

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

Demarest, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Northern Valley Regional High School District

Demarest, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

**Northern Valley Regional High School District
Business Department**

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INTRODUCTORY SECTION



January 18, 2019

Honorable President and Members of the Board of Education

Northern Valley Regional High School District

Demarest, N.J. 07627

Dear Board Members:

The Comprehensive Annual Financial Report of the Northern Valley Regional High School District for the fiscal year ending June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in the report is accurate in all material respects. The report is designed to present an open review of the financial position and operational results of the District's various funds. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Northern Valley's MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in five sections: (1) the introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials, (2) The financial section includes the basic financial statements and schedules, as well as the Independent Auditor's Report, (3) The supplementary schedules provide insight into the public schools fiscal year, (4) The statistical section includes selected financial and demographic information, generally presented on a multiyear basis, (5) The single audit section of this report includes conformity with the provisions of the U.S. Uniform Guidance and State of New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". The single audit section of this report includes the auditor's reports on the internal controls structure, compliance with applicable laws, regulations, findings and recommendations.

1) REPORTING ENTITY AND ITS SERVICES: The Northern Valley Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) in codification section 2100. The report includes all funds of the District. The Northern Valley Regional High School District Board of Education and all its schools constitute the District's reporting entity.

The district is the Local Educational Agency responsible for twenty-two co-operative programs involving its constituent elementary schools. In addition to the constituent districts, it services the neighboring Alpine School District, which completes a Bergen County regional consortium that is recognized by the Department of Education. In cooperation with other Districts throughout Bergen County, the District's regional services are available on a tuition basis if the program size and space matches' student and professional staff needs. The overall program services students with disability on a local level and students from surrounding public schools. The program enhances the opportunity for shared professional services, curriculum development, and provides shared business and technology services for elementary districts.

The Northern Valley Regional School District is comprised of the municipalities of Closter, Demarest, and Haworth that are constituents of the high school in Demarest. Harrington Park, Northvale, Norwood, and Old Tappan are constituents of the high school at Old Tappan. The 17.3 square mile district has a population of 37,401 as per the 2010 census. The primary language spoken at home is: English 82.8% Korean 12.9%, Spanish 1.7%, Chinese .7%, Japanese .4%, Gujarati .2%, and Other 1%. The districts mobility rate was .4% compared to the State target rate of 2%. All of the communities are considered upper middle class. The District's high schools house grades 9 through 12 with enrollments of 1,018 at Demarest High school and 1,244 at Old Tappan High School, based on the October 15, 2017 ASSA report. The Valley Regional program leases one non-public school location as well as classrooms at local district Public Schools to house 205 Special Education students from 45 different Districts.

The district's administrative building adjoins the high school at Demarest. The district is governed by an elected Board of Education, who serves three-year terms and is administrated by a Superintendent of Schools, School Business Administrator/Board Secretary, and other appropriate administrators and supervisors. The Board seats are proportionate to student enrollment by town. The current membership consists of Closter (2), Demarest (1), Haworth (1), Harrington Park (1), Northvale (1), Norwood (1), and Old Tappan (2).

The faculty consists of 309 teachers with 85% holding advanced degrees. This represents certified staff in the high schools and the regional programs. Often our staff members achieve recognition as outstanding educators.

The accomplishments of our students reflect their considerable talents and working relationship with the faculty and staff. The successes of our students extend far beyond the classroom and are demonstrated by the many awards and scholarships that they have received. Seven Northern Valley Regional High School students met the requirements for designation as Finalists in the National Merit Scholarship Competition.

2) **ECONOMIC CONDITION AND OUTLOOK:** The Northern Valley Regional High School District is economically stable. Unemployment in Bergen County is 4.2% as of 2016 and the per capita income is \$75849 as of 2015. This is the latest information available on record. The district still remains the 4th highest amongst New Jersey counties and above state average. Bergen County, New Jersey is considered one of the wealthiest areas in the nation. The population of the area has remained stable since 1970. The population grew substantially between 1950 and 1970. School facilities were constructed to accommodate the educational needs. Additions were added to the school in 2004. State Aid to public school districts in New Jersey is based on the School Funding Reform Act.

The Act is an attempt to equalize educational expenditures per pupil between wealthy and poorer school districts. The last several years the Department of Education has abandoned the State Aid formulas, which support transportations aid, technology aid, special education aid, and bilingual aid due to the State financial debt. The State's inability to financially support public schools is a current topic of debate before the citizens. The District maintains a balance in their capital reserve account and set aside funds from the 2017-2018 year as a reserve to reduce subsequent tax levy. Uncertainty of state aid impacts the district's ability to plan future tax relief and facility upgrades.

The district received \$2,124,929 State Aid for the 2017-2018 school budget for the general fund. Northern Valley Regional High School District recognized the State's contribution on behalf for TPAF Pension and Social Security. These contributions are equivalent to approximately 12% of the adjusted budget, while the school district State Aid is 4% of the net school budget. The district also recognized that the State of NJ has not funded the pension contribution stated in the fiscal section of the audit. Future funding of New Jersey school districts is uncertain at this time based on the States concerns that property taxes are the highest in the country. The district notes that State Aid has increased slightly during the last two years however accumulatively it remains beneath the 2009-2010 level of \$1,893,524.

3) **MAJOR INITIATIVES:** The Northern Valley Regional High School District is continuously planning for the future. The Board and Administration review educational programs and facility needs as part of the district's annual resources review. The district updated the five year Long Range Facility Plan in 2015. The report reflects the future needs of the district. The District has completed projects from a 2016 referendum. The district amends the plan accordingly to reflect projects that have been completed during the school year.

4) **INTERNAL ACCOUNTING CONTROLS:** The administration 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 financial statements are prepared 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.

Specific accounting controls secure district assets by processes for receipt of revenue, disbursement of purchase orders and payroll. Receipts are recorded and reconciled. Purchasing controls include multiple signatures on purchasing requests and counter

signatures on disbursements warrants. Additionally, new personnel go through a series of independent documentation before the payroll process begins. The administration provides controls that exceed minimum requirements in all of these areas.

As a recipient of federal and state awards, the District is responsible for providing an adequate internal control structure to ensure compliance to these programs. This internal control is subject to periodic evaluations by the District management. The single audit procedures are evaluated to assess the risk associated with the internal control structure, as it relates to compliance with federal and state award programs. The District process is adjusted accordingly to comply with any changes in the law and regulations.

5) BUDGETARY CONTROLS: The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual budget approved by the voters of the District. The budget reflected a 2.28% increase in the tax levy. Annual appropriated budgets are adopted for the general fund, the special revenue funds and the debt service fund. Capital project budgets are approved for building infrastructure improvements and are funded from the Capital Reserve Account or the issuance of long-term debt. The fund budget amounts, as amended for the fiscal year, are reflected in the financial section. Expenditures are recorded by department and location for internal purposes. This permits supervisors and administrators to monitor encumbrances so not to exceed budgetary allocations.

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 and account groups. These funds are explained in the "Notes to the Financial Statements, Note 1."

7) DEBT ADMINISTRATION: The voters of the District approved a building project totaling \$29,881,000 on September 25, 2001. The State of New Jersey, in accordance with the Educational Facilities and Capital Financing Act, has earmarked a \$6,546,180 grant to support the funding for the project. The District funded \$23,334,000 with a \$10,000,000 sale in December 2001 and a \$13,334,000 sale in February 2002. On December 20, 2006, the district refunded the school bonds based on the balance of \$19,680,000. On February 2, 2017 the district refunded the school bonds based on the balance of \$7,715,000.

On April 17, 2007 the voters approved a referendum for \$2,186,000 for renovations in Old Tappan and Demarest High Schools that included a new boiler, new biology labs, locker rooms and electrical upgrades. On June 29, 2007, the district funded the school bonds with a \$2,186,000 bond sale. This bond has been paid off during the 2017-2018 school year.

On April 21, 2009 the voters approved a referendum for improvements to roofs and exterior items such as windows and brick replacement for a total of \$3,816,888. The district funded the referendum with a bond sale of \$2,290,000.

On Tuesday, March 8, 2016 the voters approved a referendum for improvements at both Old Tappan and Demarest High School, including upgrades to auditoriums at both schools, the addition of physics, forensic and STEM classrooms, lighting and security upgrades, tennis courts and tracks. The total amount approved by the referendum was \$11,707,485. The District funded the projects with a bond sale of \$11,707,000 on July 12, 2016.

The district total obligation in bonds as of June 30, 2018 is \$19,427,000 (see below).

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	BALANCE JUNE 30, 2018
Refunding Bonds	02/02/2017	\$7,400,000.00	\$6,020,000.00
School Improvements:	6/29/2007	\$2,186,000.00	\$0.00
new boiler, new biology labs, locker rooms and electrical upgrade.			
School Improvements	8/4/2009	\$2,290,000.00	\$1,700,000.00
improvements to roofs and exterior items; windows and brick replacement			
School Improvements	7/12/2016	\$11,707,000.00	\$11,707,000.00
upgrades to auditoriums, addition of Physics, forensic and STEM classrooms			
DISTRICT TOTAL OBLIGATION AS OF JUNE 30,2017			\$19,427,000.00

The district's additions at both high schools allow students to enjoy facilities that are appropriate for today's educational program. The district will continue the prudent fiscal path during the 2018-2019 school year to provide the constituent districts with a favorable tax impact and maintain high quality facilities with reasonable longevity.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements"; Note 3 The District has an approved policy authorizing the board secretary to invest current funds within the limitations of the State of New Jersey statutes. Excess funds are invested according to procedures on a continuous basis. This resulted in \$81,917 interest income for the 2017-2018 school year. This represents an increase in interest income from the previous year's total of \$48,331. This year's interest is inclusive of \$26,388 interest from Capital Projects.

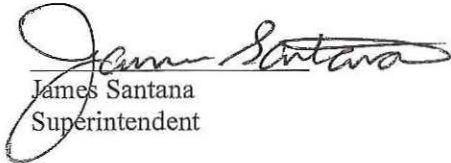
9) RISK MANAGEMENT: The Board of Education policy states that the appropriate insurance coverage is attained at the most reasonable cost. The Board carries several types of insurance including property and liability. Property insurance including all buildings and contents is limited to \$104,207,532 loss. All insurance claims are handled through the Board Secretary and the Board appointed risk manager. These insurance limits represent significant increases in coverage with a new insurance carrier, New Jersey School Board Association Insurance Group.

10) OTHER INFORMATION: State statutes require an annual audit by an independent certified public accountant or registered municipal accountant that is licensed as a public school accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was approved by the Board of Education.

In Addition to meeting the requirements set forth in state statutes, the audit is designed to meet the requirements U.S. Uniform Guidance and State of New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements, combined and individual fund statements and other schedules are included in the financial section of this report. The auditor's report related specifically to the Federal and State Grant funds and State Aide are included in the single audit section of this report.

11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Northern Valley Regional High School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the integrity and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administration, support staff, and the financial and accounting staff.

Respectfully Submitted



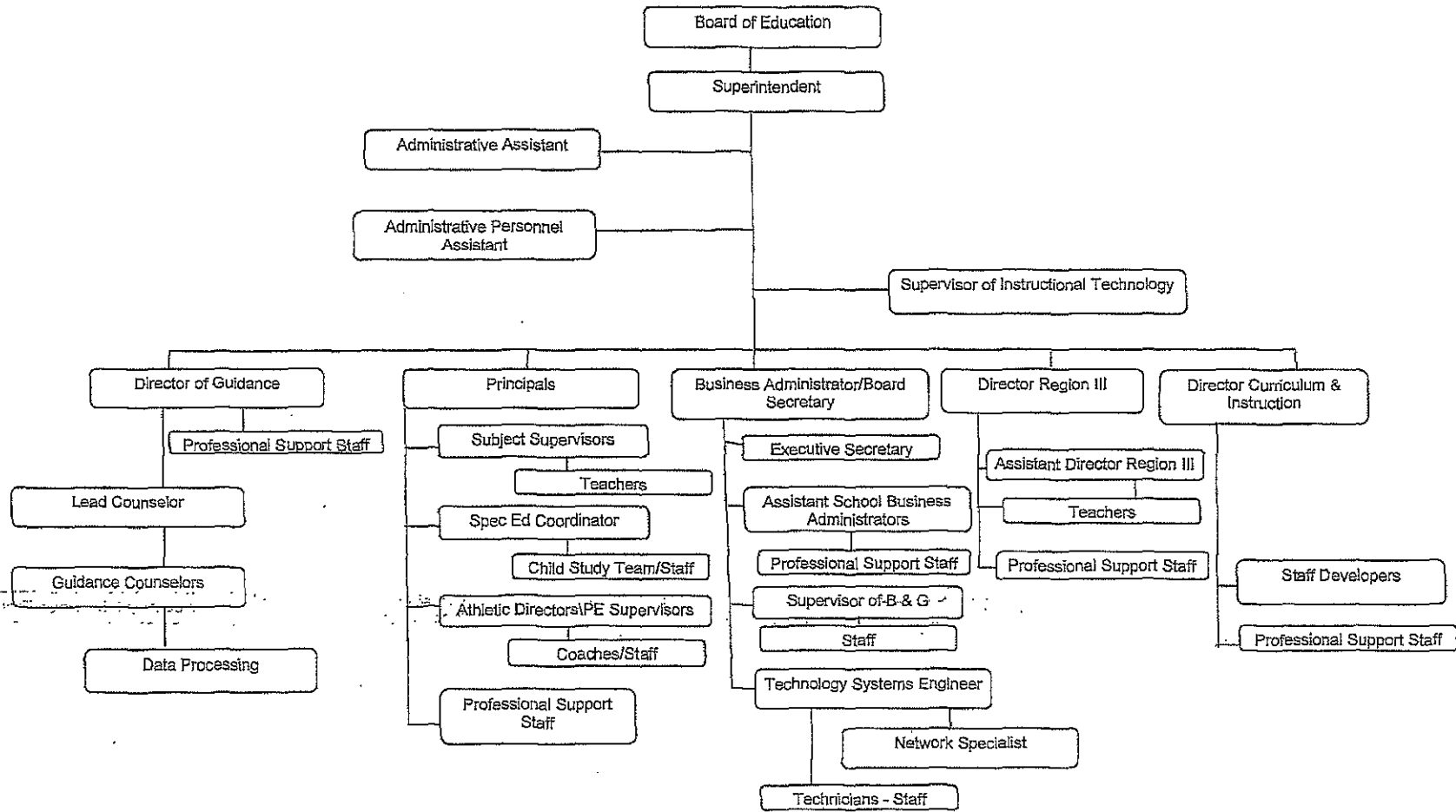
James Santana
Superintendent



Joannette Femia,
School Business Administrator/
Board Secretary

Programs
Neil Moles
Valley
Occupational & Physical Therapy
Gifted & Talented
Senior Options – Structured Learning Experience
Professional Development
Teens & Tots
Little Tots
Athletic
Access
Curriculum Development
Summer Pre K
Summer K-8
Psychiatric
Speech Evaluations
Learning Evaluations
Behavior Evaluations
Social Skills - After School
Summit Success
TIP
SLICE
Summit Academy

NORTHERN VALLEY REGIONAL HIGH SCHOOL ORGANIZATIONAL CHART



NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018

Members of the Board of Education	Term Expires
Mr. Joseph Argenziano, President	2020
Mrs. Melissa Driscoll, Vice President	2018
Mr. Dan Eller	2018
Mr. Raffi Jamgotchian	2019
Mrs. Tiffany Kaplan	2020
Dr. George Kipel	2019
Mr. Peter Micera	2018
Mrs. Jessica Spillane	2020
Mr. Ghanshyam C. Vaghasia	2018
Mr. James Santana	Superintendent
Mrs. Joannette Femia	Business Administrator/ Board Secretary
Ms. Colleen Briggs	Assistant Business Administrator
Mr. Daniel Hauser	Assistant Business Administrator
Mr. Timothy Gouraige	Principal, NVRHS at Demarest
Dr. Bruce Sabatini	Principal, NVRHS at Old Tappan

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors

Architect

RSC Architects
3 University Plaza
Suite 600
Hackensack, NJ 07 601

Attorney

Cleary, Giacobee, Alfieri & Jacobs
5 Ravine Drive
Matawan, New Jersey 07747

Auditor

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

Official Depository

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

Valley National Bank
1460 Valley Road
Wayne, New Jersey 07470

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Northern Valley Regional High School District
Demarest, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Valley Regional High School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Valley Regional High School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

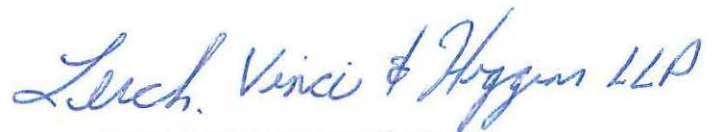
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Valley Regional High School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Northern Valley Regional High School District.

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

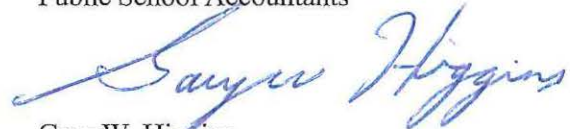
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2019 on our consideration of the Northern Valley Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Valley Regional High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Northern Valley Regional High School District's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 18, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The discussion and analysis of the Northern Valley Regional High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- General revenues accounted for \$54,728,115 in revenue or 51 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$51,786,292 or 49 percent of total revenues of \$106,514,407.
- Total net position of governmental activities amounted to \$(13,461,412) as of June 30, 2018.
- The District had \$76,850,113 in expenses related to governmental activities; only \$23,028,005 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) and transfers of \$54,767,095 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$62,847,399 in revenues and other financing sources and \$62,506,833 in expenditures and other financing uses. The General Fund's fund balance increased in the fiscal year ended June 30, 2018 by \$340,566 from the fiscal year ended June 30, 2017 balance of \$4,343,545 to \$4,684,111.

Using the Comprehensive Annual Financial report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Northern Valley Regional High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Northern Valley Regional High School District, the General Fund is by far the most significant fund.

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2018?" The *Statement of Net position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District has eleven enterprise funds reported as business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. The Enterprise Fund includes the following major funds: 1) Technical Services, 2) Regional Cooperative Program, 3) Regional Transportation, 4) Regional Special Education and seven other non-major programs.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The District as a Whole

The *Statement of Net position* provides the perspectives of the District as a whole, showing assets and deferred outflows of resources and liabilities and deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's net position as of June 30, 2018 and 2017.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 5,733,619	\$ 6,776,413	\$ 4,758,617	\$ 5,995,093	\$ 10,492,236	\$ 12,771,506
Capital Assets	19,727,656	18,693,873	106,483	92,526	19,834,139	18,786,399
Total Assets	<u>25,461,275</u>	<u>25,470,286</u>	<u>4,865,100</u>	<u>6,087,619</u>	<u>30,326,375</u>	<u>31,557,905</u>
Deferred Outflows of Resources	<u>5,764,303</u>	<u>6,764,621</u>	<u>4,158,202</u>	<u>4,895,808</u>	<u>9,922,505</u>	<u>11,660,429</u>
Total Assets and Deferred Outflows of Resources	<u>31,225,578</u>	<u>32,234,907</u>	<u>9,023,302</u>	<u>10,983,427</u>	<u>40,248,880</u>	<u>43,218,334</u>
Liabilities						
Long-Term Liabilities	39,593,331	45,333,251	13,701,552	16,454,545	53,294,883	61,787,796
Other Liabilities	1,053,352	921,169	46,560	290,548	1,099,912	1,211,717
Total Liabilities	<u>40,646,683</u>	<u>46,254,420</u>	<u>13,748,112</u>	<u>16,745,093</u>	<u>54,394,795</u>	<u>62,999,513</u>
Deferred Inflows of Resources	<u>4,040,307</u>	<u>386,886</u>	<u>2,925,739</u>	<u>281,372</u>	<u>6,966,046</u>	<u>668,258</u>
Total Liabilities and Deferred Inflows of Resources	<u>44,686,990</u>	<u>46,641,306</u>	<u>16,673,851</u>	<u>17,026,465</u>	<u>61,360,841</u>	<u>63,667,771</u>
Net Position						
Net Investment in Capital Assets	(212,540)	(1,537,942)	106,483	92,526	(106,057)	(1,445,416)
Restricted	3,450,445	2,194,207			3,450,445	2,194,207
Unrestricted	(16,699,317)	(15,062,664)	(7,757,032)	(6,135,564)	(24,456,349)	(21,198,228)
Total Net Position	<u>\$ (13,461,412)</u>	<u>\$ (14,406,399)</u>	<u>\$ (7,650,549)</u>	<u>\$ (6,043,038)</u>	<u>\$ (21,111,961)</u>	<u>\$ (20,449,437)</u>

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The District's combined net position were \$(21,111,961) and \$(20,449,437) on June 30, 2018 and 2017, respectively. This was a decrease of \$662,524 or 3 percent from the fiscal year ended June 30, 2017.

Table 2 shows changes in net position for the fiscal years ended June 30, 2018 and 2017.

Change in Net Position
For The Years Ended June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 615,074	\$ 536,534	\$ 22,896,645	\$ 23,972,961	\$ 23,511,719	\$ 24,509,495
Operating Grants and Contributions	22,383,681	20,543,568	5,861,642	4,867,159	28,245,323	25,410,727
Capital Grants and Contributions	29,250	41,640			29,250	41,640
General Revenues						
Property Taxes	53,958,048	52,827,642			53,958,048	52,827,642
State and Federal Aid	237,545	115,676			237,545	115,676
Other	504,924	534,874	27,598	13,828	532,522	548,702
Total Revenues	77,728,522	74,599,934	28,785,885	28,853,948	106,514,407	103,453,882
Expenses						
Instruction						
Regular	37,509,266	36,453,238			37,509,266	36,453,238
Special Education	9,014,717	8,573,915			9,014,717	8,573,915
Other Instruction	367,800	274,467			367,800	274,467
School Sponsored Activities, Athletics and Programs	3,893,781	3,588,010			3,893,781	3,588,010
Support Services						
Student and Instruction Related Services	9,705,031	9,243,193			9,705,031	9,243,193
General and Business Administration Services	2,520,207	2,234,581			2,520,207	2,234,581
School Administration Services	4,722,623	4,898,033			4,722,623	4,898,033
Plant Operations and Maintenance	6,931,247	6,124,479			6,931,247	6,124,479
Pupil Transportation	1,756,972	1,720,084			1,756,972	1,720,084
Interest on Long-Term Debt	428,469	653,603			428,469	653,603
Business-type Activities	-	-	30,326,818	30,630,409	30,326,818	30,630,409
Total Expenses	76,850,113	73,763,603	30,326,818	30,630,409	107,176,931	104,394,012
Change in Net Position	878,409	836,331	(1,540,933)	(1,776,461)	(662,524)	(940,130)
Transfers	66,578	(27,452)	(66,578)	27,452	-	-
Net Position, Beginning of Year	(14,406,399)	(15,633,648)	(6,043,038)	(4,397,477)	(20,449,437)	(20,031,125)
Prior Period Adjustment	-	418,370	-	103,448	-	521,818
Net Position, End of Year	\$ (13,461,412)	\$ (14,406,399)	\$ (7,650,549)	\$ (6,043,038)	\$ (21,111,961)	\$ (20,449,437)

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Governmental Activities

The District's total governmental activities revenues were \$77,728,522 and \$74,599,934 for the years ended June 30, 2018 and 2017, respectively. Property taxes made up 69 and 71 percent of revenues for governmental activities for the Northern Valley Regional High School District for fiscal years 2018 and 2017, respectively. Federal, state and local grants accounted for 29 and 28 percent of revenue for the fiscal years ended June 30, 2018 and 2017, respectively.

The total cost of all programs and services was \$76,850,113 and \$73,763,603 for the fiscal years ended June 30, 2018 and 2017, respectively. Instruction comprises 66 and 66 percent of governmental program expenses for the years ended June 30, 2018 and 2017, respectively. Support services expenses make up 33 and 33 percent of governmental expenses for the years ended June 30, 2018 and 2017, respectively. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 37,509,266	\$ 36,453,238	\$ 24,470,939	\$ 23,908,714
Special Education	9,014,717	8,573,915	4,713,039	4,727,082
Other Instruction	367,800	274,467	405	3,565
School Sponsored Activities, Athletics and Programs	3,893,781	3,588,010	2,562,910	2,344,058
Support Services				
Student and Instruction Related Services	9,705,031	9,243,193	7,513,975	7,404,561
General and Business Administration Services	2,520,207	2,234,581	2,410,441	2,234,581
School Administration Services	4,722,623	4,898,033	3,480,566	3,674,183
Plant Operations and Maintenance	6,931,247	6,124,479	6,621,098	6,081,615
Pupil Transportation	1,756,972	1,720,084	1,620,266	1,609,899
Interest on Long-Term Debt	428,469	653,603	428,469	653,603
Total	<u>\$ 76,850,113</u>	<u>\$ 73,763,603</u>	<u>\$ 53,822,108</u>	<u>\$ 52,641,861</u>

Business-Type Activities

The District's total business-type activities revenues and operating transfers were \$28,785,885 and \$28,881,400 and expenses and operating transfers were \$30,393,396 and \$30,630,409 in fiscal years ended June 30, 2018 and 2017, respectively. Of the revenues, \$22,896,645 and \$23,972,961 was charges for services; \$5,861,642 and \$4,867,159 was from State reimbursements for the years ended June 30, 2018 and 2017, respectively.

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$66,426,491 and \$63,711,840 and expenditures were \$67,808,963 and \$73,508,000 for the fiscal years ended June 30, 2018 and 2017, respectively. The net change in the governmental funds - fund balances for the year was a decrease of \$1,315,894.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2018 and 2017.

<u>Revenue</u>	<u>Years Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Local Sources	\$ 55,155,409	\$ 53,988,459	\$ 1,166,950	2.16%
State Sources	10,380,557	8,830,390	1,550,167	17.55%
Federal Sources	890,525	892,991	(2,466)	-0.28%
Total Governmental Fund Revenues	<u>\$ 66,426,491</u>	<u>\$ 63,711,840</u>	<u>\$ 2,714,651</u>	4.26%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2018 and 2017.

	<u>Years Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Current Expense				
Instruction	\$ 41,700,316	\$ 39,677,898	\$ 2,022,418	5.10%
Support Services	21,254,813	20,881,769	373,044	1.79%
Capital Outlay	2,332,190	10,544,861	(8,212,671)	-77.88%
Debt Service				
Principal	1,810,396	1,795,560	14,836	0.83%
Interest and Other Charges	711,248	607,912	103,336	17.00%
Total Expenditures	<u>\$ 67,808,963</u>	<u>\$ 73,508,000</u>	<u>\$ (5,699,037)</u>	-7.75%

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

General Fund Budgeting Highlights

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

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2018 and 2017, the District had \$19,727,656 and \$106,483 and \$18,693,873 and \$92,526 invested in land, buildings, furniture and equipment and vehicles and construction in progress for governmental and business-type activities net of accumulated depreciation, respectively. Overall capital assets for governmental activities increased \$1,033,783 and business-type activities increased \$13,957 from the fiscal year ended June 30, 2017 to fiscal year ended June 30, 2018. Tables A-4 and A-5 show capital assets and the related depreciation for governmental activities and business-type activities at June 30, 2018 and 2017, respectively.

Table A-4
Capital Assets
Governmental Activities
as of June 30, 2018 and 2017

	<u>2018</u>	<u>Total</u> <u>2017</u>
Land	\$ 2,299,500	\$ 2,299,500
Land Improvements	13,320,555	6,642,448
Construction in Progress	10,737	8,812,522
Buildings and Building Improvements	23,246,690	19,091,690
Machinery and Equipment	<u>2,820,313</u>	<u>2,525,745</u>
	41,697,795	39,371,905
Less Accumulated Depreciation	<u>21,970,139</u>	<u>20,678,032</u>
Capital Assets, Net	<u><u>\$19,727,656</u></u>	<u><u>\$18,693,873</u></u>

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Table A-5
Capital Assets
Business-type Activities
as of June 30, 2018 and 2017

	<u>2018</u>	<u>Total</u> <u>2017</u>
Machinery and Equipment	\$ 471,745	\$ 435,897
Less Accumulated Depreciation	<u>365,262</u>	<u>343,371</u>
Capital Assets, Net	<u>\$ 106,483</u>	<u>\$ 92,526</u>

Additional information about the District's capital assets can be found in Note 3 of this report.

Long-Term Liabilities

At June 30, 2018 and 2017, the District had \$53,294,883 and \$61,787,796 of long-term liabilities. Of this amount, \$968,722 and \$1,002,278 is for compensated absences; and \$19,736,935 and \$21,629,649 of bonds payable, including unamortized premium, and \$32,342,692 and \$38,838,939 for net pension liability and \$246,534 and \$316,930 for capital leases payable, respectively.

Additional information about the District's Long-Term Debt can be found in Note 3 of this report.

For the Future

Northern Valley Regional High School District demonstrated strengths in developing and implementing budgets was a major factor in the successes of the 2017-2018 school year. The process is broad based and includes the staff, administration and Board of Education. All effort in the development of a budget are directed at achieving district goals. As we look forward, the administration and staff are prepared to face the new economic realities of no increases in state aid and 2% caps on tax increases. In these difficult times improvement of student achievement will always be our paramount consideration.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Joannette Femia, Business Administrator/Board Secretary at Northern Valley Regional High School District, 162 Knickerbocker Road, Demarest, New Jersey 07627.

FINANCIAL STATEMENTS

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,068,387	\$ 3,735,764	\$ 8,804,151
Receivables, net			
Receivables from Other Governments	622,947	22,592	645,539
Other		979,464	979,464
Internal Balances	(11,760)	11,760	-
Due from Other Funds	54,045		54,045
Inventory		9,037	9,037
Capital Assets			
Not Being Depreciated	2,310,237		2,310,237
Being Depreciated, net	17,417,419	106,483	17,523,902
Total Assets	<u>25,461,275</u>	<u>4,865,100</u>	<u>30,326,375</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding of Debt	22,025	-	22,025
Deferred Amounts on Net Pension Liability	5,742,278	4,158,202	9,900,480
Total Deferred Outflow of Resources	<u>5,764,303</u>	<u>4,158,202</u>	<u>9,922,505</u>
Total Assets and Deferred Outflow of Resources	<u>31,225,578</u>	<u>9,023,302</u>	<u>40,248,880</u>
LIABILITIES			
Accounts Payable and Other Liabilities	201,554	43,410	244,964
Intergovernmental Payable	32,833		32,833
Accrued Interest Payable	227,659		227,659
Unearned Revenue	591,306	3,150	594,456
Noncurrent Liabilities			
Due Within One Year	2,220,985		2,220,985
Due Beyond One Year	37,372,346	13,701,552	51,073,898
Total Liabilities	<u>40,646,683</u>	<u>13,748,112</u>	<u>54,394,795</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	4,040,307	2,925,739	6,966,046
Total Liabilities and Deferred Inflows of Resources	<u>44,686,990</u>	<u>16,673,851</u>	<u>61,360,841</u>
NET POSITION			
Net Investment in Capital Assets	(212,540)	106,483	(106,057)
Restricted for:			
Capital Projects	3,419,194		3,419,194
Other Purposes	31,251		31,251
Unrestricted	(16,699,317)	(7,757,032)	(24,456,349)
Total Net Position	<u>\$ (13,461,412)</u>	<u>\$ (7,650,549)</u>	<u>\$ (21,111,961)</u>

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

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction							
Regular	\$ 37,509,266	\$ 459,388	\$ 12,578,939		\$ (24,470,939)		\$ (24,470,939)
Special Education	9,014,717	155,686	4,145,992		(4,713,039)		(4,713,039)
Other Instruction	367,800		358,145	\$ 9,250	(405)		(405)
School Sponsored Activities and Athletics	3,893,781		1,310,871	20,000	(2,562,910)		(2,562,910)
Support Services							
Student and Instruction Related Services	9,705,031		2,191,056		(7,513,975)		(7,513,975)
School Administration Services	4,722,623		1,242,057		(3,480,566)		(3,480,566)
General Administration Services	1,471,261		50,664		(1,420,597)		(1,420,597)
Plant Operations and Maintenance	6,931,247		310,149		(6,621,098)		(6,621,098)
Pupil Transportation	1,756,972		136,706		(1,620,266)		(1,620,266)
Business and Other Support Services	1,048,946		59,102		(989,844)		(989,844)
Interest on Long-Term Debt and Other Charges	428,469	-	-	-	(428,469)	-	(428,469)
Total Governmental Activities	76,850,113	615,074	22,383,681	29,250	(53,822,108)	-	(53,822,108)
Business-Type Activities:							
Technical Services	929,634	891,546				\$ (38,088)	(38,088)
Regional Cooperative Program	1,621,187	1,243,284	592,021			214,118	214,118
Regional Transportation	2,054,891	2,051,960				(2,931)	(2,931)
Regional Special Education	24,119,979	17,187,273	5,184,371			(1,748,335)	(1,748,335)
Other Nonmajor Programs	1,601,127	1,522,582	85,250	-	-	6,705	6,705
Total Business-Type Activities	30,326,818	22,896,645	5,861,642	-	-	(1,568,531)	(1,568,531)
Total Primary Government	\$ 107,176,931	\$ 23,511,719	\$ 28,245,323	\$ 29,250	(53,822,108)	(1,568,531)	(55,390,639)

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Continued

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Total Primary Government (Carried Forward)	\$ (53,822,108)	\$ (1,568,531)	\$ (55,390,639)
General Revenues and Transfers			
Taxes:			
Property Taxes, Levied for General Purposes	51,731,554		51,731,554
Taxes Levied for Debt Service	2,226,494		2,226,494
State Aid Restricted for Debt Service	204,739		204,739
Unrestricted State Aid	32,806		32,806
Miscellaneous Income	504,924	27,598	532,522
Transfers	66,578	(66,578)	-
Total General Revenues and Transfers	54,767,095	(38,980)	54,728,115
Change in Net Position	944,987	(1,607,511)	(662,524)
Net Position Beginning of Year (Restated)	(14,406,399)	(6,043,038)	(20,449,437)
Net Position End of Year	\$ (13,461,412)	\$ (7,650,549)	\$ (21,111,961)

FUND FINANCIAL STATEMENTS

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,478,962		\$ 558,174	\$ 31,251	\$ 5,068,387
Receivables, Net					
Receivables From Other Governments	124,361	\$ 122,283	376,303		622,947
Due from Other Funds	<u>456,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>456,998</u>
Total Assets	<u>\$ 5,060,321</u>	<u>\$ 122,283</u>	<u>\$ 934,477</u>	<u>\$ 31,251</u>	<u>\$ 6,148,332</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Other Liabilities	\$ 167,592	\$ 33,962			\$ 201,554
Due to Other Funds	12,027	36,076	366,610		414,713
Payable to State Governments		32,833			32,833
Unearned Revenue	<u>196,591</u>	<u>19,412</u>	<u>375,303</u>	<u>-</u>	<u>591,306</u>
Total Liabilities	<u>376,210</u>	<u>122,283</u>	<u>741,913</u>	<u>-</u>	<u>1,240,406</u>
Fund Balances					
Restricted					
Excess Surplus - Designated for Subsequent Year's Budget	826,715				826,715
Capital Reserve	2,487,878				2,487,878
Capital Reserve - Designated for Subsequent Year's Budget	760,000				760,000
Capital Projects			192,564		192,564
Debt Service				\$ 31,251	31,251
Committed					
Year-end Encumbrances	94,060				94,060
Assigned					
Year-end Encumbrances	88,288				88,288
Unassigned	<u>427,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,170</u>
Total Fund Balances	<u>4,684,111</u>	<u>-</u>	<u>192,564</u>	<u>31,251</u>	<u>4,907,926</u>
Total Liabilities and Fund Balances	<u>\$ 5,060,321</u>	<u>\$ 122,283</u>	<u>\$ 934,477</u>	<u>\$ 31,251</u>	<u>\$ 6,148,332</u>

EXHIBIT B-1

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF JUNE 30, 2018

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 4,907,926

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$41,697,795 and the accumulated depreciation is \$21,970,139.

19,727,656

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(227,659)

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, Including Unamortized Premium	\$ (19,736,935)
Compensated Absences	(851,101)
Capital Leases Payable	(246,534)
Net Pension Liability	<u>(18,758,761)</u>

(39,593,331)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

22,025

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	5,742,278
Deferred Inflows of Resources	<u>(4,040,307)</u>

1,701,971

Net Position of Governmental Activities (Exhibit A-1) \$ (13,461,412)

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 51,731,554			\$ 2,226,494	\$ 53,958,048
Miscellaneous	<u>1,093,610</u>	<u>\$ 77,363</u>	<u>\$ 26,388</u>	<u>-</u>	<u>1,197,361</u>
Total - Local Sources	52,825,164	77,363	26,388	2,226,494	55,155,409
State Sources	9,919,861	255,957		204,739	10,380,557
Federal Sources	<u>-</u>	<u>890,525</u>	<u>-</u>	<u>-</u>	<u>890,525</u>
Total Revenues	<u>62,745,025</u>	<u>1,223,845</u>	<u>26,388</u>	<u>2,431,233</u>	<u>66,426,491</u>
EXPENDITURES					
Current					
Regular Instruction	30,269,358	5,100			30,274,458
Special Education Instruction	7,438,125	476,063			7,914,188
Other Instruction	9,094	357,615			366,709
School Sponsored Activities and Athletics	3,144,961				3,144,961
Support Services					
Student and Instruction Related Services	7,870,471	355,817			8,226,288
General Administration Services	1,366,951				1,366,951
School Administration Services	3,849,880				3,849,880
Plant Operations and Maintenance	5,163,571				5,163,571
Pupil Transportation	1,723,740				1,723,740
Business and Other Support Services	924,383				924,383
Debt Service					
Principal	70,396			1,740,000	1,810,396
Interest	25,164			686,084	711,248
Capital Outlay	<u>641,331</u>	<u>29,250</u>	<u>1,661,609</u>	<u>-</u>	<u>2,332,190</u>
Total Expenditures	<u>62,497,425</u>	<u>1,223,845</u>	<u>1,661,609</u>	<u>2,426,084</u>	<u>67,808,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>247,600</u>	<u>-</u>	<u>(1,635,221)</u>	<u>5,149</u>	<u>(1,382,472)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	102,374				102,374
Transfers Out	<u>(9,408)</u>	<u>-</u>	<u>(26,388)</u>	<u>-</u>	<u>(35,796)</u>
Total Other Financing Sources (Uses)	<u>92,966</u>	<u>-</u>	<u>(26,388)</u>	<u>-</u>	<u>66,578</u>
Net Change in Fund Balances	340,566	-	(1,661,609)	5,149	(1,315,894)
Fund Balance, Beginning of Year	<u>4,343,545</u>	<u>-</u>	<u>1,854,173</u>	<u>26,102</u>	<u>6,223,820</u>
Fund Balance, End of Year	<u>\$ 4,684,111</u>	<u>\$ -</u>	<u>\$ 192,564</u>	<u>\$ 31,251</u>	<u>\$ 4,907,926</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
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, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (1,315,894)

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.

Depreciation Expense	\$ (1,298,407)	
Capital Outlay	<u>2,332,190</u>	1,033,783

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

This amount is the net effect of these difference in the treatment of long term debt.

Principal Payments:

General Obligation Bonds	1,740,000	
Capital Leases Payable	<u>70,396</u>	1,810,396

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium	152,714	
Amortization of Deferred Amount on Refunding	<u>(10,852)</u>	141,862

In the statement of activities, certain operating expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid).

Net Change in Compensated Absences	49,858	
Net Change in Pension Expense	<u>(915,935)</u>	(866,077)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>140,917</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 944,987**

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018

	Business-Type Activities					
	Enterprise Fund				Other Nonmajor Enterprise Funds	Total Enterprise Funds
	Major Programs					
Technical Services	Regional Coop Prgm	Regional Transportation	Regional Special Ed			
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 979	\$ 748,433		\$ 2,894,258	\$ 92,094	\$ 3,735,764
Intergovernmental Receivable		2,186		20,090	316	22,592
Other Accounts Receivable	1,338	11,494	\$ 430,791	530,792	5,049	979,464
Due from Other Funds		252,417			12,019	264,436
Inventories	-	-	-	-	9,037	9,037
Total Current Assets	2,317	1,014,530	430,791	3,445,140	118,515	5,011,293
Capital Assets						
Furniture, machinery & equipment		5,268		233,967	232,510	471,745
Less: Accumulated Depreciation	-	(1,054)	-	(165,703)	(198,505)	(365,262)
Total Capital Assets	-	4,214	-	68,264	34,005	106,483
DEFERRED OUTFLOW OF RESOURCES						
Deferred Amounts on Net Pension Liability	-	116,300	-	4,041,902	-	4,158,202
Total Deferred Outflow of Resources	-	116,300	-	4,041,902	-	4,158,202
Total Assets and Deferred Outflow of Resources	2,317	1,135,044	430,791	7,555,306	152,520	9,275,978
LIABILITIES						
Current Liabilities						
Accounts Payable	17,476	2,550		602		20,628
Due to Other Funds			252,409	267		252,676
Other Payable				4,050	18,732	22,782
Unearned Revenue	-	-	-	950	2,200	3,150
Total Current Liabilities	17,476	2,550	252,409	5,869	20,932	299,236
Noncurrent Liabilities						
Compensated Absences	16,417	5,058		86,878	9,268	117,621
Net Pension Liability	-	379,925	-	13,204,006	-	13,583,931
Total Noncurrent Liabilities	16,417	384,983	-	13,290,884	9,268	13,701,552
DEFERRED INFLOW OF RESOURCES						
Deferred Amounts on Net Pension Liability	-	81,829	-	2,843,910	-	2,925,739
Total Deferred Inflow of Resources	-	81,829	-	2,843,910	-	2,925,739
Total Liabilities and Deferred Inflow of Resources	33,893	469,362	252,409	16,140,663	30,200	16,926,527
NET POSITION						
Net Investment in Capital Assets	-	4,214	-	68,264	34,005	106,483
Unrestricted	(31,576)	661,468	178,382	(8,653,621)	88,315	(7,757,032)
Total Net Position	\$ (31,576)	\$ 665,682	\$ 178,382	\$ (8,585,357)	\$ 122,320	\$ (7,650,549)

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

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities					
	Enterprise Fund				Other Nonmajor Enterprise Funds	Total Enterprise Funds
	Major Programs			Regional Special Ed		
Technical Services	Regional Coop Prgm	Regional Transportation				
OPERATING REVENUES						
Charges for Services						
Daily sales - non-reimbursable					\$ 957,815	\$ 957,815
Special Functions					62,248	62,248
Charges and Fees	\$ 891,546	\$ 1,243,284	\$ 2,051,960	\$ 17,187,273	502,519	21,876,882
Total Operating Revenues	<u>891,546</u>	<u>1,243,284</u>	<u>2,051,960</u>	<u>17,187,273</u>	<u>1,522,582</u>	<u>22,896,645</u>
OPERATING EXPENSES						
Cost of Sales - non-reimbursable					428,550	428,550
Salaries/Salaries of Teachers	674,152	786,880		11,045,399	692,809	13,199,240
Unallocated Benefits	49,085	665,636		10,769,890	178,310	11,662,921
Purchased Professional and Technical Services		91,577		450,587		542,164
Purchased Property Services				1,023,614	43,197	1,066,811
Other Purchased Services		15,243	2,054,891	30,641	116,419	2,217,194
Supplies and Materials	206,397	22,344		187,446	63,151	479,338
Depreciation		1,054		16,277	4,560	21,891
Other Objects	-	38,453	-	596,125	74,131	708,709
Total Operating Expenses	<u>929,634</u>	<u>1,621,187</u>	<u>2,054,891</u>	<u>24,119,979</u>	<u>1,601,127</u>	<u>30,326,818</u>
Operating Income (Loss)	<u>(38,088)</u>	<u>(377,903)</u>	<u>(2,931)</u>	<u>(6,932,706)</u>	<u>(78,545)</u>	<u>(7,430,173)</u>
NONOPERATING REVENUES						
On-Behalf (Non-Budgeted)						
TPAF Pension System						
Post Retirement Medical		53,429		579,158	12,988	645,575
Normal Cost		80,763		875,452	19,633	975,848
NCGI		1,960		21,245	476	23,681
Long-Term Disability		67		723	16	806
Reimbursed TPAF S.S.		43,969		475,405	10,763	530,137
GASB 68 - TPAF On Behalf Adjustment		170,196		1,844,888	41,374	2,056,458
GASB 75 - OPEB On Behalf Adjustment		128,001		1,387,500		1,515,501
Change in Net Pension Liability		113,636				113,636
Interest	-	-	-	25,927	1,671	27,598
Total Non-Operating Revenues	<u>-</u>	<u>592,021</u>	<u>-</u>	<u>5,210,298</u>	<u>86,921</u>	<u>5,889,240</u>
Net Income (Loss) Transfers	<u>(38,088)</u>	<u>214,118</u>	<u>(2,931)</u>	<u>(1,722,408)</u>	<u>8,376</u>	<u>(1,540,933)</u>
Transfers						
Transfers In(Out)	<u>126,212</u>	<u>-</u>	<u>-</u>	<u>14,781</u>	<u>(207,571)</u>	<u>(66,578)</u>
Change in Net Position	<u>88,124</u>	<u>214,118</u>	<u>(2,931)</u>	<u>(1,707,627)</u>	<u>(199,195)</u>	<u>(1,607,511)</u>
Total Net Position - Beginning of Year (Restated)	<u>(119,700)</u>	<u>451,564</u>	<u>181,313</u>	<u>(6,877,730)</u>	<u>321,515</u>	<u>(6,043,038)</u>
Total Net Position - Ending of Year	<u>\$ (31,576)</u>	<u>\$ 665,682</u>	<u>\$ 178,382</u>	<u>\$ (8,585,357)</u>	<u>\$ 122,320</u>	<u>\$ (7,650,549)</u>

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities					
	Enterprise Fund				Other Nonmajor Enterprise Funds	Total Enterprise Funds
	Major Programs					
Technical Services	Regional Coop Prgrn	Regional Transportation	Regional Special Ed			
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	\$ 915,909	\$ 1,232,510	\$ 1,935,480	\$ 17,533,342	\$ 1,497,913	\$ 23,115,154
Payments to Employees and Benefits	(722,833)	(1,029,079)		(16,353,697)	(796,067)	(18,901,676)
Payments to Suppliers for Goods and Services	(188,921)	(165,067)	(2,054,891)	(2,536,682)	(723,982)	(5,669,543)
Net Cash Provided (Used by) operating activities	4,155	38,364	(119,411)	(1,357,037)	(22,136)	(1,456,065)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from State Subsidy Reimbursement		43,978		475,137	11,042	530,157
Interfund Transfers	53,342	(121,614)	119,411	226,660	(378,750)	(100,951)
Net cash provided by (used for) Noncapital financing activities	53,342	(77,636)	119,411	701,797	(367,708)	429,206
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(5,268)	-	(24,930)	(5,650)	(35,848)
Net cash provided by (used for) capital and related financing activities	-	(5,268)	-	(24,930)	(5,650)	(35,848)
CASH FLOWS FROM INVESTMENTS AND RELATED FINANCING ACTIVITIES						
Interest on Investments	-	-	-	25,927	1,671	27,598
Net cash provided by (used for) capital and related financing activities	-	-	-	25,927	1,671	27,598
Net increase (decrease) in cash and cash equivalents	57,497	(44,540)	-	(654,243)	(393,823)	(1,035,109)
Cash and Cash Equivalents (Overdraft) - Beginning of Year	(56,518)	792,973	-	3,548,501	485,917	4,770,873
Cash and Cash Equivalents (Overdraft) - End of Year	\$ 979	\$ 748,433	\$ -	\$ 2,894,258	\$ 92,094	\$ 3,735,764
Reconciliation of Operating Income (loss) to net cash provided (used) by operating activities						
Operating Income(Loss)	\$ (38,088)	\$ (377,903)	\$ (2,931)	\$ (6,932,706)	\$ (78,545)	\$ (7,430,173)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities						
Non-Cash State On Behalf TPAF Pension and OPEB Contributions		434,416		4,708,966	74,487	5,217,869
Depreciation		1,054		16,277	4,560	21,891
(Increase) Decrease in other accounts receivable, net	24,363	(10,774)	(116,480)	341,069	(3,924)	234,254
(Increase) Decrease in inventories					1,466	1,466
(Increase) Decrease in Deferred Outflows of Resources		81,598		656,008		737,606
Increase(decrease) in unearned revenues				950	(500)	450
Increase(decrease) in other payable				4,050	(20,245)	(16,195)
Increase(decrease) in accounts payable	17,476	2,550		(248,269)		(228,243)
Increase(decrease) in Deferred Inflows of Resources		70,455		2,573,912		2,644,367
Increase(decrease) in noncurrent liabilities	404	(163,032)	-	(2,477,294)	565	(2,639,357)
Total adjustments	42,243	416,267	(116,480)	5,575,669	56,409	5,974,108
Net cash provided by (used for) operating activities	\$ 4,155	\$ 38,364	\$ (119,411)	\$ (1,357,037)	\$ (22,136)	\$ (1,456,065)

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**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 26,392	\$ 73,954	\$ 830,956
Total Assets	<u>26,392</u>	<u>73,954</u>	<u>\$ 830,956</u>
LIABILITIES			
Accrued Salaries and Wages			\$ 10,988
Reserve for Flexible Spending			26,132
Intergovernmental Payable		6,703	
Due to Other Funds			54,045
Due to Student Groups	-	-	739,791
Total Liabilities	<u>-</u>	<u>6,703</u>	<u>\$ 830,956</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 26,392</u>	<u>\$ 67,251</u>	

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS		
Contributions		
Employee	\$ 6,880	\$ 109,118
Investment Earnings		
Interest	<u>92</u>	<u>827</u>
Total Additions	<u>6,972</u>	<u>109,945</u>
DEDUCTIONS		
Unemployment Claims		117,856
Scholarship Awards	<u>1,650</u>	<u>-</u>
Total Deductions	<u>1,650</u>	<u>117,856</u>
Change in Net Position	5,322	(7,911)
Net Position Beginning of Year	<u>21,070</u>	<u>75,162</u>
Net Position, End of Year	<u>\$ 26,392</u>	<u>\$ 67,251</u>

NOTES TO THE FINANCIAL STATEMENTS

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Northern Valley Regional High School District (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 Northern Valley Regional High School District this includes general operations, food service, preschool program, technical services, regional cooperative program, regional transportation, regional special education and other student related activities of the District.

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

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements as required:

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

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

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *technical services fund* accounts for the activities of the District's technical support to the seven (7) receiving districts.

The *regional cooperation program fund* (Region III) accounts for the Districts services to various districts for students who have special needs with a comprehensive educational program.

The *regional transportation fund* accounts for the Districts transportation services for the special education students received from various districts.

The *regional special education fund* (Valley Program and TIP Program) accounts for the Districts services for children three to eighteen years old with inclusion resources (Valley Program) and services for self-contained special education program (TIP Program).

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

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

The *little tots fund* accounts for the activities of the District's half day/full day preschool program. The District discontinued this fund during the 2017/2018 school year.

The *teens and tots fund* accounts for the activities of the District's preschool program with an opportunity for teenagers to learn by experience.

The *swimming fund* accounts for the activities of the District's swim team. The District discontinued this Fund during the 2017/2018 school year.

The *ice hockey fund* accounts for the activities of the District's ice hockey team. The District discontinued this Fund during the 2017/2018 school year.

The *SAT classes fund* accounts for the activities of the District's SAT program. The District discontinued this Fund during the 2017/2018 school year.

The *shared service fund* accounts for the activities of the District in providing personnel to the certain sending districts included in the NVRHS district for business administrative services. The District discontinued this Fund during the 2017/2018 school year.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for the state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, transportation fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

4. Capital Assets

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	15-50
Machinery and Equipment	5-15

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The one item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated 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. A liability is reported in the governmental funds and proprietary funds only to the amount actually due at year end as a result of employee resignations and retirements.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

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

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

9. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

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

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

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

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

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

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

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

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the technical service enterprise fund, of the regional coop. program enterprise fund, of the regional transportation enterprise fund, of the regional special ed. enterprise fund, of the food service enterprise fund, of the little tots enterprise fund, of the teens and tots enterprise fund, of the swimming enterprise fund, of the ice hockey enterprise fund, of the SAT classes enterprise fund and of the shared 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 13, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$904,851. The increase was funded by additional state aid appropriated, additional restricted miscellaneous fund revenue appropriated, additional grant awards and the reappropriation of prior year general fund encumbrances.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$31,576 in the Technical Service Fund. The District expects to eliminate this deficit through normal operations in the 2018/2019 fiscal year.

The Regional Special Education Enterprise Fund has a cumulative deficit in net position of \$8,585,357 as of June 30, 2018. The deficit is due to the District's accrual of the long-term liability associated with the fund's proportionate share of the District's total PERS net pension liability as required under GASB Statement No. 68. The deficit alone does not indicate that the regional special education operations are facing financial difficulties. The net position excluding the pension related items is \$3,420,657.

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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

Balance, July 1, 2017		\$ 1,995,819
Increased by		
Interest Earnings	\$ 3,422	
Interest Earnings - Capital Projects	26,388	
Deposits from Unexpended Capital Outlay	436,340	
Deposits Approved by Board Resolution	<u>1,545,909</u>	
Total Increases		<u>2,012,059</u>
		4,007,878
Withdrawals		
Approved in District Budget		<u>760,000</u>
Balance, June 30, 2018		<u>\$ 3,247,878</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$760,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

D. Transfers to Capital Outlay

During the 2017/2018 school year, the district transferred \$45,759 to the equipment capital outlay accounts. The additional increase of \$75,706 to the non-equipment capital outlay accounts was the result of the reappropriation of prior year encumbrances.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2018 is \$826,715. This amount was designated and appropriated in the 2018/2019 original budget certified for taxes.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$9,735,453 and bank and brokerage firm balances of the Board's deposits amounted to \$14,281,864. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>14,281,864</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2018, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds and nonmajor 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>Technical Services</u>	<u>Regional Coop Prgrm</u>	<u>Regional Transportation</u>	<u>Regional Special Ed</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:									
Intergovernmental-									
Federal		\$ 109,530							\$ 109,530
State	\$ 124,361	12,753	\$ 376,303		\$ 2,186		\$ 20,090	\$ 316	536,009
Other	-	-	-	\$ 1,338	11,494	\$ 430,791	530,792	5,049	979,464
Gross Receivables	124,361	122,283	376,303	1,338	13,680	430,791	550,882	5,365	1,625,003
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-	-	-
Net Total Receivables	<u>\$ 124,361</u>	<u>\$ 122,283</u>	<u>\$ 376,303</u>	<u>\$ 1,338</u>	<u>\$ 13,680</u>	<u>\$ 430,791</u>	<u>\$ 550,882</u>	<u>\$ 5,365</u>	<u>\$ 1,625,003</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Unrealized Tuition Revenue	\$ 196,591
Special Revenue Fund	
Grant Draw Downs Reserved for Encumbrances	2,537
Unencumbered Grant Draw Downs	16,875
Capital Projects Fund	
Unrealized School Facilities Grants	<u>375,303</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 591,306</u>

D. Capital Assets

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

	Balance, July 1, 2017	Increases	Decreases	Transfers	Balance, June 30, 2018
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,299,500				\$ 2,299,500
Construction in Progress	<u>8,812,522</u>	\$ 9,014	-	\$ (8,810,799)	<u>10,737</u>
Total Capital Assets, Not Being Depreciated	<u>11,112,022</u>	<u>9,014</u>	-	<u>(8,810,799)</u>	<u>2,310,237</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	19,091,690	1,258,352		2,896,648	23,246,690
Land Improvements	6,642,448	763,956		5,914,151	13,320,555
Machinery and Equipment	<u>2,525,745</u>	<u>300,868</u>	\$ (6,300)	-	<u>2,820,313</u>
Total Capital Assets Being Depreciated	<u>28,259,883</u>	<u>2,323,176</u>	<u>(6,300)</u>	<u>8,810,799</u>	<u>39,387,558</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(13,948,635)	(510,586)			(14,459,221)
Land Improvements	(4,633,598)	(674,340)			(5,307,938)
Machinery and Equipment	<u>(2,095,799)</u>	<u>(113,481)</u>	6,300	-	<u>(2,202,980)</u>
Total Accumulated Depreciation	<u>(20,678,032)</u>	<u>(1,298,407)</u>	<u>6,300</u>	<u>-</u>	<u>(21,970,139)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,581,851</u>	<u>1,024,769</u>	<u>-</u>	<u>8,810,799</u>	<u>17,417,419</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,693,873</u>	<u>\$ 1,033,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,727,656</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 435,897	\$ 35,848	-	\$ 471,745
Total Capital Assets Being Depreciated	<u>435,897</u>	<u>35,848</u>	<u>-</u>	<u>471,745</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(343,371)</u>	<u>(21,891)</u>	<u>-</u>	<u>(365,262)</u>
Total Accumulated Depreciation	<u>(343,371)</u>	<u>(21,891)</u>	<u>-</u>	<u>(365,262)</u>
Total Capital Assets, Being Depreciated, Net	<u>92,526</u>	<u>13,957</u>	<u>-</u>	<u>106,483</u>
Business-Type Activities Capital Assets, Net	<u>\$ 92,526</u>	<u>\$ 13,957</u>	<u>\$ -</u>	<u>\$ 106,483</u>

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

Governmental Activities:	
Instruction	
Regular	\$ <u>64,383</u>
Total Instruction	<u>64,383</u>
Support Services	
Support Services-Students	6,377
School Administration	484
Operations and Maintenance of Plant	1,218,045
Student Transportation	6,238
Business and Other Support Services	<u>2,880</u>
Total Support Services	<u>1,234,024</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,298,407</u>
Business-Type Activities:	
Regional Special Ed	\$ 16,277
Regional Coop Prgm	1,054
Food Service Fund	<u>4,560</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 21,891</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
District-wide upgrade of security cameras and phones	\$ 178,467	\$ 94,060

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 366,610
General Fund	Special Revenue Fund	36,076
General Fund	Regional Special Ed. Fund	267
General Fund	Agency Fund	54,045
Regional Coop. Fund	General Fund	8
Teens and Tots Fund	General Fund	12,019
Regional Coop. Fund	Regional Transportation Fund	<u>252,409</u>
Total		<u>\$ 721,434</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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfer In:				<u>Total</u>
	<u>General Fund</u>	<u>Technical Services</u>	<u>Regional Special Ed</u>	<u>Teens and Tots</u>	
Transfer Out:					
General Fund				\$ 9,408	\$ 9,408
Capital Projects	\$ 26,388				26,388
Little Tots			\$ 14,781		14,781
Shared Service		\$ 126,212			126,212
SAT Classes	75,986	-	-	-	75,986
Total Transfers Out	<u>\$ 102,374</u>	<u>\$ 126,212</u>	<u>\$ 14,781</u>	<u>\$ 9,408</u>	<u>\$ 252,775</u>

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

F. Leases

Operating Leases

The District leases computers, copiers, modular classrooms and buildings rental (Immaculate Conception Church) under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$1,791,732. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 1,266,171
2020	1,282,378
2021	<u>683,506</u>
Total	<u>\$ 3,232,055</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing a modular classroom building totaling \$412,490 under a capital lease. The lease is for a term of 4 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 412,490
Less: Accumulated Depreciation	<u>(20,625)</u>
	<u>\$ 391,865</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 95,560
2020	95,560
2021	<u>95,560</u>
Total minimum lease payments	286,680
Less: amount representing interest	<u>(40,146)</u>
Present value of minimum lease payments	<u>\$ 246,534</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2018 are comprised of the following issues:

\$2,290,000, 2009 School Bonds, due in annual installments of \$215,000 to \$275,000 through August 1, 2024, interest at 2.75% to 4.00%	\$1,700,000
\$11,707,000, 2016 School Bonds, due in annual installments of \$500,000 to \$1,000,000 through August 1, 2031, interest at 1.00% to 2.50%	11,707,000
\$7,400,000, 2017 Refunding School Bonds, due in annual installments of \$560,000 to \$1,545,000 through February 1, 2022, interest at 3.00% to 4.00%	<u>6,020,000</u>
Total	<u>\$19,427,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 2,145,000	\$ 517,431	\$ 2,662,431
2020	2,230,000	446,225	2,676,225
2021	2,325,000	369,038	2,694,038
2022	2,375,000	288,050	2,663,050
2023	1,255,000	211,238	1,466,238
2024-2028	5,540,000	647,675	6,187,675
2029-2032	<u>3,557,000</u>	<u>150,113</u>	<u>3,707,113</u>
	<u>\$ 19,427,000</u>	<u>\$ 2,629,770</u>	<u>\$ 22,056,770</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 286,910,594
Less: Net Debt	<u>19,427,485</u>
Remaining Borrowing Power	<u>\$ 267,483,109</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance, July 1, 2017 (Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 21,167,000		\$ 1,740,000	\$ 19,427,000	\$ 2,145,000
Add: Premium	<u>462,649</u>	-	<u>152,714</u>	<u>309,935</u>	-
Total Bonds Payable	21,629,649	-	1,892,714	19,736,935	2,145,000
Net Pension Liability	22,485,713		3,726,952	18,758,761	
Capital Leases Payable	316,930		70,396	246,534	75,985
Compensated Absences	<u>900,959</u>	-	<u>49,858</u>	<u>851,101</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 45,333,251</u>	<u>\$ -</u>	<u>\$ 5,739,920</u>	<u>\$ 39,593,331</u>	<u>\$ 2,220,985</u>
Business-Type Activities:					
Net Pension Liability	\$ 16,353,226		\$ 2,769,295	\$ 13,583,931	
Compensated Absences	<u>101,319</u>	<u>\$ 16,302</u>	<u>-</u>	<u>117,621</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 16,454,545</u>	<u>\$ 16,302</u>	<u>\$ 2,769,295</u>	<u>\$ 13,701,552</u>	<u>\$ -</u>

For the governmental activities, the liabilities for compensated absences, capital leases payable and net pension liability are generally liquidated by the general fund.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the New Jersey Schools Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against various risks.

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

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$ 109,118	\$ 117,856	\$ 67,251
2017		109,168	83,609	75,162
2016	\$ 3,500	99,720	74,841	49,379

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

The following represent the membership tiers for TPAF:

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 1,287,118	\$ 4,570,321	\$ 17,464
2017	1,165,000	3,365,046	18,640
2016	1,123,288	2,339,659	12,687

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$25,149 and \$8,753, respectively for PERS and the State contributed \$3,688 and \$4,294, respectively for TPAF for Long Term Disability Insurance Premium (LTDI). Of the 2017/18 amount, \$2,882 is reported in the General Fund and the balance of \$806 is allocated to the applicable enterprise funds.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,423,224 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. Of this amount, \$1,893,087 is reported in the General Fund and the balance of \$530,137 is allocated to the applicable enterprise funds. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

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

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

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$32,342,692 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .13893 percent, which was an increase of .00779 percent from its proportionate share measured as of June 30, 2016 of .13114 percent.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,815,731 for PERS. Of this amount, \$1,662,463 is reported as governmental activities in the statement of activities and \$1,153,268 is reported as business type activities in both the statement of activities and statement of revenues, expenses and changes in fund net position. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 761,559	
Changes of Assumptions	6,515,938	\$ 6,492,049
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	220,232	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>2,402,751</u>	<u>473,997</u>
Total	<u>\$ 9,900,480</u>	<u>\$ 6,966,046</u>
Governmental Activities	\$ 5,742,278	\$ 4,040,307
Business Type Activities	<u>4,158,202</u>	<u>2,925,739</u>
	<u>\$ 9,900,480</u>	<u>\$ 6,966,046</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 2,069,555
2020	2,069,555
2021	2,069,555
2022	2,069,555
2023	(5,343,786)
Thereafter	<u>-</u>
	<u>\$ 2,934,434</u>

Actuarial Assumptions

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

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

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability			
Governmental Activities	\$ 22,986,672	\$ 18,758,761	\$ 15,268,254
Business Type Activities	<u>16,645,522</u>	<u>13,583,931</u>	<u>11,056,322</u>
	<u>\$ 39,632,194</u>	<u>\$ 32,342,692</u>	<u>\$ 26,324,576</u>

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

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

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

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$13,973,419 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85. The difference between this amount and the actual on behalf payment made by the State of New Jersey is \$9,403,098. Of this amount, \$7,346,640 is reported as governmental activities in the statement of activities and \$2,056,458 is reported as business type activities and statement of revenues, expensed and changes in fund net position.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$201,709,593. Of this amount, \$157,595,705 is attributable to the governmental activities and \$44,113,888 is attributable to business type activities. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .29916 percent, which was an increase of .00694 percent from its proportionate share measured as of June 30, 2016 of .29222 percent.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

Inflation Rate	2.25%
Salary Increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District			
Governmental Activities	\$ 188,204,491	\$ 157,595,705	\$ 132,599,681
Business Type Activities	<u>52,681,841</u>	<u>44,113,888</u>	<u>37,117,049</u>
	<u>\$ 240,886,331</u>	<u>\$ 201,709,593</u>	<u>\$ 169,716,730</u>

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

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

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

Plan Description and Benefits Provided

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$2,951,873, \$2,803,849 and \$2,785,888, respectively, which equaled the required contributions for each year. Of the amount of \$2,951,873 for the fiscal year ended June 30, 2018, \$2,306,298 has been allocated to the General Fund and the balance of \$645,575 has been allocated to the respective Enterprise Funds. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$8,422,765. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85. The difference between this amount and the actual on behalf payments made by the State of New Jersey is \$5,470,892. Of this amount, \$3,955,391 is reported as governmental activities in the statement of activities and \$1,515,501 is reported as business type activities and statement of revenues, expenses and changes in fund net positions.

At June 30, 2018 the State's proportionate share of the OPEB liability attributable to the District is \$118,375,749. Of this amount, \$97,981,963 is attributable to the governmental activities and \$20,393,786 is attributable to business-type activities. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state's share of the OPEB liability attributable to the District was .22069 percent, which was an increase of .00084 percent from its proportionate share measured as of June 30, 2016 of .21985 percent.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

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

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

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

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

Long-Term Expected Rate of Return

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Discount Rate

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

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

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

Changes in the Total OPEB Liability

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

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2016 Measurement Date	\$ 127,144,544
Changes Recognized for the Fiscal Year:	
Service Cost	6,325,826
Interest on the Total OPEB Liability	3,736,263
Changes of Assumptions	(15,639,149)
Gross Benefit Payments	(3,313,756)
Contributions from the Member	122,021
Net Changes	<u>(8,768,795)</u>
Balance, June 30, 2017 Measurement Date	\$ 118,375,749

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

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

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

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District			
Governmental Activities	\$ 116,311,659	\$ 97,981,963	\$ 83,442,674
Business Type Activities	<u>24,208,895</u>	<u>20,393,786</u>	<u>17,367,605</u>
	<u>\$ 140,520,554</u>	<u>\$ 118,375,749</u>	<u>\$ 100,810,279</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)			
Governmental Activities	\$ 80,580,693	\$ 97,981,963	\$ 121,090,645
Business Type Activities	<u>16,771,918</u>	<u>20,393,786</u>	<u>25,203,585</u>
	<u>\$ 97,352,610</u>	<u>\$ 118,375,749</u>	<u>\$ 146,294,230</u>

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

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements

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

For Northern Valley Regional High School District, the District's share of abated taxes resulting from the seven (7) municipalities of the District having entered into a tax abatement agreement are indeterminate.

NOTE 5 RESTATEMENT

The financial statements for June 30, 2017 have been restated to reflect an updated compensated absence report as provided by the District. The effect of this restatement results in a decrease in the long-term liabilities of the governmental activities in the statement of net position with a corresponding increase in total net position of \$418,370 in the statement of net position. Also, the result of this restatement is a decrease in the long-term liabilities of the business-type activities in the statement of net position with a corresponding increase in total net position of \$103,448 in the statement of net position.

In the District-wide financial statements, the above restatement income total net position of the District at June 30, 2017 from \$(20,971,255) as originally reported to \$(20,449,437).

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 51,731,554		\$ 51,731,554	\$ 51,731,554	
Tuition from Individuals	218,736		218,736	234,239	\$ 15,503
Tuition from Other LEAs within the State	273,420		273,420	374,422	101,002
Tuition from Summer School	5,370		5,370	6,413	1,043
Interest Earned on Capital Reserve Funds	3,000		3,000	3,422	422
Miscellaneous	662,384	-	662,384	475,114	(187,270)
Total Local Sources	52,894,464	-	52,894,464	52,825,164	(69,300)
State Sources					
Special Education Aid	1,037,462	\$ 71,109	1,108,571	1,108,571	
Security Aid	42,643		42,643	42,643	
PARCC Readiness Aid	23,230		23,230	23,230	
Per Pupil Growth Aid	23,230		23,230	23,230	
Professional Learning Community Aid	22,480		22,480	22,480	
Transportation Aid	93,037		93,037	93,037	
Extraordinary Aid	635,000		635,000	947,498	312,498
Reimbursed Nonpublic Transportation Aid				29,357	29,357
Lead Testing Aid				9,276	9,276
TPAF Pension Contribution (On-Behalf)					
Normal Pension Contribution				3,486,190	3,486,190
NCGI Contribution				84,602	84,602
Long-Term Disability Contribution				2,882	2,882
Post Retirement Contribution				2,306,298	2,306,298
TPAF Social Security Contribution (On-Behalf)	-	-	-	1,893,087	1,893,087
Total State Sources	1,877,082	71,109	1,948,191	10,072,381	8,124,190
Total Revenues	54,771,546	71,109	54,842,655	62,897,545	8,054,890
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	19,159,200	(158,395)	19,000,805	18,823,632	177,173
Regular Programs - Home Instruction					
Salaries of Teachers	83,500	(21,654)	61,846	61,846	
Purchased Professional-Educational Services	27,202	4,960	32,162	30,400	1,762
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		8,792	8,792	7,142	1,650
Purchased Professional-Educational Services	5,000	-	5,000	4,954	46
Purchased Technical Services	31,795	1,965	33,760	25,334	8,426
Other Purchased Services	1,208,073	(3,981)	1,204,092	1,191,712	12,380
General Supplies	421,880	(17,042)	404,838	352,345	52,493
Textbooks	195,910	(2,384)	193,526	160,646	32,880
Other Objects	32,500	(6,778)	25,722	17,542	8,180
Total Regular Programs	21,165,060	(194,517)	20,970,543	20,675,553	294,990
Special Education					
Cognitive - Mild					
Salaries of Teachers	130,651	54,684	185,335	185,335	
Other Salaries for Instruction	72,713	16,851	89,564	89,564	
General Supplies	1,400	(820)	580	580	-
Total Cognitive - Mild	204,764	70,715	275,479	275,479	-
Cognitive - Moderate					
Salaries of Teachers	23,524	41,525	65,049	65,049	
Other Salaries for Instruction	52,934	1,059	53,993	53,993	
General Supplies	1,400	(820)	580	580	-
Total Cognitive - Moderate	77,858	41,764	119,622	119,622	-

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Behavior Disabilities					
Salaries of Teachers	\$ 232,924	\$ (3,625)	\$ 229,299	\$ 229,299	
Other Salaries for Instruction	53,795	11,925	65,720	65,720	
Other Objects	2,100	(1,310)	790	790	-
Total Behavior Disabilities	288,819	6,990	295,809	295,809	-
Multiple Disabilities					
Salaries of Teachers	218,130	64,396	282,526	282,526	
Other Salaries for Instruction	108,698	149,581	258,279	242,435	\$ 15,844
General Supplies		13,370	13,370	13,277	93
Other Objects	105,560	50,442	156,002	156,002	-
Total Multiple Disabilities	432,388	277,789	710,177	694,240	15,937
Resource Room/Resource Center					
Salaries of Teachers	1,766,393	(72,057)	1,694,336	1,694,336	
Other Purchased Services		16,468	16,468	16,468	
General Supplies	1,200	2,077	3,277	3,277	
Textbooks	-	1,277	1,277	1,277	-
Total Resource Room	1,767,593	(52,235)	1,715,358	1,715,358	-
Cognitive - Severe					
Salaries of Teachers	146,832	(32,255)	114,577	114,577	
Other Salaries for Instruction	71,282	11,986	83,268	83,268	
General Supplies	200	380	580	580	-
Total Cognitive-Severe	218,314	(19,889)	198,425	198,425	-
Total Special Education	2,989,736	325,134	3,314,870	3,298,933	15,937
Bilingual Education					
General Supplies	-	2,412	2,412	2,412	-
Total Bilingual Education	-	2,412	2,412	2,412	-
School Sponsored Co-Curricular Activities					
Salaries	456,729	51,932	508,661	508,661	
Purchased Services	8,800	440	9,240	9,240	
Supplies and Materials	20,670	17,063	37,733	35,868	1,865
Other Objects	20,500	2,337	22,837	21,875	962
Total School Sponsored Co-Curricular Activities	506,699	71,772	578,471	575,644	2,827
School Sponsored Athletics - Instruction					
Salaries	1,465,524	3,407	1,468,931	1,464,040	4,891
Purchased Services	9,100	(1,973)	7,127	6,527	600
Supplies & Materials	134,675	20,749	155,424	152,901	2,523
Other Objects	54,066	(4,170)	49,896	49,896	-
Total School Sponsored Athletics - Instruction	1,663,365	18,013	1,681,378	1,673,364	8,014
Total - Instruction	26,324,860	222,814	26,547,674	26,225,906	321,768

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs within the State-Special	\$ 719,801	\$ 207,809	\$ 927,610	\$ 922,983	\$ 4,627
Tuition to County Vocational School District-Reg.	1,040,453	(8,972)	1,031,481	1,018,713	12,768
Tuition to County Special Services - School Districts & Regional Day Schools	657,490	(27,521)	629,969	629,969	-
Tuition to Private Schools - Disabled w/ State	1,635,911	(595,822)	1,040,089	1,036,639	3,450
Tuition to Private Schools - Disabled & Other LEAs-Spl, O/S St	131,500	156,426	287,926	282,168	5,758
Tuition - Other	6,375	300	6,675	6,675	-
Total Undistributed Expenditures - Instruction	4,191,530	(267,780)	3,923,750	3,897,147	26,603
Attendance and Social Work					
Salaries	81,616	-	81,616	81,616	-
Total Attendance and Social Work	81,616	-	81,616	81,616	-
Health Services					
Salaries	322,832		322,832	322,832	
Purchased Professional & Technical Services	61,000	(1,449)	59,551	58,537	1,014
Other Purchased Services	1,600	(653)	947	269	678
Supplies and Materials	11,200	1,191	12,391	10,498	1,893
Other Objects	6,200	(2,416)	3,784	3,784	-
Total Health Services	402,832	(3,327)	399,505	395,920	3,585
Speech, OT, PT & Related Services					
Purchased Professional/Educational Services	3,000	18,900	21,900	21,900	-
Total Speech, OT, PT & Related Services	3,000	18,900	21,900	21,900	-
Oth Supp Serv Std - Extra Serv					
Salaries	247,203	(3,945)	243,258	243,258	-
Total Oth Supp Serv Std - Extra Serv	247,203	(3,945)	243,258	243,258	-
Guidance					
Salaries of Other Professional Staff	1,818,152	(3,652)	1,814,500	1,814,500	
Salaries of Secretarial and Clerical Assistants	459,839	-	459,839	459,839	
Supplies and Materials	11,000	(377)	10,623	9,001	1,622
Total Guidance	2,288,991	(4,029)	2,284,962	2,283,340	1,622
Child Study Teams					
Salaries of Other Professional Staff	1,222,442	48,783	1,271,225	1,252,189	19,036
Salaries of Secretarial and Clerical Assistants	164,349	-	164,349	164,349	
Other Salaries	64,792	69,436	134,228	134,228	
Purchased Prof. - Educational Services		57,000	57,000	55,380	1,620
Supplies and Materials	239,300	(33,488)	205,812	161,051	44,761
Other Objects	3,800	478	4,278	3,183	1,095
Total Child Study Teams	1,694,683	142,209	1,836,892	1,770,380	66,512

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisor of Instruction	\$ 150,907	\$ (30,781)	\$ 120,126	\$ 120,126	
Purchased Prof. - Educational Services	323,846	22,299	346,145	326,125	\$ 20,020
Supplies and Materials	22,000	(125)	21,875	11,901	9,974
Other Objects	3,800	385	4,185	4,020	165
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	500,553	(8,222)	492,331	462,172	30,159
Educational Media Services/School Library					
Salaries	284,821		284,821	265,449	19,372
Purchased Professional and Technical Services	180,406		180,406	169,461	10,945
Other Purchased Services	19,600	-	19,600	18,934	666
Supplies and Materials	95,100	3,637	98,737	98,139	598
Other Objects	5,600	232	5,832	5,575	257
Total Educational Media Services/School Library	585,527	3,869	589,396	557,558	31,838
Instructional Staff Training Services					
Salaries of Secretarial and Clerical Assist	17,011	6,048	23,059	23,059	
Other Salaries	7,500	2,520	10,020	1,853	8,167
Purchased Professional - Educational Services	12,000	-	12,000	12,000	
Other Purchased Services	119,650	1,475	121,125	75,692	45,433
Total Instructional Staff Training Services	156,161	10,043	166,204	100,604	65,600
Support Services General Administration					
Salaries	472,554	(24,519)	448,035	448,035	
Legal Services	122,000	164,812	286,812	237,676	49,136
Audit Fees	40,000	4,250	44,250	44,250	
Other Purchased Professional Services	30,000	7,175	37,175	26,510	10,665
Communications/Telephone	98,000	(45,997)	52,003	50,082	1,921
Misc. Purchased Services	249,742	33,998	283,740	283,740	
General Supplies	30,000	18,524	48,524	48,522	2
Judgments against the School District	5,000	(5,000)			
Miscellaneous Expenditures	3,000	(3)	2,997	2,997	-
Total Support Services General Administration	1,050,296	153,240	1,203,536	1,141,812	61,724
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,835,481	(130,970)	1,704,511	1,704,511	
Salaries of Other Professional Staff	523,413	3,692	527,105	527,105	
Salaries of Secretarial and Clerical Assistants	242,897	197,463	440,360	440,360	
Other Purchased Services	19,000	324	19,324	19,324	
Supplies and Materials	21,300	21,270	42,570	42,432	138
Other Objects	10,500	465	10,965	975	9,990
Total Support Services School Administration	2,652,591	92,244	2,744,835	2,734,707	10,128
Central Services					
Salaries	482,665	39,989	522,654	522,654	
Purchased Technical Services	13,800	17,860	31,660	31,660	
Misc. Purchased Services	7,000	2,900	9,900	9,900	
Supplies and Materials	13,500	(4,597)	8,903	8,903	
Miscellaneous Expenditures	4,000	725	4,725	4,725	-
Total Central Services	520,965	56,877	577,842	577,842	-
Administration - Information Technology Services					
Purchased Technical Services	158,335	(5,921)	152,414	152,414	
Other Purchased Services	25,000	(15,105)	9,895	9,895	-
Total Administration Information Technology Svcs.	183,335	(21,026)	162,309	162,309	-

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1

EXPENDITURES	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENDITURES (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 277,138	\$ (38,334)	\$ 238,804	\$ 237,247	\$ 1,557
Cleaning, Repair and Maintenance Services	207,075	(22,782)	184,293	143,033	41,260
General Supplies	118,000	(64,893)	53,107	1,153	51,954
Total Required Maint. For School Facilities	602,213	(126,009)	476,204	381,433	94,771
Custodial Services					
Salaries	2,053,377	85,423	2,138,800	2,123,529	15,271
Purchased Professional and Technical Services	122,000	(27,677)	94,323	93,823	500
Cleaning, Repair and Maintenance Services	377,582	38,580	416,162	404,068	12,094
Other Purchased Property Services	206,600	(28,810)	177,790	147,599	30,191
Insurance	207,600	(36,809)	170,791	163,389	7,402
General Supplies	152,600	28,909	181,509	166,563	14,946
Energy (Natural Gas)	168,000	293	168,293	168,095	198
Energy (Electricity)	471,700	72,894	544,594	519,272	25,322
Other Objects	5,500	-	5,500	2,044	3,456
Total Custodial Services	3,764,959	132,803	3,897,762	3,788,382	109,380
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	6,000	(2,884)	3,116		3,116
Cleaning, Repair and Maintenance Svc.	68,400	53,193	121,593	121,593	
General Supplies	80,800	(17,000)	63,800	40,005	23,795
Total Care and Upkeep of Grounds	155,200	33,309	188,509	161,598	26,911
Student Transportation Services					
Salaries of Non-Instructional Aides	108,524	7,423	115,947	115,947	
Contracted Serv. - Aid in Lieu Pymts - NonPub Sch	39,140	(1,155)	37,985	37,985	
Contracted Serv. (Bet. Home and Sch)-Vendors	431,085	(6,418)	424,667	424,667	
Contracted Serv. (Oth. Than Bet. Home and Sch)-Vendors	406,963	25,622	432,585	432,585	
Contracted Serv. (Sp Ed Stds)-Vendors	653,415	18,270	671,685	671,685	
Total Student Transportation Services	1,639,127	43,742	1,682,869	1,682,869	-
Unallocated Benefits - Employee Benefits					
Social Security Contributions	648,150	-	648,150	641,719	6,431
TPAF Contributions - ERIP	18,400	(18,400)			
Other Retirement Contribution-PERS	712,244	20,407	732,651	732,651	
Other Retirement Contribution-Regular		18,400	18,400	13,803	4,597
Unemployment Compensation	25,000		25,000		25,000
Worker's Compensation	417,000		417,000	256,038	160,962
Health Benefits	6,190,300	(198,976)	5,991,324	5,603,964	387,360
Other Employee Benefits	20,400	-	20,400	9,747	10,653
Unused Sick Payments to Terminated/Retired Staff	75,000	75,000	150,000	86,869	63,131
Total Unallocated Benefits - Employee Benefits	8,106,494	(103,569)	8,002,925	7,344,791	658,134
TPAF Pension Contribution (Non Budgeted)					
Normal Pension Contribution				3,486,190	(3,486,190)
NCGI Contribution				84,602	(84,602)
Long-Term Disability Contribution				2,882	(2,882)
Post Retirement Contribution				2,306,298	(2,306,298)
TPAF Social Security Contribution (Non Budgeted)				1,893,087	(1,893,087)
				7,773,059	(7,773,059)
Total Undistributed Expenditures	28,827,276	149,329	28,976,605	35,562,697	(6,586,092)
Total Current Expenditures	55,152,136	372,143	55,524,279	61,788,603	(6,264,324)

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Exhibit C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instruction		\$ 31,360	\$ 31,360	\$ 31,360	
Administrative Information Technology		14,399	14,399	14,399	
Custodial Services	\$ 344,300	-	344,300	193,010	\$ 151,290
Care and Upkeep Grounds	-	-	-	-	-
Total Equipment	<u>344,300</u>	<u>45,759</u>	<u>390,059</u>	<u>238,769</u>	<u>151,290</u>
Facilities and Acquisitions					
Architectural/Engineering Services		2,081	2,081	527	1,554
Construction Services	760,000	73,625	833,625	397,285	436,340
Assessment for Debt Service on SDA Funding	67,210	-	67,210	67,210	-
Total Facilities and Acquisitions	<u>827,210</u>	<u>75,706</u>	<u>902,916</u>	<u>465,022</u>	<u>437,894</u>
Interest Deposit to Capital Reserve	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Capital Outlay	<u>1,174,510</u>	<u>121,465</u>	<u>1,295,975</u>	<u>703,791</u>	<u>592,184</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Other Salaries for Instruction	5,000	(46)	4,954	4,685	269
Total Summer School - Instruction	<u>5,000</u>	<u>(46)</u>	<u>4,954</u>	<u>4,685</u>	<u>269</u>
Summer School - Support Services					
Personal Services - Employee Benefits	300	46	346	346	-
Total Summer School - Support Services	<u>300</u>	<u>46</u>	<u>346</u>	<u>346</u>	<u>-</u>
Total Special Schools	<u>5,300</u>	<u>-</u>	<u>5,300</u>	<u>5,031</u>	<u>269</u>
Total Expenditures - General Fund	<u>56,331,946</u>	<u>493,608</u>	<u>56,825,554</u>	<u>62,497,425</u>	<u>(5,671,871)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,560,400)</u>	<u>(422,499)</u>	<u>(1,982,899)</u>	<u>400,120</u>	<u>2,383,019</u>
Other Financing Sources (Uses)					
Transfers In - Capital Projects				26,388	26,388
Transfers In - SAT Fund		75,986	75,986	75,986	-
Transfers to Cover Deficit - Enterprise Funds	(34,600)	25,192	(9,408)	(9,408)	-
Total Other Financing Sources (Uses)	<u>(34,600)</u>	<u>101,178</u>	<u>66,578</u>	<u>92,966</u>	<u>26,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Financing Sources	<u>(1,595,000)</u>	<u>(321,321)</u>	<u>(1,916,321)</u>	<u>493,086</u>	<u>2,409,407</u>
Fund Balances, Beginning of Year	<u>5,200,197</u>	<u>-</u>	<u>5,200,197</u>	<u>5,200,197</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,605,197</u>	<u>\$ (321,321)</u>	<u>\$ 3,283,876</u>	<u>\$ 5,693,283</u>	<u>\$ 2,409,407</u>
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 2,487,878	
Capital Reserve - Designated for Subsequent Year's Expenditures				760,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				826,715	
Committed					
Year-end Encumbrances				94,060	
Assigned					
Year-end Encumbrances				88,288	
Unassigned Fund Balance				<u>1,436,342</u>	
Less State Aid not Recognized on a GAAP Basis				5,693,283	
				<u>(1,009,172)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,684,111</u>	

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources		\$ 65,263	\$ 65,263	\$ 48,389	\$ (16,874)
State Sources	\$ 140,846	232,278	373,124	255,957	(117,167)
Federal Sources	773,728	138,894	912,622	885,814	(26,808)
Total Revenues	<u>914,574</u>	<u>436,435</u>	<u>1,351,009</u>	<u>1,190,160</u>	<u>(160,849)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	112,882	(10,814)	102,068	102,050	18
Tuition		475,499	475,499	472,615	2,884
Other Purchased Services	425,644	(425,616)	28	-	28
General Supplies	146,925	125,619	272,544	221,383	51,161
Textbooks	24,546	2,954	27,500	27,500	-
Other Objects	-	10,915	10,915	10,915	-
Total Instruction	<u>709,997</u>	<u>178,557</u>	<u>888,554</u>	<u>834,463</u>	<u>54,091</u>
Support Services					
Salaries of Teachers	6,500	10,400	16,900	6,400	10,500
Personal Services - Employee Benefits	497	29,369	29,866	29,064	802
Purchased Professional & Technical Svc	5,000	95,824	100,824	72,149	28,675
Purchased Professional & Educational Svc	128,856	62,485	191,341	165,813	25,528
Other Purchased Services	59,224	(12,190)	47,034	31,970	15,064
General Supplies	4,500	27,248	31,748	25,309	6,439
Other Objects	-	15,742	15,742	15,742	-
Total Support Services	<u>204,577</u>	<u>228,878</u>	<u>433,455</u>	<u>346,447</u>	<u>87,008</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		15,000	15,000	9,250	5,750
Noninstructional Equipment	-	14,000	14,000	-	14,000
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>29,000</u>	<u>29,000</u>	<u>9,250</u>	<u>19,750</u>
Total Expenditures	<u>914,574</u>	<u>436,435</u>	<u>1,351,009</u>	<u>1,190,160</u>	<u>160,849</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>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

The accounting records of the Special Revenue 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Sources/Inflows of Resources			
Actual revenue amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 62,897,545	\$ 1,190,160	
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations			
June 30,2017		36,222	
June 30,2018		(2,537)	
State Aid payment not recognized for GAAP purposes, not recognized for budgetary statements. (2016/2017 State Aid)	856,652		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements. (2017/2018 State Aid)	<u>(1,009,172)</u>	<u>-</u>	
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 62,745,025</u>	<u>\$ 1,223,845</u>	
Uses/Outflows of Resources			
Actual expenditure amounts (budgetary basis) (Exhibits C-1 and C-2)	\$ 62,497,425	\$ 1,190,160	
Differences-Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
June 30,2017		\$ 36,222	
June 30,2018	<u>-</u>	<u>(2,537)</u>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 62,497,425</u>	<u>\$ 1,223,845</u>	

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Five Fiscal Years*
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.13893 %	0.13114 %	0.13065 %	0.12026 %	0.12681 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 32,342,692</u>	<u>\$ 38,838,939</u>	<u>\$ 29,329,571</u>	<u>\$ 22,517,299</u>	<u>\$ 24,236,483</u>
District's Covered-Employee Payroll	<u>\$ 9,207,855</u>	<u>\$ 9,053,528</u>	<u>\$ 8,820,274</u>	<u>\$ 8,698,012</u>	<u>\$ 8,331,976</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	351.25%	428.99%	332.52%	258.88%	290.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

87 * The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

**Last Five Fiscal Years
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,287,118	\$ 1,165,000	\$ 1,123,288	\$ 991,465	\$ 1,063,968
Contributions in Relation to the Contractually Required Contribution	<u>1,287,118</u>	<u>1,165,000</u>	<u>1,123,288</u>	<u>991,465</u>	<u>1,063,968</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 9,207,855</u>	<u>\$ 9,053,528</u>	<u>\$ 8,820,274</u>	<u>\$ 8,698,012</u>	<u>\$ 8,331,976</u>
Contributions as a Percentage of Covered-Employee Payroll	13.98%	12.87%	12.74%	11.40%	12.77%

∞
∞ This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Five Fiscal Years*
(Dollar amounts in thousands)

	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 201,709,593</u>	<u>\$ 229,882,009</u>	<u>\$ 177,469,574</u>	<u>\$ 155,072,298</u>	<u>\$ 140,923,005</u>
Total	<u>\$ 201,709,593</u>	<u>\$ 229,882,009</u>	<u>\$ 177,469,574</u>	<u>\$ 155,072,298</u>	<u>\$ 140,923,005</u>
District's Covered-Employee Payroll	<u>\$ 32,968,540</u>	<u>\$ 31,124,171</u>	<u>\$ 30,464,167</u>	<u>\$ 28,604,258</u>	<u>\$ 28,131,131</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Changes of Benefit Terms: None.

Changes of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 6,325,826
Interest on Total OPEB Liability	3,736,263
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(15,639,149)
Gross Benefit Payments	(3,313,756)
Contribution from the Member	<u>122,021</u>
Net Change in Total OPEB Liability	(8,768,795)
Total OPEB Liability - Beginning	<u>127,144,544</u>
Total OPEB Liability - Ending	<u>\$ 118,375,749</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>118,375,749</u>
Total OPEB Liability - Ending	<u>\$ 118,375,749</u>
District's Covered-Employee Payroll	<u>\$ 42,176,395</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SPECIAL REVENUE FUND

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Local Grants</u>	<u>Nonpublic Nursing</u>	<u>Security Aid</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Textbooks</u>	<u>Chapter 192 Comp. Ed.</u>	<u>Chapter 193 Exam. and Class</u>	<u>Suppl. Inst.</u>	<u>Exhibit E-1a Totals</u>	<u>Grand Totals</u>
REVENUES										
Intergovernmental										
State		\$ 56,551	\$ 42,544	\$ 15,334	\$ 27,500	\$ 886	\$ 15,836	\$ 5,234	\$ 92,072	\$ 255,957
Federal									885,814	885,814
Local Sources										
Miscellaneous	\$ 48,389	-	-	-	-	-	-	-	-	48,389
Total Revenues	\$ 48,389	\$ 56,551	\$ 42,544	\$ 15,334	\$ 27,500	\$ 886	\$ 15,836	\$ 5,234	\$ 977,886	\$ 1,190,160
EXPENDITURES										
Instruction										
Salaries of Teachers									\$ 102,050	\$ 102,050
Tuition									472,615	472,615
General Supplies	5,496		\$ 42,544	\$ 15,334					158,009	221,383
Textbooks					\$ 27,500					27,500
Other Objects	-	-	-	-	-	-	-	-	10,915	10,915
Total Instruction	5,496	-	42,544	15,334	27,500	-	-	-	743,589	834,463
Support Services										
Salaries of Teachers									6,400	6,400
Personal Services - Employee Benefits									29,064	29,064
Purchased Professional & Technical Svc		\$ 56,551							15,598	72,149
Purchased Professional & Educational Svc	3,912					\$ 886	\$ 15,836	\$ 5,234	139,945	165,813
Other Purchased Services	17,606								14,364	31,970
General Supplies	21,375								3,934	25,309
Other Objects	-	-	-	-	-	-	-	-	15,742	15,742
Total Support Services	42,893	56,551	-	-	-	886	15,836	5,234	225,047	346,447
Equipment										
Instructional Equipment	-	-	-	-	-	-	-	-	9,250	9,250
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-	9,250	9,250
Total Expenditures	\$ 48,389	\$ 56,551	\$ 42,544	\$ 15,334	\$ 27,500	\$ 886	\$ 15,836	\$ 5,234	\$ 977,886	\$ 1,190,160

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ESEA					Individuals with	Career	Total
	Title I	Title IIA	Title III	Title III - Immigrant	Title IV	Disabilities Education Act Part B, Basic		
REVENUES								
Intergovernmental								
State							\$ 92,072	\$ 92,072
Federal	\$ 140,800	\$ 118,281	\$ 44,095	\$ 16,023	\$ 80,000	\$ 486,615	-	885,814
Total Revenues	\$ 140,800	\$ 118,281	\$ 44,095	\$ 16,023	\$ 80,000	\$ 486,615	\$ 92,072	\$ 977,886
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 102,050							\$ 102,050
Tuition						\$ 472,615		472,615
General Supplies			\$ 41,032	\$ 15,276	\$ 39,505		\$ 62,196	158,009
Other Objects	-	-	590	-	10,325	-	-	10,915
Total Instruction	102,050	-	41,622	15,276	49,830	472,615	62,196	743,589
Support Services								
Salaries of Teachers							6,400	6,400
Personal Services - Employee Benefits	28,574						490	29,064
Purchased Professional & Technical Svc.			1,598			14,000		15,598
Purchased Professional & Educational Svc		\$ 111,375			28,570			139,945
Other Purchased Services	3,124	1,000		438			9,802	14,364
General Supplies							3,934	3,934
Other Objects	7,052	5,906	875	309	1,600	-	-	15,742
Total Support Services	38,750	118,281	2,473	747	30,170	14,000	20,626	225,047
Equipment								
Instructional Equipment	-	-	-	-	-	-	9,250	9,250
Total Facilities Acq. & Construction	-	-	-	-	-	-	9,250	9,250
Total Expenditures	\$ 140,800	\$ 118,281	\$ 44,095	\$ 16,023	\$ 80,000	\$ 486,615	\$ 92,072	\$ 977,886

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Issue/Project Title	Approval Date	Appropriations	Appropriation Modifications	Modified Appropriation	Expenditures to Date		Cancelled	Balance, June 30, 2018
					Prior Year	Current Year		
HVAC and Roof Replacement	7/24/2015	\$ 821,102		\$ 821,102	\$ 273,998			\$ 547,104
Various Improvements to Demarest and Old Tappan High Schools	3/8/2016	11,707,485	\$ 435,863	12,143,348	10,460,491	\$ 1,661,609	-	21,248
		<u>\$ 12,528,587</u>	<u>\$ 435,863</u>	<u>\$ 12,964,450</u>	<u>\$ 10,734,489</u>	<u>\$ 1,661,609</u>	<u>\$ -</u>	<u>\$ 568,352</u>
Project Balances, June 30, 2018								\$ 568,352
Less: Bonds Authorized but Not Issued								<u>(485)</u>
Fund Balance, June 30, 2018 (Budgetary Basis)								\$ 567,867
Less: Unearned Revenue								<u>(375,303)</u>
Fund Balance, June 30, 2018 (GAAP Basis)								<u>\$ 192,564</u>
<u>Recapitulation of Fund Balance - June 30, 2018 (GAAP Basis)</u>								
Restricted:								
Year-End Encumbrances								\$ 842
Available for Capital Projects								192,207
Bonds Authorized Not Issued								<u>(485)</u>
Total Fund Balance - Restricted for Capital Projects								<u>\$ 192,564</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

REVENUES AND OTHER FINANCING SOURCES

Revenues	
Interest Income	\$ 26,388
	<u>26,388</u>
Total Revenues	<u>26,388</u>
 EXPENDITURES AND OTHER FINANCING USES	
Other Purchased Professional and Technical Services	37,027
Construction Services	1,624,582
Transfer to Capital Reserve	<u>26,388</u>
Total Expenditures and Other Financing Uses	<u>1,687,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,661,609)
Fund Balance, July 1, 2017	<u>2,229,476</u>
Fund Balance, June 30, 2018 (Budgetary Basis)	567,867
Reconciliation to GAAP	
Unearned Revenue- SDA Grant	<u>375,303</u>
Fund Balance- June 30, 2018 (GAAP Basis)	<u>\$ 192,564</u>

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
HVAC AND ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 484,902		\$ 484,902	\$ 484,902
Transfer from Capital Reserve	336,200	-	336,200	336,200
	821,102	-	821,102	821,102
Total Revenues				
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	17,112		17,112	50,000
Construction Services	256,886	-	256,886	771,102
	273,998	-	273,998	821,102
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 547,104	\$ -	\$ 547,104	\$ -

Additional Project Information:

Project Numbers	3710-050-14-1002-604
Grant Date	7/24/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,212,256
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,212,256

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	33.37%
Original Target Completion Date	09/01/15
Revised Target Completion Date	06/30/16

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS
VARIOUS IMPROVEMENTS AT DEMAREST AND OLD TAPPAN HIGH SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 11,707,000		\$ 11,707,000	\$ 11,707,485
Transfer from Capital Reserve	435,863	-	435,863	435,863
Total Revenues	<u>12,142,863</u>	<u>-</u>	<u>12,142,863</u>	<u>12,143,348</u>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	\$ 1,134,523	\$ 37,027	1,171,550	1,500,485
Construction Services	8,939,115	1,624,582	10,563,697	10,487,512
General Supplies	386,853	-	386,853	155,351
Total Expenditures	<u>10,460,491</u>	<u>1,661,609</u>	<u>12,122,100</u>	<u>12,143,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,682,372</u>	<u>\$ (1,661,609)</u>	<u>\$ 20,763</u>	<u>\$ -</u>

Additional Project Information:

Project Numbers:	3710-060-14-2000
	3710-060-14-3000
	3710-060-14-4000
	3710-050-15-1000
	3710-050-15-2000
	3710-060-15-1000
	3710-060-16-1000
	3710-050-14-3000
Grant Date	N/A
Bond Authorization Date	03/08/16
Bonds Authorized	07/12/16
Bonds Issued	\$ 11,707,000
Original Authorized Cost	\$ 11,707,485
Additional Authorized Cost	\$ 435,863
Revised Authorized Cost	\$ 12,143,348
Percentage Increase Over Original Authorized Cost	4%
Percentage Completion	100%
Original Target Completion Date	06/30/18
Revised Target Completion Date	06/30/18

ENTERPRISE FUNDS

NORTHERN REGIONAL HIGH SCHOOL DISTRICT
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018

EXHIBIT G-1

	Business Type Activities							Totals
	Food Service	Little Totals	Teens and Totals	Swimming	Ice Hockey	SAT Classes	Shared Service	
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ 79,278		\$ 12,816					\$ 92,094
Intergovernmental Receivable			316					316
Other Accounts Receivable			5,049					5,049
Due from Other Funds			12,019					12,019
Inventories	9,037	-	-	-	-	-	-	9,037
Total Current Assets	88,315	-	30,200	-	-	-	-	118,515
Capital Assets								
Furniture, machinery & equipment	232,510							232,510
Less: Accumulated Depreciation	(198,505)	-	-	-	-	-	-	(198,505)
Total Capital Assets	34,005	-	-	-	-	-	-	34,005
DEFERRED OUTFLOW OF RESOURCES								
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-
Total Deferred Outflow of Resources	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflow of Resources	122,320	-	30,200	-	-	-	-	152,520
LIABILITIES								
Current Liabilities								
Due to Other Funds							-	-
Other Payable			18,732					18,732
Unearned Revenue	-	-	2,200	-	-	-	-	2,200
Total Current Liabilities	-	-	20,932	-	-	-	-	20,932
Noncurrent Liabilities								
Compensated Absences			9,268					9,268
Net Pension Liability	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	9,268	-	-	-	-	9,268
DEFERRED INFLOW OF RESOURCES								
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-
Total Deferred Inflow of Resources	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	-	-	30,200	-	-	-	-	30,200
NET POSITION								
Net Investment in Capital Assets	34,005	-	-	-	-	-	-	34,005
Unrestricted	88,315	-	-	-	-	-	-	88,315
Total Net Position	\$ 122,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,320

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 ENTERPRISE FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business Type Activities							Totals
	Non-Major Programs							
	Food Service	Little Tots	Teens and Tots	Swimming	Ice Hockey	SAT Classes	Shared Service	
OPERATING REVENUES								
Charges for Services								
Daily sales - non-reimbursable	\$ 957,815							\$ 957,815
Special Functions	62,248							62,248
Charges and Fees	-	\$ 177,291	\$ 286,793	\$ 23,330	\$ 15,105	-	-	502,519
Total Operating Revenues	1,020,063	177,291	286,793	23,330	15,105	-	-	1,522,582
OPERATING EXPENSES								
Cost of Sales - non-reimbursable	428,550							428,550
Salaries/Salaries of Teachers	302,806	176,750	213,253					692,809
Unallocated Benefits	87,182		91,128					178,310
Purchased Property Services				16,600	26,597			43,197
Other Purchased Services	116,419							116,419
Supplies and Materials	34,159	7,849	19,998	1,145				63,151
Depreciation	4,560							4,560
Other Objects	-	-	-	72,046	2,085	-	-	74,131
Total Operating Expenses	973,676	184,599	324,379	89,791	28,682	-	-	1,601,127
Operating Income (Loss)	46,387	(7,308)	(37,586)	(66,461)	(13,577)	-	-	(78,545)
NONOPERATING REVENUES								
On-Behalf (Non-Budgeted)								
TPAF Pension System								
Post Retirement Medical			12,988					12,988
Normal Cost			19,633					19,633
NCGI			476					476
Long-Term Disability			16					16
Reimbursed TPAF S.S.			10,763					10,763
GASB 68 - TPAF On Behalf Adjustment			41,374					41,374
Interest	1,671	-	-	-	-	-	-	1,671
Total Non-Operating Revenues	1,671	-	85,250	-	-	-	-	86,921
Net Income (Loss) Before Transfers	48,058	(7,308)	47,664	(66,461)	(13,577)	-	-	8,376
Transfers								
Transfers In(Out)	-	(14,781)	9,408	-	-	\$ (75,986)	\$ (126,212)	(207,571)
Change in Net Position	48,058	(22,089)	57,072	(66,461)	(13,577)	(75,986)	(126,212)	(199,195)
Total Net Position - Beginning of Year (Restated)	74,262	22,089	(57,072)	66,461	13,577	\$ 75,986	126,212	321,515
Total Net Position - Ending of Year	\$ 122,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,320

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business Type Activities							Totals
	Food Service	Little Tots	Teens and Tots	Swimming	Ice Hockey	SAT Classes	Shared Service	
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	\$ 1,020,063	\$ 161,945	\$ 277,470	\$ 23,330	\$ 15,105			\$ 1,497,913
Payments to Employees and Benefits	(389,988)	(176,750)	(229,329)					(796,067)
Payments to Suppliers for Goods and Services	(577,662)	(7,849)	(19,998)	(89,791)	(28,682)	-	-	(723,982)
Net Cash Provided by(Used for) operating activities	<u>52,413</u>	<u>(22,654)</u>	<u>28,143</u>	<u>(66,461)</u>	<u>(13,577)</u>	-	-	<u>(22,136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Cash received from State Subsidy Reimbursement			11,042					11,042
Interfund Transfers	-	(246,216)	(32,287)	29,081	-	\$ (75,986)	\$ (53,342)	(378,750)
Net cash provided by (used for) Noncapital financing activities	-	<u>(246,216)</u>	<u>(21,245)</u>	<u>29,081</u>	-	<u>(75,986)</u>	<u>(53,342)</u>	<u>(367,708)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchases of capital assets	(5,650)	-	-	-	-	-	-	(5,650)
Net cash provided by(used for) capital and related financing activities	<u>(5,650)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,650)</u>
CASH FLOWS FROM INVESTMENTS AND RELATED FINANCING ACTIVITIES								
Interest on Investments	1,671	-	-	-	-	-	-	1,671
Net cash provided by(used for) capital and related financing activities	<u>1,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,671</u>
Net increase (decrease) in cash and cash equivalents	48,434	(268,870)	6,898	(37,380)	(13,577)	(75,986)	(53,342)	(393,823)
Cash and Cash Equivalents - Beginning of Year	<u>30,844</u>	<u>268,870</u>	<u>5,918</u>	<u>37,380</u>	<u>13,577</u>	<u>\$ 75,986</u>	<u>53,342</u>	<u>485,917</u>
Cash and Cash Equivalents - End of Year	<u>\$ 79,278</u>	<u>\$ -</u>	<u>\$ 12,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,094</u>
Reconciliation of Operating Income (loss) to net cash provided (used) by operating activities								
Operating Income(Loss)	\$ 46,387	\$ (7,308)	\$ (37,586)	\$ (66,461)	\$ (13,577)	\$ -	\$ -	\$ (78,545)
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities								
Non-Cash State On Behalf TPAF Pension and OPEB Contributions			74,487					74,487
Depreciation	4,560							4,560
(Increase) Decrease in accounts receivable, net		315	(4,239)					(3,924)
(Increase) Decrease in inventories	1,466							1,466
Increase(decrease) in unearned revenues		(1,550)	1,050					(500)
Increase(decrease) in other payable		(14,111)	(6,134)					(20,245)
Increase(decrease) in accounts payable								-
Increase(decrease) in noncurrent liabilities	-	-	565	-	-	-	-	565
Total adjustments	<u>6,026</u>	<u>(15,346)</u>	<u>65,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,409</u>
Net cash provided by (used for) operating activities	<u>\$ 52,413</u>	<u>\$ (22,654)</u>	<u>\$ 28,143</u>	<u>\$ (66,461)</u>	<u>\$ (13,577)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,136)</u>

FIDUCIARY FUNDS

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 739,791	\$ 91,165	\$ 830,956
Total Assets	<u>\$ 739,791</u>	<u>\$ 91,165</u>	<u>\$ 830,956</u>
LIABILITIES			
Due to Student Groups	\$ 739,791		\$ 739,791
Due to Other Funds		\$ 54,045	54,045
Reserve for Flexible Spending		26,132	26,132
Accrued Salaries and Wages	<u>-</u>	<u>10,988</u>	<u>10,988</u>
Total Liabilities	<u>\$ 739,791</u>	<u>\$ 91,165</u>	<u>\$ 830,956</u>

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2018</u>
SENIOR HIGH SCHOOLS:				
Demarest:				
General Organization Account	\$ 374,949	\$ 970,832	\$ 974,425	\$ 371,356
Athletic Account		76,583	76,583	
Old Tappan:				
General Organization Account	279,804	1,020,161	931,530	368,435
Athletic Account	-	123,201	123,201	-
	<u>\$ 654,753</u>	<u>\$ 2,190,777</u>	<u>\$ 2,105,739</u>	<u>\$ 739,791</u>

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

	<u>Balance,</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2018</u>
Payroll Deductions and Withholdings	\$ 4,329	\$ 24,875,080	\$ 24,879,409	\$ -
Accrued Salaries and Wages	7,092	28,743,760	28,739,864	10,988
Reserve for Flexible Spending	28,581	86,725	89,174	26,132
Due to Other Funds	69,045	66,501	81,501	54,045
	<u>\$ 109,047</u>	<u>\$ 53,772,066</u>	<u>\$ 53,789,948</u>	<u>\$ 91,165</u>

LONG-TERM DEBT

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
2007 School Bonds	6/29/2007	\$ 2,186,000				\$ 260,000	\$ 260,000	
2009 School Bonds	8/4/2009	2,290,000	8/1/2018	\$ 215,000	2.750 %			
			8/1/2019	220,000	3.000			
			8/1/2020	230,000	3.250			
			8/1/2021	240,000	3.500			
			8/1/2022	255,000	3.500			
			8/1/2023	265,000	4.000			
			8/1/2024	275,000	4.000	1,800,000	100,000	\$ 1,700,000
2016 School Bonds	7/12/2016	11,707,000	8/1/2018	500,000	1.000			
			8/1/2019	525,000	2.000			
			8/1/2020	550,000	2.000			
			8/1/2021	575,000	2.000			
			8/1/2022-8/1/2028	1,000,000	2.000			
			8/1/2029	900,000	2.000			
			8/1/2030	850,000	2.000			
8/1/2031	807,000	2.500	11,707,000		11,707,000			
2017 Refunding School Bonds	1/18/2017	7,400,000	2/1/2019	1,430,000	4.000			
			2/1/2020	1,485,000	4.000			
			2/1/2021	1,545,000	4.000			
			2/1/2022	1,000,000	3.000			
			2/1/2022	560,000	4.000	7,400,000	1,380,000	6,020,000
						<u>\$ 21,167,000</u>	<u>\$ 1,740,000</u>	<u>\$ 19,427,000</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Modular Classroom Building	7.94%	\$ 412,490	\$ 316,930	\$ 70,396	\$ 246,534
			<u>\$ 316,930</u>	<u>\$ 70,396</u>	<u>\$ 246,534</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,226,494		\$ 2,226,494	\$ 2,226,494	
State Sources					
Debt Service Aid	204,739	\$ -	204,739	204,739	-
Total Revenues	<u>2,431,233</u>	<u>-</u>	<u>2,431,233</u>	<u>2,431,233</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,745,000		1,745,000	1,740,000	\$ 5,000
Interest	686,233	-	686,233	686,084	149
Total Expenditures	<u>2,431,233</u>	<u>-</u>	<u>2,431,233</u>	<u>2,426,084</u>	<u>5,149</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-		-	5,149	5,149
Fund Balance, Beginning of Year	<u>26,102</u>	<u>-</u>	<u>26,102</u>	<u>26,102</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 26,102</u>	<u>\$ -</u>	<u>\$ 26,102</u>	<u>\$ 31,251</u>	<u>\$ 5,149</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:

Designed for Subsequent Year's Expenditures	\$ 26,102
Available for Debt Service Expenditures	<u>5,149</u>

	<u>\$ 31,251</u>
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STATISTICAL SECTION

This part of the Northern Valley Regional High School District'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.

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016	2017 (Restated)	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 16,851,722	\$ 19,823,544	\$ 21,274,677	\$ (7,702,913)	\$ (6,002,113)	\$ (5,679,679)	\$ (4,835,391)	\$ (2,655,839)	\$ (1,537,942)	\$ (212,540)
Restricted	3,333,513	3,197,856	1,995,264	2,302,913	2,695,898	1,632,252	2,576,665	2,299,137	2,194,207	3,450,445
Unrestricted	205,100	(233,186)	159,192	110,430	(932,197)	269,738	(14,728,127)	(15,276,946)	(15,062,664)	(16,699,317)
Total Governmental Activities Net Position	\$ 20,390,335	\$ 22,788,214	\$ 23,429,133	\$ (5,289,570)	\$ (4,238,412)	\$ (3,777,689)	\$ (16,986,853)	\$ (15,633,648)	\$ (14,406,399)	\$ (13,461,412)
Business-Type Activities										
Net Investment in Capital Assets	\$ 18,189	\$ 65,738	\$ 63,516	\$ 94,520	\$ 106,452	\$ 107,934	\$ 88,085	\$ 95,402	\$ 92,526	\$ 106,483
Unrestricted	2,209,517	2,305,706	1,938,170	3,344,331	3,701,448	4,934,685	(3,984,203)	(4,492,879)	(6,135,564)	(7,757,032)
Total Business-Type Activities Net Position	\$ 2,227,706	\$ 2,371,444	\$ 2,001,686	\$ 3,438,851	\$ 3,807,900	\$ 5,042,619	\$ (3,896,118)	\$ (4,397,477)	\$ (6,043,038)	\$ (7,650,549)
District-Wide										
Net Investment in Capital Assets	\$ 16,869,911	\$ 19,889,282	\$ 21,338,193	\$ (7,608,393)	\$ (5,895,661)	\$ (5,571,745)	\$ (4,747,306)	\$ (2,560,437)	\$ (1,445,416)	\$ (106,057)
Restricted	3,333,513	3,197,856	1,995,264	2,302,913	2,695,898	1,632,252	2,576,665	2,299,137	2,194,207	3,450,445
Unrestricted	2,414,617	2,072,520	2,097,362	3,454,761	2,769,251	5,204,423	(18,712,330)	(19,769,825)	(21,198,228)	(24,456,349)
Total District Net Position	\$ 22,618,041	\$ 25,159,658	\$ 25,430,819	\$ (1,850,719)	\$ (430,512)	\$ 1,264,930	\$ (20,882,971)	\$ (20,031,125)	\$ (20,449,437)	\$ (21,111,961)

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	22,707,100	\$ 23,425,252	\$ 24,244,866	\$ 25,153,023	\$ 26,346,867	\$ 25,455,524	\$ 26,513,942	\$ 32,470,087	\$ 36,453,238	\$ 37,509,266
Special Education	2,525,350	2,789,760	2,889,126	2,979,516	2,974,170	2,956,280	3,612,972	7,590,218	8,573,915	9,014,717
Other Instruction	2,494,100	2,455,672	2,402,119	2,098,270	2,662,527	2,706,078	2,573,423	215,251	274,467	367,800
School Sponsored Activities and Athletics								3,194,204	3,588,010	3,893,781
Support Services:										
Tuition	2,082,566	2,350,378	2,696,602	3,103,510	3,730,827	3,954,180	4,339,032			
Student and Instruction Related Services	7,645,049	7,205,573	7,086,118	7,583,943	7,868,758	7,958,877	7,699,646	8,754,056	9,243,193	9,705,031
School Administration Services	2,844,784	3,452,927	3,443,344	3,649,567	3,805,148	3,656,647	3,500,274	4,417,188	4,898,033	4,722,623
General and Business Administrative Services	1,968,448	2,205,913	2,009,499	1,845,039	1,888,064	2,261,567	1,887,360	1,301,361	1,288,164	1,471,261
Plant Operations And Maintenance	5,194,515	5,161,699	4,772,743	4,460,706	4,643,563	5,103,097	4,954,125	5,591,664	6,124,479	6,931,247
Pupil Transportation	1,559,797	1,723,880	1,578,324	1,626,519	1,683,728	1,654,379	1,641,240	1,619,265	1,720,084	1,756,972
Business and Other Support Services	-	-	-	-	-	-	-	965,986	946,417	1,048,946
Special Schools	78,676	71,929	70,788	82,407	75,940	68,385	24,058			
SDA Debt Service Assessment	-	-	-	48,392	67,210	67,210	67,210			
Interest on Long-Term Debt	884,611	897,025	890,275	814,257	749,942	682,605	612,133	537,815	652,603	428,469
Total Governmental Activities Expenses	49,984,996	51,740,008	52,083,804	53,445,149	56,496,744	56,525,029	57,425,415	66,657,095	73,763,603	76,850,113
Business-Type Activities										
Non-Major Programs	971,356	1,086,590	1,238,009	1,306,605	1,637,461	1,468,469	1,540,339	1,774,493	1,885,936	1,601,127
Technical Services	1,732,215	2,161,043	2,589,519	2,394,890	2,105,617	2,666,938	1,550,888	1,116,044	960,341	929,634
Teens and Tots	276,218	286,548	286,889	282,741	-	-	-	-	-	-
Major Programs	-	-	-	-	-	-	-	-	-	-
Regional Cooperative Program	937,310	928,198	860,221	904,957	958,507	956,561	1,183,505	1,434,251	1,579,032	1,621,187
Regional Transportation	2,627,736	2,659,944	1,687,902	1,654,686	1,774,394	1,739,880	1,694,080	1,828,084	2,001,592	2,054,891
Regional Special Education	12,148,583	12,205,812	12,545,985	12,677,576	13,402,912	14,188,829	15,232,292	19,955,763	24,203,108	24,119,979
Total Business-Type Activities Expense	18,693,418	19,328,135	19,208,525	19,221,455	19,878,891	21,020,697	21,201,104	26,108,635	30,630,409	30,326,818
Total District Expenses	\$ 68,678,414	\$ 71,068,143	\$ 71,292,329	\$ 72,666,604	\$ 76,375,635	\$ 77,545,726	\$ 78,626,519	\$ 92,765,730	\$ 104,394,012	\$ 107,176,931
Program Revenues										
Governmental Activities										
Charges For Services										
Regular								\$ 436,515	\$ 479,534	\$ 459,388
Special Education	20,250	36,772	13,795	73,639	69,537	64,137	9,913		57,000	155,686
Interest on long-term debt	\$ 774,101	\$ 786,839	\$ 797,670	\$ 721,118	\$ 656,418	\$ 588,837	\$ 519,927	\$ 14,760,738	\$ 20,543,568	\$ 22,383,681
Operating Grants and Contributions	7,265,440	7,062,631	5,671,276	7,022,318	8,685,113	8,169,263	7,567,533	109,599	41,640	29,250
Capital Grants and Contributions										
Total Governmental Activities Program Revenues	8,059,791	7,886,242	6,482,741	7,817,075	9,411,068	8,822,237	8,097,373	15,306,852	21,121,742	23,028,005
Business-Type Activities										
Charges For Services										
Non-Major Programs	985,932	1,093,387	1,261,511	1,285,589	1,605,810	1,506,624	1,477,105	1,675,582	1,705,663	1,522,582
Major Programs										
Technical Services	2,214,352	2,075,162	2,115,441	3,156,038	2,069,949	2,610,416	1,318,642	716,682	934,104	891,546
Teens and Tots	293,370	258,772	295,237	279,858	-	-	-	-	-	-
Regional Cooperative Program	946,541	1,001,176	966,349	1,027,687	1,006,340	1,094,086	1,334,198	1,264,099	1,257,097	1,243,284
Regional Transportation	2,754,246	2,574,404	1,697,411	1,645,055	1,751,827	1,751,827	1,968,757	1,580,097	1,960,733	2,051,960
Regional Special Education	11,964,731	12,458,279	12,523,806	13,255,069	13,803,688	15,286,985	15,419,458	17,097,926	18,015,364	17,187,273
Operating Grants And Contributions								3,210,006	4,867,159	5,861,642
Total Business Type Activities Program Revenues	19,159,172	19,461,180	18,859,755	20,649,296	20,227,614	22,249,938	21,518,160	25,544,392	28,840,120	28,758,287
Total District Program Revenues	\$ 27,218,963	\$ 27,347,422	\$ 25,342,496	\$ 28,466,371	\$ 29,648,682	\$ 31,072,175	\$ 29,615,533	40,851,244	49,961,862	51,786,292
Net (Expense)/Revenue										
Governmental Activities	\$ (41,925,205)	\$ (43,853,766)	\$ (45,601,063)	\$ (45,628,074)	\$ (47,085,676)	\$ (47,702,792)	\$ (49,328,042)	\$ (51,350,243)	\$ (52,641,861)	\$ (53,822,108)
Business-Type Activities	465,754	133,045	(348,770)	1,427,841	358,723	1,229,241	317,056	(564,243)	(1,790,289)	(1,568,531)
Total District-Wide Net Expenses	\$ (41,459,451)	\$ (43,720,721)	\$ (45,949,833)	\$ (44,200,233)	\$ (46,726,953)	\$ (46,473,551)	\$ (49,010,986)	\$ (51,914,486)	\$ (54,432,150)	\$ (55,390,639)

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NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

EXHIBIT J-2

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied For General Purposes, Net	\$ 41,321,482	\$ 43,158,783	\$ 44,885,134	\$ 45,603,296	\$ 46,515,362	\$ 47,399,154	\$ 48,526,678	\$ 49,835,108	\$ 50,727,156	\$ 51,731,554
Taxes Levied For Debt Service	866,085	852,401	841,570	1,082,867	1,147,183	1,214,763	1,569,746	2,091,842	2,100,486	2,226,494
Federal and State Aid - Unrestricted	15,473	112,705	31,416	72,500	151,402	38,883	81,489	44,968	23,541	32,806
Tuition (other than special schools)	248,115	249,114	276,429	307,422	204,028	315,572	336,071	-	-	-
Investment earnings	94,411	75,224	35,101	19,488	24,853	12,573	12,664	-	-	-
Miscellaneous Income	310,825	111,127	171,968	213,458	94,008	143,252	187,837	688,436	534,874	504,924
Adjustment to Capital Assets	-	-	-	(30,412,516)	-	(937,461)	-	-	-	-
N.J. Economic Development Authority grants	1,526,755	-	-	-	-	(23,221)	484,902	-	-	-
Refunding bond proceeds	(63,879)	611	364	4,956	-	-	-	-	-	-
State Aid Restricted for Debt Service	-	-	-	-	-	-	-	92,242	92,135	204,739
Transfers	-	-	-	-	-	-	-	(49,148)	(27,452)	66,578
Total Governmental Activities	44,319,267	44,559,965	46,341,982	16,891,671	48,136,836	48,163,515	51,199,407	52,703,448	53,450,740	54,767,095
Business-Type Activities										
Investment earnings	18,649	10,696	8,296	9,325	10,326	5,477	6,239	13,736	13,828	27,598
Refund on prior year revenue	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Transfers	64,074	-	-	-	-	-	-	49,148	27,452	(66,578)
Total Business-Type Activities	82,723	10,696	8,296	9,325	10,326	5,477	6,239	62,884	41,280	(38,980)
Total District-Wide	\$ 44,401,990	\$ 44,570,661	\$ 46,250,278	\$ 16,900,996	\$ 48,147,162	\$ 48,168,992	\$ 51,205,646	\$ 52,766,332	\$ 53,492,020	\$ 54,728,115
Change in Net Position										
Governmental Activities	\$ 2,394,062	\$ 706,199	\$ 640,919	\$ (28,736,403)	\$ 1,051,160	\$ 460,723	\$ 1,871,365	\$ 1,353,205	\$ 808,879	\$ 944,987
Business-Type Activities	548,477	143,741	(340,474)	1,437,166	369,049	1,234,718	323,295	(501,359)	(1,749,009)	(1,607,511)
Total District	\$ 2,942,539	\$ 849,940	\$ 300,445	\$ (27,299,237)	\$ 1,420,209	\$ 1,695,441	\$ 2,194,660	\$ 851,846	\$ (940,130)	\$ (662,524)

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted			\$ 1,202,640	\$ 1,751,542	\$ 1,904,293	\$ 1,549,498	\$ 1,656,070	\$ 2,784,289	\$ 2,822,534	\$ 4,074,593
Committed									54,537	94,060
Assigned			975,231	1,235,849	1,609,490	895,598	842,072	1,052,956	1,101,784	88,288
Unassigned			946,075	949,913	912,470	996,136	970,618	461,077	364,690	427,170
Reserved	\$ 1,878,737	\$ 2,276,442								
Unreserved	1,410,698	1,099,070								
Total general fund	<u>3,289,435</u>	<u>3,375,512</u>	<u>3,123,946</u>	<u>3,937,304</u>	<u>4,426,253</u>	<u>3,441,232</u>	<u>3,468,760</u>	<u>4,298,322</u>	<u>4,343,545</u>	<u>4,684,111</u>
All Other Governmental Funds										
Restricted, reported in:										
Capital projects fund			239,302	29,108	11,469	(3,716)	544,886	(485,672)	1,854,173	192,564
Debt service fund					418	869	971	520	26,102	31,251
Assigned, reported in:										
Capital projects fund			480,176	151,649	8,036		272,500			
Reserved	792,540	263,425								
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	1,020,273	1,057,760								
Debt service fund										
Total all other governmental funds	<u>1,812,813</u>	<u>1,321,185</u>	<u>719,478</u>	<u>180,757</u>	<u>19,923</u>	<u>(2,847)</u>	<u>818,357</u>	<u>(485,152)</u>	<u>1,880,275</u>	<u>223,815</u>
Total Fund Balances	<u>\$ 5,102,248</u>	<u>\$ 4,696,697</u>	<u>\$ 3,843,424</u>	<u>\$ 4,118,061</u>	<u>\$ 4,446,176</u>	<u>\$ 3,438,385</u>	<u>\$ 4,287,117</u>	<u>\$ 3,813,170</u>	<u>\$ 6,223,820</u>	<u>\$ 4,907,926</u>

Source: District records

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 42,961,668	44,798,023	\$ 46,524,374	\$ 47,407,281	\$ 48,318,962	\$ 49,202,754	\$ 50,616,351	\$ 51,926,950	\$ 52,827,642	\$ 53,958,048
Tuition Charges	268,365	285,885	290,224	381,060	273,565	379,708	345,984			
Interest Earnings	94,411	75,224	35,101	19,488	24,853	12,573				
Miscellaneous	353,246	186,064	222,834	233,786	175,503	209,914	267,794	1,169,933	1,160,817	1,197,361
State Sources	6,103,439	5724528	4,735,544	6,182,621	7,898,059	7,408,709	6,809,259	7,367,594	8,830,390	10,380,557
Federal Sources	1,135,052	1,375,871	916,283	891,869	856,961	732,776	759,805	820,747	892,991	890,525
Total Revenues	50,916,181	52,445,595	52,724,360	55,116,105	57,547,903	57,946,434	58,811,877	61,285,224	63,711,840	66,426,491
Expenditures										
Instruction										
Regular Instruction	17,198,599	17,411,529	18,239,872	18,479,017	18,247,034	19,240,020	19,926,862	27,563,772	29,024,367	30,274,458
Special Education Instruction	1,981,306	2,199,037	2,281,195	2,281,264	2,187,182	2,241,351	2,794,832	6,999,967	7,528,240	7,914,188
Other Instruction								214,899	274,143	366,709
School Sponsored Activities and Athletics	1,924,722	1,850,191	1,831,959	1,834,887	1,971,572	2,052,440	1,980,532	2,713,609	2,851,148	3,144,961
Support Services										
Tuition	2,082,566	2,350,378	2,696,602	3,103,510	3,730,827	3,954,180	4,339,032			
Student and Inst. Related Services	6,065,776	5,631,682	5,546,891	5,861,341	5,933,221	6,252,773	6,096,964	7,841,390	7,929,546	8,226,288
School Administration Services	2,099,697	2,492,507	2,548,102	2,674,623	2,695,827	2,550,169	2,642,592	3,825,645	4,002,277	3,849,880
General Administration Services	1,567,644	1,808,065	1,655,897	1,498,256	1,514,279	1,833,043	1,587,750	1,272,702	1,122,811	1,366,951
Business and Other Support Services								914,227	878,093	924,383
Plant Operations And Maintenance	4,281,322	4,056,549	3,687,409	3,658,417	3,714,825	4,325,075	4,176,152	4,833,781	5,251,786	5,163,571
Pupil Transportation	1,512,641	1,675,099	1,538,055	1,579,595	1,631,308	1,597,668	1,587,075	1,602,455	1,697,256	1,723,740
Other Support Services										
Unallocated Employee Benefits	9,676,317	10,443,064	10,380,274	10,684,269	12,158,179	12,056,282	10,925,005			
Transfer of Funds to Charter Schools	78,676	71,929	53,528	61,740	55,520	50,953	18,339			
Capital Outlay	1,410,871	3,251,437	1,113,104	959,117	1,202,645	600,762	190,616	1,258,138	10,544,861	2,332,190
Debt Service										
Principal	1,106,000	1,045,000	1,085,000	1,330,000	1,400,000	1,465,000	1,540,000	1,615,000	1,795,560	1,810,396
Interest and Other Charges	904,689	855,291	920,109	840,388	777,369	711,288	642,297	569,535	607,912	711,248
Total Expenditures	51,890,826	55,141,758	53,577,997	54,846,424	57,219,788	58,931,004	58,448,048	61,225,120	73,508,000	67,808,963
Excess (Deficiency) of Revenues Over (Under) Expenditures	(974,645)	(2,696,163)	(853,637)	269,681	328,115	(984,570)	363,829	60,104	(9,796,160)	(1,382,472)
Other Financing Sources (Uses)										
Proceeds from Borrowing			2,290,000						11,707,000	
Capital Leases (Non-Budgeted)	451,000	972,493							412,490	
Proceeds from Refunding									7,862,649	
Payments to Escrow Agent									(7,747,877)	
N.J. Economic Development Authority Grants		1,526,755				(23,221)	484,902			
Transfers in	643,509	263,004	155,158	275,362	280,662	279,371	336,720		500,345	102,374
Transfers Out	(646,651)	(326,883)	(154,546)	(274,998)	(280,662)	(279,371)	(336,720)	(49,148)	(527,797)	(35,796)
Total Other Financing Sources (Uses)	447,858	2,435,369	2,290,612	364	-	(23,221)	484,902	(49,148)	12,206,810	66,578
Net Change in Fund Balances	\$ (526,787)	\$ (260,794)	\$ 1,436,975	\$ 270,045	\$ 328,115	\$ (1,007,791)	\$ 848,731	\$ 10,956	\$ 2,410,650	\$ (1,315,894)
Debt Service as a Percentage of Noncapital Expenditures	3.98%	3.66%	3.82%	4.03%	3.89%	3.73%	3.75%	3.64%	3.82%	3.85%

* Noncapital expenditures are total expenditures less capital outlay.

Note - The District did not allocate unallocated employee benefits and tuition prior to the fiscal year ended June 30, 2016.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
GOVERNMENTAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Summer</u> <u>School</u>	<u>Tuition</u>	<u>Interest</u>	<u>Gate</u> <u>Receipts</u>	<u>Rentals</u>	<u>Athletics and</u> <u>Activities</u> <u>Fees</u>	<u>Laptop</u> <u>Maintenance</u> <u>and Rentals</u>	<u>Sale</u> <u>of Assets</u>	<u>Insurance</u> <u>Refund</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 20,250	\$ 248,115	\$ 91,595	\$ 9,274	\$ 4,403				\$ 250,000	\$ 47,148	\$ 670,785
2010	36,772	249,113	71,542	10,919		\$ 71,789				28,418	468,553
2011	13,795	276,429	33,368	11,324	10,906	113,696				36,042	495,560
2012	87,504	291,956	19,099	15,695		115,502		17,000		65,262	612,018
2013	70,975	202,591	24,436	14,033	204	60,838				18,932	392,009
2014	64,137	315,572	12,122	14,223	5,075	38,458				85,496	535,083
2015	9,913	336,071	12,163	17,680	11,105	90,275				4	477,211
2016	5,225	431,290	27,351	18,955	24,381	158,609	\$ 175,051	\$ 233,982		50,107	1,124,951
2017	6,650	529,884	26,575	25,890	15,828	138,238	267,986			32,005	1,043,056
2018	6,413	608,661	55,529	23,629	28,392	59,303	71,898	169,053		70,732	1,093,610

Source: School District's Records

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Closter Borough

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 25,624,300	\$ 1,780,304,800	\$ 5,503,300	\$ 228,504,900	\$ 21,689,700	\$ 959,600	\$ 2,062,586,600	\$ 6,411,588	\$ 2,068,998,188	\$ 2,068,998,188	\$ 0.491
2010	23,558,800	1,786,602,200	5,503,300	224,680,900	15,782,200	959,600	2,057,087,000	6,112,619	2,063,199,619	2,225,664,998	0.506
2011	23,262,400	1,791,836,000	5,503,300	223,086,500	15,045,700	959,600	2,059,693,500	5,669,360	2,065,362,860	2,161,138,793	0.514
2012	24,006,400	1,784,300,900	5,503,300	220,571,000	15,045,700	959,600	2,050,386,900	5,642,577	2,056,029,477	2,094,167,079	0.522
2013	20,163,200	1,796,514,400	5,503,300	218,075,800	15,045,700	959,600	2,056,262,000	100,000	2,056,362,000	2,035,360,558	0.520
2014	21,831,400	1,799,979,800	4,572,100	219,295,200	19,545,700	959,600	2,066,183,800	100,000	2,066,283,800	2,030,585,074	0.520
2015	20,358,100	1,805,323,200	4,572,100	216,624,800	18,964,000	959,600	2,066,801,800	100,000	2,066,901,800	2,099,516,054	0.539
2016	19,884,100	1,816,990,700	4,642,700	216,412,100	18,964,000	959,600	2,077,853,200	100,000	2,077,953,200	2,129,915,670	0.553
2017	19,611,500	1,825,939,100	4,638,400	215,541,300	19,914,000	959,600	2,086,603,900	100,000	2,086,703,900	2,140,987,596	0.565
2018	18,196,800	1,884,747,100	5,062,100	237,104,000	21,569,100		2,166,679,100	100,000	2,166,779,100	2,168,261,971	0.544

Demarest Borough

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 15,953,300	\$ 1,141,824,700		\$ 37,029,400		\$ 1,350,000	\$ 1,196,157,400	\$ 852,876	\$ 1,197,010,276	\$ 1,459,346,350	\$ 0.545
2010	24,674,000	1,155,919,300		36,920,200		1,350,000	1,218,863,500	761,402	1,219,624,902	1,475,586,410	0.561
2011	19,407,900	1,175,319,700		36,920,200		1,350,000	1,232,997,800	589,741	1,233,587,541	1,411,968,299	0.572
2012	18,514,400	1,183,373,100		36,920,200		1,350,000	1,240,157,700	632,812	1,240,790,512	1,396,024,774	0.555
2013	15,219,900	1,199,148,900		36,920,200		1,350,000	1,252,639,000	91,530	1,252,730,530	1,387,669,514	0.550
2014	14,578,200	1,213,910,800		36,920,200		1,350,000	1,266,759,200	88,910	1,266,848,110	1,425,536,144	0.551
2015	12,778,100	1,225,059,400		36,920,200		1,350,000	1,276,107,700	85,020	1,276,192,720	1,501,723,835	0.567
2016	12,763,100	1,240,829,500		36,920,200		1,350,000	1,291,862,800	85,020	1,291,947,820	1,516,882,756	0.575
2017	10,281,800	1,272,223,900		36,920,200		1,350,000	1,320,775,900	83,130	1,320,859,030	1,589,584,628	0.572
2018	10,281,800	1,284,770,200		36,920,200		1,350,000	1,333,322,200	83,130	1,333,405,330	1,602,178,919	0.602

a Tax rates are per \$100

Source: County Abstract of Ratables

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Harrington Park Borough

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 16,477,300	\$ 1,035,505,100		\$ 37,155,400			\$ 1,089,137,800	\$ 1,107,483	\$ 1,090,245,283	\$ 1,164,157,606	\$ 0.397
2010	16,047,300	1,034,946,900		37,240,800			1,088,235,000	1,223,350	1,089,458,350	1,113,572,454	0.427
2011	15,178,500	1,025,271,300		38,817,600			1,079,267,400	877,805	1,080,145,205	1,036,552,493	0.449
2012	14,736,500	1,015,222,100		32,442,300			1,062,400,900	820,664	1,063,221,564	983,913,449	0.458
2013	12,498,400	856,365,100		28,418,700			897,282,200		897,282,200	918,267,901	0.546
2014	12,498,400	855,446,400		28,221,900			896,166,700		896,166,700	940,449,312	0.576
2015	12,498,400	854,583,200		28,151,900			895,233,500		895,233,500	957,430,915	0.587
2016	12,498,400	856,178,500		27,192,100			895,869,000		895,869,000	977,108,511	0.591
2017	12,498,400	856,483,100		27,192,100			896,173,600		896,173,600	995,996,199	0.610
2018	12,498,400	856,504,400		27,192,100			896,194,900		896,194,900	993,808,185	0.610

Haworth Borough

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 14,816,600	\$ 677,484,000		\$ 78,483,600			\$ 770,784,200	\$ 323,307	\$ 771,107,507	\$ 998,534,689	\$ 0.502
2010	14,785,400	681,880,900		98,938,300			795,604,600	810,227	796,414,827	1,054,551,126	0.518
2011	14,497,100	683,091,200		98,935,300			796,523,600	534,748	797,058,348	1,047,745,035	0.573
2012	14,802,000	683,084,200		97,551,200			795,437,400	507,416	795,944,816	1,036,587,284	0.617
2013	15,354,600	681,765,000		97,638,300			794,757,900	577,488	795,335,388	988,226,052	0.664
2014	15,027,000	683,331,400		94,794,900			793,153,300	571,705	793,725,005	927,314,313	0.691
2015	13,886,600	684,502,500		92,027,800			790,416,900	572,378	790,989,278	947,007,450	0.715
2016	12,288,800	688,316,600		91,150,400			791,755,800	581,033	792,336,833	938,535,971	0.721
2017	12,100,500	691,773,000		91,150,400			795,023,900	613,996	795,637,896	918,832,229	0.693
2018	12,041,100	699,524,400		91,125,400			802,690,900	584,214	803,275,114	937,029,912	0.674

^a Tax rates are per \$100

Source: County Abstract of Ratables

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Northvale Borough

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 13,857,186	\$ 702,140,418		\$ 76,958,900	\$ 202,138,500		\$ 995,095,004	\$ 1,412,505	\$ 996,507,509	\$ 1,066,218,181	\$ 0.425
2010	14,271,786	708,040,500		77,577,000	203,705,700		1,003,594,986	1,505,596	1,005,100,582	1,066,218,181	0.454
2011	10,940,800	575,722,200		75,443,800	187,824,400		849,931,200	1,104,701	851,035,901	940,665,793	0.582
2012	10,447,800	577,248,700		76,057,200	188,365,500		852,119,200	908,803	853,028,003	974,575,740	0.594
2013	10,277,900	576,719,800		77,344,700	187,827,700		852,170,100		852,170,100	929,610,243	0.600
2014	10,277,900	575,935,300		77,344,700	187,827,700		851,385,600	908,803	852,294,403	923,036,029	0.634
2015	10,049,700	576,016,200		81,420,700	186,088,200		853,574,800	908,803	854,483,603	913,012,611	0.639
2016	10,641,100	576,988,300		81,392,200	185,749,300		854,770,900	908,803	855,679,703	947,649,798	0.636
2017	9,122,000	579,726,300		81,214,600	185,541,400		855,604,300	908,803	856,513,103	937,826,702	0.657
2018	9,122,000	581,350,700		81,256,200	185,541,400		857,270,300	908,803	858,179,103	981,568,465	0.687

Norwood Borough

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 11,621,100	\$ 1,274,524,800	\$ 44,300	\$ 74,496,700	\$ 102,148,800	\$ 17,510,200	\$ 1,480,345,900	\$ 1,777,913	\$ 1,482,123,813	\$ 1,583,947,764	\$ 0.489
2010	10,724,900	1,280,449,400	44,300	72,587,800	100,927,500	17,510,200	1,482,244,100	1,664,055	1,483,908,155	1,507,082,584	
2011	6,542,400	987,650,800	44,300	70,677,800	98,608,900	17,529,800	1,181,054,000	1,288,727	1,182,342,727	1,281,719,006	0.585
2012	7,705,900	986,809,800	44,300	70,643,900	97,495,300	16,500,000	1,179,199,200	1,103,992	1,180,303,192	1,327,086,242	0.568
2013	7,230,100	988,084,400	44,300	70,643,900	97,495,300	16,500,000	1,179,998,000		1,179,998,000	1,273,704,913	0.572
2014	7,059,100	987,504,100	44,300	70,643,900	97,495,300	16,500,000	1,179,246,700		1,179,246,700	1,225,344,833	0.556
2015	6,850,100	988,459,100	44,300	71,289,200	97,395,300	16,500,000	1,180,538,000		1,180,538,000	1,240,810,250	0.567
2016	11,878,400	990,623,100	44,300	69,189,200	97,173,900	16,500,000	1,185,408,900		1,185,408,900	1,291,038,163	0.604
2017	8,763,400	996,442,100	44,300	65,125,900	97,167,600	16,500,000	1,184,043,300		1,184,043,300	1,298,979,351	0.611
2018	8,213,100	999,496,800	44,300	63,525,800	96,999,600	16,500,000	1,184,779,600		1,184,779,600	1,274,815,010	0.617

^a Tax rates are per \$100

Source: County Abstract of Ratables

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Old Tappan Borough						Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment					
2009	\$ 35,466,800	\$ 1,197,274,300	\$ 318,000	\$ 60,361,700		\$ 331,800	\$ 1,293,752,600	\$ 1,247,192	\$ 1,294,999,792	\$ 1,970,249,241	\$ 0.583
2010	33,777,900	1,207,995,400	318,000	61,568,200		331,800	1,303,991,300	1,290,151	1,305,281,451	1,914,086,815	0.595
2011	48,784,000	1,595,217,300	361,400	85,162,000		698,100	1,730,222,800	1,468,244	1,731,691,044	1,793,532,441	0.467
2012	47,906,700	1,597,442,700	373,800	81,586,500		698,100	1,728,007,800	1,361,524	1,729,369,324	1,776,965,605	0.501
2013	47,525,500	1,600,828,900	373,800	81,308,800		698,100	1,730,735,100	1,299,066	1,732,034,166	1,783,242,734	0.528
2014	43,661,000	1,594,422,600	373,800	80,435,200		698,100	1,719,590,700	1,156,788	1,720,747,488	1,708,954,754	0.557
2015	43,312,500	1,599,653,900	373,800	80,399,200		698,100	1,724,437,500	1,190,284	1,725,627,784	1,733,909,301	0.570
2016	40,450,900	1,606,134,700	373,800	80,545,500		2,817,100	1,730,322,000	1,149,128	1,731,471,128	1,721,634,054	0.570
2017	39,118,600	1,609,983,000	373,800	80,256,200		2,817,100	1,732,548,700	1,117,527	1,733,666,227	1,765,955,122	0.589
2018	37,566,000	1,619,099,500	373,800	80,256,200		2,817,100	1,740,112,600	1,117,699	1,741,230,299	1,769,692,974	0.617

a Tax rates are per \$100

Source: County Abstract of Ratables

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Fiscal Year Ended December 31,	Total Direct School Tax Rate	Closter Borough Overlapping Rates			Total Direct and Overlapping Tax Rate
		Municipality	Local School	County	
2009	\$ 0.491	\$ 0.478	\$ 0.780	\$ 0.222	\$ 1.971
2010	0.506	0.495	0.800	0.212	2.013
2011	0.514	0.503	0.811	0.218	2.046
2012	0.522	0.517	0.821	0.224	2.084
2013	0.520	0.521	0.834	0.227	2.102
2014	0.520	0.535	0.844	0.230	2.129
2015	0.539	0.547	0.860	0.244	2.190
2016	0.553	0.559	0.875	0.252	2.239
2017	0.565	0.569	0.890	0.258	2.282
2018	0.544	0.556	0.881	0.245	2.226

Source: Municipal Tax Collector

Fiscal Year Ended December 31,	Total Direct School Tax Rate	Demarest Borough Overlapping Rates			Total Direct and Overlapping Tax Rate
		Municipality	Local School	County	
2009	\$ 0.545	\$ 0.444	\$ 0.952	\$ 0.235	\$ 2.176
2010	0.561	0.461	0.960	0.238	2.220
2011	0.572	0.478	0.978	0.238	2.266
2012	0.555	0.511	0.989	0.240	2.295
2013	0.550	0.543	1.000	0.255	2.348
2014	0.551	0.551	0.995	0.263	2.360
2015	0.567	0.562	1.000	0.283	2.412
2016	0.575	0.565	1.016	0.289	2.445
2017	0.572	0.566	1.044	0.302	2.484
2018	0.602	0.562	1.087	0.294	2.545

Source: Municipal Tax Collector

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Harrington Park Borough
Overlapping Rates

Fiscal Year Ended December 31,	Total Direct School Tax Rate	Municipality	Local School	County	Total Direct and Overlapping Tax Rate
2009	\$ 0.397	\$ 0.403	\$ 0.895	\$ 0.206	\$ 1.901
2010	0.427	0.420	0.930	0.201	1.978
2011	0.449	0.437	0.937	0.198	2.021
2012	0.458	0.453	0.969	0.201	2.081
2013	0.546	0.544	1.172	0.233	2.495
2014	0.576	0.554	1.218	0.245	2.593
2015	0.587	0.555	1.255	0.257	2.654
2016	0.591	0.568	1.295	0.268	2.722
2017	0.610	0.582	1.330	0.280	2.802
2018	0.610	0.595	1.355	0.272	2.832

Source: Municipal Tax Collector

Haworth Borough

Overlapping Rates

Fiscal Year Ended December 31,	Total Direct School Tax Rate	Municipality	Local School	County	Total Direct and Overlapping Tax Rate
2009	\$ 0.502	\$ 0.681	\$ 0.962	\$ 0.249	\$ 2.394
2010	0.518	0.687	0.981	0.261	2.447
2011	0.573	0.692	1.013	0.274	2.552
2012	0.617	0.703	1.032	0.288	2.640
2013	0.664	0.697	1.052	0.286	2.699
2014	0.691	0.714	1.074	0.273	2.752
2015	0.715	0.729	1.063	0.288	2.795
2016	0.721	0.756	1.149	0.284	2.910
2017	0.693	0.772	1.128	0.290	2.883
2018	0.674	0.771	1.136	0.286	2.867

Source: Municipal Tax Collector

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Fiscal Year Ended December 31,	Northvale Borough Overlapping Rates				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Municipality	Local School	County	
2009	\$ 0.425	\$ 0.491	\$ 0.781	\$ 0.205	\$ 1.902
2010	0.454	0.513	0.802	0.201	1.970
2011	0.582	0.665	0.968	0.229	2.444
2012	0.594	0.662	0.982	0.251	2.489
2013	0.600	0.663	1.001	0.251	2.515
2014	0.634	0.663	1.023	0.253	2.573
2015	0.639	0.696	1.041	0.257	2.633
2016	0.636	0.709	1.059	0.272	2.676
2017	0.657	0.722	1.083	0.274	2.736
2018	0.687	0.765	1.108	0.280	2.840

Source: Municipal Tax Collector

Fiscal Year Ended December 31,	Norwood Borough Overlapping Rates				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Municipality	Local School	County	
2009	\$ 0.489	\$ 0.418	\$ 0.543	\$ 0.205	\$ 1.655
2010	1.062 (A)	0.463		0.200	1.725
2011	0.585	0.615	0.709	0.224	2.133
2012	0.568	0.639	0.766	0.245	2.218
2013	0.572	0.650	0.779	0.248	2.249
2014	0.556	0.662	0.794	0.243	2.255
2015	0.567	0.671	0.790	0.253	2.281
2016	0.604	0.682	0.820	0.268	2.374
2017	0.611	0.690	0.855	0.274	2.430
2018	0.617	0.708	0.854	0.263	2.442

Source: Municipal Tax Collector

(A) Includes local school tax rate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Fiscal Year Ended December 31,	Total Direct School Tax Rate	Old Tappan Borough Overlapping Rates			Total Direct and Overlapping Tax Rate
		Municipality	Local School	County	
2009	\$ 0.583	\$ 0.319	\$ 0.946	\$ 0.293	\$ 2.141
2010	0.595	0.336	0.952	0.288	2.171
2011	0.467	0.267	0.732	0.216	1.682
2012	0.501	0.277	0.747	0.226	1.751
2013	0.528	0.284	0.765	0.237	1.814
2014	0.557	0.292	0.790	0.232	1.871
2015	0.570	0.305	0.805	0.242	1.922
2016	0.570	0.316	0.822	0.245	1.953
2017	0.589	0.325	0.835	0.256	2.005
2018	0.617	0.332	0.823	0.249	2.021

Source: Municipal Tax Collector

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Fiscal Year Ended June 30,	Closter Borough			
	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Closter Marketplace (EBA) LLC	\$ 43,775,900	2.02%		
Closter Grocery	10,050,500	0.46%	\$ 8,141,300	0.39%
Capital Young Property LLC	7,728,300	0.36%		
Closter Golf	7,116,400	0.33%	7,535,000	0.36%
Heidenberg Closter Assoc.	6,855,200	0.32%	7,343,600	0.35%
Suez C/O Altus Group	5,891,200	0.27%		
DWL Monmouth	4,772,000	0.22%		
Fred Reuten, Inc.	4,676,300	0.22%	4,200,000	0.20%
50 Railroad LLC	4,243,600	0.20%		
Reuten Associates	4,095,900	0.19%	4,009,000	0.19%
Irani-Aspi-Closter Plaza Met.			31,500,000	1.52%
United Water New Jersey			9,337,500	0.45%
Verizon			5,610,344	0.27%
Weyerhaeuser			5,424,000	0.26%
Closter SHP/Stop & Shop			4,553,500	0.22%
Total	\$ 99,205,300	4.58%	\$ 87,654,244	4.21%

Source: Municipal Tax Assessor

Fiscal Year Ended June 30,	Demarest Borough			
	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Alpine Country Club	\$ 32,323,800	2.42%		
Lavie Management Company, LLC	4,232,600	0.32%		
Individual Taxpayer #1	4,120,000	0.31%	NOT AVAILABLE	
Individual Taxpayer #2	3,768,400	0.28%		
Individual Taxpayer #3	3,700,000	0.28%		
Individual Taxpayer #4	3,598,200	0.27%		
Individual Taxpayer #5	3,532,000	0.26%		
Individual Taxpayer #6	3,330,600	0.25%		
Individual Taxpayer #7	3,177,000	0.24%		
Individual Taxpayer #8	3,123,900	0.23%		
Total	\$ 64,906,500	4.87%	\$ -	0.00%

Source: Municipal Tax Assessor

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Harrington Park Borough

Fiscal Year Ended June 30,	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water Resources	\$ 20,784,500	2.32%		
Quantmeyer	2,908,200	0.32%		
Rockland Electric	2,681,800	0.30%		
HGK Realty	1,900,000	0.21%	NOT AVAILABLE	
Individual Taxpayer #1	1,389,800	0.16%		
Individual Taxpayer #2	1,379,900	0.15%		
Individual Taxpayer #3	1,203,000	0.13%		
Individual Taxpayer #4	1,182,300	0.13%		
Individual Taxpayer #5	1,159,900	0.13%		
Individual Taxpayer #6	1,155,200	0.13%		
Total	\$ 35,744,600	3.99%	\$ -	0.00%

Source: Municipal Tax Assessor

Haworth Borough

Fiscal Year Ended June 30,	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water NJ	\$ 51,789,000	6.45%		
Haworth Country Club	10,501,900	1.31%		
White Beeches Golf Club	10,479,100	1.30%	NOT AVAILABLE	
Haworth Country Club LLC	7,498,100	0.93%		
White Beeches Realty Corp.	5,462,100	0.68%		
Ashley Lane Properties LLC	2,217,900	0.28%		
Individual Taxpayer #1	1,638,500	0.20%		
Individual Taxpayer #2	1,553,800	0.19%		
Individual Taxpayer #3	1,534,600	0.19%		
Individual Taxpayer #4	1,507,500	0.19%		
Total	\$ 94,182,500	11.72%	\$ -	0.00%

Source: Municipal Tax Assessor

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Fiscal Year Ended June 30,	Northvale Borough			
	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Maxim Enterprises, LLC	\$ 26,729,600	3.11%		
Vale 251 LLC	12,400,000	1.44%		
Northvale Shopping Center Assoc.	9,504,700	1.11%	10,521,600	1.06%
GEA Mechanical Equipment	7,268,700	0.85%		
S & R Costa Realty LP	6,252,400	0.73%		
Cho Dae Presbyterian Church	6,120,200	0.71%		
Northvale Holding Co. LLC	6,094,000	0.71%	6,875,600	0.69%
Trasco Realty LLC	5,492,300	0.64%		
Klaus Rexroth Incorporated	5,466,900	0.64%		
Northvale Technical Center	5,289,200	0.62%		
273 Livingston St Assoc			33,889,600	3.40%
Salvatore & Roselle Costa and SC Construction			13,826,500	1.39%
MEM Company			13,380,200	1.34%
Northvale 1197 & 2005 Assoc			11,536,000	1.16%
Centrico			7,651,300	0.77%
RIO Vista Homes @ Northvale LLC			8,100,840	0.81%
Mathew Realty LLC			6,442,300	0.65%
Northvale Tire Tech			6,469,800	0.65%
Total	\$ 90,618,000	10.56%	\$ 118,693,740	11.92%

Source: Municipal Tax Assessor

Fiscal Year Ended June 30,	Norwood Borough			
	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Buckingham at Norwood	\$ 20,700,000	1.75%	\$ 26,622,000	1.80%
Norwood Associates II	16,500,000	1.39%		
335 Chestnut	7,559,600	0.64%		
Norwood Project, LLC	6,310,900	0.53%	6,228,300	0.42%
355 Chestnut Assoc.	5,499,600	0.46%	5,660,300	0.38%
Levingal Realty	4,199,900	0.35%		
Norwest LLC	4,093,200	0.35%		
525 Livingston St Assoc	3,832,000	0.32%		
Norwood Self Storage C/O Yelland Prop.	3,850,900	0.33%	3,759,200	0.25%
10 Maple St, LLC	3,647,600	0.31%		
Alfred Sanzari Enterprises			3,989,350	0.27%
Individual Taxpayer #1			4,232,900	0.29%
Individual Taxpayer #2			7,559,600	0.51%
Mitsui Foods Inc			3,763,990	0.25%
Falsighliu Enterprises			3,267,900	0.22%
Alsan Realty Company, L.P.			7,238,100	0.49%
Total	\$ 76,193,700	6.43%	\$ 72,321,640	4.88%

Source: Municipal Tax Assessor

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Old Tappan Borough

Fiscal Year Ended June 30,	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water NJ	\$ 26,460,000	1.52%	\$ 19,824,000	1.53%
Prentice Hall	19,000,000	1.09%	13,882,900	1.07%
A&R, A LTD	17,096,800	0.98%	14,000,000	1.08%
Sunrise Old Tappan Assisted Living	10,860,800	0.62%	8,326,000	0.64%
Individual Taxpayer #1	3,924,000	0.23%	4,350,300	0.35%
Individual Taxpayer #2	3,400,000	0.20%	2,626,400	0.20%
Individual Taxpayer #3	2,960,000	0.17%	2,241,000	0.17%
Individual Taxpayer #4	2,889,000	0.17%	2,215,000	0.17%
MCH-OT Realty LLC	2,809,800	0.16%		
Rockland Electric			2,809,000	0.22%
Individual Taxpayer #5			2,171,000	0.17%
Total	\$ 89,400,400	5.13%	\$ 72,645,600	5.60%

Source: Municipal Tax Assessor

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 42,961,668	\$ 42,961,668	100.00%	
2010	44,798,023	44,798,023	100.00%	
2011	46,524,374	46,524,374	100.00%	
2012	47,407,281	47,407,281	100.00%	
2013	48,318,962	48,318,962	100.00%	
2014	49,202,754	49,202,754	100.00%	
2015	50,616,351	50,616,351	100.00%	
2016	51,926,950	51,926,950	100.00%	
2017	52,827,642	52,827,642	100.00%	
2018	53,958,048	53,958,048	100.00%	

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2009	\$ 18,665,000	\$ 1,213,298	\$ 19,878,298	39,190	\$ 507
2010	19,910,000	945,621	20,855,621	37,538	556
2011	18,825,000	673,158	19,498,158	37,887	515
2012	17,495,000	478,685	17,973,685	38,139	471
2013	16,095,000	199,050	16,294,050	38,423	424
2014	14,630,000		14,630,000	38,571	379
2015	13,090,000		13,090,000	38,780	338
2016	11,475,000		11,475,000	38,900	295
2017	21,167,000	316,930	21,483,930	39,063	550
2018	19,427,000	246,534	19,673,534	39,063 A	504

A - Estimate

Source: District records

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2009	\$ 18,665,000		\$ 18,665,000	0.21%	\$ 476
2010	19,910,000		19,910,000	0.22%	530
2011	18,825,000		18,825,000	0.21%	497
2012	17,495,000		17,495,000	0.20%	459
2013	16,095,000		16,095,000	0.18%	419
2014	14,630,000		14,630,000	0.17%	379
2015	13,090,000		13,090,000	0.15%	338
2016	11,475,000	\$ 520	11,474,480	0.13%	295
2017	21,167,000	26,102	21,140,898	0.24%	541
2018	19,427,000	31,251	19,395,749	0.22%	497

Source: District records

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Local School Purposes	\$ 14,884,000	\$ 14,884,000	
Regional School Purposes	20,807,529	20,807,529	
Municipal/County General Obligations	<u>56,694,185</u>	<u>3,149,429</u>	\$ 53,544,756
	<u>\$ 92,385,714</u>	<u>\$ 38,840,958</u>	53,544,756
Bergen County			
County of Bergen (A)			70,892,102
Bergen County Utilities Authority (B)			<u>9,066,858</u>
			<u>79,958,960</u>
 Total Direct and Overlapping Debt			 <u>\$ 133,503,716</u>

Source:

(1) Seven (7) Municipalities 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the seven (7) municipalities by dividing the municipalities 2017 equalized value by the total 2017 equalized value for Bergen County relating to the seven (7) municipalities.

(B) The debt was computed based upon usage for all seven (7) municipalities.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 288,651,232	\$ 308,633,794	\$ 305,740,435	\$ 295,936,990	\$ 286,919,769	\$ 279,854,050	\$ 278,038,974	\$ 280,932,046	\$ 283,847,535	\$ 286,910,594
Total Net Debt Applicable to Limit	18,666,083	19,911,083	18,825,000	17,495,000	16,095,000	14,630,000	13,090,000	23,182,485	21,167,485	19,427,485
Legal Debt Margin	<u>\$ 269,985,149</u>	<u>\$ 288,722,711</u>	<u>\$ 286,915,435</u>	<u>\$ 278,441,990</u>	<u>\$ 270,824,769</u>	<u>\$ 265,224,050</u>	<u>\$ 264,948,974</u>	<u>\$ 257,749,561</u>	<u>\$ 262,680,050</u>	<u>\$ 267,483,109</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.47%	6.45%	6.16%	5.91%	5.61%	5.23%	4.71%	8.25%	7.46%	6.77%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis	2017	\$ 9,661,188,504
	2016	9,573,943,876
	2015	<u>9,455,926,982</u>
		<u>\$ 28,691,059,362</u>
	3 Year Average	<u>\$ 9,563,686,454</u>
3% of Avg. Equalized Valuation		\$ 286,910,594
Less Net Debt		<u>19,427,485</u>
Remaining Borrowing Power		<u>\$ 267,483,109</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation for all seven (7) municipalities

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Closter Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	4.4%	\$ 65,097	8,675
2010	4.5%	66,080	8,430
2011	5.4%	69,044	8,497
2012	4.5%	71,953	8,592
2013	4.5%	71,449	8,649
2014	4.5%	73,293	8,683
2015	3.7%	76,388	8,702
2016	3.2%	77,187	8,735
2017	3.0%	N/A	8,766
2018	N/A	N/A	8,766 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Demarest Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	8.4%	\$ 65,097	5,152
2010	8.6%	66,080	4,919
2011	5.4%	69,044	4,969
2012	8.6%	71,953	4,988
2013	5.8%	71,449	5,023
2014	4.1%	73,293	5,030
2015	3.4%	76,388	5,048
2016	2.9%	77,187	5,017
2017	2.6%	N/A	5,032
2018	N/A	N/A	5,032 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Harrington Park Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	5.6%	\$ 65,097	4,870
2010	5.8%	66,080	4,674
2011	8.7%	69,044	4,719
2012	5.8%	71,953	4,746
2013	8.3%	71,449	4,774
2014	4.8%	73,293	4,797
2015	3.7%	76,388	4,824
2016	3.4%	77,187	4,823
2017	3.2%	N/A	4,846
2018	N/A	N/A	4,846 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Haworth Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	7.9%	\$ 65,097	3,422
2010	8.0%	66,080	3,388
2011	7.0%	69,044	3,420
2012	8.0%	71,953	3,427
2013	11.3%	71,449	3,452
2014	4.0%	73,293	3,460
2015	3.3%	76,388	3,469
2016	3.1%	77,187	3,475
2017	2.7%	N/A	3,497
2018	N/A	N/A	3,497 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Northvale Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	5.2%	\$ 65,097	4,807
2010	5.4%	66,080	4,645
2011	4.7%	69,044	4,686
2012	5.4%	71,953	4,716
2013	7.1%	71,449	4,775
2014	4.3%	73,293	4,790
2015	4.2%	76,388	4,849
2016	3.6%	77,187	4,950
2017	3.2%	N/A	4,985
2018	N/A	N/A	4,985 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Norwood Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	8.8%	\$ 65,097	6,210
2010	9.0%	66,080	5,728
2011	6.2%	69,044	5,765
2012	9.0%	71,953	5,801
2013	7.2%	71,449	5,823
2014	5.2%	73,293	5,847
2015	4.0%	76,388	5,874
2016	3.4%	77,187	5,877
2017	3.6%	N/A	5,895
2018	N/A	N/A	5,895 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

Old Tappan Borough

<u>Year Ended December 31,</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income(2)</u>	<u>Population</u>
2009	6.5%	\$ 65,097	6,054
2010	6.7%	66,080	5,754
2011	7.2%	69,044	5,831
2012	6.7%	71,953	5,869
2013	6.8%	71,449	5,927
2014	4.1%	73,293	5,964
2015	3.6%	76,388	6,014
2016	3.1%	77,187	6,023
2017	3.0%	N/A	6,042
2018	N/A	N/A	6,042 (A)

Source: (1) NJ Department of Labor, Bureau of Labor Force Statistics
(2) County Per Capital Personal Income
(A) Estimate

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

INFORMATION NOT AVAILABLE

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	193	189	186	186	185	185	185	190.0	190.0	190.0
Special Education	26	27	26	27	26	26	26	31.0	28.0	28.0
Support Services:										
Student & Instruction-Related Services	23	23	22	22	22	22	22	22.0	22.0	22.0
School Administration Services	12	12	12	12	12	12	12	12.0	9.0	7.0
General Administration Services	6	6	5	5	5	5	5	5.4	4.0	4.0
Central Services/Administrative	21	21	21	21	21	21	21		22.0	22.0
Plant Operations and Maintenance	30	30	29	29	29	29	29	29.0	31.0	31.0
Pupil Transportation	2	2	2	2	2	2	2	2.0	2.0	2.0
Child Care	1	1	1	1	1	1	1		2.0	2.0
Regional Special Education	64	64	64	64	64	64	64		63.0	63.0
Regional Transportation	2	2	2	2	2	2	2	21.0	2.0	2.0
Total	<u>380</u>	<u>377</u>	<u>370</u>	<u>371</u>	<u>369</u>	<u>369</u>	<u>369</u>	<u>312.4</u>	<u>375.0</u>	<u>373.0</u>

Source: District Personnel Records

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School					
2009	2,659	\$ 48,469,264	\$ 18,228	-0.92%	220	1:12.1		2,554	2,455	-0.66%	96.12%
2010	2,591	49,990,030	19,294	5.84%	220	1:11.8		2,553	2,455	-0.04%	96.16%
2011	2,535	50,459,784	19,905	3.17%	220	1:11.4		2,559	2,462	0.24%	96.21%
2012	2,684	51,716,920	19,269	-3.20%	221	1:12.1		2,483	2,391	-2.97%	96.29%
2013	2,529	53,839,775	21,289	10.49%	264	9.6		2,481	2,393	-0.08%	96.45%
2014	2,586	56,153,954	21,715	2.00%	282	9.2		2,575	2,493	3.79%	96.82%
2015	2,291	56,075,135	24,476	12.72%	282	8.1		2,334	2,242	-9.36%	96.06%
2016	2,504	57,782,447	23,076	-5.72%	221	10.4		2,285	2,204	-2.10%	96.43%
2017	2,462	60,559,667	24,598	6.59%	218	11.3		2,448	2,347	7.13%	95.87%
2018	2,467	62,955,129	25,519	3.74%	218	11.3		2,255	2,170	-7.88%	96.23%

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.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District Building										
<u>Northern Valley Regional High School District</u>										
Demarest High School (1950) (2004)										
Square Feet	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	164,000	211,713
Capacity (students)	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234	1,234
Enrollment	1,220	1,212	1,158	1,137	1,136	1,070	1,032	1,046	1,018	1,018
<u>Northern Valley Regional High School District</u>										
Old Tappan High School (1950) (2004)										
Square Feet	177,800	177,800	177,800	177,800	177,800	177,800	177,800	177,800	177,800	222,631
Capacity (students)	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349
Enrollment	1,333	1,346	1,377	1,346	1,317	1,293	1,259	1,251	1,233	1,244
Central Administration (1981)										
Square Feet	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,360

Number of Schools at June 30, 2018
 Elementary = 0
 Middle School = 0
 Senior High School = 2

Source: District Facilities Office
 Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

WEST ORANGE RIVER BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>School Facilities</u>										
Demarest High School	\$ 246,109	\$ 212,317	\$ 189,521	\$ 189,426	\$ 217,935	\$ 240,326	\$ 256,987	\$ 236,628	\$ 239,918	\$ 214,056
Old Tappan High School	266,818	230,183	201,350	171,216	201,104	211,866	273,611	244,544	240,646	160,365
John J. Haworth Administration Building	9,210	12,299	15,755	34,009	10,000	5,767	3,749	6,015	6,016	7,012
Grand Total	<u>\$ 522,137</u>	<u>\$ 454,799</u>	<u>\$ 406,626</u>	<u>\$ 394,651</u>	<u>\$ 429,039</u>	<u>\$ 457,959</u>	<u>\$ 534,347</u>	<u>\$ 487,187</u>	<u>\$ 486,580</u>	<u>\$ 381,433</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE**

JUNE 30, 2018

(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools Insurance Group:		
Multi Peril Package Policy		
Commercial General Liability	\$ 11,000,000	
Employee Dishonesty	1,000,000	\$ 1,000
Business Automobile Liability	11,000,000	1,000
School Board Legal Liability	11,000,000	15,000
Workers Compensation	2,000,000	
NJ Schools Ins. Group		
Property- Blanket Building and Contents (Insured Value) - Includes Energy Systems	104,207,532	5,000
Firemen's Fund:		
Excess Umbrella Liability	50,000,000	
Bob McCloskey Insurance (BMI):		
Student Accident	5,000,000	
Surety Bonds:		
Board Secretary's Bond	85,000	
Lloyds Syndicates		
Environment Pollution Liability Policy	1,000,000	10,000
Ace American Insurance Company		
International Liability Policy	1,000,000	

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Northern Valley Regional High School District
Demarest, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Valley Regional High School District as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Northern Valley Regional High School District's basic financial statements and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northern Valley Regional High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Northern Valley Regional High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northern Valley Regional High School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northern Valley Regional High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Northern Valley Regional High School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 18, 2019.

Northern Valley Regional High School District's Responses to Finding

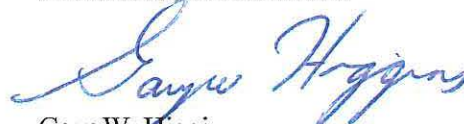
The Northern Valley Regional High School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Northern Valley Regional High School District's response was not subjected to the auditing procedures applied in the audit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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Valley Regional High School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Northern Valley Regional High School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 18, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Northern Valley Regional High School District
Demarest, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Northern Valley Regional High School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Northern Valley Regional High School District's major federal and state programs for the fiscal year ended June 30, 2018. The Northern Valley Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Northern Valley Regional High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Northern Valley Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Northern Valley Regional High School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Northern Valley Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Northern Valley Regional High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Northern Valley Regional High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northern Valley Regional High School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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 Northern Valley Regional High School District, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 18, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 18, 2019

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or Project Number	Grant Period	June 30, 2017					June 30, 2018					Memo GAAP Receivable			
					Award Amount	Accounts Receivable (Restated)	Unearned Revenue (Restated)	Unearned Rev. Carryover Amount	A/R Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments (1)	Adjust Receivable	Adjust Unearned Rev.		Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education																		
Special Revenue Fund																		
NCLB Title III	84.365	S365A160030	NCLB-3710-17	7/1/16-6/30/17	\$ 45,516	\$ (1,302)	\$ 352	\$ (351)	\$ 351	\$ 950			\$ 1	\$ (1)		\$ (35,041)	\$ (35,041)	
ESEA Title III	84.365	S365A170030	ESEA-3710-18	7/1/17-6/30/18	43,744			351	(351)	11,054	\$ 44,095				\$ (33,041)	(10,658)	(10,658)	
ESEA Title III Immigrant	84.365	S365A170030	ESEA-3710-18	7/1/17-6/30/18	16,023					4,812	16,023	\$ 553						
NCLB Title III Immigrant	84.365	S365A160030	NCLB-3710-17	7/1/16-6/30/17	11,516		553					(553)						
Total English Language Acquisition Cluster (Title III)											60,118							
ESEA Title I	84.010	S010A170030	ESEA-3710-18	7/1/17-6/30/18	141,050			(168)	168	133,748	140,800				(7,302)	\$ 250	(7,052)	
NCLB Title II-A	84.367A	S367A160029	NCLB-3710-17	7/1/16-6/30/17	118,223	(116,004)	168		168	115,836								
ESEA Title II-A	84.367A	S367A170029	ESEA-3710-18	7/1/17-6/30/18	118,113			168	(168)	107,979	118,281				(10,302)		(10,302)	
ESEA Title IV	84.424	S424A170031	ESEA-3710-18	7/1/17-6/30/18	80,000					40,023	80,000				(39,977)		(39,977)	
I.D.E.A. Part B, Basic	84.027	H027A160100	IDEA-3710-17	7/1/16-6/30/17	494,899	(13,029)	29,004	(13,029)	13,029			(15,975)						
I.D.E.A. Part B, Basic	84.027	H027A170100	IDEA-3710-18	7/1/17-6/30/18	497,260			13,029	(13,029)	462,140	486,615				(32,174)	23,674	(8,500)	
I.D.E.A. Part B, Basic	84.027	H027A170100	IDEA-3710-13	9/1/12-8/31/13	490,874		2,884									\$ 2,884		
Total U.S. Department of Education					(130,335)	32,961				876,542	885,814		1	(1)	(133,454)	23,924	2,884	(109,530)
Total Federal Financial Awards					\$ (130,335)	\$ 32,961	\$ -	\$ -	\$ -	\$ 876,542	\$ 885,814	\$ -	\$ 1	\$ (1)	\$ (133,454)	\$ 23,924	\$ 2,884	\$ (109,530)

Note: FAIN numbers are only applicable for current year grant awards.
 (1) - To cancel prior year unearned revenue balance and apply to current year as prior year overpayment applied

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance, June 30, 2017				Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo		
			Award Amount	(Accounts Receivable) (Restated)	Unearned Revenue (Restated)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
<i>General Fund, Regional Cooperative, Regional Special Ed, Teens and Tots & Shared Svc Funds</i>															
Special Education Aid	17-495-034-S120-089	7/1/16-6/30/17	\$ 1,037,462	\$ (62,110)		\$ 62,110									
Special Education Aid	18-495-034-S120-089	7/1/17-6/30/18	1,108,571			1,056,507	1,108,571	\$ (52,064)					\$ 1,108,571		
Security Aid	17-495-034-S120-084	7/1/16-6/30/17	42,643	(2,553)		2,553									
Security Aid	18-495-034-S120-084	7/1/17-6/30/18	42,643			40,640	42,643	(2,003)					42,643		
Professional Learning Community Aid	17-495-034-S120-101	7/1/16-6/30/17	22,480	(1,346)		1,346									
Professional Learning Community Aid	18-495-034-S120-101	7/1/17-6/30/18	22,480			21,424	22,480	(1,056)					22,480		
PARCC Readiness Aid	17-495-034-S120-098	7/1/16-6/30/17	23,230	(1,390)		1,390									
PARCC Readiness Aid	18-495-034-S120-098	7/1/17-6/30/18	23,230			22,139	23,230	(1,091)					23,230		
Per Pupil Growth Aid	17-495-034-S120-097	7/1/16-6/30/17	23,230	(1,391)		1,391									
Per Pupil Growth Aid	18-495-034-S120-097	7/1/17-6/30/18	23,230			22,139	23,230	(1,091)					23,230		
Total State Aid Public Cluster							1,220,154						1,220,154		
Transportation Aid	17-495-034-S120-014	7/1/16-6/30/17	93,037	(5,570)		5,570									
Transportation Aid	18-495-034-S120-014	7/1/17-6/30/18	93,037			88,668	93,037	(4,369)					93,037		
Additional Nonpublic Transportation Aid	17-495-034-S120-014	7/1/16-6/30/17	16,760	(16,760)		16,760									
Additional Nonpublic Transportation Aid	18-495-034-S120-014	7/1/17-6/30/18	29,357				29,357	(29,357)					\$ (29,357)	29,357	
Total Transportation Aid							122,394						122,394		
Extraordinary Aid	17-495-034-S120-044	7/1/16-6/30/17	782,292	(782,292)		782,292									
Extraordinary Aid	18-495-034-S120-044	7/1/17-6/30/18	947,498			947,498		(947,498)					947,498		
Lead Testing for Schools Aid	18-495-034-S120-104	7/1/17-6/30/18	9,276			9,276							9,276		
Reimbursed TPAF Pension Contribution															
Normal	18-495-034-5094-002	7/1/17-6/30/18	4,462,038			4,462,038	4,462,038						4,462,038		
NCCI	18-495-034-5094-004	7/1/17-6/30/18	108,283			108,283	108,283						108,283		
Long-Term Disability	18-495-034-5094-004	7/1/17-6/30/18	3,688			3,688	3,688						3,688		
Post Retirement	18-495-034-5094-001	7/1/17-6/30/18	2,951,873			2,951,873	2,951,873						2,951,873		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,338,932	(115,187)		115,187									
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,423,224	-	-	2,305,628	2,423,224	-	(117,596)	-	-		(117,596)	2,423,224	
Total General Fund, Regional Cooperative, Regional Special Ed, Teens and Tots & Shared Svc Funds			(985,559)			12,080,902	12,248,428		(1,156,125)				(146,953)	12,248,428	
Special Revenue Fund															
Career Path Continuation Grant	19E00002	3/1/18-2/28/19	99,971				12,753		(99,971)		87,218		(12,753)	12,753	
Career Path Continuation Grant	18E00002	3/1/17-2/28/18	99,998	(99,998)	97,828	81,489	79,319							79,319	
Total Career Path Continuation Grant							92,072							92,072	
New Jersey Nonpublic Aid:															
Auxiliary Services:															
Compensatory Education	17-100-034-S120-067	7/1/16-6/30/17	9,854			\$ 5,823		\$ 5,823							
Compensatory Education	18-100-034-S120-067	7/1/17-6/30/18	9,744			9,744	886				\$ 8,858		886		
Handicapped Services:															
Examination & Classification	17-100-034-S120-066	7/1/16-6/30/17	15,310												
Examination & Classification	18-100-034-S120-066	7/1/17-6/30/18	20,749			1,260	20,749	15,836					4,913	15,836	
Corrective Speech	18-100-034-S120-066	7/1/17-6/30/18	3,035				3,035						3,035		
Supplemental Instruction	17-100-034-S120-066	7/1/16-6/30/17	19,304			8,789			8,789						
Supplemental Instruction	18-100-034-S120-066	7/1/17-6/30/18	13,956				13,956	5,234					8,722	5,234	
Total Nonpublic Handicapped Aid (Chapter 193) Cluster							21,070							21,070	
Textbook Aid	18-100-034-S120-064	7/1/17-6/30/18	27,500				27,500							27,500	
Textbook Aid	17-100-034-S120-064	7/1/16-6/30/17	28,878			70			70						
Nursing Services	18-100-034-S120-070	7/1/17-6/30/18	56,551				56,551							56,551	
Technology Aid	18-100-034-S120-373	7/1/17-6/30/18	18,574				18,574	15,334					3,240	15,334	
Technology Aid	17-100-034-S120-373	7/1/16-6/30/17	13,026			102			102						
Security Aid	18-100-034-S120-509	7/1/17-6/30/18	43,725				43,725	42,544					1,181	42,544	
Total Special Revenue Fund			(99,998)		97,828	16,044	275,323	255,957	16,044	(99,971)	87,218	29,949	(12,753)	255,957	

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NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title <i>Capital Projects Fund</i>	Grant or State Project Number	Grant Period	Balance, June 30, 2017					Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo	
			Award Amount	(Accounts Receivable)	Unearned Revenue	Due to Grantor	(Accounts Receivable)				Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
NJ School Development Authority HVAC and Roof Replacement	SP3710-050-14-G1FH		\$ 484,902	\$ (376,303)	\$ 375,303	-	-	-	-	\$ (376,303)	\$ 375,303	-	\$ (376,303)	-	
Total Capital Projects Fund				(376,303)	375,303	-	-	-	-	(376,303)	375,303	-	(376,303)	-	
Debt Service Fund Debt Service Aid	18-495-034-5120-075	7/1/17-6/30/18	204,739	-	-	-	204,739	\$ 204,739	-	-	-	-	-	\$ 204,739	
State Financial Assistance Subject to Single Audit Determination				\$ (1,464,960)	\$ 473,131	\$ 16,044	12,560,964	12,709,124	\$ 16,044	\$ (1,632,399)	\$ 462,521	\$ 29,949	\$ (536,009)	\$ 12,709,124	
Less: On-Behalf TPAF Pension and Annuity Aid Not Subject to Single Audit Determination							4,462,038	4,462,038							
Normal Pension Costs							108,283	108,283							
NonContributory Insurance							3,688	3,688							
Long-Term Disability							2,951,873	2,951,873							
Post Retirement															
							7,525,882	7,525,882							
Total for State Financial Assistance Subject to Major Program Determination							\$ 5,035,082	\$ 5,183,242							

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Northern Valley Regional High School District. The District is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting. The basis of accounting is described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$152,520 for the general fund and an increase of \$33,685 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 9,919,861	\$ 9,919,861
Special Revenue Fund	\$ 890,525	255,957	1,146,482
Debt Service Fund		204,739	204,739
Regional Coop. Prgm. Fund		180,188	180,188
Regional Special Ed. Fund		1,951,983	1,951,983
Teens and Tots Fund	-	43,876	43,876
	<u> </u>	<u> </u>	<u> </u>
Total Awards Financial Assistance	<u>\$ 890,525</u>	<u>\$ 12,556,604</u>	<u>\$ 13,447,129</u>

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,423,224 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$4,570,321, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,951,873 and TPAF Long-Term Disability Insurance in the amount of \$3,688 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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 financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 8 RECLASSIFICATIONS

A certain grant program has been reclassified at June 30, 2017 from the schedule of expenditures of federal awards (Exhibit K-3) to the schedule of state financial assistance (Exhibit K-4) as follows:

		<u>Balance at June 30, 2017</u>	
<u>Federal/State Grant Program</u>	<u>Account Number</u>	<u>Accounts Receivable</u>	<u>Unearned Revenue</u>
Carter Path Continuation Grant	18E00002	\$ 99,998	\$ 97,828

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

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

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A170100</u>	<u>IDEA Part B</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? _____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
18-495-034-5120-089	Special Education Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5094-003	Reimbursed TPAF S.S. Contributions
18-495-034-5120-044	Extraordinary Aid

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

Auditee qualified as low-risk auditee? X yes _____ no

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding 2018-001

Our audit of the District's capital assets revealed certain current year additions were not added to the Capital Assets inventory report.

Criteria or specific requirement:

Generally Accepted Accounting Principles.

Condition:

The District did not properly update its capital asset records for certain additions for the fiscal year ended June 30, 2018.

Context:

\$5,239,594 in capital assets acquired and capital projects completed during the 2017/2018 school year were not identified and recorded in the District's capital assets inventory report for the fiscal year ended June 30, 2018.

Effect:

The District capital asset records may not agree with actual values of District owned assets. The financial statements have been adjusted to reflect the unrecorded additions.

Cause:

Capital assets acquired and capital projects completed during the 2017/2018 school year were not identified and recorded in the District's capital assets inventory report for the fiscal year ended June 30, 2018.

Recommendation:

All current year capital assets additions be properly reflected in the District's capital assets inventory.

View of Responsible Officials and Planned Corrective Action:

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

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

With respect to year end encumbrances and accounts payable:

- Our audit of year end open purchase orders in the Capital Projects Fund, Little Tots Enterprise Fund and Regional Special Education Enterprise Fund revealed certain encumbrances should have been classified as accounts payable.
- Our review of the District's official minutes revealed an unrecorded encumbrance that was not reflected in the District's accounting records in the Capital Projects Fund at year end related to a Board approved change order.

Current Status:

Corrective action has been taken.

Finding 2017-002

With respect to the financial activities of the various enterprise funds the following was revealed:

1. The District does not have formal Board policies pertaining to the operations of each enterprise fund.
2. User charges and fees charged to customers of the various enterprise funds are not presented to the Board of Trustees for approval.
3. Certain general ledger account balances were not in agreement with subsidiary ledgers including accounts receivable, unearned revenue and deposits payable.
4. Certain enterprise funds are utilized for similar types of services which could be consolidated for financial reporting purposes.
5. The SAT Classes Enterprise Fund is dormant and the operation of the Shared Service Enterprise Fund was discontinued; however, each fund's net position has not been liquidated.
6. Certain inter-enterprise fund financial transactions were not reconciled on a periodic basis.

Current Status:

Partial corrective action was taken. See general findings.

**NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-003

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

Current Status:

Corrective action has been taken.