

RIVER VALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

River Vale, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

River Vale Board of Education

River Vale, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION



RIVER VALE PUBLIC SCHOOLS

Kelly Ippolito
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Board Secretary
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Telephone: 201 / 358 - 4003
Fax: 201 / 358 - 2489

December 1, 2017

Honorable President and
Members of the Board of Education
River Vale School District
County of Bergen
River Vale, New Jersey 07675

Dear Board Members:

The comprehensive annual financial report of the River Vale School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the River Vale Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon including the Management Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Uniform Guidance, and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The River Vale School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the district are included in this report. The River Vale Board of Education and all its schools constitute the district's reporting entity.

The district provides a full range of educational services appropriate to grade levels K through 8. These include regular education as well as special education for handicapped youngsters. The district completed the 2016/2017 fiscal year with an enrollment of 1,163 students, which is a decrease of 17 students from the previous year's enrollment.

The following details the changes in the student enrollment of the district.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,163	-1.44%
2015-2016	1,180	-3.59%
2014-2015	1,224	-4.7%
2013-2014	1,285	-.01%
2012-2013	1,293	-2.2%
2011-2012	1,322	-5.5%
2010-2011	1,399	1.57%
2009-2010	1,375	-2.15%
2008-2009	1,405	1.6%
2007-2008	1,383	1.50%

ECONOMIC CONDITION AND OUTLOOK: River Vale Township comprises a land area of 4.5 square miles and is located in the northeastern part of Bergen County. River Vale is a, suburban community consisting of mainly single-family homes, and additionally, has three (3) condominium developments. The Township of River Vale is experiencing a period of development and expansion. The School District and Township Council combined efforts in 1996 to do a demographic study on the impact of new housing and resale of homes on school enrollment. The report was presented in July 1997 by Thomas Associates.

GENERAL EDUCATIONAL GOALS: The River Vale School District is a K-8 type II district which is made up of three schools: Roberge and Woodside (grades K-5) and Holdrum (grades 6-8).

The district continues to attract excellent teachers. More than half of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2016/2017 school year was 1,163 students including out-of-district special education placements. Enrollment for 2017/2018 is expected to continue to decline slightly. Homerooms average twenty (20) students and reading/math groups have a lower faculty/student ratio.

GENERAL EDUCATIONAL GOALS (Continued)

The goals of the district are to provide learning opportunities to help each student grow and develop intellectually, emotionally, physically, and socially. The school system emphasizes a sound and basic curriculum. There are gifted and talented programs, special education and resource centers, and computer labs & media centers in each of the schools. In addition, the schools provide extensive curricular offerings in world language, instrumental and vocal music, visual arts, computer literacy, library services and physical education.

A continuing goal of the district is to “*Focus on meaningful innovation as the key to addressing 21st Century Skills needed for success in a changing world.*” This includes:

Commitment to Digital Citizenship and Increased Student Access to Technology: With much appreciated support from the *River Vale Educational Fund* and the *River Vale PTA*, the district is excited to continue their ongoing technology initiatives! Increased access to the right grade-level technology amplifies learning, increases engagement, and enables our classrooms to be more technology-driven, real-work oriented, and reflective of the evolving world our students live in.

Beginning in the 2014-2015 school-year, the River Vale School District underwent a significant transformation in terms of increasing student access to technology as a dynamic instructional tool as well as making the decision to purchase the Learning Management System *Canvas*, also used at our sending Regional High School, Pascack Valley, which is an important tool that transforms the way students and teachers communicate and accomplish learning goals.

In the 2015-2016 school-year all 8th graders were provided a district-owned laptop that they could take home, giving teachers the opportunity to continue transforming and modernizing instructional practices, and students the opportunity to engage more fully in critical thinking, collaboration, accessing information, and creating new products. In the 2016-2017 school-year, all 6th and 7th graders have received laptops that stay at school for an *in-school* 1:1 initiative, all students in grades 3-5 received their own Chromebook for an *in-class* 1:1 initiative, and students in grades K-2 have been given increased access to Chromebooks and tablets.

The River Vale School District considers itself to be a leader in supporting K-8 students with applicable and age-appropriate technology. For the 2017-2018 school-year, all students in grades 6-8 have a Chromebook or laptop they get to take home for the school-year, all students in grades 2-5 have an in-school Chromebook initiative, which means they get their own device, but it stays in school, and students in grades K-1 have had dramatically increased access to technology over the last couple of years due to an increase in tablets.

Educate 2B Mindfulness Program: Thanks to a generous donation from the *River Vale Educational Fund*, the district's *Educate 2B* mindfulness program will be expanded in the 2016-2017 school-year so that over 40 staff members receive an innovative and important way to help address mental health for all students in the district.

Being a "Leading" School District: In addition to being a member of the New Jersey Department of Education's *innovateNJ* program, a state-wide program aimed at supporting innovation by fostering sharing and collaboration between districts, the River Vale School District is also a member of *EdLeader21*, a national consortium focused on integrating vital 21st Century Skills into the classroom. This is an important time in public education, and our district

Being a "Leading" School District (Continued)

needs to be a leader in terms of what a great education should look like for all children in New Jersey.

In River Vale, we are committed to providing students a rich and balanced education that focuses on the important 21st Century Skills needed for success in an increasingly complex, global world. This is an exciting time in education for our district, and together we will remain "Committed to Excellence" to our students!

Each member of the seven-member school board is elected to a three-year term and represents a cross-section of the community.

The Superintendent of Schools, under the direction of the Board of Education, has consulted with teaching staff members, pupils, parents and other residents in the formation of the educational goals of this district and has invited comments at public meetings relative to the goals. These educational goals were then adopted by the Board. The school-level goals address the needs of the pupils of this district and constitute the foundation on which the instructional program is anchored.

The performance of River Vale students on these standardized assessment measures continues to be well above state and national averages in all content areas.

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

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

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital

improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2017.

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 in "Notes to the Financial Statements", Note 1.

DEBT ADMINISTRATION: At June 30, 2017 the River Vale School District had \$3,185,000 in bonded debt.

CASH MANAGEMENT: The school district primarily invests in the New Jersey Cash Management Fund due to the higher interest rates that are offered. The school district also invests in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

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

OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the River Vale School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

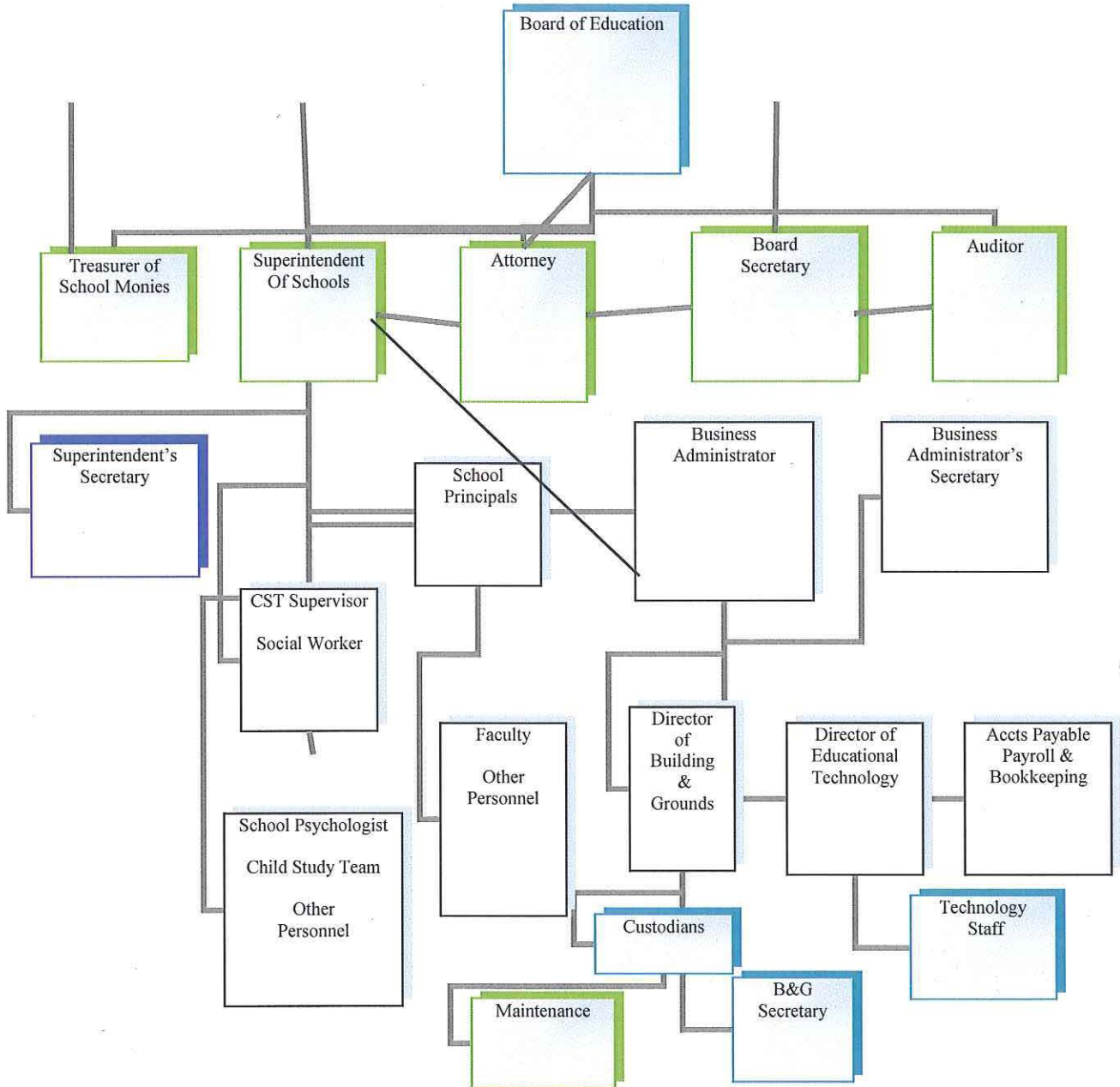
Respectfully submitted,



Kelly Ippolito
Business Administrator/Board Secretary

RIVER VALE BOARD OF EDUCATION

1110 ORGANIZATION CHART



**RIVER VALE BOARD OF EDUCATION
RIVER VALE, NEW JERSEY**

ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lorraine Waldes, President	2018
Steven Rosini, Vice President	2017
Sheryl Eaton	2019
William Ellis	2018
David Moon	2017
Patrice Pintarelli	2017
Andrew Spector	2019

Other Officials

Rory McCourt, Superintendent of Schools

Kelly Ippolito, School Business Administrator/Board Secretary

Gennaro Rotella, Treasurer of School Monies

**RIVER VALE BOARD OF EDUCATION
RIVER VALE, NEW JERSEY**

Consultants and Advisors

As of June 30, 2017

Architect

LAN Associates
445 Godwin Avenue, Suite 1
Midland Park, NJ 07432

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, New Jersey 07410

Attorney

Fogarty & Hara
16-00 Route 208
Fair Lawn, New Jersey 07410

Official Depository

Capital One Bank
553 Broadway Ave.
Westwood, NJ 07675

Risk Manager

Burton Agency
P.O. Box 270
Westwood, New Jersey 07675

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. NICOLOSI, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
River Vale Board of Education
River Vale, 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 River Vale Board of Education, as of and for the fiscal year ended June 30, 2017 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 River Vale Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension 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

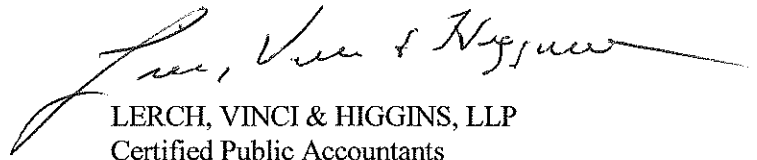
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the River Vale Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards 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 River Vale Board of Education.

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.

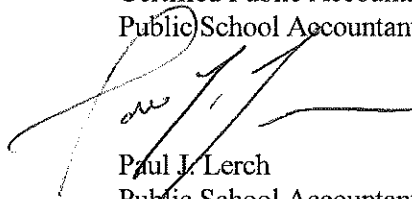
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2017 on our consideration of the River Vale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the River Vale Board of Education'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 River Vale Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RIVER VALE BOARD OF EDUCATION
RIVER VALE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

This discussion and analysis of the River Vale Board of Education's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- District-Wide - Overall revenues were \$30,124,979. General revenues accounted for \$22,099,892 or 73 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,025,087 or 27 percent of total revenues of \$30,124,979.
- District-Wide - The School District had \$28,869,885 in expenses; only \$8,025,087 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$22,099,892 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the River Vale Board of Education's governmental funds reported combined ending fund balances of \$6,113,303, an increase of \$1,169,076 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2017, unassigned fund balance (budgetary basis) for the General Fund was \$685,960, an increase of \$904 from the balance of \$685,056 from June 30, 2016.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the River Vale Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the River Vale Board of Education, reporting the River Vale Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the River Vale Board of Education operates like a business.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the River Vale Board of Education's financial statements, including the portion of the River Vale Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

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

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability and deferred inflows/outflows information	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The District-wide financial statements are designed to provide readers with a broad overview of the River Vale Board of Education's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the River Vale Board of Education's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

District-wide Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund and Park Academy Fund.

Fund Financial Statements

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

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

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, Enterprise Funds, which is used to report the activity of the Food Service Fund and Park Academy Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund and the Student Activity Funds. Fiduciary Funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE RIVER VALE BOARD OF EDUCATION AS A WHOLE

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

Table A-1 provides a summary of the school district's net position for fiscal years 2017 and 2016. Net position for 2017 and 2016 were \$14,472,136 and \$13,217,042, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE RIVER VALE BOARD OF EDUCATION AS A WHOLE (Continued)

Table A-1
Statement of Net Position
As of June 30, 2017 and 2016

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	\$ 6,297,708	\$ 5,191,558	\$ 8,564	\$ 7,247	\$ 6,306,272	\$ 5,198,805
Capital Assets	<u>18,428,714</u>	<u>18,433,119</u>	<u>-</u>	<u>153</u>	<u>18,428,714</u>	<u>18,433,272</u>
Total Assets	<u>24,726,422</u>	<u>23,624,677</u>	<u>8,564</u>	<u>7,400</u>	<u>24,734,986</u>	<u>23,632,077</u>
Total Deferred Outflows of Resources	<u>2,292,518</u>	<u>988,341</u>	<u>-</u>	<u>-</u>	<u>2,292,518</u>	<u>988,341</u>
Total Assets and Deferred Outflows of Resources	<u>27,018,940</u>	<u>24,613,018</u>	<u>8,564</u>	<u>7,400</u>	<u>27,027,504</u>	<u>24,620,418</u>
Liabilities						
Other Liabilities	226,468	295,974	4,004	4,212	230,472	300,186
Long-Term Liabilities	<u>12,290,678</u>	<u>11,002,003</u>	<u>-</u>	<u>-</u>	<u>12,290,678</u>	<u>11,002,003</u>
Total Liabilities	<u>12,517,146</u>	<u>11,297,977</u>	<u>4,004</u>	<u>4,212</u>	<u>12,521,150</u>	<u>11,302,189</u>
Total Deferred Inflows of Resources	<u>34,218</u>	<u>101,187</u>	<u>-</u>	<u>-</u>	<u>34,218</u>	<u>101,187</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,551,364</u>	<u>11,399,164</u>	<u>4,004</u>	<u>4,212</u>	<u>12,555,368</u>	<u>11,403,376</u>
Net Position:						
Net Invested in Capital Assets	15,262,477	14,277,535		153	15,262,477	14,277,688
Restricted	4,094,443	3,256,802			4,094,443	3,256,802
Unrestricted	<u>(4,889,344)</u>	<u>(4,320,483)</u>	<u>4,560</u>	<u>3,035</u>	<u>(4,884,784)</u>	<u>(4,317,448)</u>
Total Net Position	<u>\$ 14,467,576</u>	<u>\$ 13,213,854</u>	<u>\$ 4,560</u>	<u>\$ 3,188</u>	<u>\$ 14,472,136</u>	<u>\$ 13,217,042</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE RIVER VALE BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. Governmental activities increased the District's net position by \$1,253,722. Key elements of this increase are as follows:

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 31,540	\$ 20,155	\$ 18,059	\$ 15,272	\$ 49,599	\$ 35,427
Operating Grants and Contributions	7,968,230	5,921,273	7,258	5,800	7,975,488	5,927,073
Capital Grants and Contributions		298			-	298
General Revenues						
Property Taxes	21,917,688	21,563,660			21,917,688	21,563,660
Other	182,176	156,723	28	29	182,204	156,752
Total Revenues	<u>30,099,634</u>	<u>27,662,109</u>	<u>25,345</u>	<u>21,101</u>	<u>30,124,979</u>	<u>27,683,210</u>
Expenses						
Instruction						
Regular	14,660,861	12,956,831			14,660,861	12,956,831
Special Education	3,307,958	2,833,926			3,307,958	2,833,926
Other Instruction	735,632	826,581			735,632	826,581
School Sponsored Activities and Ath.	195,003	187,152			195,003	187,152
Support Services						
Student and Instruction Related Serv.	3,520,859	3,101,326			3,520,859	3,101,326
Attendance and Social Work	93,463	101,908			93,463	101,908
Educational Media/School Library	281,046	252,636			281,046	252,636
General Administrative Services	627,090	630,874			627,090	630,874
School Administrative Services	1,398,509	1,315,095			1,398,509	1,315,095
Plant Operations and Maintenance	2,263,671	2,213,141			2,263,671	2,213,141
Pupil Transportation	351,882	391,112			351,882	391,112
Central Services	1,274,128	1,175,357			1,274,128	1,175,357
Food Services			20,537	21,783	20,537	21,783
Non Major			3,436	3,446	3,436	3,446
Interest on Long-Term Debt	135,810	166,924	-	-	135,810	166,924
Total Expenses	<u>28,845,912</u>	<u>26,152,863</u>	<u>23,973</u>	<u>25,229</u>	<u>28,869,885</u>	<u>26,178,092</u>
Change in Net Position	1,253,722	1,509,246	1,372	(4,128)	1,255,094	1,505,118
Net Position, Beginning of Year	<u>13,213,854</u>	<u>11,704,608</u>	<u>3,188</u>	<u>7,316</u>	<u>13,217,042</u>	<u>11,711,924</u>
Net Position, End of Year	<u>\$ 14,467,576</u>	<u>\$ 13,213,854</u>	<u>\$ 4,560</u>	<u>\$ 3,188</u>	<u>\$ 14,472,136</u>	<u>\$ 13,217,042</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE RIVER VALE BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. The District's total governmental revenues were \$30,099,634. The general share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$22,099,864 or 73% of total revenues. Funding from restricted state and federal sources amounted to \$7,968,230 or 26%. Charges for services amounted to \$31,540 or less than 1%.

The District's total governmental expenses were \$28,845,912 and are predominantly related to instruction and support services. Instruction totaled \$18,899,454 (66%), student and other support services totaled \$9,810,648 (33%) and interest on long-term debt total \$135,810 (1%) of total expenses. (See Table A-3.)

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2017

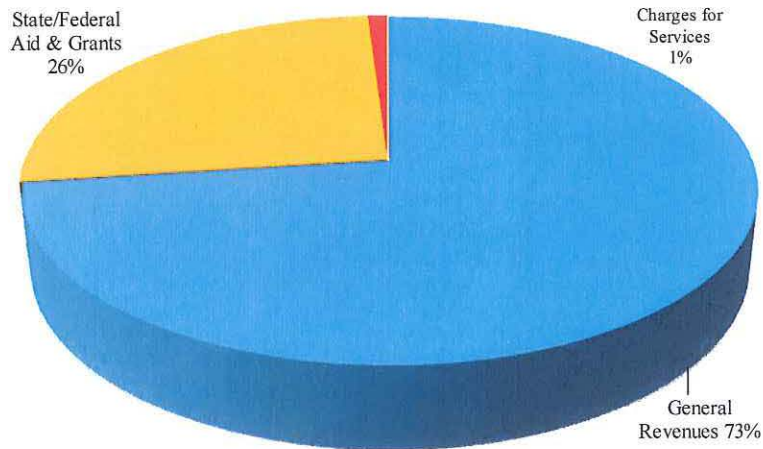
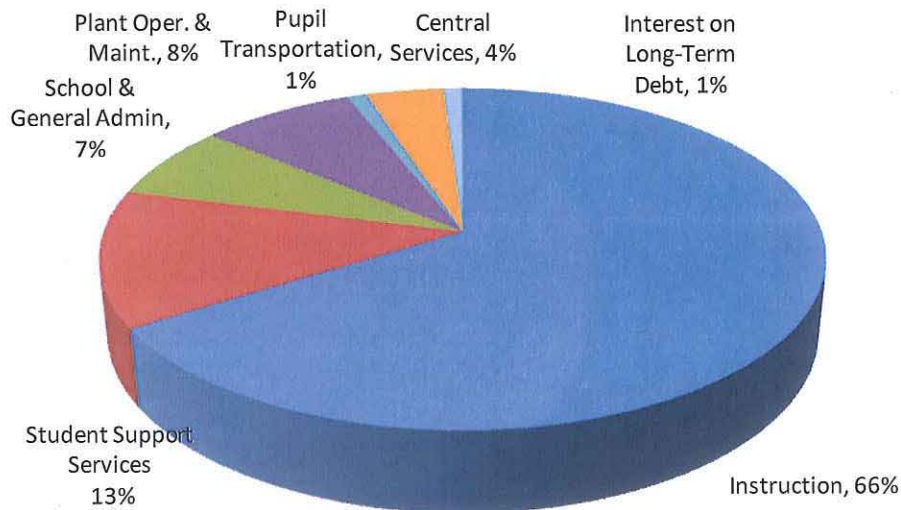


Table A-2 Expenses by Type- Governmental Activities
For Fiscal Year 2017



RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE RIVER VALE BOARD OF EDUCATION AS A WHOLE (Continued)

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	14,660,861	12,956,831	\$ 9,718,491	\$ 9,399,953
Special Education	3,307,958	2,833,926	1,801,837	1,622,168
Other Instruction	735,632	826,581	463,899	580,569
School Sponsored Activities and Athletics	195,003	187,152	195,003	187,152
Support Services				
Student and Instruction Related Svcs.	3,520,859	3,101,326	2,823,852	2,596,708
Attendance and Social Work	93,463	101,908	93,463	101,908
Educational Media/School Library	281,046	252,636	281,046	252,636
General Administrative Services	627,090	630,874	627,090	630,874
School Administrative Services	1,398,509	1,315,095	1,002,072	1,031,770
Plant Operations and Maintenance	2,263,671	2,213,141	2,236,265	2,193,637
Pupil Transportation	351,882	391,112	320,475	363,559
Central Services	1,274,128	1,175,357	1,146,839	1,083,279
Interest on Long-Term Debt	135,810	166,924	135,810	166,924
Total Governmental Activities	<u>\$ 28,845,912</u>	<u>\$ 26,152,863</u>	<u>\$ 20,846,142</u>	<u>\$ 20,211,137</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$23,973. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an increase in net position of \$1,372. The increase in the net position is attributable to food service revenues exceeding expenses.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$6,113,303. At June 30, 2016 the fund balance was \$4,944,227.

The 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 \$25,767,899 and expenditures were \$24,893,323. In addition, the District had other financing sources in the amount of \$294,500.

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 fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2017 and 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 22,125,242	\$ 21,786,453	\$ 338,789	1.56%
State Sources	3,328,671	2,986,745	341,926	11.45%
Federal Sources	313,986	225,904	88,082	38.99%
Total Revenues	\$ 25,767,899	\$ 24,999,102	\$ 768,797	3.08%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2017 and 2016.

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 14,519,823	\$ 13,873,752	\$ 646,071	4.66%
Undistributed	8,508,681	8,466,769	41,912	0.50%
Capital Outlay	737,044	454,654	282,390	62.11%
Debt Service				
Principal	980,545	963,575	16,970	1.76%
Interest	147,230	181,099	(33,869)	-18.70%
Total Expenditures	\$ 24,893,323	\$ 23,939,849	\$ 953,474	3.98%

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts. Several of these revisions bear notation.

- Several unanticipated events resulted in significant additional revenue during this budget year:

* The District applied for and received \$260,795 in extraordinary aid.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- An unanticipated increase in federal IDEA (Individuals with Disabilities Education Act) funding allowed the District to offset some out of district special education tuition costs. This allowed budgeted general fund tuition costs to be transferred to other special education related accounts.
- Tuition for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year, which necessitates transferring funds to the appropriate account to pay these special education costs.
- Effective September 1, 2002, the district opened a behavioral disabilities class which services both in-district resident students, as well as out-of-district placements from surrounding school districts. The District's initiative in opening the aforementioned special education program has enabled the district to significantly reduce both special education tuition costs as well as associated special education transportation costs.
- Effective September 1, 2004, the district opened an integrated pre-school class which services both general education and special education students ages 3 and 4. The District's initiative in opening the aforementioned special education program has enabled the district to significantly reduce both special education tuition costs as well as associated special education transportation costs.
- Special education costs increased significantly for occupational and physical therapy and Applied Behavioral Analysis.
- Property, liability, and medical insurances were renewed at higher rates. While adequately budgeted for, it should be noted that this represents a national trend in all major areas of the insurance industry.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Capital Assets. The River Vale Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$18,428,714 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and machinery and equipment.

The major capital asset event during the current fiscal year was the completion of the facilities acquisitions and construction services at Holdrum, Woodside and Roberge Schools.

Table A-4
Capital Assets
(net of depreciation) at June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 31,805	\$ 31,805			\$ 31,805	\$ 31,805
Construction in Progress	315,577	321,831			315,577	321,831
Land Improvements	384,600	384,600			384,600	384,600
Buildings and Building Improvements	25,896,785	25,206,682			25,896,785	25,206,682
Machinery, Equipment and Vehicles	<u>1,685,534</u>	<u>1,632,339</u>	\$ 15,258	\$ 15,258	<u>1,700,792</u>	<u>1,647,597</u>
Total	28,314,301	27,577,257	15,258	15,258	28,329,559	27,592,515
Less: Accumulated Depreciation	<u>9,885,587</u>	<u>9,144,138</u>	<u>15,258</u>	<u>15,105</u>	<u>9,900,845</u>	<u>9,159,243</u>
Total	<u>\$ 18,428,714</u>	<u>\$ 18,433,119</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 18,428,714</u>	<u>\$ 18,433,272</u>

Additional information on River Vale Board of Education's capital assets can be found in the Notes of this report.

Debt Administration. As of June 30, 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$12,290,678 as stated in Table A-5.

Table A-5
Outstanding Long-Term Liabilities

	<u>2017</u>	<u>2016</u>
Serial Bonds (including Premium)	\$ 3,237,727	\$ 4,071,951
Capital Leases/Lease Purchase Agreement	270,967	152,012
Compensated Absences Payable	540,795	484,583
Net Pension Liability	<u>8,241,189</u>	<u>6,293,457</u>
Total	<u>\$ 12,290,678</u>	<u>\$ 11,002,003</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Debt Administration (Continued)

The District has outstanding general obligation serial bonds in the amount of \$3,185,000. These bonds were used to finance the facilities acquisitions and construction services at Holdrum, Woodside and Roberge Schools. The capital leases are comprised of technology improvements and a boiler upgrade. The compensated absences represent the District's liability for unused accrued sick leave and unused vacation. The net pension liability represents the District's proportionate share of the unfunded pension liability of the State of New Jersey's Public Employees Retirement System Pension Fund.

Moody's Investors Service has assigned an Aa2 enhanced rating to the River Vale Board of Education's \$12.8 million General Obligation School Bonds. These bonds are secured by New Jersey's Chapter 72 program. The Aa2 rating on this issue reflects: Chapter 72's highly liquid reserve that by statute is perpetually sized at 1.5% of New Jersey school district related indebtedness; significant ability to regenerate the fund in the case of a draw; and, Moody's anticipation that program mechanics will govern timely bond repayment in the case of a defaulting issuer. Additional information on this program follows:

CHAPTER 72 IS A CONSTITUTIONALLY CREATED FUND LOCATED IN THE STATE'S FUND FOR SUPPORT OF FREE PUBLIC SCHOOLS

The Chapter 72 reserves, authorized in 1980 (NJ 18A:56-19), to make scheduled debt service payments for a defaulting issuer are carved from the State of New Jersey's larger constitutionally created Fund for Support of Free Public Schools. Chapter 72 assets currently valued at \$62 million are recalculated annually, to comply with the statutory requirement that the reserve equal exactly 1.5% of the \$4.1 billion of outstanding school related debt. Currently, Chapter 72 assets comprise 41% of the Fund.

Additional information on River Vale Board of Education's long-term debt can be found in Note 3 of this report.

FOR THE FUTURE

Currently, the District is in superior financial condition. Everyone associated with the River Vale School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the River Vale School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Business Administrator at the River Vale Board of Education, 609 Westwood Ave., River Vale, NJ 07675.

BASIC FINANCIAL STATEMENTS

**RIVER VALE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,995,550	\$ 6,457	\$ 6,002,007
Internal Balances	655	(655)	-
Receivables, net			
Receivables from Other Governments	301,363	591	301,954
Other	140	2,171	2,311
Capital Assets, Not Being Depreciated	347,382		347,382
Capital Assets, Being Depreciated, Net	<u>18,081,332</u>	<u>-</u>	<u>18,081,332</u>
 Total Assets	 <u>24,726,422</u>	 <u>8,564</u>	 <u>24,734,986</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	43,995	-	43,995
Deferred Amounts on Net Pension Liability	<u>2,248,523</u>	<u>-</u>	<u>2,248,523</u>
 Total Deferred Outflows of Resources	 <u>2,292,518</u>	 <u>-</u>	 <u>2,292,518</u>
 Total Assets and Deferred Outflows of Resources	 <u>27,018,940</u>	 <u>8,564</u>	 <u>27,027,504</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	178,261		178,261
Accrued Interest Payable	42,063		42,063
Unearned Revenue	6,144	4,004	10,148
Noncurrent Liabilities			
Due Within One Year	972,812		972,812
Due Beyond One Year	<u>11,317,866</u>	<u>-</u>	<u>11,317,866</u>
 Total Liabilities	 <u>12,517,146</u>	 <u>4,004</u>	 <u>12,521,150</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>34,218</u>	<u>-</u>	<u>34,218</u>
 Total Deferred Inflows of Resources	 <u>34,218</u>	 <u>-</u>	 <u>34,218</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>12,551,364</u>	 <u>4,004</u>	 <u>12,555,368</u>
NET POSITION			
Net Investment in Capital Assets	15,262,477		15,262,477
Restricted for			
Capital Projects	3,644,443		3,644,443
Plant Maintenance	450,000		450,000
Unrestricted	<u>(4,889,344)</u>	<u>4,560</u>	<u>(4,884,784)</u>
 Total Net Position	 <u>\$ 14,467,576</u>	 <u>\$ 4,560</u>	 <u>\$ 14,472,136</u>

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

**RIVER VALE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 14,660,861	\$ 31,540	\$ 4,910,830		\$ (9,718,491)		\$ (9,718,491)
Special Education	3,307,958		1,506,121		(1,801,837)		(1,801,837)
Other Instruction	735,632		271,733		(463,899)		(463,899)
School Sponsored Activities and Athletics	195,003				(195,003)		(195,003)
Support Services							
Student and Instruction Related Services	3,520,859		697,007		(2,823,852)		(2,823,852)
Attendance and Social Work	93,463				(93,463)		(93,463)
Educational Media/School Library	281,046				(281,046)		(281,046)
School Administrative Services	1,398,509		396,437		(1,002,072)		(1,002,072)
General and Business Administrative Services	627,090				(627,090)		(627,090)
Plant Operations and Maintenance	2,263,671		27,406		(2,236,265)		(2,236,265)
Pupil Transportation	351,882		31,407		(320,475)		(320,475)
Central Services	1,274,128		127,289		(1,146,839)		(1,146,839)
Interest on Long-Term Debt	135,810				(135,810)		(135,810)
Total Governmental Activities	28,845,912	31,540	7,968,230	-	(20,846,142)	-	(20,846,142)
Business-Type Activities							
Food Service	20,537	14,623	7,258	-	-	\$ 1,344	1,344
Non-Major	3,436	3,436	-	-	-	-	-
Total Business-Type Activities	23,973	18,059	7,258	-	-	1,344	1,344
Total Primary Government	\$ 28,869,885	\$ 49,599	\$ 7,975,488	\$ -	(20,846,142)	1,344	(20,844,798)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes					20,967,313		20,967,313
Property Taxes Levied for Debt Services					950,375		950,375
Unrestricted State Aid					12,375		12,375
Interest on Investments					19,941	28	19,969
Miscellaneous Income					149,860	-	149,860
Total General Revenues					22,099,864	28	22,099,892
Change in Net Position					1,253,722	1,372	1,255,094
Net Position, Beginning of Year					13,213,854	3,188	13,217,042
Net Position, End of Year					\$ 14,467,576	\$ 4,560	\$ 14,472,136

FUND FINANCIAL STATEMENTS

**RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,624,863		\$ 100,515		\$ 5,725,378
Cash and Cash Equivalents with Fiscal Agent			270,172		270,172
Due from Other Funds	151,376				151,376
Other Receivables	140				140
Receivables from Other Governments	119,804	\$ 85,679	95,880	-	301,363
	<u>119,804</u>	<u>\$ 85,679</u>	<u>95,880</u>	<u>-</u>	<u>301,363</u>
Total Assets	<u>\$ 5,896,183</u>	<u>\$ 85,679</u>	<u>\$ 466,567</u>	<u>\$ -</u>	<u>\$ 6,448,429</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 92,451	\$ 25,370			\$ 117,821
Accrued Salaries & Wages	60,440				60,440
Due to Other Funds	1,516	55,465	\$ 93,740		150,721
Unearned Revenue	1,300	4,844	-	-	6,144
	<u>1,300</u>	<u>4,844</u>	<u>-</u>	<u>-</u>	<u>6,144</u>
Total Liabilities	<u>155,707</u>	<u>85,679</u>	<u>93,740</u>	<u>-</u>	<u>335,126</u>
Fund Balance					
Restricted:					
Excess Surplus	242,581				242,581
Excess Surplus - Designated for					
Subsequent Year's Expenditures (2017/18 Budget)	265,263				265,263
Capital Reserve	2,725,578				2,725,578
Capital Reserve - Designated for					
Subsequent Year's Expenditures (2017/18 Budget)	650,000				650,000
Maintenance Reserve	450,000				450,000
Capital Projects			372,827		372,827
Committed:					
Year-End Encumbrances	866,013				866,013
Assigned:					
Year-End Encumbrances	157,805				157,805
Unassigned Fund Balance	383,236	-	-	-	383,236
	<u>383,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,236</u>
Total Fund Balances	<u>5,740,476</u>	<u>-</u>	<u>372,827</u>	<u>-</u>	<u>6,113,303</u>
Total Liabilities and Fund Balances	<u>\$ 5,896,183</u>	<u>\$ 85,679</u>	<u>\$ 466,567</u>	<u>\$ -</u>	<u>\$ 6,448,429</u>

**RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances (Exhibit B-1) \$ 6,113,303

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 \$28,314,301 and the accumulated depreciation is \$9,885,587.

18,428,714

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

(42,063)

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

\$ 2,248,523

Deferred Inflows of Resources

(34,218)

2,214,305

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.

43,995

Long-term liabilities, including bonds payable, and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

General Obligation Bonds Payable, Including Unamortized Premium

3,237,727

Capital Leases Payable

76,467

Lease Purchase Agreements

194,500

Compensated Absences

540,795

Net Pension Liability

8,241,189

(12,290,678)

Net Position of Governmental Activities (Exhibit A-1)

\$ 14,467,576

RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 20,967,313			\$ 950,375	\$ 21,917,688
Tuition	31,540				31,540
Interest on Investment	19,049		\$ 892		19,941
Miscellaneous	149,860	\$ 6,213	-	-	156,073
Total - Local Sources	21,167,762	6,213	892	950,375	22,125,242
State Sources	3,328,671				3,328,671
Federal Sources	4,782	309,204	-	-	313,986
Total Revenues	24,501,215	315,417	892	950,375	25,767,899
EXPENDITURES					
Current					
Regular Instruction	10,799,994	6,213	20,257		10,826,464
Special Education Instruction	2,669,488	285,796			2,955,284
Other Instruction	565,092				565,092
School-Sponsored Activities and Athletics	172,983				172,983
Support Services					
Student and Instruction Related Services	2,875,872	23,408			2,899,280
Attendance and Social Work	93,253				93,253
Educational Media/School Library	268,072				268,072
School Administrative Services	1,127,609				1,127,609
General Administrative Services	579,724		308		580,032
Plant Operations and Maintenance	2,075,304		4,579		2,079,883
Pupil Transportation	351,882				351,882
Central Services	1,108,670				1,108,670
Debt Service					
Principal	175,545			805,000	980,545
Interest and Other Charges	1,855			145,375	147,230
Capital Outlay	737,044	-	-	-	737,044
Total Expenditures	23,602,387	315,417	25,144	950,375	24,893,323
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	898,828	-	(24,252)	-	874,576
Other Financing Sources and (Uses)					
Lease Proceeds			294,500		294,500
Transfers In	384				384
Transfers Out	-	-	(384)	-	(384)
Total Other Financing Sources and Uses	384	-	294,116	-	294,500
Net Change in Fund Balances	899,212	-	269,864	-	1,169,076
Fund Balance, Beginning of Year	4,841,264	-	102,963	-	4,944,227
Fund Balance, End of Year	\$ 5,740,476	\$ -	\$ 372,827	\$ -	\$ 6,113,303

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

**RIVER VALE BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,169,076

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 737,044	
Depreciation Expense	<u>(741,449)</u>	(4,405)

In the statement of activities, certain operating expenses - compensated absences and pension expense - are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences, Net	(56,212)	
Increase in Pension Expense	<u>(552,202)</u>	(608,414)

Repayment of bond and lease purchase principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Debt Issued:		
Capital Leases	(294,500)	
Principal Repayments:		
Serial Bonds	805,000	
Capital Leases	<u>175,545</u>	686,045

The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	29,224	
Amortization of Deferred Amounts on Refunding	<u>(24,384)</u>	4,840

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>6,580</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,253,722

**RIVER VALE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Non-Major Park Academy</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 6,457		\$ 6,457
Due from Other Funds	1,516		1,516
Intergovernmental Receivable			
Federal	591		591
Other	-	\$ 2,171	2,171
Total Current Assets	<u>8,564</u>	<u>2,171</u>	<u>10,735</u>
Capital Assets			
Equipment	15,258		15,258
Less: Accumulated Depreciation	<u>(15,258)</u>	<u>-</u>	<u>(15,258)</u>
Total Capital Assets, Net	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>8,564</u>	<u>2,171</u>	<u>10,735</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds		2,171	2,171
Unearned Revenue	<u>4,004</u>	<u>-</u>	<u>4,004</u>
Total Current Liabilities	<u>4,004</u>	<u>2,171</u>	<u>6,175</u>
Total Liabilities	<u>4,004</u>	<u>2,171</u>	<u>6,175</u>
NET POSITION			
Net Investment in Capital Assets	-		-
Unrestricted	<u>4,560</u>	<u>-</u>	<u>4,560</u>
Total Net Position	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ 4,560</u>

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

**RIVER VALE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities</u>		<u>Total Enterprise Funds</u>
	<u>Food Service</u>	<u>Non-Major Park Academy</u>	
OPERATING REVENUE			
Charges for Services			
Daily Sales - Milk	\$ 14,623		\$ 14,623
Miscellaneous Fees	-	\$ 3,436	3,436
	<u>14,623</u>	<u>3,436</u>	<u>18,059</u>
Total Operating Revenues	<u>14,623</u>	<u>3,436</u>	<u>18,059</u>
OPERATING EXPENSES			
Cost of Sales	11,965		11,965
Salaries and Benefits	6,000		6,000
Purchased Professional - Educational Services		3,436	3,436
Supplies and Materials	2,419		2,419
Depreciation	153	-	153
	<u>20,537</u>	<u>3,436</u>	<u>23,973</u>
Total Operating Expenses	<u>20,537</u>	<u>3,436</u>	<u>23,973</u>
Operating Income/(Loss)	<u>(5,914)</u>	<u>-</u>	<u>(5,914)</u>
NONOPERATING REVENUE			
Interest	28		28
Federal Sources			-
Special Milk Program	7,258	-	7,258
	<u>7,286</u>	<u>-</u>	<u>7,286</u>
Total Nonoperating Revenues	<u>7,286</u>	<u>-</u>	<u>7,286</u>
Change in Net Position	<u>1,372</u>	<u>-</u>	<u>1,372</u>
Total Net Position, Beginning of Year	<u>3,188</u>	<u>-</u>	<u>3,188</u>
Total Net Position, End of Year	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ 4,560</u>

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

**RIVER VALE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Non-Major Park Academy</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 14,415	\$ 3,047	\$ 17,462
Cash Payments for Salaries and Benefits	(6,000)		(6,000)
Cash Payments to Suppliers for Goods and Services	(14,384)	(3,047)	(17,431)
Net Cash Provided by (Used by) Operating Activities	(5,969)	-	(5,969)
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	6,281	-	6,281
Net Cash Provided by (Used by) Noncapital Financing Activities	6,281	-	6,281
Cash Flows from Investing Activities			
Interest Earnings	28	-	28
Net Cash Provided by Investing Activities	28	-	28
Net Increase/(Decrease) in Cash and Cash Equivalents	340	-	340
Cash and Cash Equivalents, Beginning of Year	6,117	-	-
Cash and Cash Equivalents, End of Year	\$ 6,457	\$ -	\$ 6,457
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
Operating Income (Loss)	\$ (5,914)	\$ -	\$ (5,914)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities			
Depreciation	153		153
Change in Assets and Liabilities			
(Increase)/Decrease in Intergovernmental Receivable - Other		(389)	(389)
Increase/(Decrease) in Due to Other Funds		389	389
Increase/(Decrease) in Unearned Revenue	(208)	-	(208)
Total Adjustments	(55)	-	(55)
Net Cash (Used by) Operating Activities	\$ (5,969)	\$ -	\$ (5,969)

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

**RIVER VALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation <u>Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 681,791	\$ 150,293
Cash and Cash Equivalents with Fiscal Agent	<u>-</u>	<u>7,203</u>
 Total Assets	 <u>\$ 681,791</u>	 <u>\$ 157,496</u>
 LIABILITIES		
Payroll Deductions and Withholdings		\$ 12,775
Accrued Salaries and Wages		3,387
Flex Spending Benefits		7,203
Due to State of New Jersey	\$ 3,429	
Due to Student Groups	<u>-</u>	<u>134,131</u>
 Total Liabilities	 <u>3,429</u>	 <u>\$ 157,496</u>
 NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 678,362</u>	

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

**RIVER VALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions	
District	\$ 60,000
Employees	25,949
Investment Earnings	
Interest	<u>2,360</u>
Total Additions	<u>88,309</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>46,746</u>
Total Deductions	<u>46,746</u>
Change in Net Position	41,563
Net Position, Beginning of Year	<u>636,799</u>
Net Position, End of Year	<u>\$ 678,362</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The River Vale Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the River Vale Board of Education this includes general operations, food service, park academy and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. 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. 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. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. 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*, will be effective with the fiscal year ending June 30, 2018. 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.
- 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.

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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 and food service enterprise fund 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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

The *Park Academy fund* accounts for the activities of the District's tuition reimbursement for students attending the school. The District is no longer accounting for these activities as they were transferred to Passaic Valley Regional High School.

Additionally, the government reports the following fund types:

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

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

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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Property taxes, tuition, rental 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.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements for capital projects and/or certificates of participation, principal and interest.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. 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.

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	45-50
Building Improvements	20
Machinery and Equipment	5-20

6. 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 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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Compensated Absences*

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

8. *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.

9. *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. Losses resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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 including the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

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

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 2017/2018 District budget certified for taxes. (See Note 2).

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2).

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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.

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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and 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 food service enterprise fund and of the park academy enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 7, 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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,168,129. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$274,741, \$372,000 and \$14,815 from the general fund were made on August 23, 2016, March 7, 2017 and May 30, 2017, respectively.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 2,803,839
Increased by:		
Interest earnings	\$ 8,554	
Deposits Approved in District Budget	100,000	
Deposits Approved by Board Resolution	850,000	
		<u>958,554</u>
		3,762,393
Decreased by:		
Withdrawals Approved by Board Resolutions		<u>386,815</u>
Balance, June 30, 2017		<u>\$ 3,375,578</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. Of the total capital reserve balance at June 30, 2017, \$650,000 was designated and appropriated in the 2017/2018 original budget certified for taxes.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 350,000
Increased by	
Deposits Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2017	<u>\$ 450,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$759,616.

D. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$386,815 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to implement a capital project in the District's Long Range Facility Plan.

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, 2017 is \$507,844. Of this amount, \$265,263 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$242,581 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2017, the book value of the Board's deposits were \$6,841,294 and bank and brokerage firm balances of the Board's deposits amounted to \$7,301,533. 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>7,301,533</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, 2017 the Board's bank balances were not exposed to custodial credit risk.

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

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, 2017 for the district's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Park Academy Fund</u>	<u>Total</u>
Receivables:						
Intergovernmental						
Federal		\$ 85,679		\$ 591		\$ 86,270
State	\$ 44,804		\$ 95,880			140,684
Local	75,000				\$ 2,171	77,171
Other	<u>140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>
Gross Receivables	119,944	85,679	95,880	591	2,171	304,265
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 119,944</u>	<u>\$ 85,679</u>	<u>\$ 95,880</u>	<u>\$ 591</u>	<u>\$ 2,171</u>	<u>\$ 304,265</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
General Fund	
Prepayments of Preschool Tuition	\$ 1,300
Special Revenue Fund	
Unencumbered Grant Drawdowns	<u>4,844</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 6,144</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 31,805			\$ 31,805
Construction in Progress	<u>321,831</u>	\$ 683,849	\$ 690,103	<u>315,577</u>
 Total Capital Assets, Not Being Depreciated	 <u>353,636</u>	 <u>683,849</u>	 <u>690,103</u>	 <u>347,382</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	25,206,682	690,103		25,896,785
Machinery and Equipment	1,632,339	53,195		1,685,534
Land Improvements	<u>384,600</u>	<u>-</u>	<u>-</u>	<u>384,600</u>
 Total Capital Assets Being Depreciated	 <u>27,223,621</u>	 <u>743,298</u>	 <u>-</u>	 <u>27,966,919</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,580,061)	(584,631)		(8,164,692)
Machinery and Equipment	(1,242,128)	(140,218)		(1,382,346)
Land Improvements	<u>(321,949)</u>	<u>(16,600)</u>	<u>-</u>	<u>(338,549)</u>
 Total Accumulated Depreciation	 <u>(9,144,138)</u>	 <u>(741,449)</u>	 <u>-</u>	 <u>(9,885,587)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>18,079,483</u>	 <u>1,849</u>	 <u>-</u>	 <u>18,081,332</u>
 Governmental Activities Capital Assets, net	 <u>\$ 18,433,119</u>	 <u>\$ 685,698</u>	 <u>\$ 690,103</u>	 <u>\$ 18,428,714</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Food Service Fund				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 15,258	-	-	\$ 15,258
Total Capital Assets Being Depreciated	<u>15,258</u>	<u>-</u>	<u>-</u>	<u>15,258</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(15,105)	\$ (153)	-	(15,258)
Total Accumulated Depreciation	<u>(15,105)</u>	<u>(153)</u>	<u>-</u>	<u>(15,258)</u>
Total Capital Assets, Being Depreciated, Net	<u>153</u>	<u>(153)</u>	<u>-</u>	<u>-</u>
Business-Type Activities Capital Assets, Net	<u>\$ 153</u>	<u>\$ (153)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:

Instruction	
Regular	\$ 691,328
Total Instruction	<u>691,328</u>
Support Services	
Students and Instructional Related Services	18,144
General and Business Administrative Services	1,094
School Administrative Services	13,108
Plant Operations and Maintenance	<u>17,775</u>
Total Support Services	<u>50,121</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 741,449</u>
Business-Type activities:	
Food Service Fund	<u>\$ 153</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 153</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Macadem Paving at Various Schools		\$ 95,555
Chiller Replacement at Roberge Elementary School	\$ 199,652	36,109
Renovation of Media Center at Woodside Elementary School	11,638	360,362
HVAC Equipment	-	114,480
Total		<u>\$ 606,506</u>

The District has other significant commitments at June 30, 2017 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Library Furniture	\$ 107,301
Playground Equipment at Woodside Elementary School	<u>132,115</u>
Total	<u>\$ 239,416</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 55,465
General Fund	Capital Projects Fund	93,740
General Fund	Park Academy Fund	2,171
Food Service Fund	General Fund	<u>1,516</u>
		<u>\$ 152,892</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.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 384	\$ 384
 Total Transfers Out	 <u>\$ 384</u>	 <u>\$ 384</u>

The above transfers are the result of revenues earned in one fund which are due to another fund.

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2017 were \$52,359. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 39,268
	<u>\$ 39,268</u>

Capital Leases and Lease Purchase Agreements

The District is leasing technology and boiler improvements totaling \$674,500 under capital leases and lease purchase agreements. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building and Building Improvements	\$ 380,000
 Total	 <u>\$ 380,000</u>

The unexpended proceeds (not of investment earnings) from lease purchase agreements in the amount of \$269,664 at June 30, 2017 are held with the Fiscal Agent.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases and Lease Purchase Agreements (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 177,400
2019	<u>100,000</u>
Total minimum lease payments	277,400
Less: amount representing interest	<u>(6,433)</u>
Present value of minimum lease payments	<u>\$ 270,967</u>

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, 2017 are comprised of the following issues:

\$7,080,000, 2010 Bonds, due in annual installments of \$790,000 to \$800,000 through September 15, 2020, interest at 3.5% to 4.5%	<u>\$ 3,185,000</u>
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**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 800,000	\$ 114,101	\$ 914,101
2019	800,000	82,926	882,926
2020	795,000	51,238	846,238
2021	<u>790,000</u>	<u>17,775</u>	<u>807,775</u>
Total	<u>\$ 3,185,000</u>	<u>\$ 266,040</u>	<u>\$ 3,451,040</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 59,966,599
Less: Net Debt	<u>3,185,948</u>
Remaining Borrowing Power	<u>\$ 56,780,651</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 3,990,000		\$ 805,000	\$ 3,185,000	\$ 800,000
Deferred Amounts:					
Add: Original Issue Premium	81,951	-	29,224	52,727	-
Total Bonds Payable	4,071,951	-	834,224	3,237,727	800,000
Capital Leases Payable	152,012		75,545	76,467	76,467
Lease Purchase Agreements		\$ 294,500	100,000	194,500	96,345
Compensated Absences	484,583	83,050	26,838	540,795	
Net Pension Liability	6,293,457	2,194,932	247,200	8,241,189	-
Governmental Activities Long-Term Liabilities	<u>\$ 11,002,003</u>	<u>\$ 2,572,482</u>	<u>\$ 1,283,807</u>	<u>\$ 12,290,678</u>	<u>\$ 972,812</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG of Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims, and various other types of insurance coverages.

The relationship between the Board and the 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.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NESBIG 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 Group 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>
2017	\$ 60,000	\$ 25,949	\$ 46,746	\$ 678,362
2016	225,000	28,898	40,897	636,799
2015	60,178	29,343	25,434	422,321

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, 2017, 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, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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, 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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 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.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey 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>
2017	\$ 247,200	\$ 1,029,284	\$ 25,689
2016	241,032	726,183	34,328
2015	226,888	474,794	17,711

In addition for fiscal year 2016/2017 the District contributed \$1,586 for PERS and the State contributed \$1,529 for TPAF for Long Term Disability Insurance Premium (LTDI).

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 No. 24. 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 \$681,876 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. 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. 24.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$8,241,189 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .02783 percent, which was a decrease of .00021 percent from its proportionate share measured as of June 30, 2015 of .02804 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$799,402 for PERS. At June 30, 2017, 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	\$ 153,261	
Changes of Assumptions	1,707,134	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	314,244	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>73,884</u>	<u>\$ 34,218</u>
Total	<u>\$ 2,248,523</u>	<u>\$ 34,218</u>

At June 30, 2017, 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>
2018	\$ 502,621
2019	502,621
2020	579,392
2021	482,875
2022	<u>146,796</u>
	<u>\$ 2,214,305</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

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

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 10,098,615	\$ 8,241,189	\$ 6,707,723

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey 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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,361,019 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. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$71,350,794. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .0907 percent, which was an increase of .00288 percent from its proportionate share measured as of June 30, 2015 of .08782 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 85,208,793</u>	<u>\$ 71,350,794</u>	<u>\$ 60,033,949</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

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 plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, 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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$857,629, \$864,684 and \$753,736, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 20,967,313		\$ 20,967,313	\$ 20,967,313	
Interest on Investments				10,495	\$ 10,495
Interest on Capital Reserve	2,000		2,000	8,554	6,554
Tuition (Pre-K)	20,000		20,000	31,540	11,540
Building Rental	103,055		103,055	103,905	850
Miscellaneous	10,000	-	10,000	45,955	35,955
Total - Local Sources	21,102,368	-	21,102,368	21,167,762	65,394
State Sources					
Special Education Aid	394,058		394,058	394,058	-
Transportation Aid	27,212		27,212	27,212	-
Security Aid	21,680		21,680	21,680	-
Per Pupil Growth Aid	12,380		12,380	12,380	-
PARCC Readiness Aid	12,380		12,380	12,380	-
Professional Learning Community Aid	11,620		11,620	11,620	-
Extraordinary Aid				260,795	260,795
Nonpublic School Transportation Aid				4,524	4,524
Lead Testing for Schools Aid				1,167	1,167
On-behalf TPAF Payments -					
Pension Contribution (Non-Budget)				993,295	993,295
NCGI Premium (Non-Budget)				35,989	35,989
Post Retirement Medical Benefits (Non-Budget)				857,629	857,629
Long-Term Disability Insurance Contributions (No-Budget)				1,529	1,529
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	681,876	681,876
Total - State Sources	479,330	-	479,330	3,316,134	2,836,804
Federal Sources					
FEMA Reimbursement	-	-	-	4,782	4,782
Total - Federal Sources	-	-	-	4,782	4,782
Total Revenues	21,581,698	-	21,581,698	24,488,678	2,906,980
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	566,360	\$ 7,016	573,376	573,376	-
Grades 1-5	3,463,507	(31,911)	3,431,596	3,418,243	13,353
Grades 6-8	2,790,835	(8,437)	2,782,398	2,778,306	4,092
Instruction - Home					
Salaries of Teachers	3,000	28,675	31,675	31,675	-
Purchased Professional - Educational Services	5,500	(3,175)	2,325	199	2,126
Total Instruction - Regular	6,829,202	(7,832)	6,821,370	6,801,799	19,571
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	130,000	36,147	166,147	100,064	66,083
Other Purchased Services	203,664	(22,897)	180,767	179,178	1,589
General Supplies	389,941	111,741	501,682	476,832	24,850
Textbooks	9,900	(3,400)	6,500	6,207	293
Other Objects	1,500	-	1,500	892	608
Total Regular Programs	735,005	121,591	856,596	763,173	93,423

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers		\$ 109,145	\$ 109,145	\$ 108,690	\$ 455
Other Salaries for Instruction		85,665	85,665	76,128	9,537
Purchased Professional - Educational Services		3,415	3,415		3,415
General Supplies	-	12,350	12,350	12,349	1
Total Learning and/or Language Disabilities	-	210,575	210,575	197,167	13,408
Resource Room					
Salaries of Teachers	\$ 627,121	(35,057)	592,064	590,986	1,078
Purchased Professional-Educational Services	3,000	17,500	20,500	17,310	3,190
General Supplies	1,550	-	1,550	610	940
Textbooks	850	-	850	417	433
Total Resource Room	632,521	(17,557)	614,964	609,323	5,641
Preschool Disabilities - Part Time					
Salaries of Teachers	62,815	4,050	66,865	66,865	-
Other Salaries for Instruction	51,699	(159)	51,540	44,987	6,553
Purchased Professional - Educational Services	1,000	500	1,500	516	984
General Supplies	1,233	-	1,233	856	377
Total Preschool Disabilities - Part Time	116,747	4,391	121,138	113,224	7,914
Total Special Education	749,268	197,409	946,677	919,714	26,963
Basic Skills/Remedial					
Salaries of Teachers	418,691	(74,176)	344,515	344,515	-
Purchased Professional - Educational Services	2,000	1,000	3,000	1,549	1,451
General Supplies	760	(31)	729		729
Textbooks	800	-	800	-	800
Total Basic Skills/Remedial	422,251	(73,207)	349,044	346,064	2,980
Bilingual Education					
Salaries of Teachers	31,735	1,537	33,272	33,271	1
Purchased Professional - Educational Services	4,000	3,000	7,000	344	6,656
Other Purchased Services	500	-	500		500
General Supplies	50	60	110	60	50
Textbooks	250	(60)	190	114	76
Total Bilingual Education	36,535	4,537	41,072	33,789	7,283
School Sponsored Co/Extra Curricular Activities					
Salaries	60,847	(531)	60,316	60,042	274
Total School Sponsored Co/Extra Curricular Activities	60,847	(531)	60,316	60,042	274
School Sponsored Athletics - Instruction					
Salaries	55,354	3,190	58,544	58,544	-
Purchased Services	4,500	1,900	6,400	6,168	232
Supplies and Materials	2,724	(382)	2,342	2,341	1
Total School Sponsored Athletics - Instruction	62,578	4,708	67,286	67,053	233
Total - Instruction	8,895,686	246,675	9,142,361	8,991,634	150,727

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>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	\$ 948,588	\$ (120,404)	\$ 828,184	\$ 828,184	-
Tuition to Private School Disabled - Within State	479,772	21,974	501,746	498,865	\$ 2,881
Total Undistributed Expenditures - Instruction	1,428,360	(98,430)	1,329,930	1,327,049	2,881
Attendance and Social Work Services					
Salaries	67,894	(6,011)	61,883	61,560	323
Other Purchased Services	12,100	340	12,440	12,436	4
Total Attendance and Social Work Services	79,994	(5,671)	74,323	73,996	327
Health Services					
Salaries	228,045	1,183	229,228	229,219	9
Purchased Professional and Technical Services	8,450	17,681	26,131	25,586	545
Other Purchased Services		3,540	3,540	3,540	-
Supplies and Materials	1,248	195	1,443	1,042	401
Total Health Services	237,743	22,599	260,342	259,387	955
Speech, OT, PT & Related Services					
Salaries	131,872	-	131,872	131,870	2
Purchased Professional - Educational Services	345,385	(49,161)	296,224	199,859	96,365
Supplies and Materials	2,650	10	2,660	2,047	613
Total Speech, OT, PT and Related Services	479,907	(49,151)	430,756	333,776	96,980
Other Support Services - Students - Extra. Service					
Salaries	438,443	(15,114)	423,329	403,638	19,691
Purchased Professional - Educational Services	15,000	116,128	131,128	110,165	20,963
Supplies and Materials	2,100	1,100	3,200	3,180	20
Total Other Support Svcs.-Students-Extra. Service.	455,543	102,114	557,657	516,983	40,674
Guidance					
Salaries of Other Professional Staff	333,212	2,620	335,832	335,832	-
Purchased Professional - Educational Services		5,000	5,000	3,392	1,608
Other Purchased Professional & Technical Services	5,000	(5,000)			-
Supplies and Materials	3,460	14	3,474	1,543	1,931
Total Guidance	341,672	2,634	344,306	340,767	3,539
Child Study Team					
Salaries of Other Professional Staff	365,221	(34,372)	330,849	310,326	20,523
Salaries of Secretarial and Clerical Assistants	64,010	-	64,010	63,010	1,000
Purchased Professional-Educational Services	12,500	-	12,500	8,979	3,521
Other Purchased Prof. and Technical Services	71,000	(1,601)	69,399	64,378	5,021
Other Purchased Services	8,083	13,737	21,820	19,252	2,568
Miscellaneous Purchased Services (O/than Resid. Costs)	13,237	(13,237)			-
Supplies and Materials	5,000	-	5,000	3,251	1,749
Total Child Study Team	539,051	(35,473)	503,578	469,196	34,382

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	\$ 136,505	\$ 7,221	\$ 143,726	\$ 143,725	\$ 1
Purchased Professional-Educational Services	25,000	16,781	41,781	41,780	1
Other Purchased Services	4,000	(3,151)	849	849	-
Supplies and Materials	3,000	(2,557)	443	442	1
Other Objects	-	149	149	149	-
	<u>168,505</u>	<u>18,443</u>	<u>186,948</u>	<u>186,945</u>	<u>3</u>
Total Improvement of Inst. Serv.					
Educational Media Services/School Library					
Salaries	193,604	1,009	194,613	193,959	654
Other Purchased Services	19,592	(11,781)	7,811	7,691	120
Supplies and Materials	7,417	88,787	96,204	5,749	90,455
Other Objects	500	-	500	-	500
	<u>221,113</u>	<u>78,015</u>	<u>299,128</u>	<u>207,399</u>	<u>91,729</u>
Total Educational Media Services/School Library					
Instructional Staff Training Services					
Other Salaries	1,750	(1,443)	307	100	207
Purchased Professional - Educational Services	15,000	(8,100)	6,900	6,900	-
Other Purchased Prof and Tech Services	8,000	(8,000)	-	-	-
Other Purchased Services	10,250	(1,575)	8,675	5,989	2,686
Supplies and Materials	1,500	14,105	15,605	15,604	1
Other Objects	500	-	500	-	500
	<u>37,000</u>	<u>(5,013)</u>	<u>31,987</u>	<u>28,593</u>	<u>3,394</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	242,619	350	242,969	242,468	501
Legal Services	17,687	25,000	42,687	22,078	20,609
Audit Fees	26,687	32,813	59,500	22,891	36,609
Architectural/Engineering Services	-	8,111	8,111	7,500	611
Other Purchased Professional Services	13,000	-	13,000	10,170	2,830
Communications/Telephone	24,792	11,961	36,753	32,907	3,846
BOE Other Purchased Services	5,000	-	5,000	2,314	2,686
Miscellaneous Purchased Services (Other)	43,439	23,327	66,766	58,885	7,881
General Supplies	10,000	(5,600)	4,400	4,361	39
Judgements Against the School	77,735	(52,646)	25,089	8,950	16,139
BOE Membership Dues and Fees	12,550	-	12,550	11,973	577
Miscellaneous Expenditures	13,975	-	13,975	5,146	8,829
	<u>487,484</u>	<u>43,316</u>	<u>530,800</u>	<u>429,643</u>	<u>101,157</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	524,499	-	524,499	524,499	-
Salaries of Other Professional Staff	26,861	-	26,861	26,660	201
Salaries of Secretarial and Clerical Assistants	219,052	(25,063)	193,989	192,537	1,452
Other Purchased Services	20,856	3,497	24,353	20,939	3,414
Supplies and Materials	11,822	(2,914)	8,908	7,672	1,236
Other Objects	11,520	265	11,785	10,548	1,237
	<u>814,610</u>	<u>(24,215)</u>	<u>790,395</u>	<u>782,855</u>	<u>7,540</u>
Total Support Services School Administration					

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 407,615	\$ (4,795)	\$ 402,820	\$ 394,975	\$ 7,845
Purchased Professional Services		5,750	5,750	2,590	3,160
Purchased Technical Services		5,444	5,444	3,636	1,808
Misc. Purchased Services	20,341	1,036	21,377	19,933	1,444
Supplies and Materials	7,000	3,306	10,306	9,965	341
Interest on Lease Purchase Agreements	3,355	-	3,355	1,855	1,500
Miscellaneous Expenditures	4,325	-	4,325	3,110	1,215
	<u>442,636</u>	<u>10,741</u>	<u>453,377</u>	<u>436,064</u>	<u>17,313</u>
Admin. Info. Tech.					
Salaries	243,816	2,000	245,816	242,838	2,978
Purchased Professional Services	38,536	16,011	54,547	53,664	883
Purchased Technical Services	28,204	423	28,627	22,406	6,221
Other Purchased Services	10,744	1,000	11,744	9,517	2,227
Supplies and Materials	2,000	75,305	77,305	76,341	964
Other Objects	14,647	(8,026)	6,621	4,591	2,030
	<u>337,947</u>	<u>86,713</u>	<u>424,660</u>	<u>409,357</u>	<u>15,303</u>
Required Maintenance for School Facilities					
Salaries	121,570	3,648	125,218	124,940	278
Cleaning, Repair and Maintenance Service	111,400	101,604	213,004	149,632	63,372
Lead Testing of Drinking Water		3,000	3,000	2,800	200
General Supplies	30,000	17,169	47,169	43,986	3,183
	<u>262,970</u>	<u>125,421</u>	<u>388,391</u>	<u>321,358</u>	<u>67,033</u>
Custodial Services					
Salaries	765,671	(34,161)	731,510	711,332	20,178
Salaries of Non-Instructional Aides	62,898	(12,294)	50,604	50,604	-
Purchased Professional and Technical Services	25,300	(3,980)	21,320	13,867	7,453
Cleaning, Repair, and Maintenance Services	127,433	69,459	196,892	98,500	98,392
Rental of Land & Bldg. Other Than Leas Purchase Agree.		6,372	6,372	1,148	5,224
Other Purchased Property Services	21,250	(1,979)	19,271	18,692	579
Insurance	132,884	(4,561)	128,323	127,005	1,318
Miscellaneous Purchased Services	9,300	5,000	14,300	7,850	6,450
General Supplies	101,850	(31,500)	70,350	45,300	25,050
Energy (Natural Gas)	128,000	(4,720)	123,280	77,717	45,563
Energy (Electricity)	300,000	(29,615)	270,385	215,850	54,535
Other Objects	9,500	(4,254)	5,246	3,769	1,477
	<u>1,684,086</u>	<u>(46,233)</u>	<u>1,637,853</u>	<u>1,371,634</u>	<u>266,219</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	12,000	4,430	16,430	8,544	7,886
General Supplies	12,000	-	12,000	2,839	9,161
	<u>24,000</u>	<u>4,430</u>	<u>28,430</u>	<u>11,383</u>	<u>17,047</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Security					
Purchased Professional and Technical Services	\$ 1,300	\$ 1,554	\$ 2,854	\$ 2,853	\$ 1
Cleaning, Repair and Maintenance Service	12,600	(1,554)	11,046		11,046
General Supplies	200	2,000	2,200	1,732	468
	<u>14,100</u>	<u>2,000</u>	<u>16,100</u>	<u>4,585</u>	<u>11,515</u>
Student Transportation Services					
Contracted Services-Aid in Lieu of Pymts-Non-Public Schools	25,000	636	25,636	23,718	1,918
Contracted Services (Between Home and School) - Vendors	150,962	(5,636)	145,326	141,403	3,923
Contracted Services (Other Than Between Home and School) - Vendors	25,810	(8,000)	17,810	14,669	3,141
Contracted Services (Spec. Ed. Students) - Joint Agreement	305,000	(10,000)	295,000	172,092	122,908
	<u>506,772</u>	<u>(23,000)</u>	<u>483,772</u>	<u>351,882</u>	<u>131,890</u>
Employee Benefits - Unallocated					
Social Security Contributions	245,000	(285)	244,715	220,527	24,188
Other Retirement Contributions - PERS	241,337	8,769	250,106	250,106	-
Other Retirement Contributions - Regular	19,500	6,190	25,690	25,689	1
Unemployment Insurance	60,000	-	60,000	60,000	-
Workmen's Compensation	161,194	(26,847)	134,347	105,199	29,148
Health Benefits	3,145,841	(401,758)	2,744,083	2,519,911	224,172
Tuition Reimbursement	28,900	2	28,902	23,000	5,902
Other Employee Benefits	60,194	(5,636)	54,558	54,316	242
Unused Sick Payment to Terminated / Retired Staff	-	26,838	26,838	26,838	-
	<u>3,961,966</u>	<u>(392,727)</u>	<u>3,569,239</u>	<u>3,285,586</u>	<u>283,653</u>
On-behalf TPAF Payments -					
Pension Contribution				993,295	(993,295)
NCGI Premium (Non-Budget)				35,989	(35,989)
Post Retirement Medical Benefits (Non-Budget)				857,629	(857,629)
Long-Term Disability Insurance Contributions (Non-Budget)				1,529	(1,529)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	681,876	(681,876)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,570,318</u>	<u>(2,570,318)</u>
Total On-behalf TPAF Pension Payments				<u>2,570,318</u>	<u>(2,570,318)</u>
Total Undistributed Expenditures	<u>12,525,459</u>	<u>(183,487)</u>	<u>12,341,972</u>	<u>13,718,756</u>	<u>(1,376,784)</u>
Total Current Expenditures	<u>21,421,145</u>	<u>63,188</u>	<u>21,484,333</u>	<u>22,710,390</u>	<u>(1,226,057)</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 100,000		\$ 100,000		\$ 100,000
Interest Deposit To Capital Reserve	2,000		2,000		2,000
Equipment					
School-Sponsored and Other Instructional Programs		\$ 172,297	172,297	\$ 20,091	152,206
Undistributed Expenditures - Instruction		6,300	6,300		6,300
Non-Instructional Equipment		17,354	17,354		17,354
School Administration		114,480	114,480		114,480
Required Maintenance for School Facilities	16,500	17,541	34,041	32,339	1,702
Admin. Info. Tech.	-	43,465	43,465	43,360	105
Total Undistributed Expenditures - Instruction	16,500	371,437	387,937	95,790	292,147
Total Equipment	118,500	371,437	489,937	95,790	394,147
Facilities Acquisition and Construction Services					
Construction Services	505,470	615,339	1,120,809	615,422	505,387
Architectural/Engineering Services	50,000	22,380	72,380	52,625	19,755
Lease Purchase Agreements - Principal	75,546	-	75,546	75,545	1
Assessment for Debt Service on SDA Funding	50,531	-	50,531	50,531	-
Other Objects	-	2,085	2,085	2,084	1
Total Facilities Acquisition and Construction Svcs.	681,547	639,804	1,321,351	796,207	525,144
Total Capital Outlay	800,047	1,011,241	1,811,288	891,997	919,291
Total Expenditures - General Fund	22,221,192	1,074,429	23,295,621	23,602,387	(306,766)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(639,494)	(1,074,429)	(1,713,923)	886,291	2,600,214
Other Financing Sources/(Uses)					
Operating Transfer In	-	-	-	384	384
Total Other Financing Sources	-	-	-	384	384
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(639,494)	(1,074,429)	(1,713,923)	886,675	2,600,598
Fund Balances, Beginning of Year	5,156,525	-	5,156,525	5,156,525	-
Fund Balances, End of Year	\$ 4,517,031	\$ (1,074,429)	\$ 3,442,602	\$ 6,043,200	\$ 2,600,598

RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus				\$ 242,581	
Excess Surplus - Designated for Subsequent Year's Expenditures				265,263	
Capital Reserve - Designated for Subsequent Year's Expenditures				650,000	
Capital Reserve				2,725,578	
Maintenance Reserve				450,000	
Committed Fund Balance					
Year-End Encumbrances				866,013	
Assigned Fund Balance					
Year-End Encumbrances				157,805	
Unassigned Fund Balance				<u>685,960</u>	
				6,043,200	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Public			\$ 41,929		
Extraordinary Aid Payment			<u>260,795</u>		
				<u>302,724</u>	
Fund Balances Per Governmental Funds (GAAP)				<u>\$ 5,740,476</u>	

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		<u>Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 6,213	\$ 6,213	\$ 6,213	
Federal	\$ 279,738	87,487	367,225	309,204	\$ (58,021)
Total Revenues	279,738	93,700	373,438	315,417	(58,021)
EXPENDITURES					
Instruction					
Salaries & Benefits		4,000	4,000	4,000	-
Purchased Professional/Educational Services	203,589	11,154	214,743	161,257	53,486
Tuition	53,149	71,390	124,539	124,539	-
General Supplies	-	1,907	1,907	1,907	-
Total Instruction	256,738	88,451	345,189	291,703	53,486
Support Services					
Personal Services - Employee Benefits		306	306	306	-
Purchased Professional/Education Services	8,729	(729)	8,000	8,000	-
Other Purchased Services		6,000	6,000	2,150	3,850
General Supplies	14,271	(328)	13,943	13,258	685
Total Support Services	23,000	5,249	28,249	23,714	4,535
Facilities Acquisition and Construction Services					
Construction	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-
Total Expenditures	279,738	93,700	373,438	315,417	58,021
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RIVER VALE BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 24,488,678		(C-2) \$ 315,417
Difference - Budget to GAAP			
State Aid payment and Extraordinary Aid (2015/2016) recognized for GAAP statements, not recognized for budgetary statements	315,261		
State Aid payments and Extraordinary Aid (2016/2017) recognized for budgetary purposes, not recognized for GAAP statements	<u>(302,724)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures	(B-2) \$ <u>24,501,215</u>		(B-2) \$ <u>315,417</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>23,602,387</u>		(C-2) \$ <u>315,417</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>23,602,387</u>		(B-2) \$ <u>315,417</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**RIVER VALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02783%	0.02804%	0.02752%	0.02743%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 8,241,189</u>	<u>\$ 6,293,457</u>	<u>\$ 5,152,885</u>	<u>\$ 5,242,077</u>
District's Covered-Employee Payroll	<u>\$ 1,734,025</u>	<u>\$ 1,866,029</u>	<u>\$ 1,836,183</u>	<u>\$ 1,882,947</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	475.26%	337.26%	280.63%	278.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

* 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.

**RIVER VALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 247,200	\$ 241,032	\$ 226,888	\$ 206,666
Contributions in Relation to the Contractually Required Contribution	<u>247,200</u>	<u>241,032</u>	<u>226,888</u>	<u>206,666</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 1,734,025</u>	<u>\$ 1,866,029</u>	<u>\$ 1,836,183</u>	<u>\$ 1,882,947</u>
Contributions as a Percentage of Covered-Employee Payroll	14.26%	12.92%	12.36%	10.98%

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.

**RIVER VALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$71,350,794</u>	<u>\$55,506,801</u>	<u>\$51,226,575</u>	<u>\$ 49,439,450</u>
Total	<u>\$71,350,794</u>	<u>\$55,506,801</u>	<u>\$51,226,575</u>	<u>\$ 49,439,450</u>
District's Covered-Employee Payroll	<u>\$ 9,369,586</u>	<u>\$ 9,194,904</u>	<u>\$ 9,186,308</u>	<u>\$ 8,961,183</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

**RIVER VALE BOARD OF EDUCATION
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, 2017**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Actuarial Grant</u>	<u>BCUA Grant</u>	<u>Italian Grant</u>	<u>IDEA Part B- Basic</u>	<u>IDEA Preschool</u>	<u>NCLB Title II</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Local	\$ 4,929	\$ 658	\$ 626				\$ 6,213
Federal	-	-	-	\$ 276,900	\$ 13,361	\$ 18,943	309,204
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>\$ 4,929</u>	<u>\$ 658</u>	<u>\$ 626</u>	<u>\$ 276,900</u>	<u>\$ 13,361</u>	<u>\$ 18,943</u>	<u>\$ 315,417</u>
EXPENDITURES							
Instruction							
Salaries	\$ 4,000						\$ 4,000
Purchased Professional & Ed Svcs.				\$ 161,257			161,257
Tuition				111,178	\$ 13,361		124,539
General Supplies	623	\$ 658	\$ 626	-	-	-	1,907
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction	<u>4,623</u>	<u>658</u>	<u>626</u>	<u>272,435</u>	<u>13,361</u>	<u>-</u>	<u>291,703</u>
Support Services							
Personal Services - Employee Benefits	306						306
Purchased Professional Educational Svcs.						\$ 8,000	8,000
Other Purchased Services				2,150			2,150
General Supplies	-	-	-	2,315	-	10,943	13,258
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Support Services	<u>306</u>	<u>-</u>	<u>-</u>	<u>4,465</u>	<u>-</u>	<u>18,943</u>	<u>23,714</u>
Facilities Acquisition and Construction Services							
Construction	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 4,929</u>	<u>\$ 658</u>	<u>\$ 626</u>	<u>\$ 276,900</u>	<u>\$ 13,361</u>	<u>\$ 18,943</u>	<u>\$ 315,417</u>

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>		<u>Prior Year Adjustments</u>	<u>Balance June 30, 2017</u>
		<u>To Date Prior Years</u>	<u>Current Year</u>		
Facilities Acquisitions and Construction Services at Holdrum, Woodside and Roberge Schools*	\$ 19,750,000	\$19,651,090		\$ (6,000)	\$ 104,910
Information Technology Project	296,573	296,265	\$ 308		-
Roberge Roof Replacement, except over gym	577,020	576,570			450
Roberge Upgrade 2 Gang Bathrooms and 2 Staff Bathrooms	239,700	239,405			295
Technology Project	295,008	-	24,836	-	270,172
Total	\$ 21,158,301	\$20,763,330	\$ 25,144	\$ (6,000)	\$ 375,827
Project Balances, June 30, 2017					\$ 375,827
Less: Unrealized Local Match					(2,052)
Debt Authorized But Not Issued					(948)
Fund Balance, Budgetary Basis					<u>\$ 372,827</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fund Balance, Budgetary Basis					<u>\$ 372,827</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 372,827</u>
Analysis of Restricted Fund Balance					
Restricted Fund Balance					<u>\$ 372,827</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 372,827</u>

* - Modified Appropriation for transfer from Capital Reserve \$800,000.

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources

Revenues:	
Interest	\$ 892
Other Financing Sources:	
Lease Proceeds	<u>294,500</u>
 Total Revenues and Other Financing Sources	 <u>295,392</u>

Expenditures and Other Financing Uses

Expenditures:	
Equipment Purchases	25,144
Other Financing Uses:	
Transfer Out to General Fund	<u>384</u>
 Total Expenditures and Other Financing Uses	 <u>25,528</u>

Excess (Deficiency) of Revenue and Other Financing Sources and (Uses) Over/(Under) Expenditures and Other Financing Uses	269,864
 Fund Balance, Beginning of Year	 <u>102,963</u>
 Fund Balance, End of Year	 <u>\$ 372,827</u>

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
IMPROVEMENTS TO THE MIDDLE SCHOOL AND ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Prior Year Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SCC Grants	\$ 6,115,052			\$ 6,115,052	\$ 6,115,052
Bond Proceeds and Transfers	12,834,000			12,834,000	12,834,948
Transfer from Capital Reserve	800,000			800,000	800,000
Total Revenues	<u>19,749,052</u>	<u>-</u>	<u>-</u>	<u>19,749,052</u>	<u>19,750,000</u>
Expenditures and Other Financing Uses					
Construction Services	19,651,090	-	\$ (6,000)	19,645,090	19,750,000
Equipment Purchases					
Total Expenditures	<u>19,651,090</u>	<u>-</u>	<u>(6,000)</u>	<u>19,645,090</u>	<u>19,750,000</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 97,962</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 103,962</u>	<u>\$ -</u>

Additional project information:

Project Number 4430-050-01-0393-00
4430-060-01-0395-00
4430-070-01-0394-00

Grant Date 11/9/01
Bond Authorization Date 9/27/00
Bonds Authorized 12,834,948
Bonds Issued 12,834,000
Original Authorized Cost 18,950,000
Additional Authorized Cost 800,000
Revised Authorized Cost 19,750,000

Percentage Increase over Original
Authorized Cost 4.00%
Percentage completion 99%
Original target completion date 9/1/04
Revised target completion date 12/1/05

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
INFORMATION TECHNOLOGY PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Lease Proceeds	\$ 296,573			\$ 296,573	\$ 296,573
Total Revenues	296,573	-	-	296,573	296,573
Expenditures and Other Financing Uses					
Equipment Purchases	296,265	\$ 308		296,573	296,573
Total Expenditures	296,265	308	-	296,573	296,573
Excess (deficiency) or Revenues over (under) Expenditures	\$ 308	\$ (308)	\$ -	\$ -	\$ -
Additional project information:					
Project Number	N/A				
Grant Date	N/A				
Bond Authorization Date	N/A				
Bonds Authorized	N/A				
Bonds Issued	N/A				
Original Authorized Cost	296,573				
Additional Authorized Cost	-				
Revised Authorized Cost	296,573				
Percentage Increase over Original Authorized Cost	0.00%				
Percentage completion	100.00%				
Original target completion date	June 2014				
Revised target completion date	June 2016				

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ROBERGE ELEMENTARY SCHOOL ROOF REPLACEMENT, EXCEPT OVER GYM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
SDA Grant Proceeds	\$ 230,808			\$ 230,808	\$ 230,808
Transfer from Capital Outlay	345,540			345,540	346,212
Total Revenues	576,348	-	-	576,348	577,020
Expenditures and Other Financing Uses					
Professional Services	51,700			51,700	51,700
Construction Services	524,870			524,870	525,320
Total Expenditures	576,570	-	-	576,570	577,020
Excess (deficiency) or Revenues over (under) Expenditures	\$ (222)	\$ -	\$ -	\$ (222)	\$ -

Additional project information:

Project Number DOE Project # 4430-060-14-1002
 SDA Project # 4430-060-14-G1GT
 Grant # G5-4921

Grant Date 3/5/2014
 Bond Authorization Date N/A
 Bonds Authorized N/A
 Bonds Issued N/A
 Original Authorized Cost 784,700
 Additional Authorized Cost (207,680)
 Revised Authorized Cost 577,020

Percentage Increase over Original
 Authorized Cost -26.47%
 Percentage completion 100.00%
 Original target completion date Dec 2014
 Revised target completion date June 2015

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ROBERGE ELEMENTARY SCHOOL - UPGRADE 2 GANG BATHROOMS AND 2 STAFF BATHROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
SDA Grant Proceeds	\$ 95,880			\$ 95,880	\$ 95,880
Transfer from Capital Outlay	142,440			142,440	143,820
Total Revenues	238,320	-	-	238,320	239,700
Expenditures and Other Financing Uses					
Professional Services	23,005			23,005	23,005
Construction Services	216,400			216,400	216,695
Total Expenditures	239,405	-	-	239,405	239,700
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ (1,085)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,085)</u>	<u>\$ -</u>

Additional project information:

Project Number DOE Project # 4430-060-14-1001
 SDA Project # 4430-060-14-G1GS
 Grant # G5-4920

Grant Date 3/5/2014
 Bond Authorization Date N/A
 Bonds Authorized N/A
 Bonds Issued N/A
 Original Authorized Cost 292,200
 Additional Authorized Cost (52,500)
 Revised Authorized Cost 239,700

Percentage Increase over Original
 Authorized Cost -17.97%
 Percentage completion 100.00%
 Original target completion date Dec 2014
 Revised target completion date June 2015

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
TECHNOLOGY PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Lease Proceeds		\$ 294,500		\$ 294,500	\$ 294,500
Interest Earnings		508		508	508
Total Revenues	-	295,008	-	295,008	295,008
Expenditures and Other Financing Uses					
Equipment Purchases	-	\$ 24,836		24,836	295,008
Total Expenditures	-	24,836	-	24,836	295,008
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 270,172	\$ -	\$ 270,172	\$ -
Additional project information:					
Project Number	N/A				
Grant Date	N/A				
Bond Authorization Date	N/A				
Bonds Authorized	N/A				
Bonds Issued	N/A				
Original Authorized Cost	294,500				
Additional Authorized Cost	508				
Revised Authorized Cost	295,008				
Percentage Increase over Original Authorized Cost	0.17%				
Percentage completion	8.42%				
Original target completion date	June 2018				
Revised target completion date	N/A				

PROPRIETARY FUNDS

**RIVER VALE BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RIVER VALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 134,131	\$ 16,162	\$ 150,293
Cash and Cash Equivalents with Fiscal Agent	<u>-</u>	<u>7,203</u>	<u>7,203</u>
Total Assets	<u>\$ 134,131</u>	<u>\$ 23,365</u>	<u>\$ 157,496</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 12,775	\$ 12,775
Accrued Salaries and Wages		3,387	3,387
Flex Spending Benefits		7,203	7,203
Due to Student Groups	<u>\$ 134,131</u>	<u>-</u>	<u>134,131</u>
Total Liabilities	<u>\$ 134,131</u>	<u>\$ 23,365</u>	<u>\$ 157,496</u>

**FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**RIVER VALE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
SCHOOLS				
Roberge Elementary	\$ 17,095	\$ 18,369	\$ 16,238	\$ 19,226
Woodside Elementary	13,823	16,744	16,355	14,212
Holdrum Middle School	<u>86,520</u>	<u>155,115</u>	<u>140,942</u>	<u>100,693</u>
Total All Schools	<u>\$ 117,438</u>	<u>\$ 190,228</u>	<u>\$ 173,535</u>	<u>\$ 134,131</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
Payroll Deductions and Withholdings	\$ 9,328	\$ 6,369,290	\$ 6,365,843	\$ 12,775
Accrued Salaries and Wages	2,868	7,503,323	7,502,804	3,387
Flex Spending Benefits	<u>6,506</u>	<u>17,576</u>	<u>16,879</u>	<u>7,203</u>
Total	<u>\$ 18,702</u>	<u>\$ 13,890,189</u>	<u>\$ 13,885,526</u>	<u>\$ 23,365</u>

LONG-TERM DEBT

RIVER VALE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Decreased</u>	<u>Balance, June 30, 2017</u>
School District Refunding Bonds - 2009	2/25/2010	\$ 7,080,000	9/15/2017	\$ 470,000	4.00 %			
			9/15/2017	330,000	3.50			
			9/15/2018	800,000	4.00			
			9/15/2019	355,000	4.50			
			9/15/2019	440,000	3.50			
			9/15/2020	790,000	4.50	\$ 3,990,000	\$ 805,000	\$ 3,185,000
						\$ 3,990,000	\$ 805,000	\$ 3,185,000

**RIVER VALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

CAPITAL LEASES

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2017</u>
Boiler Project	1.220%	\$ 380,000	\$ 152,012	\$ -	\$ 75,545	\$ 76,467
Total			\$ 152,012	\$ -	\$ 75,545	\$ 76,467

LEASE PURCHASE AGREEMENTS

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2017</u>
Technology - 2016/2017	1.879%	\$ 294,500	\$ -	\$ 294,500	\$ 100,000	\$ 194,500
Total			\$ -	\$ 294,500	\$ 100,000	\$ 194,500

RIVER VALE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 950,375	-	\$ 950,375	\$ 950,375	-
Total Revenues	<u>950,375</u>	<u>-</u>	<u>950,375</u>	<u>950,375</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	805,000		805,000	805,000	
Interest	<u>145,375</u>	<u>-</u>	<u>145,375</u>	<u>145,375</u>	<u>-</u>
Total Expenditures	<u>950,375</u>	<u>-</u>	<u>950,375</u>	<u>950,375</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the River Vale Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

RIVER VALE BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2007	2009	2010	2011	Fiscal Year Ended June 30,		2014	2015	2016	2017
					2012	2013	(Restated)			
Governmental Activities										
Net Investment in Capital Assets	\$ 10,454,235	\$ 11,300,821	\$ 11,562,104	\$ 12,298,108	\$ 13,128,780	\$ 11,598,974	\$ 13,275,640	\$ 13,584,567	\$ 14,277,535	\$ 15,262,477
Restricted	211,903	221,823	235,897	224,076	716,927	641,463	1,055,866	2,484,162	3,256,802	4,094,443
Unrestricted	412,966	161,187	208,646	510,526	712,521	1,921,197	(4,342,704)	(4,364,121)	(4,320,483)	(4,889,344)
Total Governmental Activities Net Position	\$ 11,079,104	\$ 11,683,831	\$ 12,006,647	\$ 13,032,710	\$ 14,558,228	\$ 14,161,634	\$ 9,988,802	\$ 11,704,608	\$ 13,213,854	\$ 14,467,576
Business-Type Activities										
Net Investment in Capital Assets	\$ 3,732	\$ 2,870	\$ 2,439	\$ 2,049	\$ 1,659	\$ 1,270	\$ 880	\$ 491	\$ 153	
Restricted										
Unrestricted	29,808	99,481	101,100	171,329	146,758	6,350	5,515	6,825	3,035	\$ 4,560
Total Business-Type Activities Net Position	\$ 33,540	\$ 102,351	\$ 103,539	\$ 173,378	\$ 148,417	\$ 7,620	\$ 6,395	\$ 7,316	\$ 3,188	\$ 4,560
District-Wide										
Net Investment in Capital Assets	\$ 10,457,967	\$ 11,303,691	\$ 11,564,543	\$ 12,300,157	\$ 13,130,439	\$ 11,600,244	\$ 13,276,520	\$ 13,585,058	\$ 14,277,688	\$ 15,262,477
Restricted	211,903	221,823	235,897	224,076	716,927	641,463	1,055,866	2,484,162	3,256,802	4,094,443
Unrestricted	442,774	260,668	309,746	681,855	859,279	1,927,547	(4,337,189)	(4,357,296)	(4,317,448)	(4,884,784)
Total District Net Position	\$ 11,112,644	\$ 11,786,182	\$ 12,110,186	\$ 13,206,088	\$ 14,706,645	\$ 14,169,254	\$ 9,995,197	\$ 11,711,924	\$ 13,217,042	\$ 14,472,136

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

RIVER VALE BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2008	2009	2010	2011	Fiscal Year Ended June 30,		2014	2015	2016	2017
					2012	2013				
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,562,717	\$ 9,244,287	\$ 9,676,884	\$ 9,737,441	\$ 9,833,606	\$ 10,096,119	\$ 10,345,903	\$ 12,155,828	\$ 12,956,831	\$ 14,660,861
Special Education	1,903,183	1,857,575	2,333,154	2,129,638	2,230,343	2,231,290	2,573,541	3,012,413	2,833,926	3,307,958
Other Instruction	571,252	469,976	538,942	543,070	677,912	672,031	619,745	777,249	826,581	735,632
School Sponsored Activities and Athletics	131,806	136,354	137,292	111,249	120,488	124,146	136,012	165,731	187,152	195,003
Support Services:										
Student & Instruction Related Services	1,914,871	1,861,330	1,867,320	2,178,179	2,329,447	2,444,437	2,661,439	2,969,688	3,101,326	3,520,859
Attendance and Social Work	102,585	152,102	168,345	118,281	113,304	200,410	98,199	95,684	101,908	93,463
Educational Media/School Library	327,141	313,761	336,393	227,370	423,129	297,026	275,962	245,608	252,636	281,046
School Administrative Services	943,170	901,583	951,097	925,318	1,133,352	1,192,633	1,183,983	1,191,048	1,315,095	1,398,509
General Administration	615,720	762,636	635,394	691,280	742,344	724,425	619,558	609,048	630,874	627,090
Central Services	892,744	895,645	968,795	1,132,238	1,099,110	1,095,091	1,299,740	1,068,917	1,175,357	1,274,128
Plant Operations and Maintenance	2,092,545	2,074,072	2,148,125	2,046,993	1,965,809	2,078,059	2,275,527	2,220,141	2,213,141	2,263,671
Pupil Transportation	471,600	506,282	531,200	456,736	443,474	397,901	390,519	435,775	391,112	351,882
Interest on Long-Term Debt	457,397	427,156	363,885	289,404	248,380	229,357	211,850	196,130	166,924	135,810
Total Governmental Activities Expenses	19,986,731	19,602,759	20,656,826	20,587,197	21,360,698	21,782,925	22,691,978	25,143,260	26,152,863	28,845,912
Business-Type Activities:										
Food Service	26,967	22,377	35,526	41,891	48,026	22,039	19,770	16,722	21,783	20,537
Safety Town	2,243	2,151	7,856	-	-	-	-	-	-	-
Park Academy	209,428	219,897	245,975	616,541	7,662	4,899	4,013	2,151	3,446	3,436
Total Business-Type Activities Expense	238,638	244,425	289,357	658,432	55,688	26,938	23,783	18,873	25,229	23,973
Total District Expenses	\$ 20,225,369	\$ 19,847,184	\$ 20,946,183	\$ 21,245,629	\$ 21,416,386	\$ 21,809,863	\$ 22,715,761	\$ 25,162,133	\$ 26,178,092	\$ 28,869,885
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 13,435	\$ 12,794		\$ 17,600	\$ 20,260	\$ 27,350	\$ 17,801	\$ 18,785	\$ 20,155	\$ 31,540
Operating Grants and Contributions	2,956,062	1,946,518	2,373,202	1,823,995	2,655,210	2,940,129	2,778,294	5,183,923	5,921,273	7,968,230
Capital Grants and Contributions	-	-	-	-	221,010	100,000	22,260	304,130	298	-
Total Governmental Activities Program Revenues	2,969,497	1,959,312	2,373,202	1,841,595	2,896,480	3,067,479	2,818,355	5,506,838	5,941,726	7,999,770

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

RIVER VALE BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2008	2009	2010	2011	Fiscal Year Ended June 30,		2014	2015	2016	2017
					2012	2013				
Business-Type Activities:										
Charges for Services										
Food Service	\$ 19,260	\$ 17,671	\$ 28,932	\$ 25,855	\$ 19,804	\$ 17,169	\$ 12,666	\$ 11,318	\$ 11,826	\$ 14,623
Safety Town	4,250	5,350	2,300							
Park Academy	244,670	227,724	246,947	689,928	1,175	7,865	4,013	2,151	3,446	3,436
Operating Grants and Contributions	14,076	15,663	11,168	11,028	9,594	8,147	5,793	6,279	5,800	7,258
Total Business Type Activities Program Revenues	282,256	266,408	289,347	726,791	30,573	33,181	22,472	19,748	21,072	25,317
Total District Program Revenues	\$ 3,251,753	\$ 2,225,720	\$ 2,662,549	\$ 2,568,386	\$ 2,927,053	\$ 3,100,660	\$ 2,840,827	\$ 5,526,586	\$ 5,962,798	\$ 8,025,087
Net (Expense)/Revenue										
Governmental Activities	\$ (17,017,234)	\$ (17,643,447)	\$ (18,283,624)	\$ (18,745,602)	\$ (18,464,218)	\$ (18,715,446)	\$ (19,873,623)	\$ (19,636,422)	\$ (20,211,137)	\$ (20,846,142)
Business-Type Activities	43,618	21,983	(10)	68,359	(25,115)	6,243	(1,311)	875	(4,157)	1,344
Total district-wide net expense	\$ (16,973,616)	\$ (17,621,464)	\$ (18,283,634)	\$ (18,677,243)	\$ (18,489,333)	\$ (18,709,203)	\$ (19,874,934)	\$ (19,635,547)	\$ (20,215,294)	\$ (20,844,798)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 17,151,984	\$ 17,795,531	\$ 18,524,538	\$ 19,525,073	\$ 19,881,917	\$ 20,258,781	\$ 20,804,887	\$ 21,175,835	\$ 21,563,660	\$ 21,917,688
Unrestricted Grants and Contributions	114,890	5,672		3,800				11,300	12,382	12,375
Net Gain(Loss) on Contributed Asset		(4,710)		176,827	(1,336)					
Investment Earnings	100,886	32,426	18,264	20,188	6,358	14,022	14,063	10,456	15,330	19,941
Miscellaneous Income	28,599	40,130	63,638	45,777	160,702	163,404	123,918	154,637	129,011	149,860
Total Governmental Activities	17,396,359	17,869,049	18,606,440	19,771,665	20,047,641	20,436,207	20,942,868	21,352,228	21,720,383	22,099,864
Business-Type Activities:										
Transfer to Participating Districts						(147,126)	-	-		
Investment Earnings	2,237	973	1,198	1,480	154	86	86	46	29	28
Total Business-Type Activities	2,237	973	1,198	1,480	154	(147,040)	86	46	29	28
Total District-Wide	\$ 17,398,596	\$ 17,870,022	\$ 18,607,638	\$ 19,773,145	\$ 20,047,795	\$ 20,289,167	\$ 20,942,954	\$ 21,352,274	\$ 21,720,412	\$ 22,099,892
Change in Net Position										
Governmental Activities	\$ 379,125	\$ 225,602	\$ 322,816	\$ 1,026,063	\$ 1,583,423	\$ 1,720,761	\$ 1,069,245	\$ 1,715,806	\$ 1,509,246	\$ 1,253,722
Business-Type Activities	45,855	22,956	1,188	69,839	(24,961)	(140,797)	(1,225)	921	(4,128)	1,372
Total District	\$ 424,980	\$ 248,558	\$ 324,004	\$ 1,095,902	\$ 1,558,462	\$ 1,579,964	\$ 1,068,020	\$ 1,716,727	\$ 1,505,118	\$ 1,255,094

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

RIVER VALE BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 783,312	\$ 812,576	\$ 923,012							
Unreserved	315,266	143,275	134,847							
Restricted				\$ 736,062	\$ 1,253,603	\$ 1,202,168	\$ 1,732,799	\$ 3,297,639	\$ 4,058,596	\$ 4,333,422
Committed				39,020	203,890	991,418	111,222		252,989	866,013
Assigned				164,666	168,056	491,864	215,128		159,884	157,805
Unassigned				377,532	351,097	349,155	389,383	361,755	369,795	383,236
Total General Fund	\$ 1,098,578	\$ 955,851	\$ 1,057,859	\$ 1,317,280	\$ 1,976,646	\$ 3,034,605	\$ 2,448,532	\$ 3,659,394	\$ 4,841,264	\$ 5,740,476
All Other Governmental Funds										
Reserved	\$ 246,158	\$ 8,000	\$ 32,528							
Unreserved	38,788	21,715	212,136							
Restricted				\$ 174,556	\$ 99,393	\$ 780,535	\$ 801,566	\$ 225,580	\$ 102,963	\$ 372,827
Total All Other Governmental Funds	\$ 284,946	\$ 29,715	\$ 244,664	\$ 174,556	\$ 99,393	\$ 780,535	\$ 801,566	\$ 225,580	\$ 102,963	\$ 372,827

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

RIVER VALE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 17,151,984	\$ 17,795,531	\$ 18,524,538	\$ 19,525,073	\$ 19,881,917	\$ 20,258,781	\$ 20,804,887	\$ 21,175,835	\$ 21,563,660	\$ 21,917,688
Tuition Charges	13,435	12,794		17,600	20,260	27,350	17,801	18,785	20,155	31,540
Interest Earnings	100,886	32,426	18,264	20,188	6,358	14,022	14,063	10,456	15,330	19,941
Miscellaneous	29,946	40,930	69,261	50,083	165,008	270,404	128,009	163,898	187,308	156,073
State Sources	2,719,628	1,683,813	1,988,656	1,614,682	2,389,274	2,717,235	2,413,787	2,880,072	2,986,745	3,328,671
Federal Sources	349,977	267,577	378,923	208,807	482,640	221,894	382,676	328,343	225,904	313,986
Total revenues	20,365,856	19,833,071	20,979,642	21,436,433	22,945,457	23,509,686	23,761,223	24,577,389	24,999,102	25,767,899
Expenditures										
Instruction										
Regular Instruction	9,239,618	8,918,736	9,349,456	9,501,344	9,632,797	9,783,099	9,686,772	9,808,445	10,357,451	10,826,464
Special Education Instruction	1,878,856	1,826,679	2,297,602	2,093,252	2,196,405	2,196,058	2,590,164	2,833,105	2,644,651	2,955,284
Other Instruction	545,309	453,279	521,366	535,452	650,355	649,412	637,518	661,784	693,230	565,092
School Sponsored Activities and Athletics	131,806	136,354	137,292	111,249	120,488	124,146	134,096	165,731	178,420	172,983
Support Services:										
Student & Inst. Related Services	1,847,569	1,822,801	1,821,328	2,135,150	2,267,078	2,377,621	2,645,072	2,712,389	2,763,634	2,899,280
Attendance and Social Work	98,831	146,193	156,757	107,755	109,653	193,460	99,155	95,193	100,647	93,253
Educational Media/School Library	316,369	303,359	326,303	234,664	410,009	287,810	258,142	263,428	252,636	268,072
General Administration	604,394	751,340	593,714	658,334	713,172	734,678	617,850	606,474	610,702	580,032
School Administrative Services	942,283	874,501	919,633	895,576	1,094,797	1,142,196	1,149,939	1,063,175	1,140,969	1,127,609
Central Services	866,266	867,274	947,671	1,121,085	1,066,219	1,063,281	1,283,182	1,068,362	1,091,364	1,108,670
Plant Operations and Maintenance	2,045,237	2,034,298	2,109,046	2,020,305	1,922,929	2,041,453	2,254,127	2,171,232	2,115,705	2,079,883
Pupil Transportation	471,600	506,282	531,200	456,736	443,474	397,901	390,519	435,775	391,112	351,882
Other Support Services										
Capital Outlay	203,956	363,501	164,005	239,102	671,042	390,908	1,430,373	911,426	454,654	737,044
Debt Service:										
Principal	848,073	787,869	670,127	817,134	792,303	820,247	924,358	936,628	963,575	980,545
Interest and Other Charges	474,055	438,563	394,185	319,982	270,533	244,888	224,998	209,366	181,099	147,230
Cost of Issuance			107,344							
Advance Refunding Escrow			409,817							
Total Expenditures	20,514,222	20,231,029	21,456,846	21,247,120	22,361,254	22,447,158	24,326,265	23,942,513	23,939,849	24,893,323

RIVER VALE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (148,366)	\$ (397,958)	\$ (477,204)	\$ 189,313	\$ 584,203	\$ 1,062,528	\$ (565,042)	\$ 634,876	\$ 1,059,253	\$ 874,576
Other Financing Sources (uses)										
Capital Leases (non-budgeted)			277,000			676,573				294,500
Refunding Bond Proceeds			7,080,000							
Premium on Notes/Bonds			491,161							
Bonds Refunded			(7,054,000)							
Transfers In	12,724	3,564	885	212,762	8,066	1,161	488,862	528	386	384
Transfers Out	(12,724)	(3,564)	(885)	(212,762)	(8,066)	(1,161)	(488,862)	(528)	(386)	(384)
Total Other Financing Sources (uses)	-	-	794,161	-	-	676,573	-	-	-	294,500
Net Change in Fund Balances	<u>\$ (148,366)</u>	<u>\$ (397,958)</u>	<u>\$ 316,957</u>	<u>\$ 189,313</u>	<u>\$ 584,203</u>	<u>\$ 1,739,101</u>	<u>\$ (565,042)</u>	<u>\$ 634,876</u>	<u>\$ 1,059,253</u>	<u>\$ 1,169,076</u>
Debt Service as a Percentage of Noncapital Expenditures	6.51%	6.17%	7.43%	5.41%	4.90%	4.83%	5.02%	4.98%	4.87%	4.67%

* Noncapital expenditures are total expenditures less capital outlay.

**RIVER VALE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Ended June 30</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Donations</u>	<u>Administration Fee</u>	<u>E-Rate Rebate</u>	<u>Insurance Refund</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 13,435	\$ 85,840			\$ 20,698			\$ 7,901	\$ 127,874
2009	12,794	28,739			13,608	\$ 8,337		18,185	81,663
2010		17,343			15,911	399		47,328	80,981
2011	17,600	19,002		\$ 15,057	783	6,352		23,585	82,379
2012	20,260	6,292			26,105	21,163	\$ 102,900	10,534	187,254
2013	27,350	12,861	\$ 100,000		22,575	7,316	102,900	30,613	303,615
2014	17,801	13,161	300				102,900	20,718	154,880
2015	18,785	9,928			16,226		100,340	38,071	183,350
2016	20,155	14,944			15,727		103,055	10,229	164,110
2017	31,540	19,049	10,000		13,316		103,905	22,639	200,449

Source: School District's Financial Statements

RIVER VALE BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 27,018,600	\$ 1,958,207,600	\$ 1,791,500	\$ 103,944,500	-	\$ 13,034,700	\$ 2,103,996,900	-	\$ 2,103,996,900	\$ 2,357,792,210	\$ 1.295
2009	30,596,900	1,956,094,500	1,791,500	101,944,500	-	13,034,700	2,103,462,100	-	2,103,462,100	2,230,833,059	1.335
2010	30,632,200	1,963,018,600	-	104,445,700	-	13,034,700	2,111,131,200	-	2,111,131,200	2,179,123,352	1.372
2011	27,416,700	1,969,780,400	-	70,900,800	-	13,034,700	2,081,132,600	-	2,081,132,600	2,075,161,024	1.433
2012	28,687,500	1,961,429,200	-	76,456,600	-	13,034,700	2,079,608,000	-	2,079,608,000	2,043,697,829	1.478
2013	24,311,200	1,966,807,500	-	70,238,400	-	13,034,700	2,074,391,800	-	2,074,391,800	1,984,898,947	1.510
2014	22,643,800	1,953,627,700	-	71,333,700	-	13,034,700	2,060,639,900	-	2,060,639,900	1,936,930,981	1.018
2015	17,521,400	1,964,593,300	-	71,228,200	-	13,034,700	2,066,377,600	\$ 1,351,396	2,067,728,996	1,956,461,720	1.034
2016	15,375,500	1,974,406,900	-	70,235,800	-	13,034,700	2,073,052,900	1,344,095	2,074,396,995	2,013,198,179	1.049
2017	15,467,100	1,974,720,200	-	71,521,600	-	13,034,700	2,074,743,600	1,333,316	2,076,076,916	2,052,142,618	1.065

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Source: County Abstract of Ratables

^a Tax rates are per \$100, includes local school district and regional school district.

**RIVER VALE BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)**

Calendar Year	Total	Local School District	Regional School District	Municipality (2)	County (1)
2008	\$ 1.891	\$ 0.831	\$ 0.464	\$ 0.388	\$ 0.208
2009	1.945	0.863	0.472	0.407	0.203
2010	2.001	0.902	0.470	0.427	0.202
2011	2.101	0.947	0.486	0.461	0.207
2012	2.170	0.965	0.513	0.476	0.216
2013	2.229	0.990	0.520	0.500	0.219
2014	2.272	1.018	0.534	0.500	0.220
2015	2.348	1.034	0.560	0.527	0.227
2016	2.417	1.049	0.581	0.548	0.239
2017	2.488	1.065	0.612	0.562	0.249

Source: Tax Duplicate, Township of River Vale

(1) Includes County Open Space Tax

(2) Includes Municipal Open Space and Library Tax

**RIVER VALE BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Edgewood Country Club, Inc.	\$ 21,235,400	1.02%	\$ 9,794,900	0.47%
Gal-Ben Associates	7,672,000	0.37%	3,125,100	0.15%
River Vale Collington Vil Prty Owr LP	7,266,400	0.35%		
United Water Co of NJ	5,830,600	0.28%	4,934,750	0.23%
688 Westwood Ave LLC c/o V Luppippo	5,548,200	0.27%		
Florentine, Inc.	5,187,100	0.25%	2,326,500	0.11%
Lindvale Gardens	4,165,300	0.20%	2,478,000	0.12%
SCH River Vale, LLC	2,514,600	0.12%		
MWD River Vale One LLC	2,326,400	0.11%		
V.E.R. Corp	1,791,500	0.09%		
River Vale Development Partners, LLC			11,432,400	0.54%
United Water			3,331,000	0.16%
River Vale Dev LLC % Garden Homes			3,040,000	0.14%
Village on the Green			2,627,500	0.12%
River Vale Developers III, LLC			2,240,200	0.11%
	<u>\$ 63,537,500</u>	<u>3.06%</u>	<u>\$ 45,330,350</u>	<u>2.15%</u>

Source: Municipal Tax Assessor

**RIVER VALE BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 17,151,984	\$ 17,151,984	100.00%	-
2009	17,795,531	17,795,531	100.00%	-
2010	18,524,538	18,524,538	100.00%	-
2011	19,525,073	19,525,073	100.00%	-
2012	19,881,917	19,881,917	100.00%	-
2013	20,258,781	20,258,781	100.00%	-
2014	20,804,887	20,804,887	100.00%	-
2015	21,175,835	21,175,835	100.00%	-
2016	21,563,660	21,563,660	100.00%	-
2017	21,917,688	21,917,688	100.00%	-

**RIVER VALE BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Lease Purchase Agreements				
2008	\$ 9,514,000	\$ 360,680	N/A	\$ 9,874,680	9,593	\$ 1,029	
2009	8,944,000	142,811	N/A	9,086,811	9,655	941	
2010	8,370,000	349,684	N/A	8,719,684	9,684	900	
2011	7,715,000	187,550	N/A	7,902,550	9,757	810	
2012	7,015,000	95,247	N/A	7,110,247	9,822	724	
2013	6,290,000	676,573	N/A	6,966,573	9,878	705	
2014	5,545,000	497,215	N/A	6,042,215	9,947	607	
2015	4,780,000	325,587	N/A	5,105,587	10,006	510	
2016	3,990,000	152,012	N/A	4,142,012	10,148	408	
2017	3,185,000	76,467	\$ 194,500	3,455,967	10,148 *	341	

Source: District records

Note: * Estimate

RIVER VALE BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2008	\$ 9,514,000		\$ 9,514,000	0.45%	\$ 992
2009	8,944,000		8,944,000	0.43%	926
2010	8,370,000		8,370,000	0.40%	864
2011	7,715,000		7,715,000	0.37%	791
2012	7,015,000		7,015,000	0.34%	714
2013	6,290,000		6,290,000	0.30%	637
2014	5,545,000		5,545,000	0.27%	557
2015	4,780,000		4,780,000	0.23%	478
2016	3,990,000		3,990,000	0.19%	393
2017	3,185,000		3,185,000	0.15%	314

Source: District records

**RIVER VALE BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Local and Regional School	\$ 8,096,412	\$ 8,096,412	
Golf Course Utility	14,301,700	14,301,700	
Borough of River Vale	<u>18,712,078</u>	<u>23,207</u>	<u>\$ 18,688,871</u>
	<u>\$ 41,110,190</u>	<u>\$ 22,421,319</u>	<u>18,688,871</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen			14,443,380
Bergen Utilities Authority - Water Pollution (B)			<u>2,066,706</u>
			<u>16,510,086</u>
Total Direct and Overlapping Debt			<u>\$ 35,198,957</u>

Source:

(1) Township of River Vale's 2016 Annual Debt Statement

**RIVER VALE BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 63,127,446	\$ 66,064,488	\$ 66,755,947	\$ 64,922,645	\$ 63,067,746	\$ 61,266,214	\$ 61,266,214	\$ 58,813,253	\$ 58,985,263	\$ 59,966,599
Total net debt applicable to limit	<u>9,514,000</u>	<u>8,944,000</u>	<u>8,370,000</u>	<u>7,715,948</u>	<u>7,015,948</u>	<u>6,290,948</u>	<u>6,290,948</u>	<u>4,780,948</u>	<u>3,990,948</u>	<u>3,185,948</u>
Legal debt margin	<u>\$ 53,613,446</u>	<u>\$ 57,120,488</u>	<u>\$ 58,385,947</u>	<u>\$ 57,206,697</u>	<u>\$ 56,051,798</u>	<u>\$ 54,975,266</u>	<u>\$ 54,975,266</u>	<u>\$ 54,032,305</u>	<u>\$ 54,994,315</u>	<u>\$ 56,780,651</u>
Total net debt applicable to the limit as a percentage of debt limit	15.07%	13.54%	12.54%	11.88%	11.12%	10.27%	10.27%	8.13%	6.77%	5.31%

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2016 \$ 2,046,651,101
	2015 2,002,886,110
	2014 <u>1,947,122,650</u>
	<u>\$ 5,996,659,861</u>
Average equalized valuation of taxable property	\$ 1,998,886,620
Debt limit (3 % of average equalization value)	59,966,599
Total Net Debt Applicable to Limit	<u>3,185,948</u>
Legal debt margin	<u>\$ 56,780,651</u>

Source: Annual Debt Statements

**RIVER VALE BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	9,580	\$ 67,722	2.5%
2008	9,593	68,124	2.7%
2009	9,655	65,097	4.8%
2010	9,684	66,073	4.9%
2011	9,757	69,021	4.9%
2012	9,822	71,929	4.9%
2013	9,878	71,388	7.8%
2014	9,947	73,424	4.3%
2015	10,006	75,849	4.0%
2016	10,148	75,849 *	3.8%

Source: New Jersey State Department of Education

* Estimate

**RIVER VALE BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)**

NOT APPLICABLE

RIVER VALE BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2008</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>
Instruction										
Regular	96	97	97	97	97	97	97	97	97	98
Special education	15	15	15	15	15	15	15	15	15	15
Support Services:										
Student & instruction related services	18	14	14	14	14	14	14	14	14	14
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	6	6	6	6	6	6	6	6	6	6
Administrative Information Technology	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	16	16	16	16	16	16	16	16	16	16
Other support services	5	5	5	5	5	5	5	5	5	5
Total	<u>160</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>158</u>

Source: District Personnel Records

RIVER VALE BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2008	1,383.0	\$ 18,988,138	\$ 13,730	2.47%	120	14.1	10	1,390.5	1,337.5	5.63%	96.19%
2009	1,405.0	18,641,096	13,268	-3.36%	120	14.1	10	1,405.2	1,352.9	1.06%	96.28%
2010	1,375.0	19,711,368	14,336	8.05%	120	14.1	10.9	1,375.6	1,327.5	-2.11%	96.50%
2011	1,383.0	19,870,902	14,368	0.23%	127	13.45	11.8	1,398.9	1,351.3	1.69%	96.60%
2012	1,337.0	20,627,376	15,428	7.38%	127	13:45	11.8	1,230.4	1,192.4	-12.05%	96.91%
2013	1,259.0	20,991,115	16,673	8.07%	127	13:45	11.8	1,293.5	1,247.6	-7.53%	96.45%
2014	1,285.0	21,746,536	16,923	1.50%	124	13:45	11.8	1,161.5	1,122.0	4.00%	96.60%
2015	1,224.0	21,885,093	17,880	5.65%	124	13:45	11.8	1,161.5	1,122.0	0.00%	96.60%
2016	1,180.0	22,340,521	18,933	5.89%	124	13:45	11.8	1,180.0	1,141.8	1.59%	96.76%
2017	1,163.0	23,028,504	19,801	4.59%	113	10.86	10.14	1,160.7	1,114.7	-1.64%	96.04%

Sources: District records

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

RIVER VALE BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Elementary</u>										
<u>Roberge Elementary</u>										
Square Feet	54,817	54,817	54,817	54,817	54,817	54,817	57,817	57,817	57,817	57,817
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment									382	379
<u>Woodside Elementary</u>										
Square Feet	46,273	46,273	46,273	46,273	46,273	46,273	46,273	46,273	46,273	46,273
Capacity (students)	454	454	454	454	454	454	454	454	454	454
Enrollment ^a									344	348
<u>Middle School</u>										
Square Feet	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133
Capacity (students)	363	363	363	363	363	363	363	363	363	363
Enrollment									454	436

Number of Schools at June 30, 2017

- Elementary = 2
- Middle School = 1
- Senior High School = None
- Other = None

Source: District Records

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

	<u>2008</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>
School Facilities										
Roberge Elementary School	\$ 77,324	\$ 63,965	\$ 79,589	\$ 138,622	\$ 77,219	\$ 88,851	\$ 97,818	\$ 88,691	\$ 104,673	\$ 111,777
Woodside Elementary School	85,892	73,755	123,032	53,884	66,414	84,313	119,010	70,982	83,773	89,460
Holdrum Middle School	<u>72,412</u>	<u>64,675</u>	<u>108,700</u>	<u>91,209</u>	<u>83,135</u>	<u>76,927</u>	<u>81,177</u>	<u>95,311</u>	<u>112,486</u>	<u>120,121</u>
Grand Total	<u>\$ 235,628</u>	<u>\$ 202,395</u>	<u>\$ 311,321</u>	<u>\$ 283,715</u>	<u>\$ 226,768</u>	<u>\$ 250,091</u>	<u>\$ 298,005</u>	<u>\$ 254,984</u>	<u>\$ 300,932</u>	<u>\$ 321,358</u>

Source: District Records

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - SELECTIVE INS. CO.		
Property - Blanket Building & Contents	\$ 40,632,534	\$ 5,000
Earthquake / Flood (Outside Zones A&V)	5,000,000	50,000
Flood Zones	1,000,000	500,000
Automobile	1,000,000	1,000/COMP&COLL
Comprehensive General Liability	1,000,000	
Comprehensive Crime Coverage-Employee Dishonesty	100,000	5,000
EXCESS CRIME	400,000	100,000
Environmental - ACE	2,000,000	15,000
Educator's Legal Liability /	1,000,000	10,000
Employment Practices - Darwin		25,000
Commercial Umbrella Policy - Selective	9,000,000	10,000
Fireman's Fund CAP Excess Liability Policy (Shared NESBIG)	50,000,000	
Cyber Liability - Indian Harbor Ins. Co.	1,000,000	
	4,000,000	

Source: District's 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
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. NICOLosi, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
River Vale Board of Education
River Vale, 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 River Vale Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the River Vale Board of Education's basic financial statements and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

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

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

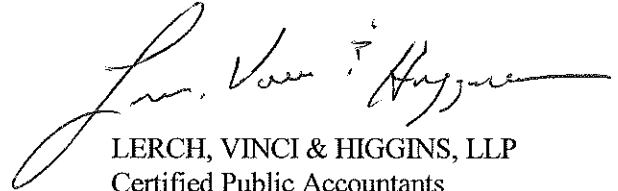
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

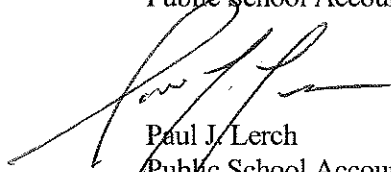
As part of obtaining reasonable assurance about whether the River Vale Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

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 River Vale Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the River Vale Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 1, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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MARK SACO, CPA
SHERYL M. NICOLSI, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE 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 Trustees
River Vale Board of Education
River Vale, New Jersey

Report on Compliance for Each Major State Program

We have audited the River Vale Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the River Vale Board of Education's major state programs for the fiscal year ended June 30, 2017. The River Vale Board of Education's major 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the River Vale Board of Education's major 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; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the River Vale Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the River Vale Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the River Vale Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major state program is not modified with respect to these matters.

The River Vale Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The River Vale Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the River Vale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the River Vale Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the 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 River Vale Board of Education's internal control over compliance.

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

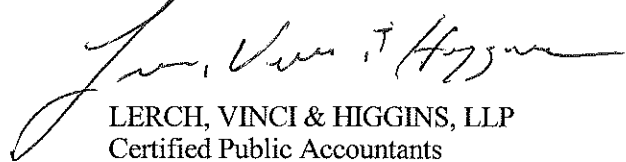
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be significant deficiencies.

The River Vale Board of Education's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The River Vale Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

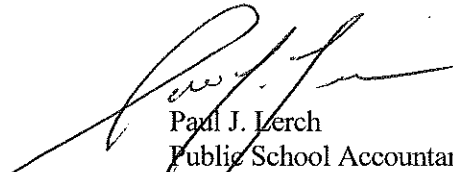
Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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 River Vale Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 1, 2017, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



James Vincent Higgins

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



Paul J. Lerch

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 1, 2017

RIVER VALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2016		Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2017			Memo GAAP Receivable
					Unearned Revenue	Accounts Receivable					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture														
Passed-through State Department of Agriculture														
Special Milk Program	10.556	171NJ304N1099	7/1/16-6/30/17	\$ 7,258					\$ 6,667	\$ 7,258	\$ (591)			\$ (591)
Special Milk Program	10.556	16161NJ304N1099	7/1/15-6/30/16	5,800	-	\$ (1,130)	-	-	1,130	-	-	-	-	-
Total U.S. Department of Agriculture/Child Nutrition Cluster					-	(1,130)	-	-	7,797	7,258	(591)	-	-	(591)
U.S. Department of Education														
Passed-through State Department of Education														
I.D.E.A. Part B, Basic	84.027A	H027A160100	7/1/16-6/30/17	232,813			\$ 102,108	\$ (102,108)	195,596	276,900	(139,325)	\$ 58,021		(81,304)
I.D.E.A. Part B, Basic	84.027A	H027A150100	7/1/15-6/30/16	247,029	\$ 102,108	\$ (281,482)	(102,108)	102,108	179,374					
I.D.E.A. Part B, Preschool	84.173A	H173A160114	7/1/16-6/30/17	13,361					13,361	13,361				
I.D.E.A. Part B, Preschool	84.173A	H173A150114	7/1/15-6/30/16	13,315		(13,315)			13,315	-				
Total Special Education Cluster (IDEA)										290,261				
NCLB Title II	84.367A	S367A160029	7/1/16-6/30/17	18,943	-	-	-	-	14,568	18,943	(4,375)	-	-	(4,375)
Total U.S. Department of Education					102,108	(294,797)	-	-	416,214	309,204	(143,700)	58,021	-	(85,679)
U.S. Department of Homeland Security														
Public Assistance Grant (FEMA)														
Severe Winter Storm Jonas	97.036	N/A	N/A	4,782	-	-	-	-	4,782	4,782	-	-	-	-
Total					\$ 102,108	\$ (295,927)	\$ -	\$ -	\$ 428,793	\$ 321,244	\$ (144,291)	\$ 58,021	\$ -	\$ (86,270)

Note: Not subject to Federal Single Audit

RIVER VALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Cash Received	Budgetary Expenditures	Balance Cancelled	Receivable Cancelled	Balance, June 30, 2017			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund															
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 394,058				\$ 359,588	\$ 394,058			\$ (34,470)			\$	394,058
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	397,703	(34,640)			34,640								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	21,680				19,784	21,680			(1,896)				21,680
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	19,204	(1,673)			1,673								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	12,380				11,297	12,380			(1,083)				12,380
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,380	(1,078)			1,078								
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	12,380				11,297	12,380			(1,083)				12,380
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,380	(1,078)			1,078								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	11,620				10,603	11,620			(1,017)				11,620
Total State Aid Public Cluster								452,118							452,118
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	27,212				24,832	27,212			(2,380)				27,212
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	23,548	(2,051)			2,051								
Nonpublic School Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	4,524					4,524			(4,524)		\$	(4,524)	4,524
Nonpublic School Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	4,002	(4,002)			4,002								
Total Transportation Aid Cluster								31,736							
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	260,795					260,795			(260,795)				260,795
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	274,741	(274,741)			274,741								
Lead Testing for Schools Aid	17-495-034-5120-104	7/1/16-6/30/17	1,167					1,167			(1,167)			(1,167)	1,167
On-Behalf TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	681,876				642,763	681,876			(39,113)			(39,113)	681,876
On-Behalf TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	658,953	(35,569)			35,569								
TPAF Pension Benefit Contributions	17-495-034-5094-002	7/1/16-6/30/17	993,295					993,295							993,295
TPAF Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	35,989				35,989	35,989							35,989
TPAF - Post Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	857,629				857,629	857,629							857,629
TPAF - Long-Term Disability Insurance Contributions	17-495-034-5094-004	7/1/16-6/30/17	1,529				1,529	1,529							1,529
Total General Fund				(354,832)			3,323,438	3,316,134			(347,528)			(44,804)	3,316,134
Capital Project Fund															
Roberge Elementary School															
Upgrade Two Gang Bathrooms and Two Staff Bathrooms	4430-060-14-1001	N/A	95,880	(95,880)							(95,880)			(95,880)	95,880
Total Capital Projects Fund/SDA Cluster				(95,880)							(95,880)			(95,880)	95,880
Total State Financial Assistance Subject to Single Audit Determination				(450,712)			3,323,438	3,316,134			(443,408)			(140,684)	3,412,014
State Financial Assistance															
Not Subject to Major Program Determination															
General Fund															
TPAF Pension Benefit Contributions	17-495-034-5094-002	7/1/16-6/30/17	993,295				(993,295)	(993,295)							(993,295)
TPAF Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	35,989				(35,989)	(35,989)							(35,989)
TPAF - Post Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	857,629				(857,629)	(857,629)							(857,629)
TPAF - Long-Term Disability Insurance Contributions	17-495-034-5094-004	7/1/16-6/30/17	1,529				(1,529)	(1,529)							(1,529)
Total State Financial Assistance Subject to Major Program Determination				\$ (450,712)	\$ -	\$ -	\$ 1,434,996	\$ 1,427,692	\$ -	\$ -	\$ (443,408)	\$ -	\$ -	\$ (140,684)	\$ 1,523,572

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**RIVER VALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the River Vale Board of Education. The Board of Education 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 with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are 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 an increase of \$12,537 for the general 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	\$ 4,782	\$ 3,328,671	\$ 3,333,453
Special Revenue Fund	309,204		309,204
Food Service Fund	<u>7,258</u>	<u>-</u>	<u>7,258</u>
Total Financial Assistance	<u>\$ 321,244</u>	<u>\$ 3,328,671</u>	<u>\$ 3,649,915</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

TPAF Social Security contributions in the amount of \$681,876 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,029,284, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$857,629 and TPAF Long-Term Disability Insurance in the amount of \$1,529 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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 not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | |
|-------------------------------------------------------------------------------------------------|-------------------------------------|
| A) Type of auditors' report issued: | Unmodified _____ |
| B) Internal control over financial reporting: | |
| 1) Material weakness(es) identified? | _____ yes <u> X </u> no |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes <u> X </u> none |
| C) Noncompliance material to basic financial statements noted? | _____ yes <u> X </u> no |

Federal Awards Section

Not Applicable

**RIVER VALE BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? X yes _____ none

Type of auditors' report on compliance for major programs: Unmodified

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

Identification of major programs:

<u>State Grant/Project Number</u>	<u>Name of State Program</u>
<u>17-495-034-5094-003</u>	<u>TPAF Social Security Aid</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 determine Type A and Type B programs: \$ 750,000

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

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Not applicable.

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 STATE AWARDS

Finding 2017-001

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.

State Program Information

Reimbursed TPAF Social Security Contributions	495-034-5094-003
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Criteria or Specific Requirement

State Grant Compliance Supplement

Condition

Salaries used to determine State reimbursements for FICA paid for T.P.A.F. members included certain non-pensionable wages.

Questioned Costs

Unknown.

Context

Merit pay, health benefit waiver payments and extra/co-curricular stipends, which are non-pensionable wages, were included in the salaries used to determine the amount to be reimbursed by the State.

Effect

Amounts reimbursed by State did not reflect actual FICA paid on T.P.A.F. members' pensionable wages.

Cause

See context.

Recommendation

The District review with its financial accounting software vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based only on pensionable wages subject to FICA.

View of Responsible Officials and Planned Corrective Action

Management agrees with this finding and had indicated that procedures will be implemented to take corrective action.

**RIVER VALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

There were none.