800	1.61%
Abill Realty	22,365,000	0.94%	9,305,000	0.84%
Mountainview Venture 50 Madison LLC	18,928,400	0.80%		
Norwell Land Co.	18,500,000	0.78%	15,474,200	1.40%
Totowa Plaza Rt 46 LLC	18,355,800	0.77%		
Totowa Plaza Rt 46 LLC	17,711,500	0.75%		
Rossmore Assoc/Vons Co.			11,500,000	1.04%
IMS America Ltd.			10,500,000	0.98%
Taft Associates	16,920,000	0.71%	9,778,800	0.89%
	<u>\$ 282,707,300</u>	<u>11.90%</u>	<u>\$ 170,050,500</u>	<u>15.42%</u>

Source: Municipal Tax Assessor

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

Borough of Woodland Park

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Passaic County Park Comm.	\$ 36,492,000	2.17%		
Levco Route 46 Associates	35,831,200	2.13%	15,289,900	1.92%
Passaic County Park Dept.	33,246,500	1.98%		
Rose Manor Estates		0.00%	36,178,000	4.55%
The Bank of New York	28,026,000	1.67%	19,043,400	2.39%
Kearfott Guidance			17,432,100	2.19%
Rose Manor Estates	27,851,500	1.66%		
G.O.P 1 LLC c/o Mtn. Dev't	19,000,000	1.13%		
1225 McBride Ave LLC	18,459,200	1.10%		
DDRM West Falls Plaza LLC	16,760,600	1.00%		
G.O.P 3 LLC c/o Mtn. Dev't	15,369,000	0.91%		
Passaic County Park Comm.	14,596,500	0.87%		
Garrett Mountain Trust			13,275,000	1.67%
Missionary Sisters			10,402,700	1.31%
Garrett Mountain Center			10,400,000	1.31%
Heller Rte 46E Assoc.			10,000,000	1.26%
Passaic Valley Water Comm.			8,576,100	1.08%
Browertown Realty			5,061,300	0.63%
	<u>\$ 245,632,500</u>	<u>14.61%</u>	<u>\$ 145,658,500</u>	<u>18.31%</u>

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2012	21,114,181	21,114,181	100.00%	-

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita
	General Obligation Bonds	Certificates of Participation	Lease Purchase Agreements	Inter-governmental Loans	Capital Leases	Total District	Population	
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	37,081	51.16
2011	8,378,000			62,691		8,440,691	37,107	227.47
2012	8,143,000			41,635		8,184,635	37,107 *	220.57

Source: District records

Note:

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

\* Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	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%	48.95
2011	8,378,000		8,378,000	0.16%	225.78
2012	8,143,000		8,143,000	0.14%	219.45

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2011  
(Unaudited)**

Net Direct Debt of School District as of December 31, 2011 (1)

Net Overlapping Debt of School District

Township of Little Falls	\$ 25,247,118	
Borough of Totowa	2,013,206	
Borough of Woodland Park	<u>16,522,503</u>	
		<u>43,782,827</u>
		43,782,827
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	39,067,120	
Passaic County Utilities Authority (B)	6,831,481	
Passaic Valley Sewer Commission (C)	<u>7,957,253</u>	
		<u>53,855,854</u>
 Total Direct and Overlapping Debt		 <u>\$ 97,638,681</u>

Source:

(1) Borough's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Passaic County.

(B) The debt was computed based upon dividing each Borough's 2011 equalized value to the County total

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

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

	Calendar Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 129,015,000	\$ 141,491,895	\$ 158,640,232	\$ 171,550,987	\$ 182,731,965	\$ 186,570,577	\$ 188,617,486	\$ 184,996,104
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>	<u>-</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>	<u>\$ 184,996,104</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%	0.00%

**Legal Debt Margin Calculation, December 31, 2011**

	2009	\$ 6,239,547,873
	2010	6,255,502,575
	2011	<u>6,004,559,906</u>
		<u>\$ 18,499,610,354</u>
Average equalized valuation of taxable property		\$ 6,166,536,785
3% of Equalized Valuation Basis		184,996,104
Less Net Debt		<u>8,185,441</u>
Remaining Borrowing Power		<u>\$ 176,810,663</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>
2003	4.3	32,585	11,797
2004	3.3	33,370	11,722
2005	4.4	35,269	11,676
2006	4.5	37,865	11,614
2007	4.2	40,223	11,581
2008	5.4	41,556	11,585
2009	10.5	40,426	11,646
2010	10.7	42,228	14,441
2011	10.5	Not Available	14,449
2012	Not Available	Not Available	Not Available

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

\* Passaic County Information

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

**Borough of Totowa**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2003	4.2	32,585	9,903
2004	3.2	33,370	10,160
2005	3.1	35,269	10,386
2006	3.1	37,865	10,431
2007	2.9	40,223	10,489
2008	3.8	41,556	10,557
2009	7.4	40,426	10,661
2010	7.6	42,228	10,811
2011	7.5	Not Available	10,821
2012	Not Available	Not Available	Not Available

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

Notes: \* Passaic County Information

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

**Borough of Woodland Park**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2003	4.5	32,585	11,104
2004	3.5	33,370	11,067
2005	3.5	35,269	11,016
2006	3.4	37,865	11,009
2007	3.1	40,223	11,428
2008	4.0	41,556	11,813
2009	8.0	40,426	12,179
2010	8.1	42,228	11,829
2011	8.0	Not Available	11,837
2012	Not Available	Not Available	Not Available

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

\* Passaic County Information

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

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction							
Regular	97	99	99	100	97	97	93
Special Education	8	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	11	9
General Administration	2	2	2	2	2	2	9
School Administrative Services	7	7	7	7	7	7	5
Other Administrative Services	5	5	5	5	5	5	5
Central Services							
Administrative Information Technology	2	1	1	1	1	1	1
Plant Operations And Maintenance	21	20	20	20	20	20	20
Pupil Transportation	1	1	1	1	1	1	1
Other Support Services	9	9	9	9	9	9	9
Special Schools							
Food Service							
Child Care	-	-	-	-	-	-	-
Total	<u>163</u>	<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 seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	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					
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	1,936	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	22,394,625	16,589	-5.75%	107	1:13	1,284	1,209	0.63%	94.16%	
2012	1,353	23,474,163	17,350	4.59%	105	1:12	1,343	1,277	4.60%	95.09%	

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 SEVEN FISCAL YEARS  
 (Unaudited)**

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

Source: District Records

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
School Facilities	Project #										
High School	N/A	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097	\$ 423,083	\$ 1,287,170	\$ 1,244,223	\$ 1,156,298	\$ 1,130,724
Total Required Maintenance for School Facilities		\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097	\$ 423,083	\$ 1,287,170	\$ 1,244,223	\$ 1,156,298	\$ 1,130,724

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 INSURANCE SCHEDULE  
 AS OF JUNE 30, 2012

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-PIPNJ (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	
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

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
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, 2012, which collectively comprise the Passaic Valley Regional High School District No. 1 Board of Education's basic financial statements and have issued our report thereon dated December 5, 2012. 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 Office of School Finance, 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 previously. However, we identified certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

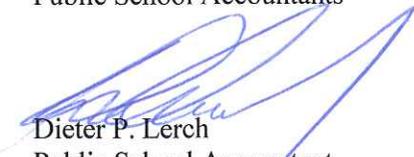
As part of obtaining reasonable assurance about whether the Passaic Valley Regional High School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

We also noted certain matters that we reported to management of the Passaic Valley Regional High School District No. 1 in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2012.

Passaic Valley Regional High School District No. 1's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Passaic Valley Regional High School District No. 1'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 5, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## 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, 2012. 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 Office of School Finance, 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, 2012. 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 2012-2

### Internal Control Over Compliance

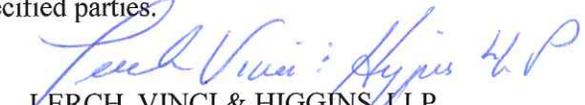
Management of Passaic Valley Regional High School District No. 1 Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing 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.

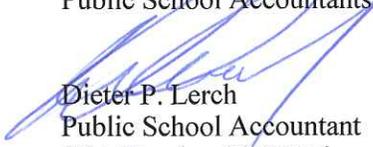
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2012

Federal CFDA Number	Grant or State Fyused Number	Grant Period	Award Amount	Balance July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance, June 30, 2012	
									(Account Receivable)	Deferred Revenues
<b>U.S. Department of Agriculture Passed-Through State Department of Education</b>										
10.550	N/A	7/1/11-6/30/12	\$ 9,863			\$ 8,948	\$ 8,398		\$ 550	
10.550	N/A	7/1/10-6/30/11	10,488	1,465			1,465			
10.555	N/A	7/1/10-6/30/11	75,501	(70,533)		65,054	117,248		(5,499)	
10.555	N/A	7/1/11-6/30/12	117,248						(117,248)	
<b>Total Enterprise Fund</b>										
				(69,068)		73,982	127,111		(122,747)	550
<b>U.S. Department of Education Passed-Through State Department of Education</b>										
<b>Special Response</b>										
84.389A	ARRA334009C	9/1/09-8/31/11	69,727	(11,540)		10,751	73,819		(789)	44,380
84.010A	NCLB334012C	9/1/11-8/31/12	118,199			37,209	119,289		(80,990)	
84.010A	NCLB334011C	9/1/10-8/31/11	149,666	(77,180)		11,023	42,109			
84.010A	NCLB334010C	9/1/09-8/31/10	89,530	(11,023)						
84.010A	NCLB334009C	9/1/08-8/31/09	86,269	11,375						\$ 11,375
84.010A	NCLB334008C	9/1/07-8/31/08	86,269	226						226
84.010A	NCLB334007C	9/1/06-8/31/07	36,326	5,032				\$ 5,032	(29,547)	28,505
84.168A	NCLB334012C	9/1/11-8/31/12	29,547	(10,000)		35,603	25,603		(1,530)	2,678
84.168A	NCLB334011C	9/1/10-8/31/11	43,947	(1,530)						2,697
84.168A	NCLB334009C	9/1/08-8/31/09	30,960	2,678				7,056		
84.168A	NCLB334007C	9/1/06-8/31/07	27,242	2,697				7,056		
84.168A	NCLB334006C	9/1/05-8/31/06	27,729	2,367				2,367		
84.168A	NCLB334007C	9/1/10-8/31/11	240			240				240
84.168A	NCLB334010C	9/1/09-8/31/10	921					162		921
84.168A	NCLB334007C	9/1/06-8/31/07	162							
84.365A	NCLB334012C	9/1/11-8/31/12	13,382			13,664	12,616		(13,382)	766
84.365A	NCLB334010C	9/1/09-8/31/10	12,975	(143)		143	766			
84.365A	NCLB334007C	9/1/06-8/31/07	27,036	1,758				1,758		
84.365A	NCLB334006C	9/1/05-8/31/05	24,632	6,747				6,747		
84.186A	NCLB334011C	9/1/10-8/31/11	679	(410)		679				269
84.186A	NCLB334010C	9/1/09-8/31/10	2,782	(1)		1				
84.186A	NCLB334007C	9/1/06-8/31/07	2,837	86				86		
84.186A	NCLB334006C	9/1/05-8/31/06	3,372	760				760		
84.186A	NCLB334007C	9/1/06-8/31/07	1,635	622				622		
84.027	ARRA399009	9/1/11-8/31/12	264,182	(32,669)		128,671	96,002		(25,794)	116,312
84.027	IDEA999011	9/1/10-8/31/11	255,335	(47,669)		238,388	147,870		(1,981)	
84.027	IDEA999010	9/1/09-8/31/10	249,142	8,558						8,558
84.027	IDEA999009	9/1/08-8/31/09	253,311	2,533						2,533
84.027	IDEA999008	9/1/07-8/31/08	246,391	106						106
84.027	IDEA999007	9/1/06-8/31/07	236,460	1						
84.027	IDEA999006	9/1/05-8/31/06	230,752	3,914				3,914		
<b>Total Special Revenue</b>										
				(147,464)		641,349	399,827		(154,013)	190,472
<b>U.S. Department of Education</b>										
84.410A	General Fund	7/1/11-6/30/12	\$ 48,280				48,280			(48,280)
93.778	Education Jobs Fund	7/1/11-6/30/12	4,105			4,105	4,105			
<b>Medicaid Assistance Program (Semi)</b>										
						4,105	4,105			(48,280)
<b>Total Federal Financial Awards</b>										
			\$ 719,456			\$ 719,456	\$ 579,333		(216,532)	\$ 142,742
<b>Total Federal Financial Awards</b>										
			\$ 28,505			\$ 28,505	\$ 28,505		(216,532)	\$ 142,742
<b>Total Federal Financial Awards</b>										

\* 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, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo Only	
											GAAP Accounts Receivable	Total Cumulative Expenditures
<b>State Department of Education</b>												
General Fund												
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 374,503	\$ (30,766)		\$ 30,766	\$ 712,333	\$ (64,811)				\$ 712,333
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	712,333		647,522	\$ 95,615	\$ (8,838)					\$ 95,615
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	95,615		86,777	259,493						259,493
On-Behalf TPAF Pension System Contributions (Normal Costs)	12-100-034-5095-006	7/1/11-6/30/12	27,847		27,847	577,629						577,629
On-Behalf TPAF Pension System Contributions (NCGI Premium)	12-100-034-5095-006	7/1/11-6/30/12	27,847		27,847	699,718						699,718
On-Behalf TPAF Pension System Contrb. (Post Retirement Medical)	12-100-034-5095-001	7/1/11-6/30/12	577,629		577,629		\$ (34,609)				\$ (34,609)	
Reimbursed TPAF Social Security Contributions	12-100-034-5095-002	7/1/11-6/30/12	699,718	(115,271)	115,271							
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	115,271		115,271							
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	126,904	(18,741)	18,741							126,904
Non Public Transportation Reimbursement	N/A	7/1/10-6/30/11	18,741									
Non Public Transportation Reimbursement	N/A	7/1/11-6/30/12	20,518			20,518	(20,518)				(20,518)	20,518
Total General Fund				(164,778)		2,429,155	2,520,057	(255,680)			(55,127)	2,520,057
<b>Capital Projects Fund</b>												
NJ Economic Development Authority	SP 202555	N/A	787,777	(756,228)				(783,838)	\$ 27,610		(783,838)	
Upgrade of Various Building Systems at High School									27,610		(783,838)	
Total Capital Projects Fund									27,610		(783,838)	
<b>Debt Service Fund</b>												
Debt Service Aid	12-495-034-5120-125	7/1/11-6/30/12	116,425		116,425							116,425
Total Debt Service Fund												116,425
<b>State Department of Agriculture</b>												
Enterprise Fund												
National School Lunch Program (State Share)	12-100-010-3360-037	7/1/11-6/30/12	3,714				3,714	(3,714)			(3,714)	3,714
National School Lunch Program (State Share)	11-100-010-3360-037	7/1/10-6/30/11	2,576	(2,370)		2,171		(199)			(199)	
Total Enterprise Fund												3,714
Total State Financial Assistance				\$ (923,376)		\$ 2,547,751	\$ 2,640,196	\$ (1,043,431)	\$ 27,610		\$ (842,878)	\$ 2,640,196
<b>State Financial Assistance Not Subject to Single Audit Determination</b>												
General Fund												
On-Behalf TPAF Pension System Contributions (Normal Costs)	12-100-034-5095-006	7/1/11-6/30/12	259,493		(259,493)							(259,493)
On-Behalf TPAF Pension System Contributions (NCGI Premium)	12-100-034-5095-006	7/1/11-6/30/12	27,847		(27,847)							(27,847)
On-Behalf TPAF Pension System Contrb. (Post Retirement Medical)	12-100-034-5095-001	7/1/11-6/30/12	577,629		(577,629)							(577,629)
Total State Financial Assistance Subject to Single Audit				\$ (923,376)		\$ 1,682,782	\$ 1,775,227	\$ (1,043,431)	\$ 27,610		\$ (842,878)	\$ 1,775,227

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, 2012**

**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. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$54,516 for the general fund and an increase of \$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	\$ 52,385	\$ 2,465,541	\$ 2,517,926
Special Revenue Fund	414,103		414,103
Debt Service		116,425	116,425
Food Service Fund	<u>127,111</u>	<u>3,714</u>	<u>130,825</u>
Total Financial Assistance	<u>\$ 593,599</u>	<u>\$ 2,585,680</u>	<u>\$ 3,179,279</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, 2012**

**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, 2012, 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	\$ 5,904
N.J. Economic Development Authority - Small Project	<u>35,731</u>
	<u>\$ 41,635</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 \$699,718 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$287,340 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$577,629 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**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, 2012**

**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?   X   Yes            No

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

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

Identification of major state programs:

<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, 2012**

*Part I – Summary of Auditor’s Results*

**State Awards**

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>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>12-100-034-5095-002</u>	<u>Reimbursed TPAF Social Security</u>
	<u>Contributions</u>
<u>12-495-034-5120-078</u>	<u>Equalization Aid</u>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2012-1**

The audit of contract balances in the Capital Projects Fund revealed that certain purchase orders were not recorded as encumbrances or accounts payable by the District as of June 30, 2012.

**Criteria or specific requirement**

State Department of Education's GAAP Technical Systems Manual.

**Condition**

Certain encumbrances and accounts payable were not recorded in the District's records at June 30, 2012.

**Questioned Costs**

Not Applicable

**Context**

Encumbrances payable in the Capital Projects Fund of \$669,950 and accounts payable of \$62,070 were not recorded at June 30, 2012.

**Effect**

None, the financial statements have been adjusted accordingly.

**Cause**

Unknown.

**Recommendation**

Year end closing procedures be reviewed and enhanced to ensure open purchase orders in the Capital Projects Fund are properly recorded and classified as accounts payable or encumbrances at year end.

**Management Response**

Management will enhance its year end closeout procedures to ensure open purchase orders are properly recorded and classified as of June 30.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**CURRENT YEAR FEDERAL AWARDS**

**Finding 2012-2**

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

**Information on federal program**

IDEA Part B Basic	84,391
ARRA – IDEA Part B	84,027

**Criteria or specific requirement**

Grant Compliance Supplement

**Condition**

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

**Questioned Costs**

Unknown

**Context**

Salaries in the amount of \$15,149 were charged to IDEA that were not properly documented.

**Effect**

There was no public record of approval for these expenditures.

**Recommendation**

Part-time summer employees charged to the IDEA grant be approved in the minutes.

**Management Response**

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*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**

There are none.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 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.

**Status:**

Corrective action was taken.