

RIVER VALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013**

**Prepared by
Business Office**

**RIVER VALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-16
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	17
A-2 Statement of Activities	18

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	19
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	20
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	21

Proprietary Funds

B-4 Statement of Net Position	22
B-5 Statement of Revenues, Expenses, and Changes in Net Position	23
B-6 Statement of Cash Flows	24

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26

Notes to the Financial Statements	27-51
--	-------

**RIVER VALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – Budget and Actual - General Fund	52-59
C-2	Budgetary Comparison Schedule – Special Revenue Fund – Budget (Non-GAAP) and Actual	60
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	61

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	62
E-2	Preschool Program Aid – Schedule of Expenditures – Budgetary Basis – Not Applicable	63

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	64
F-2	Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	65
F-2a	Schedule of Project Revenues, Expenditures, Project Balance – and Project Status – Improvements to the Middle School and Elementary Schools	66
F-2b	Schedule of Project Revenues, Expenditures, Project Balance – and Project Status – Information Technology Project	67
F-2c	Schedule of Project Revenues, Expenditures, Project Balance – and Project Status – Boiler Replacement Project	68

G. Proprietary Funds

G-1	Combining Schedule of Net Position – Not Applicable	69
G-2	Combining Schedule of Revenues, Expenses and Changes in Net Position – Not Applicable	69
G-3	Combining Schedule of Cash Flows – Not Applicable	69

**RIVER VALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

H. Fiduciary Funds

H-1	Combining Schedule of Agency Assets and Liabilities	70
H-2	Combining Schedule of Changes in Net Position – Not Applicable	70
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	71
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	71

I. Long-Term Debt

I-1	Schedule of Serial Bonds	72
I-2	Schedule of Obligations under Capital Leases	73
I-3	Debt Service Fund Budgetary Comparison Schedule	74

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	75
J-2	Changes in Net Position	76-77
J-3	Fund Balances – Governmental Funds	78
J-4	Changes in Fund Balances - Governmental Funds	79-80
J-5	General Fund Other Local Revenue by Source	81
J-6	Assessed Value and Actual Value of Taxable Property	82
J-7	Property Tax Rates	83
J-8	Principal Property Taxpayers	84
J-9	Property Tax Levies and Collections	85
J-10	Ratios of Outstanding Debt by Type	86
J-11	Ratios of Net General Bonded Debt Outstanding	87
J-12	Direct and Overlapping Governmental Activities Debt	88
J-13	Legal Debt Margin Information	89
J-14	Demographic and Economic Statistics	90
J-15	Principal Employers	91
J-16	Full-Time Equivalent District Employees by Function/Program	92
J-17	Operating Statistics	93
J-18	School Building Information	94
J-19	Schedule of Required Maintenance for School Facilities	95
J-20	Schedule of Insurance	96

**RIVER VALE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matter on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	97-98
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04 – Independent Auditor’s Report	99-101
K-3	Schedule of Expenditures of Federal Awards	102
K-4	Schedule of Expenditures of State Financial Assistance	103
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	104-105
K-6	Schedule of Findings and Questioned Costs	106-110
K-7	Summary Schedule of Prior Year Audit Findings	111

INTRODUCTORY SECTION



RIVER VALE PUBLIC SCHOOLS

Kelly Ippolito
School Business Administrator/
Board Secretary
609 Westwood Avenue
River Vale, NJ 07675-5730

KIppolito@rivervaleschools.com
Telephone: 201 / 358 - 4003
Fax: 201 / 358 - 2489

November 8, 2013

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

Dear Board Members:

The comprehensive annual financial report of the River Vale Board of Education for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The River Vale Board of Education 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 2013/2014 fiscal year with an enrollment of 1293 students, which is a decrease of 29 students over the previous year's enrollment.

Student enrollments have fluctuated over the past several years. However, distribution in enrollments in the schools has been evenly distributed; thus causing the district to engage the services of Averbach & Associates. Averbach & Associates demographic study of estimated student enrollment projections was utilized as a planning tool in connection with the design of the district's referendum Capital Project which is currently in progress.

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>
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%
2006-2007	1,362	1.18%
2005-2006	1,346	.2%
2004-2005	1,343	-4.2%
2003-2004	1,402	7.4%

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 Board of Education 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 has been able to attract excellent teachers over the years. More than half of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2012/2013 school year was 1,293 students including out-of-district special education placements. Enrollment for 2013/2014 is expected to decrease slightly. Homerooms average twenty (20) students and reading/math groups have a lower faculty/student ratio.

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

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.

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 reservations of fund balance at June 30, 2013.

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, 2013 the River Vale Board of Education had \$6,290,000 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 OMB Circular A-133 and state Treasury Circular Letter 04-04 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 Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the 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.

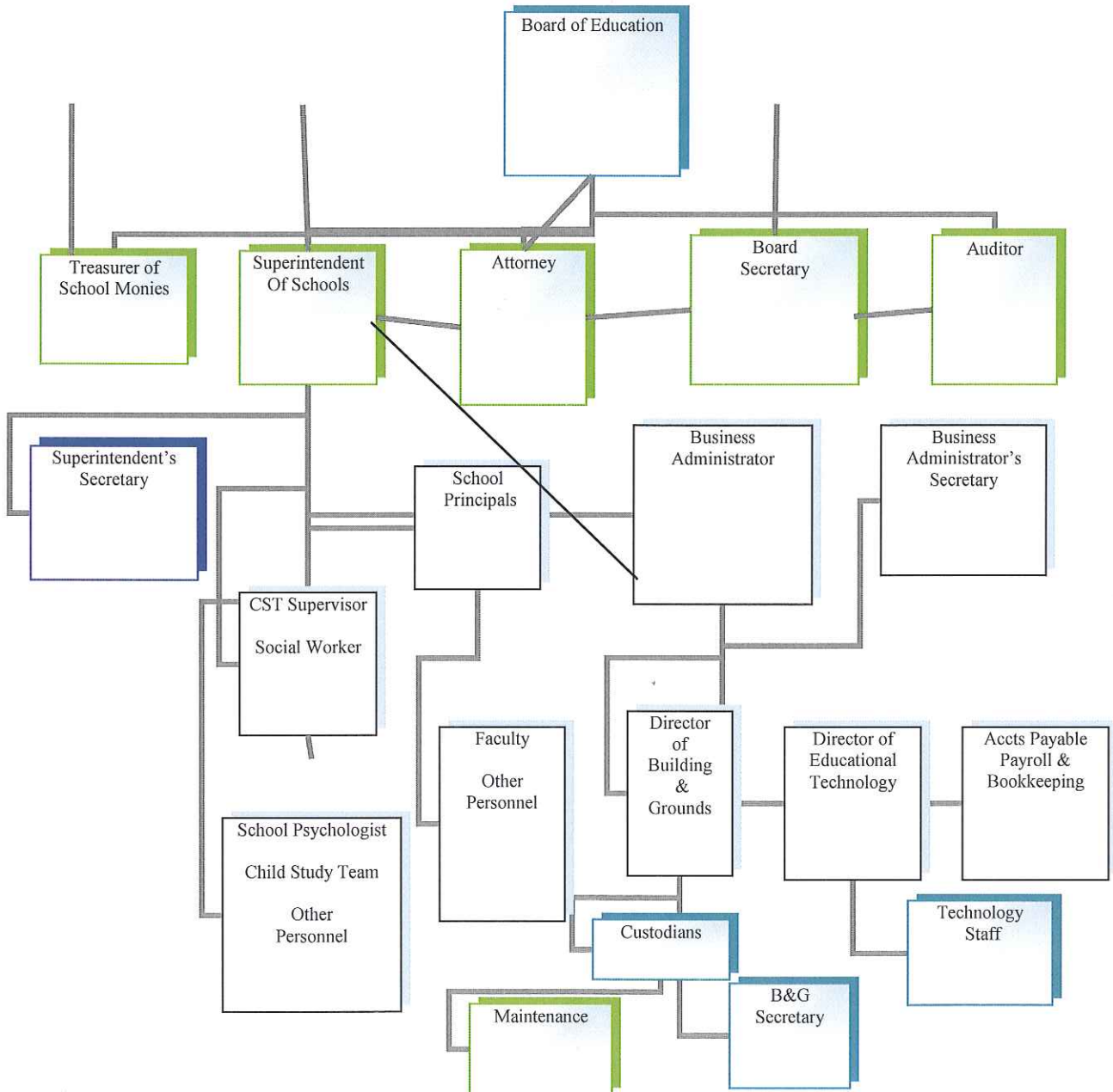
Respectfully submitted,

Kelly Ippolito

Kelly Ippolito
Business Administrator/Board Secretary

RIVER VALE BOARD OF EDUCATION

ORGANIZATION CHART



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

ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lorraine Waldes, President	2015
Steven Rosini, Vice President	2014
Sheryl Eaton	2013
William Ellis	2015
David Moon	2014
Michael Shirey	2014
Andrew Spector	2013

Other Officials

Matthew J. Murphy, Ph. D., 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, 2013

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees'
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, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Vale Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the 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 November 8, 2013 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 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
November 8, 2013

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, 2013**

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, 2013. 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 2013 are as follows:

- District-Wide - Overall revenues were \$23,536,953. General revenues accounted for \$20,436,293 or 87 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,100,660 or 13 percent of total revenues of \$23,536,953.
- District-Wide - The School District had \$21,809,863 in expenses; only \$3,100,660 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20,436,293 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 \$3,815,140, an increase of \$1,739,101 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2013, unassigned fund balance (budgetary basis) for the General Fund was \$573,129, a decrease of \$66,614.

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 special education and building maintenance and food service	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, deferred outflows, liabilities and deferred inflows, 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 2013 and 2012. Net position for 2013 and 2012 were \$16,286,609 and \$14,706,645, 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)

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 4,202,363	\$ 2,606,583	\$ 19,241	\$ 164,561	\$ 4,221,604	\$ 2,771,144
Capital Assets	<u>19,936,609</u>	<u>20,125,608</u>	<u>1,270</u>	<u>2,281</u>	<u>19,937,879</u>	<u>20,127,889</u>
Total Assets	<u>24,138,972</u>	<u>22,732,191</u>	<u>20,511</u>	<u>166,842</u>	<u>24,159,483</u>	<u>22,899,033</u>
Total Deferred Outflows of Resources	<u>172,517</u>	<u>221,069</u>	<u>-</u>	<u>-</u>	<u>172,517</u>	<u>221,069</u>
Total Assets and Deferred Outflows of Resources	<u>24,311,489</u>	<u>22,953,260</u>	<u>20,511</u>	<u>166,842</u>	<u>24,332,000</u>	<u>23,120,102</u>
Other Liabilities	455,755	604,970	12,891	18,425	468,646	623,395
Long-Term Liabilities	<u>7,576,745</u>	<u>7,790,062</u>	<u>-</u>	<u>-</u>	<u>7,576,745</u>	<u>7,790,062</u>
Total Liabilities	<u>8,032,500</u>	<u>8,395,032</u>	<u>12,891</u>	<u>18,425</u>	<u>8,045,391</u>	<u>8,413,457</u>
Net Position:						
Net Invested in Capital Assets	13,716,329	13,128,780	1,270	1,659	13,717,599	13,130,439
Restricted	641,463	716,927			641,463	716,927
Unrestricted	<u>1,921,197</u>	<u>712,521</u>	<u>6,350</u>	<u>146,758</u>	<u>1,927,547</u>	<u>859,279</u>
Total Net Position	<u>\$ 16,278,989</u>	<u>\$ 14,558,228</u>	<u>\$ 7,620</u>	<u>\$ 148,417</u>	<u>\$ 16,286,609</u>	<u>\$ 14,706,645</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Governmental activities. Governmental activities increased the District's net position by \$1,720,761. Key elements of this increase are as follows:

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 27,350	\$ 20,260	\$ 25,034	\$ 20,979	\$ 52,384	\$ 41,239
Operating Grants and Contributions	2,940,129	2,655,210	8,147	9,594	2,948,276	2,664,804
Capital Grants and Contributions	100,000	221,010			100,000	221,010
General Revenues						
Property Taxes	20,258,781	19,881,917			20,258,781	19,881,917
Other	177,426	165,724	86	154	177,512	165,878
Total Revenues	<u>23,503,686</u>	<u>22,944,121</u>	<u>33,267</u>	<u>30,727</u>	<u>23,536,953</u>	<u>22,974,848</u>
Expenses						
Instruction						
Regular	10,096,119	9,833,606			10,096,119	9,833,606
Special Education	2,231,290	2,230,343			2,231,290	2,230,343
Other Instruction	672,031	677,912			672,031	677,912
School Sponsored Activities and Ath.	124,146	120,488			124,146	120,488
Support Services						
Student and Instruction Related Serv.	2,444,437	2,329,447			2,444,437	2,329,447
Attendance and Social Work	200,410	113,304			200,410	113,304
Educational Media/School Library	297,026	423,129			297,026	423,129
General Administrative Services	724,425	742,344			724,425	742,344
School Administrative Services	1,192,633	1,133,352			1,192,633	1,133,352
Plant Operations and Maintenance	2,078,059	1,965,809			2,078,059	1,965,809
Pupil Transportation	397,901	443,474			397,901	443,474
Central Services	1,095,091	1,099,110			1,095,091	1,099,110
Food Services			22,039	48,026	22,039	48,026
Park Academy			4,899	7,662	4,899	7,662
Interest on Long-Term Debt	229,357	248,380	-	-	229,357	248,380
Total Expenses	<u>21,782,925</u>	<u>21,360,698</u>	<u>26,938</u>	<u>55,688</u>	<u>21,809,863</u>	<u>21,416,386</u>
Change in Net Position	1,720,761	1,583,423	6,329	(24,961)	1,727,090	1,558,462
Transfer to Participating Districts	-	-	(147,126)	-	(147,126)	-
Net Position, Beginning of Year	<u>14,558,228</u>	<u>12,974,805</u>	<u>148,417</u>	<u>173,378</u>	<u>14,706,645</u>	<u>13,148,183</u>
Net Position, End of Year	<u>\$ 16,278,989</u>	<u>\$ 14,558,228</u>	<u>\$ 7,620</u>	<u>\$ 148,417</u>	<u>\$ 16,286,609</u>	<u>\$ 14,706,645</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Governmental activities. The District's total governmental revenues were \$23,503,686. The general share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$20,436,307 or 87% of total revenues. Funding from restricted state and federal sources amounted to \$3,067,479 or 13%.

The District's total governmental expenses were \$21,782,925 and are predominantly related to instruction and support services. Instruction totaled \$13,123,586 (60%), student support services totaled \$8,429,982 (39%) and interest on long-term debt total \$229,357 (1%) of total expenditures. (See Table A-3.)

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2013

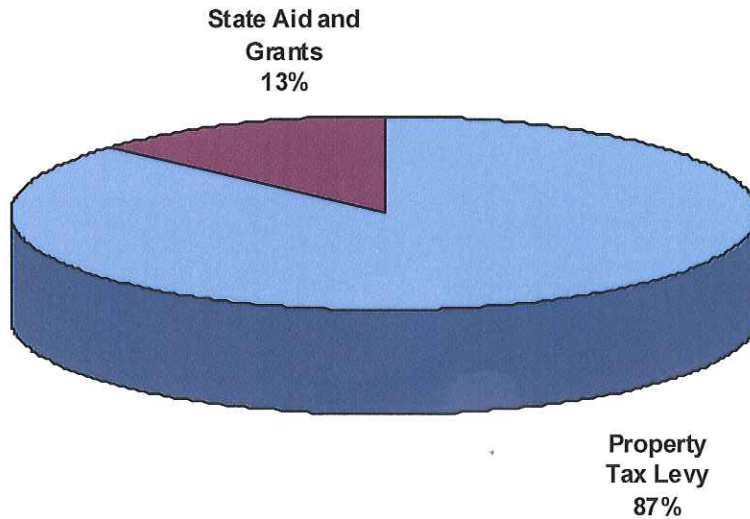
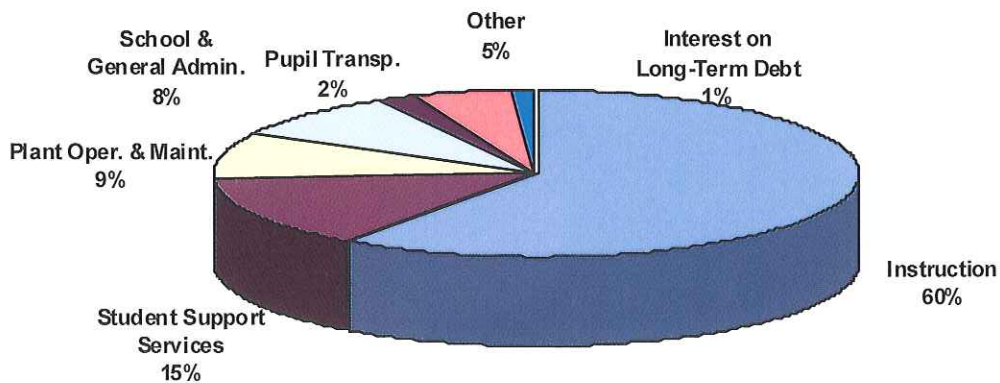


Table A-2 Expenditures by Type- Governmental Activities
For Fiscal Year 2013



RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 10,096,119	\$ 9,833,606	\$ 8,741,799	\$ 8,731,497
Special Education	2,231,290	2,230,343	1,218,644	1,098,275
Other Instruction	672,031	677,912	576,826	601,009
School Sponsored Activities and Athletics	124,146	120,488	124,146	120,488
Support Services				
Student and Instruction Related Svcs.	2,444,437	2,329,447	2,254,308	2,187,299
Attendance and Social Work	200,410	113,304	162,337	86,895
Educational Media/School Library	297,026	423,129	261,392	379,577
General Administrative Services	724,425	742,344	681,492	653,628
School Administrative Services	1,192,633	1,133,352	974,164	1,101,611
Plant Operations and Maintenance	2,078,059	1,965,809	2,060,490	1,744,799
Pupil Transportation	397,901	443,474	372,311	439,472
Central Services	1,095,091	1,099,110	1,058,180	1,071,288
Interest on Long-Term Debt	229,357	248,380	229,357	248,380
Total Governmental Activities	<u>\$ 21,782,925</u>	<u>\$ 21,360,698</u>	<u>\$ 18,715,446</u>	<u>\$ 18,464,218</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$26,938. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in a decrease in net position of \$140,797. The decrease in the net position is mainly attributable to the park academy operations being transferred to another local educational agency.

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, unreserved 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 \$3,815,140. At June 30, 2012 the fund balance was \$2,076,039.

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 \$23,509,686 and expenditures were \$22,447,158.

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, 2013 and 2012.

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 20,570,557	\$ 20,073,543	\$ 497,014	2.48%
State Sources	2,717,235	2,389,274	327,961	13.73%
Federal Sources	221,894	482,640	(260,746)	-54.02%
Total Revenues	<u>\$ 23,509,686</u>	<u>\$ 22,945,457</u>	<u>\$ 564,229</u>	2.46%

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, 2013 and 2012.

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 12,752,715	\$ 12,600,045	\$ 152,670	1.21%
Undistributed	8,238,400	8,027,331	211,069	2.63%
Capital Outlay	390,908	671,042	(280,134)	-41.75%
Debt Service				
Principal	820,247	792,303	27,944	3.53%
Interest	244,888	270,533	(25,645)	-9.48%
Total Expenditures	<u>\$ 22,447,158</u>	<u>\$ 22,361,254</u>	<u>\$ 85,904</u>	0.38%

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 \$184,978 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, 2013 amounts to \$19,937,879 (net of accumulated depreciation). This investment in capital assets includes land, 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**

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 43,525	\$ 43,525			\$ 43,525	\$ 43,525
Land Improvements	573,030	573,030			573,030	573,030
Buildings and Building Improvements	24,374,247	24,254,307			24,374,247	24,254,307
Machinery, Equipment and Vehicles	<u>2,348,379</u>	<u>2,083,411</u>	\$ 15,258	\$ 15,258	<u>2,363,637</u>	<u>2,098,669</u>
 Total	 27,339,181	 26,954,273	 15,258	 15,258	 27,354,439	 26,969,531
Less: Accumulated Depreciation	<u>7,402,572</u>	<u>6,828,665</u>	<u>13,988</u>	<u>13,599</u>	<u>7,416,560</u>	<u>6,842,264</u>
 Total	 <u>\$ 19,936,609</u>	 <u>\$ 20,125,608</u>	 <u>\$ 1,270</u>	 <u>\$ 1,659</u>	 <u>\$ 19,937,879</u>	 <u>\$ 20,127,267</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, 2013 the school district had long-term debt and outstanding long-term liabilities in the amount of \$7,369,986 as stated in Table A-5.

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

	<u>2013</u>	<u>2012</u>
Serial Bonds	\$ 6,290,000	\$ 7,015,000
Capital Leases	676,573	95,247
Compensated Absences Payable	<u>403,413</u>	<u>414,867</u>
 Total	 <u>\$ 7,369,986</u>	 <u>\$ 7,525,114</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 \$6,290,000. 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 represents the District's liability for unused accrued sick leave and unused vacation.

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, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,944,433	\$ 13,654	\$ 3,958,087
Receivables, net			
Receivables from Other Governments	152,611	688	153,299
Other	105,319	4,899	110,218
Capital Assets, Not Being Depreciated	43,525		43,525
Capital Assets, Being Depreciated, Net	<u>19,893,084</u>	<u>1,270</u>	<u>19,894,354</u>
Total Assets	<u>24,138,972</u>	<u>20,511</u>	<u>24,159,483</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	<u>172,517</u>	<u>-</u>	<u>172,517</u>
Total Deferred Outflows of Resources	<u>172,517</u>	<u>-</u>	<u>172,517</u>
Total Assets and Deferred Outflows of Resources	<u>24,311,489</u>	<u>20,511</u>	<u>24,332,000</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	108,081		108,081
Note Payable	275,000		275,000
Accrued Interest Payable	68,532		68,532
Unearned Revenue	4,142	12,891	17,033
Noncurrent Liabilities			
Due Within One Year	924,358		924,358
Due Beyond One Year	<u>6,652,387</u>	<u>-</u>	<u>6,652,387</u>
Total Liabilities	<u>8,032,500</u>	<u>12,891</u>	<u>8,045,391</u>
NET POSITION			
Net Investment in Capital Assets	13,716,329	1,270	13,717,599
Restricted for			
Capital Projects	641,463		641,463
Unrestricted	<u>1,921,197</u>	<u>6,350</u>	<u>1,927,547</u>
Total Net Position	<u>\$ 16,278,989</u>	<u>\$ 7,620</u>	<u>\$ 16,286,609</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, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,096,119	\$ 27,350	\$ 1,354,320		\$ (8,741,799)		\$ (8,741,799)
Special Education	2,231,290		985,296		(1,218,644)		(1,218,644)
Other Instruction	672,031		95,205		(576,826)		(576,826)
School Sponsored Activities and Athletics	124,146				(124,146)		(124,146)
Support Services							
Student and Instruction Related Services	2,444,437		190,129		(2,254,308)		(2,254,308)
Attendance and Social Work	200,410		38,073		(162,337)		(162,337)
Educational Media/School Library	297,026		35,634		(261,392)		(261,392)
School Administrative Services	1,192,633		118,469	\$ 100,000	(974,164)		(974,164)
General and Business Administrative Services	724,425		42,933		(681,492)		(681,492)
Plant Operations and Maintenance	2,078,059		17,569		(2,060,490)		(2,060,490)
Pupil Transportation	397,901		25,590		(372,311)		(372,311)
Central Services	1,095,091		36,911		(1,058,180)		(1,058,180)
Interest on Long-Term Debt	229,357				(229,357)		(229,357)
Total Governmental Activities	21,782,925	27,350	2,940,129	100,000	(18,715,446)	-	(18,715,446)
Business-Type Activities							
Food Service- Non Major	22,039	17,169	8,147			\$ 3,277	\$ 3,277
Park Academy	4,899	7,865				2,966	2,966
Total Business-Type Activities	26,938	25,034	8,147	-	-	6,243	6,243
Total Primary Government	\$ 21,809,863	\$ 52,384	\$ 2,948,276	\$ 100,000	(18,715,446)	6,243	(18,709,203)
General Revenues / Transfers							
Property Taxes					20,258,781		20,258,781
Interest on Investments					14,022	86	14,108
Miscellaneous Income					163,404		163,404
Transfer to Participating Districts						(147,126)	(147,126)
Total General Revenues / Transfers					20,436,207	(147,040)	20,289,167
Change in Net Position					1,720,761	(140,797)	1,579,964
Net Position, Beginning of Year (Restated)					14,558,228	148,417	14,706,645
Net Position, End of Year					\$ 16,278,989	\$ 7,620	\$ 16,286,609

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

FUND FINANCIAL STATEMENTS

**RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,887,442		\$ 1,056,991		\$ 3,944,433
Due from Other Funds	113,936		544		114,480
Other Receivables	100,950				100,950
Receivables from Other Governments	38,902	\$ 113,709	-	-	152,611
Total Assets	<u>\$ 3,141,230</u>	<u>\$ 113,709</u>	<u>\$ 1,057,535</u>	<u>\$ -</u>	<u>\$ 4,312,474</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 44,856		\$ 2,000		\$ 46,856
Accrued Salaries & Wages	61,225				61,225
Due to Other Funds	544	\$ 109,567			110,111
Note Payable			275,000		275,000
Unearned Revenue	-	4,142	-	-	4,142
Total Liabilities	<u>106,625</u>	<u>113,709</u>	<u>277,000</u>	<u>-</u>	<u>497,334</u>
Fund Balance					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures	283,335				283,335
Excess Surplus	277,370				277,370
Capital Reserve	641,463				641,463
Capital Projects			780,535		780,535
Committed Fund Balance					
Year End Encumbrances	991,418				991,418
Assigned Fund Balance					
Year End Encumbrances	491,864				491,864
Unassigned Fund Balance					
General Fund	349,155	-	-	-	349,155
Total Fund Balances	<u>3,034,605</u>	<u>-</u>	<u>780,535</u>	<u>-</u>	<u>3,815,140</u>
Total Liabilities and Fund Balances	<u>\$ 3,141,230</u>	<u>\$ 113,709</u>	<u>\$ 1,057,535</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,339,181 and the accumulated depreciation is \$7,402,572

19,936,609

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

(68,532)

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.

172,517

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

General Obligation Bonds Payable, Net	6,496,759
Capital Leases Payable	676,573
Compensated Absences	403,413
	<u>(7,576,745)</u>

Net position of governmental activities (Exhibit A-1) \$ 16,278,989

**RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 19,291,931			\$ 966,850	\$ 20,258,781
Tuition	27,350				27,350
Interest on Investment	12,861		\$ 1,161		14,022
Miscellaneous	263,404	\$ 1,000	6,000	-	270,404
Total - Local Sources	19,595,546	1,000	7,161	966,850	20,570,557
State Sources	2,717,235				2,717,235
Federal Sources	-	221,894	-	-	221,894
Total Revenues	22,312,781	222,894	7,161	966,850	23,509,686
EXPENDITURES					
Current					
Regular Instruction	9,782,099	1,000			9,783,099
Special Education Instruction	2,000,853	195,205			2,196,058
Other Instruction	649,412				649,412
School-Sponsored Activities and Athletics Support Services	124,146				124,146
Student and Instruction Related Services	2,350,932	26,689			2,377,621
Attendance and Social Work	193,460				193,460
Educational Media/School Library	287,810				287,810
School Administrative Services	1,142,196				1,142,196
General Administrative Services	734,678				734,678
Plant Operations and Maintenance	2,041,453				2,041,453
Pupil Transportation	397,901				397,901
Central Services	1,063,281				1,063,281
Debt Service					
Principal	95,247			725,000	820,247
Interest and Other Charges	3,038			241,850	244,888
Capital Outlay	389,477	-	1,431	-	390,908
Total Expenditures	21,255,983	222,894	1,431	966,850	22,447,158
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	1,056,798	-	5,730	-	1,062,528
Other Financing Sources and (Uses)					
Lease Proceeds			676,573		676,573
Transfers In	1,161				1,161
Transfers Out	-	-	(1,161)	-	(1,161)
Total Other Financing Sources and Uses	1,161	-	675,412	-	676,573
Net Change in Fund Balances	1,057,959	-	681,142	-	1,739,101
Fund Balance, Beginning of Year	1,976,646	-	99,393	-	2,076,039
Fund Balance, End of Year	\$ 3,034,605	\$ -	\$ 780,535	\$ -	\$ 3,815,140

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, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2)	\$		1,739,101
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>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.</p>			
Capital Outlay Disposal	\$	(6,000)	
Capital Outlay		390,908	
Depreciation Expense		<u>(573,907)</u>	
			(188,999)
<p>Some of the District assets acquired this year were finance with capital leases. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the lease proceeds are not revenues in the statement of activities but rather constitute long-term liabilities in the statement of assets.</p>			
Capital Leases			(676,573)
<p>In the statement of activities, certain operating expenses - compensated absences and claims and judgements for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):</p>			
Compensated Absences, Net			11,454
<p>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.</p>			
Reduction on Long-Term Debt			820,247
<p>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.</p>			
Amortization of Bond Premium		58,189	
Amortization of Deferred Amounts on Refunding		<u>(48,552)</u>	
			9,637
<p>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.</p>			
Decrease in accrued interest			<u>5,894</u>
Change in net position of governmental activities (Exhibit A-2)	\$		<u>1,720,761</u>

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

**RIVER VALE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	<u>Business-Type Activities Enterprise Fund Park Academy</u>	<u>Business-Type Activities Enterprise Fund Non-Major</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents		\$ 13,654	\$ 13,654
Intergovernmental Receivable			
Federal		688	688
Other	\$ 4,899	-	4,899
Total Current Assets	<u>4,899</u>	<u>14,342</u>	<u>19,241</u>
Capital Assets			
Equipment		15,258	15,258
Less: Accumulated Depreciation	-	(13,988)	(13,988)
Total Capital Assets, Net	<u>-</u>	<u>1,270</u>	<u>1,270</u>
Total Assets	<u>4,899</u>	<u>15,612</u>	<u>20,511</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	530		530
Due to Other Funds	4,369		4,369
Unearned Revenue	-	7,992	7,992
Total Current Liabilities	<u>4,899</u>	<u>7,992</u>	<u>12,891</u>
Total Liabilities	<u>4,899</u>	<u>7,992</u>	<u>12,891</u>
NET POSITION			
Net Investment in Capital Assets		1,270	1,270
Unrestricted	-	6,350	6,350
Total Net Position	<u>\$ -</u>	<u>\$ 7,620</u>	<u>\$ 7,620</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, 2013**

	<u>Business-Type Activities Enterprise Fund Park Academy</u>	<u>Business-Type Activities Enterprise Fund Non-Major</u>	<u>Total</u>
OPERATING REVENUE			
Charges for Services			
Daily Sales - Milk		\$ 17,169	\$ 17,169
Miscellaneous Fees	\$ 7,865	-	\$ 7,865
Total Operating Revenues	<u>7,865</u>	<u>17,169</u>	<u>25,034</u>
OPERATING EXPENSES			
Cost of Sales		11,040	11,040
Salaries and Benefits	4,899	9,000	13,899
Supplies and Materials		1,609	1,609
Depreciation	-	390	390
Total Operating Expenses	<u>4,899</u>	<u>22,039</u>	<u>26,938</u>
Operating Income/(Loss)	<u>2,966</u>	<u>(4,870)</u>	<u>(1,904)</u>
NONOPERATING REVENUE			
Interest		86	86
Federal Sources			
Special Milk Program	-	8,147	8,147
Total Nonoperating Revenues	<u>-</u>	<u>8,233</u>	<u>8,233</u>
Income Before Surplus Distribution	<u>2,966</u>	<u>3,363</u>	<u>6,329</u>
Return of Surplus to Participating Districts	147,126	-	147,126
Total Net Position, Beginning of Year	<u>144,160</u>	<u>4,257</u>	<u>148,417</u>
Total Net Position, End of Year	<u>\$ -</u>	<u>\$ 7,620</u>	<u>\$ 7,620</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, 2013**

	<u>Business-Type Activities Enterprise Fund Park Academy</u>	<u>Business-Type Activities Enterprise Fund Non-Major</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 2,966	\$ 10,688	\$ 13,654
Cash Payments to Suppliers for Goods and Services	<u>(3,953)</u>	<u>(21,649)</u>	<u>(25,602)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(987)</u>	<u>(10,961)</u>	<u>(11,948)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements		8,081	8,081
Return of Surplus to Participating Districts	<u>(147,126)</u>	<u>-</u>	<u>(147,126)</u>
Net Cash Provided by (Used by) Noncapital Financing Activities	<u>(147,126)</u>	<u>8,081</u>	<u>(139,045)</u>
Cash Flows from Investing Activities			
Interest Earnings	<u>-</u>	<u>86</u>	<u>86</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>86</u>	<u>86</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(148,113)	(2,794)	(150,907)
Cash and Cash Equivalents, Beginning of Year	<u>148,113</u>	<u>16,448</u>	<u>164,561</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 13,654</u>	<u>13,654</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
Operating Income (Loss)	\$ 2,966	\$ (4,870)	\$ (1,904)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities			
Depreciation		390	390
Change in Assets and Liabilities			
(Increase)/Decrease in Intergovernmental Receivable - Other	(4,899)		(4,899)
Increase/(Decrease) in Accounts Payable	946		946
Increase/(Decrease) in Unearned Revenue	<u>-</u>	<u>(6,481)</u>	<u>(6,481)</u>
Total Adjustments	<u>(3,953)</u>	<u>(6,091)</u>	<u>(10,044)</u>
Net Cash (Used by) Operating Activities	<u>\$ (987)</u>	<u>\$ (10,961)</u>	<u>\$ (11,948)</u>

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, 2013**

	Unemployment Compensation <u>Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 171,293	\$ 187,389
Total Assets	<u>171,293</u>	<u>\$ 187,389</u>
 LIABILITIES		
Payroll Deductions and Withholdings		\$ 5,685
Accrued Salaries and Wages		1,965
Flex Spending Benefits		349
Due to State of New Jersey	9,116	82,678
Due to Student Groups	<u>-</u>	<u>96,712</u>
Total Liabilities	<u>9,116</u>	<u>\$ 187,389</u>
 NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 162,177</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, 2013**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions	
District	\$ 55,000
Employees	29,450
Investment Earnings	
Interest	<u>586</u>
Total Additions	<u>85,036</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>21,519</u>
Total Deductions	<u>21,519</u>
Change in Net Position	63,517
Net Position, Beginning of Year	<u>98,660</u>
Net Position, End of Year	<u>\$ 162,177</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, 2013**

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 2013, the District adopted the following GASB statements:

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes 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 Park Academy 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 for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

The *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.

RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund type:

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

E. Assets, Liabilities, 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. *Capital Assets*

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

RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets (Continued)*

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
Machinery Equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has no items, which arise only under a modified accrual basis of accounting that would qualify for reporting in this category.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of vacation and sick leave benefits. 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.

RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Long-Term Obligations

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

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

8. 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.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

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

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

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

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

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

9. Reclassifications

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

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, investment earnings and miscellaneous revenues.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund 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, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On 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 2012/2013. During 2012/2013 the Board increased the original budget by \$1,502,324. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

A capital reserve account was established by the District on September 27, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012	\$ 716,927
Increases	
Interest earnings	\$ 2,756
Deposits Approved by Board Resolution	<u>500,000</u>
	502,756
Withdrawals	
Approved by Board Resolution	<u>(578,220)</u>
Balance, June 30, 2013	<u>\$ 641,463</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is \$2,953,500. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Transfers to Capital Outlay

During the 2012/2013 school year, the district transferred \$744,952 to the non-equipment capital outlay accounts. The transfer was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$560,705. Of this amount, \$283,335 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$277,370 will be appropriated in the 2014/2015 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$4,316,769 and bank and brokerage firm balances of the Board's deposits amounted to \$5,040,001. The Board's deposits which are displayed on the various statements of net position and fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>5,040,001</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, 2013 none of the Board's bank balance was 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, 2013, 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, 2013 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>Non-Major Enterprise Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 38,902	\$113,709	\$ 688	\$ 153,299
Other	<u>100,950</u>	<u>-</u>	<u>4,899</u>	<u>105,849</u>
Gross Receivables	139,852	113,709	5,587	259,148
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$139,852</u>	<u>\$113,709</u>	<u>\$ 5,587</u>	<u>\$ 259,148</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 4,142
 Total deferred revenue for governmental funds	 <u>\$ 4,142</u>

D. Capital Assets

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

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Governmental activities:				
Capital Assets, not being Depreciated:				
Land	\$ 43,525	-	-	\$ 43,525
 Total Capital Assets, not being depreciated	 43,525	 -	 -	 43,525
Capital Assets, being depreciated:				
Buildings and Building Improvements	24,254,307	\$ 119,940		24,374,247
Machinery and Equipment	2,083,411	270,968	\$ (6,000)	2,348,379
Land Improvements	573,030	-	-	573,030
 Total Capital Assets being Depreciated	 26,910,748	 390,908	 (6,000)	 27,295,656
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(5,284,855)	(420,989)		(5,705,844)
Machinery and Equipment	(1,288,560)	(136,218)		(1,424,778)
Land Improvements	(255,250)	(16,700)	-	(271,950)
 Total Accumulated Depreciation	 (6,828,665)	 (573,907)	 -	 (7,402,572)
 Total Capital Assets, being Depreciated, net	 20,082,083	 (182,999)	 (6,000)	 19,893,084
 Governmental Activities Capital Assets, net	 <u>\$ 20,125,608</u>	 <u>\$ (182,999)</u>	 <u>\$ (6,000)</u>	 <u>\$ 19,936,609</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Business-type activities:				
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	(13,598)	\$ (390)	-	(13,988)
Total Accumulated Depreciation	<u>(13,598)</u>	<u>(390)</u>	<u>-</u>	<u>(13,988)</u>
Total Capital Assets, being Depreciated, net	<u>1,660</u>	<u>(390)</u>	<u>-</u>	<u>1,270</u>
Business-Type Activities Capital Assets, net	<u>\$ 1,660</u>	<u>\$ (390)</u>	<u>\$ -</u>	<u>\$ 1,270</u>

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

Governmental activities:

Instruction	
Regular	\$ 313,117
Special	33,603
Other Special Instruction	<u>21,852</u>
Total Instruction	<u>368,572</u>
Support Services	
Support Services - Students and Instructional Staff	65,570
General Administration	26,039
School Administration	38,462
Operations and Maintenance of Plant	43,923
Business and Other Support Services	<u>31,341</u>
Total Support Services	<u>205,335</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 573,907</u>
Business-Type activities:	
Food Service Fund	<u>\$ 390</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 390</u>

RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 109,567
General Fund	Park Academy	4,369
Capital Projects Fund	General Fund	<u>544</u>
		<u>\$ 114,480</u>

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

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

Interfund transfers

	<u>Transfer In:</u>
	<u>General Fund</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 1,161</u>
Total Transfers Out	<u>\$ 1,161</u>

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$13,090. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal</u>	<u>Amount</u>
<u>Year Ending June 30</u>	
2014	\$ 52,359
2015	52,359
2016	52,359
2017	52,359
2018	<u>39,268</u>
	<u>\$ 248,704</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Note: Other than Certificates of Participation)

The District is leasing technology and boiler improvements totaling \$676,573 under capital leases. The leases are for terms of 3 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 180,000
2015	177,400
2016	177,400
2017	77,400
2018	<u>77,400</u>
Total minimum lease payments	689,600
Less: amount representing interest	<u>(13,027)</u>
Present value of minimum lease payments	<u>\$ 676,573</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, 2013 are comprised of the following issues:

\$7,080,000, 2010 Bonds, due in annual installments of \$330,000 to \$805,000 through September 25, 2000, interest at 2.75 to 4.50%	<u>\$6,290,000</u>
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**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2014	\$ 745,000	\$ 224,356	\$ 969,356
2015	765,000	203,594	968,594
2016	790,000	177,276	967,276
2017	805,000	145,376	950,376
2017	800,000	114,101	914,101
2019-2023	<u>2,385,000</u>	<u>151,935</u>	<u>2,536,935</u>
	<u>\$ 6,290,000</u>	<u>\$ 1,016,638</u>	<u>\$ 7,306,638</u>

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 61,266,214
Less: Net Debt	<u>6,290,948</u>
Remaining Borrowing Power	<u>\$ 54,975,266</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 7,015,000		\$ 725,000	\$ 6,290,000	\$ 745,000
Deferred Amounts:					
Add: Original Issue Premium	<u>264,948</u>	<u>-</u>	<u>58,189</u>	<u>206,759</u>	<u>-</u>
Total Bonds Payable	7,279,948	-	783,189	6,496,759	745,000
Capital Leases Payable	95,247	\$ 676,573	95,247	676,573	179,358
Compensated Absences	<u>414,867</u>	<u>33,139</u>	<u>44,593</u>	<u>403,413</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 7,790,062</u>	<u>\$ 709,712</u>	<u>\$ 923,029</u>	<u>\$ 7,576,745</u>	<u>\$ 924,358</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

The liabilities for compensated absences and capital leases for governmental activities are generally liquidated by the general fund.

H. Short-Term Debt

The Board's short-term activity for the year ended June 30, 2013 was as follows:

Bond Anticipation Notes/Grant Anticipation Notes/Loans Payable

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the year ended June 30, 2013 was as follows:

<u>Purpose</u>	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Grant Anticipation Note	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000
	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 275,000</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 55,000	\$ 29,450	\$ 21,519	\$ 162,177
2012	97,000	26,785	68,473	98,660
2011	49,964	27,149	116,094	43,157

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, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District had no estimated arbitrage earnings due to the IRS.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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 and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

Basis of Accounting

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 206,046	\$ 632,096	\$ 4,362
2012	227,592	294,223	6,992
2011	254,457	27,003	2,979

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State contributed \$632,096 and \$294,223 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$31,595 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$675,114 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

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

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

Basis of Accounting

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$714,741, \$591,415 and \$573,544, 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.

NOTE 5 RESTATEMENT

On July 1, 2012, the River Vale Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The River Vale Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$57,905 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$14,616,133 as originally reported to \$14,558,228 as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 19,291,931		\$ 19,291,931	\$ 19,291,931	
Interest on Investments	17,000		17,000	12,861	\$ (4,139)
Tuition	20,000		20,000	27,350	7,350
Building Rental	87,900		87,900	102,900	15,000
Donation				100,000	100,000
Miscellaneous	10,000	-	10,000	60,504	50,504
Total - Local Sources	<u>19,426,831</u>	<u>-</u>	<u>19,426,831</u>	<u>19,595,546</u>	<u>168,715</u>
State Sources					
Special Education Aid	396,910		396,910	396,910	-
Transportation Aid	24,269		24,269	24,269	-
Security Aid	19,276		19,276	19,276	-
Extraordinary Aid				184,978	184,978
Nonpublic School Transportation Aid				3,470	3,470
Other State Aid - Homeless Tuition Aid				1,709	1,709
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				600,501	600,501
NCGI Premium (Non-Budget)				31,595	31,595
Post Retirement Medical Benefits (Non-Budget)				714,741	714,741
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	675,114	675,114
Total - State Sources	<u>440,455</u>	<u>-</u>	<u>440,455</u>	<u>2,652,563</u>	<u>2,212,108</u>
Total Revenues	<u>19,867,286</u>	<u>-</u>	<u>19,867,286</u>	<u>22,248,109</u>	<u>2,380,823</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	492,470	\$ 91,504	583,974	583,974	-
Grades 1-5	3,906,238	(721,708)	3,184,530	3,184,251	279
Grades 6-8	2,547,274	(77,915)	2,469,359	2,469,115	244
Instruction - Home					
Salaries of Teachers	2,000	16,930	18,930	17,669	1,261
Purchased Professional - Educational Services	5,500	(3,586)	1,914	1,914	-
Total Instruction - Regular	<u>6,953,482</u>	<u>(694,775)</u>	<u>6,258,707</u>	<u>6,256,923</u>	<u>1,784</u>
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	111,000	165,306	276,306	276,004	302
Other Purchased Services	105,887	10,750	116,637	111,187	5,450
General Supplies	324,957	114,295	439,252	410,300	28,952
Textbooks	16,857	1,669	18,526	17,968	558
Other Objects	1,500	(1,117)	383	272	111
Total Regular Programs	<u>560,201</u>	<u>290,903</u>	<u>851,104</u>	<u>815,731</u>	<u>35,373</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 64,200	\$ (64,200)			
Other Salaries for Instruction	104,806	(104,806)	-	-	-
Total Multiple Disabilities	<u>169,006</u>	<u>(169,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room					
Salaries of Teachers	426,225	116,668	\$ 542,893	\$ 542,071	\$ 822
Purchased Professional-Educational Services	1,500	6,155	7,655	7,492	163
General Supplies	1,500	(395)	1,105	1,011	94
Textbooks	400	-	400	-	400
Total Resource Room	<u>429,625</u>	<u>122,428</u>	<u>552,053</u>	<u>550,574</u>	<u>1,479</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	97,155	1,200	98,355	98,355	
Other Salaries for Instruction	29,430	1,870	31,300	30,842	458
Purchased Professional - Educational Services	500	500	1,000	761	239
General Supplies	1,233	10,276	11,509	3,817	7,692
Total Preschool Disabilities - Part Time	<u>128,318</u>	<u>13,846</u>	<u>142,164</u>	<u>133,775</u>	<u>8,389</u>
Total Special Education	<u>726,949</u>	<u>(32,732)</u>	<u>694,217</u>	<u>684,349</u>	<u>9,868</u>
Basic Skills/Remedial					
Salaries of Teachers	377,644	(39,072)	338,572	338,570	2
Purchased Professional - Educational Services	1,000	10,313	11,313	11,313	-
General Supplies	685	(179)	506	451	55
Textbooks	250	-	250	208	42
Total Basic Skills/Remedial	<u>379,579</u>	<u>(28,938)</u>	<u>350,641</u>	<u>350,542</u>	<u>99</u>
Bilingual Education					
Salaries of Teachers	96,755	1,200	97,955	97,955	-
Purchased Professional - Educational Services	1,500	1,694	3,194	2,067	1,127
General Supplies	300	(194)	106	95	11
Total Bilingual Education	<u>98,555</u>	<u>2,700</u>	<u>101,255</u>	<u>100,117</u>	<u>1,138</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	59,595	38	59,633	59,066	567
Total School Sponsored Co/Extra Curricular Activiti	<u>59,595</u>	<u>38</u>	<u>59,633</u>	<u>59,066</u>	<u>567</u>
School Sponsored Athletics - Instruction					
Salaries	37,142	15,202	52,344	51,594	750
Purchased Services	4,500	(4,276)	224	224	-
Supplies and Materials	2,724	(335)	2,389	2,140	249
Total School Sponsored Athletics - Instruction	<u>44,366</u>	<u>10,591</u>	<u>54,957</u>	<u>53,958</u>	<u>999</u>
Total - Instruction	<u>8,822,727</u>	<u>(452,213)</u>	<u>8,370,514</u>	<u>8,320,686</u>	<u>49,828</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 390,544	\$ 78,733	\$ 469,277	\$ 442,604	\$ 26,673
Tuition to Private School Disabled - Within State	614,923	6,791	621,714	583,008	38,706
Total Undistributed Expenditures - Instruction	1,005,467	85,524	1,090,991	1,025,612	65,379
Attendance and Social Work Services					
Salaries	70,108	1,137	71,245	71,209	36
Other Purchased Services	10,677	1,429	12,106	12,106	-
General Supplies	-	100	100	55	45
Total Attendance and Social Work Services	80,785	2,666	83,451	83,370	81
Health Services					
Salaries	253,900	(37,913)	215,987	205,674	10,313
Purchased Professional - Educational Services	17,600	9,243	26,843	19,132	7,711
Supplies and Materials	1,348	1,228	2,576	2,330	246
Total Health Services	272,848	(27,442)	245,406	227,136	18,270
Speech, OT, PT & Related Services					
Salaries	186,390	2,273	188,663	188,465	198
Purchased Professional - Educational Services	280,932	(44,511)	236,421	236,418	3
Supplies and Materials	1,652	146	1,798	1,428	370
Total Speech, OT, PT and Related Services	468,974	(42,092)	426,882	426,311	571
Other Support Services - Students - Extra. Service					
Salaries	268,365	185,968	454,333	454,332	1
Purchased Professional - Educational Services	-	4,820	4,820	4,740	80
Supplies and Materials	2,100	(311)	1,789	1,725	64
Total Other Support Svcs.-Students-Extra. Service.	270,465	190,477	460,942	460,797	145
Guidance					
Salaries of Other Professional Staff	200,607	(7,231)	193,376	193,167	209
Purchased Professional - Educational Services	6,800	341	7,141	5,178	1,963
Other Purchased Professional & Technical Services	8,000	(2,694)	5,306	3,461	1,845
General Supplies	6,215	(1,566)	4,649	2,454	2,195
Total Guidance	221,622	(11,150)	210,472	204,260	6,212
Child Study Team					
Salaries of Other Professional Staff	376,435	6,912	383,347	372,159	11,188
Salaries of Secretarial and Clerical Assistants	75,620	(19,673)	55,947	55,715	232
Purchased Professional-Educational Services	7,500	26,275	33,775	4,850	28,925
Other Purchased Prof. and Technical Services	81,210	(16,970)	64,240	64,240	-
Other Purchased Services	14,751	7,283	22,034	18,240	3,794
Supplies and Materials	5,000	(57)	4,943	4,943	-
Other Objects	500	(208)	292	292	-
Total Child Study Team	561,016	3,562	564,578	520,439	44,139

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 25,000	\$ 17,228	\$ 42,228	\$ 19,909	\$ 22,319
Other Salaries		25,001	25,001	25,000	1
Purchased Professional-Educational Services	66,500	(42,379)	24,121	24,121	-
Supplies and Materials	2,000	(2,000)	-	-	-
Total Improvement of Inst. Serv.	<u>93,500</u>	<u>(2,150)</u>	<u>91,350</u>	<u>69,030</u>	<u>22,320</u>
Educational Media Services/School Library					
Salaries	280,595	(95,955)	184,640	184,115	525
Other Purchased Services	21,261	(4,752)	16,509	15,694	815
Supplies and Materials	7,402	2,891	10,293	10,095	198
Other Objects	-	825	825	825	-
Total Educational Media Services/School Library	<u>309,258</u>	<u>(96,991)</u>	<u>212,267</u>	<u>210,729</u>	<u>1,538</u>
Instructional Staff Training Services					
Other Salaries	6,000	(4,591)	1,409	1,147	262
Purchased Professional - Educational Services	500	1,700	2,200	2,200	-
Other Purchased Prof and Tech Services	5,000	38,384	43,384	4,504	38,880
Other Purchased Services	9,950	(3,519)	6,431	5,243	1,188
Supplies and Materials	114	475	589	589	-
Total Instructional Staff Training Services	<u>21,564</u>	<u>32,449</u>	<u>54,013</u>	<u>13,683</u>	<u>40,330</u>
Support Services General Administration					
Salaries	265,352	(470)	264,882	264,852	30
Legal Services	48,000	730	48,730	41,599	7,131
Audit Fees	40,000	24,660	64,660	24,660	40,000
Architectural/Engineering Services	10,000	100,242	110,242	84,636	25,606
Other Purchased Professional Services	18,000	3,820	21,820	19,023	2,797
Miscellaneous Purchased Services	9,500	(1,820)	7,680	5,764	1,916
Communications/Telephone	53,500	211	53,711	49,339	4,372
BOE Other Purchased Services	5,000	-	5,000	2,168	2,832
Other Purchased Services	47,000	7,235	54,235	51,293	2,942
General Supplies	10,000	262	10,262	8,115	2,147
Judgements Against the School	38,000	(31,675)	6,325	6,325	-
Miscellaneous Expenditures	8,809	(1,674)	7,135	6,196	939
BOE Membership Dues and Fees	12,550	(1,891)	10,659	9,505	1,154
Total Support Services General Administration	<u>565,711</u>	<u>99,630</u>	<u>665,341</u>	<u>573,475</u>	<u>91,866</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	528,318	4,120	532,438	516,079	16,359
Salaries of Other Professional Staff	25,565	1,548	27,113	27,113	-
Salaries of Secretarial and Clerical Assistants	217,508	7,633	225,141	225,141	-
Other Purchased Services	17,752	650	18,402	13,874	4,528
General Supplies	9,912	2,053	11,965	10,232	1,733
Miscellaneous Expenditures	11,470	458	11,928	9,862	2,066
Total Support Services School Administration	<u>810,525</u>	<u>16,462</u>	<u>826,987</u>	<u>802,301</u>	<u>24,686</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 374,837	\$ 3,050	\$ 377,887	\$ 377,884	\$ 3
Purchased Professional Services	5,000	(4,500)	500	500	-
Purchased Technical Services		32,025	32,025		32,025
Misc. Purchased Services	17,200	2,057	19,257	17,674	1,583
Supplies and Materials	5,000	48,604	53,604	7,197	46,407
Interest on Current Loans	3,200	5,713	8,913	8,913	-
Interest on Lease Purchase Agreements	3,038	1	3,039	3,038	1
Miscellaneous Expenditures	4,300	(620)	3,680	3,679	1
Total Central Services	<u>412,575</u>	<u>86,330</u>	<u>498,905</u>	<u>418,885</u>	<u>80,020</u>
Admin. Info. Tech.					
Salaries	213,601	61,463	275,064	248,208	26,856
Purchased Professional Services	20,909	(1,846)	19,063	17,136	1,927
Purchased Technical Services	46,181	89,475	135,656	44,720	90,936
Other Purchased Services	61,092	(5,294)	55,798	52,739	3,059
Supplies and Materials	48,364	32,621	80,985	46,589	34,396
Other Objects	18,748	(16,171)	2,577	2,577	-
Total Admin. Info. Tech.	<u>408,895</u>	<u>160,248</u>	<u>569,143</u>	<u>411,969</u>	<u>157,174</u>
Required Maintenance for School Facilities					
Salaries	113,506	3,362	116,868	115,076	1,792
Cleaning, Repair and Maintenance Service	105,750	68,490	174,240	106,211	68,029
General Supplies	27,500	1,463	28,963	28,804	159
Total Required Maintenance for School Facilities	<u>246,756</u>	<u>73,315</u>	<u>320,071</u>	<u>250,091</u>	<u>69,980</u>
Custodial Services					
Salaries	714,326	(17,632)	696,694	694,500	2,194
Salaries of Non-Instructional Aides	31,580	3,180	34,760	34,659	101
Other Salaries	36,000	4,884	40,884	33,190	7,694
Purchased Professional and Technical Services	23,300	25,600	48,900	32,054	16,846
Cleaning, Repair, Maintenance	104,599	(11,928)	92,671	76,635	16,036
Other Purchased Property	16,500	564	17,064	16,605	459
Insurance	136,763	(23,590)	113,173	113,070	103
Other Purchased Services	12,900	36,008	48,908	9,898	39,010
General Supplies	112,450	55,737	168,187	100,356	67,831
Energy (Natural Gas)	136,000	(34,783)	101,217	60,322	40,895
Energy (Electricity)	292,000	-	292,000	190,962	101,038
Miscellaneous Expenditures	9,500	(2,040)	7,460	6,842	618
Total Custodial Services	<u>1,625,918</u>	<u>36,000</u>	<u>1,661,918</u>	<u>1,369,093</u>	<u>292,825</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	6,000	74,080	80,080	49,522	30,558
General Supplies	12,000	(5,657)	6,343	6,342	1
Total Care and Upkeep of Grounds	<u>18,000</u>	<u>68,423</u>	<u>86,423</u>	<u>55,864</u>	<u>30,559</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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					
Cleaning, Repair and Maintenance Service	\$ 11,500	\$ (7,391)	\$ 4,109	\$ 3,764	\$ 345
General Supplies	-	30,151	30,151	13,741	16,410
Total Security	<u>11,500</u>	<u>22,760</u>	<u>34,260</u>	<u>17,505</u>	<u>16,755</u>
Student Transportation Services					
Contracted Services-Aid in Lieu of Pymts-Non-Public Schools	35,000	(23,048)	11,952	10,453	1,499
Contracted Services (Between Home and School) - Vendors	167,870	(16,850)	151,020	151,019	1
Contracted Services (Other Than Between Home and School) - Vendors	24,810	1,761	26,571	26,025	546
Contracted Services (Spec. Ed. Students) - Joint Agreement	<u>305,000</u>	<u>(13,200)</u>	<u>291,800</u>	<u>210,404</u>	<u>81,396</u>
Total Student Transportation Services	<u>532,680</u>	<u>(51,337)</u>	<u>481,343</u>	<u>397,901</u>	<u>83,442</u>
Employee Benefits - Unallocated					
Social Security Contributions	205,000	14,577	219,577	219,576	1
Other Retirement Contributions - PERS	232,010	(25,964)	206,046	206,046	
Other Retirement Contributions - Regular	5,400	-	5,400	4,362	1,038
Unemployment Insurance	55,000	-	55,000	55,000	
Workmen's Compensation	140,919	(35,876)	105,043	105,043	
Health Benefits	2,490,219	(220,903)	2,269,316	2,228,481	40,835
Tuition Reimbursement	22,700	(18,500)	4,200	4,200	-
Other Employee Benefits	<u>27,062</u>	<u>201,359</u>	<u>228,421</u>	<u>135,949</u>	<u>92,472</u>
Total Employee Benefits - Unallocated	<u>3,178,310</u>	<u>(85,307)</u>	<u>3,093,003</u>	<u>2,958,657</u>	<u>134,346</u>
On-behalf TPAF Pension Payments -					
Pension Contribution				600,501	(600,501)
NCGI Premium (Non-Budget)				31,595	(31,595)
Post Retirement Medical Benefits (Non-Budget)				714,741	(714,741)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	675,114	(675,114)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,021,951</u>	<u>(2,021,951)</u>
Total Undistributed Expenditures	<u>11,116,369</u>	<u>561,377</u>	<u>11,677,746</u>	<u>12,519,059</u>	<u>(841,313)</u>
Total Current Expenditures	<u>19,939,096</u>	<u>109,164</u>	<u>20,048,260</u>	<u>20,839,745</u>	<u>(791,485)</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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					
Interest Deposit to Capital Reserve	\$ 2,000		\$ 2,000		\$ 2,000
Equipment					
Support Services - Related and Extra.		\$ 2,774	2,774	\$ 2,771	3
Instruction		334,954	334,954	23,441	311,513
General Administration		2,126	2,126	2,126	
Central Services		11,100	11,100	11,085	15
Admin. Info. Tech.		108,894	108,894	108,686	208
Required Maintenance for School Facilities	49,000	35,545	84,545	61,784	22,761
Total Undistributed Expenditures - Instruction	<u>51,000</u>	<u>495,393</u>	<u>546,393</u>	<u>209,893</u>	<u>336,500</u>
Total Equipment	<u>51,000</u>	<u>495,393</u>	<u>546,393</u>	<u>209,893</u>	<u>336,500</u>
Facilities Acquisition and Construction Services					
Construction Services		744,952	744,952	155,814	589,138
Lease Purchase Agreements - Principal	80,000		80,000		80,000
Assessment for Debt Service on SDA Funding	50,531	-	50,531	50,531	-
Total Facilities Acquisition and Construction Svcs.	<u>130,531</u>	<u>744,952</u>	<u>875,483</u>	<u>206,345</u>	<u>669,138</u>
Total Capital Outlay	<u>181,531</u>	<u>1,240,345</u>	<u>1,421,876</u>	<u>416,238</u>	<u>1,005,638</u>
Total Expenditures - General Fund	<u>20,120,627</u>	<u>1,349,509</u>	<u>21,470,136</u>	<u>21,255,983</u>	<u>214,153</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(253,341)</u>	<u>(1,349,509)</u>	<u>(1,602,850)</u>	<u>992,126</u>	<u>2,594,976</u>
Other Financing Sources					
Operating Transfer In	-	-	-	1,161	1,161
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161</u>	<u>1,161</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	<u>(253,341)</u>	<u>(1,349,509)</u>	<u>(1,602,850)</u>	<u>993,287</u>	<u>2,596,137</u>
Fund Balances, Beginning of Year	<u>2,265,292</u>	<u>-</u>	<u>2,265,292</u>	<u>2,265,292</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,011,951</u>	<u>\$ (1,349,509)</u>	<u>\$ 662,442</u>	<u>\$ 3,258,579</u>	<u>\$ 2,596,137</u>

RIVER VALE BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 283,335	
Excess Surplus				277,370	
Capital Reserve				641,463	
Committed Fund Balance					
Year End Encumbrances				991,418	
Assigned Fund Balance					
Year End Encumbrances				491,864	
Unassigned Fund Balance				573,129	
				3,258,579	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Public			\$ 38,996		
Extraordinary Aid Payment			184,978		
				223,974	
Fund Balances Per Governmental Funds (GAAP)				\$ 3,034,605	

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final to Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Intergovernmental					
Local		\$ 5,142	\$ 5,142	\$ 1,000	\$ (4,142)
Federal	\$ 287,375	147,673	435,048	221,894	(213,154)
Total Revenues	<u>287,375</u>	<u>152,815</u>	<u>440,190</u>	<u>222,894</u>	<u>(217,296)</u>
EXPENDITURES					
Instruction					
Salaries & Benefits		4,091	4,091		4,091
Purchased Professional/Educational Services	197,412	100,807	298,219	138,776	159,443
Tuition	63,093	47,046	110,139	56,429	53,710
General Supplies	-	1,051	1,051	1,000	51
Total Instruction	<u>260,505</u>	<u>152,995</u>	<u>413,500</u>	<u>196,205</u>	<u>217,295</u>
Support Services					
Purchased Professional/Education Services	11,400	-	11,400	11,400	-
General Supplies	15,470	(180)	15,290	15,289	1
Total Support Services	<u>26,870</u>	<u>(180)</u>	<u>26,690</u>	<u>26,689</u>	<u>1</u>
Facilities Acquisition and Construction Services					
Construction	-	-	-	-	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>287,375</u>	<u>152,815</u>	<u>440,190</u>	<u>222,894</u>	<u>217,296</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RIVER VALE BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

	<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) \$ 22,248,109	(C-2) \$ 222,894
Difference - Budget to GAAP		
State Aid payment and Extraordinary Aid (2011/2012) recognized for GAAP statements, not recognized for budgetary statements	288,646	
State Aid payments and Extraordinary Aid (2012/2013) recognized for budgetary purposes, not recognized for GAAP statements	<u>(223,974)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures	(B-2) \$ <u>22,312,781</u>	(B-2) \$ <u>222,894</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>21,255,983</u>	(C-2) \$ <u>222,894</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>21,255,983</u>	(B-2) \$ <u>222,894</u>

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, 2013

	Actuarial Grant	IDEA Part B-Basic	IDEA Preschool	NCLB Title II	Total
REVENUES					
Intergovernmental					
Local	\$ 1,000				\$ 1,000
Federal	-	\$ 187,394	\$ 14,638	\$ 19,862	\$ 221,894
Total Revenues	<u>\$ 1,000</u>	<u>\$ 187,394</u>	<u>\$ 14,638</u>	<u>\$ 19,862</u>	<u>\$ 222,894</u>
EXPENDITURES					
Instruction					
Salaries & Benefits					
Purchased Professional & Ed Svcs.	\$ 128,488	\$ 10,288			\$ 138,776
Tuition	55,585	844			56,429
General Supplies	1,000	-			1,000
Total Instruction	<u>1,000</u>	<u>184,073</u>	<u>11,132</u>	<u>-</u>	<u>196,205</u>
Support Services					
Purchased Professional Educational Svcs.				\$ 11,400	11,400
General Supplies	-	3,321	3,506	8,462	15,289
Total Support Services	<u>-</u>	<u>3,321</u>	<u>3,506</u>	<u>19,862</u>	<u>26,689</u>
Facilities Acquisition and Construction Services					
Construction	-	-	-	-	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,000</u>	<u>\$ 187,394</u>	<u>\$ 14,638</u>	<u>\$ 19,862</u>	<u>\$ 222,894</u>

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

CAPITAL PROJECTS FUND

RIVER VALE BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue/Project Title</u>	<u>Expenditures</u>			<u>Balance</u> <u>June 30, 2013</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>To Date</u> <u>Current Year</u>	
Facilities Acquisitions and Construction Services at Holdrum, Woodside and Roberge Schools*	\$ 19,750,000	\$ 19,649,659	\$ 1,431	\$ (6,000)
Information Technology Project	296,573			296,573
Boiler Project	380,000	-	-	380,000
Total	<u>\$ 20,426,573</u>	<u>\$ 19,649,659</u>	<u>\$ 1,431</u>	<u>\$ (6,000)</u>
Project Balances				\$ 781,483
Less: Unearned Revenue				<u>(948)</u>
Fund Balance - GAAP				<u>\$ 780,535</u>
Analysis of Unearned Revenue				
Debt Authorized But Not Issued				<u>948</u>
Analysis of Restricted Fund Balance				<u>\$ 948</u>
Year End Encumbrances				\$ 349,850
Restricted Fund Balance				<u>430,685</u>
Fund Balance - GAAP				<u>\$ 780,535</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, 2013**

Revenues and Other Financing Sources

Lease Proceeds	\$ 676,573
Interest	1,161
Miscellaneous - Prior Years Payable Cancelled	<u>6,000</u>
 Total Revenues	 <u>683,734</u>

Expenditures and Other Financing Uses

Construction Services	1,431
Transfer Out to General Fund	<u>1,161</u>
 Total Expenditures	 <u>2,592</u>

Excess (Deficiency) of Revenue and Other Financing Sources and (Uses) Over/(Under) Expenditures and Other Financing Uses	681,142
 Fund Balance, Beginning of Year	 <u>99,393</u>
 Fund Balance, End of Year	 <u>\$ 780,535</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, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>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
	<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	19,649,659	\$ 1,431	\$ (6,000)	19,645,090	19,750,000
Equipment Purchases					
	<u>19,649,659</u>	<u>1,431</u>	<u>(6,000)</u>	<u>19,645,090</u>	<u>19,750,000</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 99,393</u>	<u>\$ (1,431)</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, 2013**

	<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
Interest Earnings	-			-	
Total Revenues	-	296,573	-	296,573	296,573
Expenditures and Other Financing Uses					
Construction Services	-			-	296,573
Total Expenditures	-	-	-	-	296,573
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 296,573	\$ -	\$ 296,573	\$ -
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	0.00%				
Original target completion date	June 2014				
Revised target completion date	June 2014				

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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		\$ 380,000		\$ 380,000	\$ 380,000
Interest Earnings				-	
Total Revenues	-	380,000	-	380,000	380,000
Expenditures and Other Financing Uses					
Construction Services	-	-		-	380,000
Total Expenditures	-	-	-	-	380,000
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 380,000	\$ -	\$ 380,000	\$ -
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	380,000				
Additional Authorized Cost	-				
Revised Authorized Cost	380,000				
Percentage Increase over Original Authorized Cost	0.00%				
Percentage completion	0.00%				
Original target completion date	June 2014				
Revised target completion date	June 2014				

PROPRIETARY FUNDS

EXHIBIT G-1

**RIVERVALE BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

NOT APPLICABLE

EXHIBIT G-2

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

NOT APPLICABLE

EXHIBIT G-3

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

NOT APPLICABLE

FIDUCIARY FUNDS

**RIVER VALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 96,712	\$ 90,677	\$ 187,389
Total Assets	<u>\$ 96,712</u>	<u>\$ 90,677</u>	<u>\$ 187,389</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 5,685	\$ 5,685
Accrued Salaries and Wages		1,965	1,965
Flex Spending Benefits		349	349
Due to State of New Jersey		82,678	82,678
Due to Student Groups	<u>\$ 96,712</u>	<u>-</u>	<u>96,712</u>
Total Liabilities	<u>\$ 96,712</u>	<u>\$ 90,677</u>	<u>\$ 187,389</u>

**FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**RIVER VALE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance, July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2013</u>
SCHOOLS				
Roberge Elementary	\$ 14,317	\$ 20,300	\$ 21,048	\$ 13,569
Woodside Elementary	15,702	18,817	21,962	12,557
Holdrum Middle School	<u>61,502</u>	<u>173,894</u>	<u>164,810</u>	<u>70,586</u>
Total All Schools	<u>\$ 91,521</u>	<u>\$ 213,011</u>	<u>\$ 207,820</u>	<u>\$ 96,712</u>

EXHIBIT H-4

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

	Balance, July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2013</u>
Payroll Deductions and Withholdings	\$ 5,043	\$ 5,016,124	\$ 5,015,482	\$ 5,685
Accrued Salaries and Wages	1,705	7,738,720	7,738,460	1,965
Flex Spending Benefits		7,100	6,751	349
Due to State of New Jersey	<u>82,769</u>	<u>82,678</u>	<u>82,769</u>	<u>82,678</u>
Total	<u>\$ 89,517</u>	<u>\$ 12,844,622</u>	<u>\$ 12,843,462</u>	<u>\$ 90,677</u>

LONG-TERM DEBT

RIVER VALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2013</u>
School District Refunding Bonds - 2009	2/25/2010	\$ 7,080,000	9/15/2013	\$ 745,000	2.75 %	\$ 7,015,000	-	\$ 725,000	\$ 6,290,000
			9/15/2014	765,000	2.75				
			9/15/2015	790,000	4.00				
			9/15/2016	805,000	4.00				
			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				
						\$ 7,015,000	-	\$ 725,000	\$ 6,290,000
						\$ 7,015,000	\$ -	\$ 725,000	\$ 6,290,000

**RIVER VALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2012</u>	<u>Increased</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
Technology Improvement	3.585%	\$ 277,000	\$ 95,247		\$ 95,247	
Information Technology	1.070%	296,573		\$ 296,573		\$ 296,573
Boiler Project	1.220%	380,000	-	380,000	-	380,000
Total			<u>\$ 95,247</u>	<u>\$ 676,573</u>	<u>\$ 95,247</u>	<u>\$ 676,573</u>

**RIVER VALE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 966,850	-	\$ 966,850	\$ 966,850	-
Total Revenues	<u>966,850</u>	<u>-</u>	<u>966,850</u>	<u>966,850</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	725,000		725,000	725,000	
Interest	<u>241,850</u>	<u>-</u>	<u>241,850</u>	<u>241,850</u>	<u>-</u>
Total Expenditures	<u>966,850</u>	<u>-</u>	<u>966,850</u>	<u>966,850</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)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 9,700,501	\$ 10,100,306	\$ 10,263,055	\$ 10,454,235	\$ 10,920,772	\$ 11,300,821	\$ 11,562,104	\$ 12,298,108	\$ 13,128,780	\$ 13,716,329
Restricted	199,160	268,376	205,507	211,903	219,144	221,823	235,897	224,076	716,927	641,463
Unrestricted	283,950	168,021	337,990	412,966	318,313	161,187	208,646	510,526	712,521	1,921,197
Total Governmental Activities Net Position	\$ 10,183,611	\$ 10,536,703	\$ 10,806,552	\$ 11,079,104	\$ 11,458,229	\$ 11,683,831	\$ 12,006,647	\$ 13,032,710	\$ 14,558,228	\$ 16,278,989
Business-Type Activities										
Net Investment in Capital Assets	\$ 2,661	\$ 4,412	\$ 4,163	\$ 3,732	\$ 3,301	\$ 2,870	\$ 2,439	\$ 2,049	\$ 1,659	\$ 1,270
Restricted										
Unrestricted	2,975	6,485	9,252	29,808	76,094	99,481	101,100	171,329	146,758	6,350
Total Business-Type Activities Net Position	\$ 5,636	\$ 10,897	\$ 13,415	\$ 33,540	\$ 79,395	\$ 102,351	\$ 103,539	\$ 173,378	\$ 148,417	\$ 7,620
District-Wide										
Net Investment in Capital Assets	\$ 9,703,162	\$ 10,104,718	\$ 10,267,218	\$ 10,457,967	\$ 10,924,073	\$ 11,303,691	\$ 11,564,543	\$ 12,300,157	\$ 13,130,439	\$ 13,717,599
Restricted	199,160	268,376	205,507	211,903	219,144	221,823	235,897	224,076	716,927	641,463
Unrestricted	286,925	174,506	347,242	442,774	394,407	260,668	309,746	681,855	859,279	1,927,547
Total District Net Position	\$ 10,189,247	\$ 10,547,600	\$ 10,819,967	\$ 11,112,644	\$ 11,537,624	\$ 11,786,182	\$ 12,110,186	\$ 13,206,088	\$ 14,706,645	\$ 16,286,609

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)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 7,779,019	\$ 8,389,069	\$ 8,662,658	\$ 9,485,795	\$ 9,562,717	\$ 9,244,287	\$ 9,676,884	\$ 9,737,441	\$ 9,833,606	\$ 10,096,119
Special Education	1,210,878	1,656,779	1,319,651	1,673,647	1,903,183	1,857,575	2,333,154	2,129,638	2,230,343	2,231,290
Other Instruction	440,348	406,733	518,550	549,047	571,252	469,976	538,942	543,070	677,912	672,031
School Sponsored Activities and Athletics	173,456	126,116	118,763	128,705	131,806	136,354	137,292	111,249	120,488	124,146
Support Services:										
Student & Instruction Related Services	1,344,326	1,511,348	1,631,621	1,766,408	1,914,871	1,861,330	1,867,320	2,178,179	2,329,447	2,444,437
Attendance and Social Work	60,565	63,456	80,746	87,303	102,585	152,102	168,345	118,281	113,304	200,410
Educational Media/School Library	720,471	252,368	293,549	317,648	327,141	313,761	336,393	227,370	423,129	297,026
School Administrative Services	799,750	761,119	797,799	924,889	943,170	901,583	951,097	925,318	1,133,352	1,192,633
General Administration	599,473	690,539	673,008	676,129	615,720	762,636	635,394	691,280	742,344	724,425
Central Services		656,940	837,282	877,481	892,744	895,645	968,795	1,132,238	1,099,110	1,095,091
Plant Operations and Maintenance	1,906,270	1,664,260	1,789,695	1,915,028	2,092,545	2,074,072	2,148,125	2,046,993	1,965,809	2,078,059
Pupil Transportation	320,888	344,106	360,512	376,815	471,600	506,282	531,200	456,736	443,474	397,901
Other Support Services	400,183									
Interest on Long-Term Debt	550,506	512,035	497,049	463,080	457,397	427,156	363,885	289,404	248,380	229,357
Total Governmental Activities Expenses	16,306,213	17,034,868	17,580,883	19,241,975	19,986,731	19,602,759	20,656,826	20,587,197	21,360,698	21,782,925
Business-Type Activities:										
Food Service	21,915	18,132	26,722	19,677	26,967	22,377	55,526	41,891	48,026	22,039
Safety Town		1,482	2,060	2,404	2,243	2,151	7,856	-	-	-
Park Academy			234,349	192,961	209,428	219,897	245,975	616,541	7,662	4,899
Total Business-Type Activities Expense	21,915	19,614	263,131	215,042	238,638	244,425	289,357	658,432	55,688	26,938
Total District Expenses	\$ 16,328,128	\$ 17,054,482	\$ 17,844,014	\$ 19,457,017	\$ 20,225,369	\$ 19,847,184	\$ 20,946,183	\$ 21,245,629	\$ 21,416,386	\$ 21,809,863
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (tuition)	\$ 201,738	\$ 268,073	\$ 268,073	\$ 15,087	\$ 13,455	\$ 12,794	\$ 2,373,202	\$ 17,600	\$ 20,260	\$ 27,350
Operating Grants and Contributions	1,935,006	2,075,656	2,184,228	2,824,689	2,956,062	1,946,518	1,946,518	1,823,995	2,655,210	2,940,129
Capital Grants and Contributions	1,467,563								221,010	100,000
Total Governmental Activities Program Revenues	3,604,307	2,343,729	2,184,228	2,839,776	2,969,497	1,959,312	2,373,202	1,841,595	2,896,480	3,067,479

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)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-Type Activities:										
Charges for Services										
Food Service										
Safety Town										
Park Academy										
Operating Grants and Contributions										
Total Business Type Activities Program Revenues										
Total District Program Revenues										
Net (Expense)/Revenue										
Governmental Activities										
Business-Type Activities										
Total district-wide net expense										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net										
Unrestricted Grants and Contributions										
Donation of Capital Assets										
Consolidated Aid										
Net Gain/(Loss) on Contributed Asset										
Investment Earnings										
Miscellaneous Income										
Total Governmental Activities										
Business-Type Activities:										
Transfer to Participating Districts										
Investment Earnings										
Total Business-Type Activities										
Total District-Wide										
Change in Net Position										
Governmental Activities										
Business-Type Activities										
Total District										

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 693,929	\$ 702,037	\$ 864,009	\$ 879,700	\$ 783,312	\$ 812,576	\$ 923,012	\$ 736,062	\$ 1,253,603	\$ 1,202,168
Unreserved	386,058	360,892	236,968	296,609	315,266	143,275	134,847	39,020	203,890	991,418
Restricted										
Committed										
Assigned								164,666	168,056	491,864
Unassigned								377,532	351,097	349,155
Total General Fund	\$ 1,079,987	\$ 1,062,929	\$ 1,100,977	\$ 1,176,309	\$ 1,098,578	\$ 955,851	\$ 1,057,859	\$ 1,317,280	\$ 1,976,646	\$ 3,034,605
All Other Governmental Funds										
Reserved	\$ 814,388	\$ 612,252	\$ 608,693	\$ 251,843	\$ 246,158	\$ 8,000	\$ 32,528			
Unreserved	167,892	16,245	192,774	103,738	38,788	21,715	212,136			
Restricted								174,556	99,393	780,535
Total All Other Governmental Funds	\$ 982,280	\$ 628,497	\$ 801,467	\$ 355,581	\$ 284,946	\$ 29,715	\$ 244,664	\$ 174,556	\$ 99,393	\$ 780,535

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 14,104,873	\$ 14,890,207	\$ 15,413,445	\$ 16,414,093	\$ 17,151,984	\$ 17,795,531	\$ 18,524,538	\$ 19,525,073	\$ 19,881,917	\$ 20,258,781
Tuition Charges	201,738	268,073		15,087	13,435	12,794	17,600	20,260	27,350	
Interest Earnings			73,300	131,320	100,886	32,426	18,264	6,358	14,022	
Miscellaneous	89,042	52,084	86,361	37,169	29,946	40,930	69,261	50,083	165,008	270,404
State Sources	3,229,063	1,901,074	2,066,927	2,656,768	2,719,628	1,683,813	1,988,656	1,614,682	2,389,274	2,717,235
Federal Sources	243,772	266,832	210,699	260,088	349,977	267,577	378,923	208,807	482,640	221,894
Total revenues	17,868,488	17,378,270	17,850,732	19,514,525	20,365,856	19,833,071	20,979,642	21,436,433	22,945,457	23,509,686
Expenditures										
Instruction										
Regular Instruction	7,568,911	8,222,473	8,373,221	9,176,613	9,239,618	8,918,736	9,349,456	9,501,344	9,632,797	9,783,099
Special Education Instruction	1,197,063	1,637,877	1,293,263	1,645,822	1,878,856	1,826,679	2,297,602	2,093,252	2,196,405	2,196,058
Other Instruction	431,782	398,717	500,910	532,102	545,309	453,279	521,366	535,452	650,355	649,412
School Sponsored Activities and Athletics	170,987	123,399	118,763	128,705	131,806	136,354	137,292	111,249	120,488	124,146
Support Services:										
Student & Inst. Related Services	1,322,974	1,486,744	1,593,227	1,711,437	1,847,569	1,822,801	1,821,328	2,135,150	2,267,078	2,377,621
Attendance and Social Work	59,335	61,938	77,964	84,464	98,831	146,193	156,757	107,755	109,653	193,460
Educational Media/School Library	711,230	246,959	284,211	307,818	316,369	303,359	326,303	234,664	410,009	287,810
General Administration	596,088	684,585	662,132	664,416	604,394	751,340	593,714	658,334	713,172	734,678
School Administrative Services	768,615	746,104	770,855	894,225	942,283	874,501	919,633	895,576	1,094,797	1,142,196
Central Services		656,940	815,134	853,956	866,266	867,274	947,671	1,121,085	1,066,219	1,063,281
Plant Operations and Maintenance	1,883,928	1,642,485	1,751,119	1,873,210	2,045,237	2,034,298	2,109,046	2,020,305	1,922,929	2,041,453
Pupil Transportation	320,888	332,221	360,512	376,815	471,600	506,282	531,200	456,736	443,474	397,901
Other Support Services	392,312	419,742	519,651	529,153	203,956	363,301	164,005	239,102	671,042	390,908
Capital Outlay										
Debt Service:										
Principal	653,070	568,888	596,630	641,987	848,073	787,869	670,127	817,134	792,303	820,247
Interest and Other Charges	547,536	520,019	500,122	464,356	474,055	438,563	394,185	319,982	270,533	244,888
Cost of Issuance							107,344			
Advance Refunding Escrow							409,817			
Total Expenditures	21,736,040	17,749,111	18,219,714	19,885,079	20,514,222	20,231,029	21,456,846	21,247,120	22,361,254	22,447,158

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (3,867,522)	\$ (370,841)	\$ (368,982)	\$ (370,554)	\$ (148,366)	\$ (397,958)	\$ (477,204)	\$ 189,313	\$ 584,203	\$ 1,062,528
Other Financing Sources (uses)			580,000				277,000			676,573
Capital Leases (non-budgeted)							7,080,000			
Refunding Bond Proceeds							491,161			
Premium on Notes/Bonds							(7,054,000)			
Bonds Refunded							885			
Transfers In	823,837	12,510	122,239	20,298	12,724	3,564	885	212,762	8,066	1,161
Transfers Out	(823,837)	(12,510)	(122,239)	(20,298)	(12,724)	(3,564)	(885)	(212,762)	(8,066)	(1,161)
Total Other Financing Sources (uses)	-	-	580,000	-	-	-	794,161	-	-	676,573
Net Change in Fund Balances	\$ (3,867,522)	\$ (370,841)	\$ 211,018	\$ (370,554)	\$ (148,366)	\$ (397,958)	\$ 316,957	\$ 189,313	\$ 584,203	\$ 1,739,101
Debt Service as a Percentage of Noncapital Expenditures	7.22%	6.28%	6.20%	5.72%	6.51%	6.17%	7.43%	5.41%	4.90%	4.83%

* 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>
2004	\$ 201,738	\$ 15,191				\$ 27,096		\$ 20,915	\$ 264,940
2005	268,073	27,964						10,360	306,397
2006		73,300						52,792	126,092
2007	15,087	101,171						36,016	152,274
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

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,	ASSESSED VALUE							Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartment						
2004	\$ 17,591,750	\$ 918,378,267	\$ 714,000	\$ 48,799,150	-	4,834,400	\$ 990,317,567	-	\$ 990,317,567	\$ 1,720,035,503	\$ 2.240	
2005	17,591,750	918,378,267	714,000	48,799,150	-	4,834,400	990,317,567	-	990,317,567	1,933,744,455	2.364	
2006	16,638,050	930,721,467	714,000	49,179,450	-	4,834,400	1,002,087,367	-	1,002,087,367	2,142,448,500	2.493	
2007	14,660,850	937,134,067	714,000	44,232,950	-	5,219,700	1,001,961,567	-	1,001,961,567	2,144,817,497	2.680	
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	24,511,200	1,966,807,500	-	70,238,400	-	13,034,700	2,074,391,800	-	2,074,391,800	1,984,898,947	1.510	

Source: County Abstract of Rates

^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)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality (2)</u>	<u>County (1)</u>
2004	\$3.16	\$ 1.470	\$ 0.770	\$ 0.600	\$ 0.320
2005	3.36	1.517	0.847	0.646	0.350
2006	3.55	1.589	0.904	0.705	0.520
2007	3.85	1.680	1.000	0.800	0.380
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

Source: Tax Duplicate, Township of River Vale

- (1) Includes County Open Space Tax
(2) Includes Municipal Open Space Tax

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

Taxpayer	2013		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Edgewood Country Club, Inc.	\$ 25,235,400	1.21%	\$ 27,235,400	1.29%
United Water Co of NJ			11,247,800	0.53%
River Vale Dev LLC % Garden Homes	9,899,100	0.48%		
Chemitek 2006, LLC C/O Palisades Fin			9,136,400	0.43%
Gal-Ben Associates	7,672,000	0.37%	7,672,000	0.36%
Village on the Green	7,266,400	0.35%	7,266,400	0.35%
United Water Co of NJ	6,850,600	0.33%		
Chemitek 2006, LLC C/O Palisades Fin		0.00%	6,742,400	0.32%
688 Westwood Ave LLC c/o V Luppino	5,548,200	0.27%		
Florentine, Inc.	5,187,100	0.25%	5,187,100	0.25%
River Vale Dev LLC			5,063,500	0.24%
River Vale Dev LLC			5,000,000	0.24%
Lindvale Gardens	4,875,400	0.23%	4,165,300	0.20%
MWD River Vale One LLC	3,222,800	0.15%		
Rudd-O'Connor LLC NJ	2,514,600	0.12%		
	<u>\$ 78,271,600</u>	<u>3.76%</u>	<u>\$ 88,716,300</u>	<u>4.21%</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	
2004	\$ 14,104,873	\$ 14,104,873	100.00%	-
2005	14,890,207	14,890,207	100.00%	-
2006	15,413,445	15,413,445	100.00%	-
2007	15,429,737	15,429,737	100.00%	-
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%	-

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Capital Leases				
2005	\$ 11,074,000	\$ 307,370	N/A	\$ 11,381,370	9,619	\$ 1,183	
2006	10,579,000	785,740	N/A	11,364,740	9,561	1,189	
2007	10,059,000	663,753	N/A	10,722,753	9,580	1,119	
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	9,670	902	
2011	7,715,000	187,550	N/A	7,902,550	9,723	813	
2012	7,015,000	95,247	N/A	7,110,247	9,821	724	
2013	6,290,000	676,573	N/A	6,966,573	9,821 *	709	

Source: District records

Note: * Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 11,074,000	\$ -	\$ 11,074,000	1.12%	\$ 1,151
2006	10,579,000		10,579,000	1.06%	1,106
2007	10,059,000		10,059,000	1.00%	1,050
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%	866
2011	7,715,000		7,715,000	0.37%	793
2012	7,015,000		7,015,000	0.34%	714
2013	6,290,000		6,290,000	0.30%	640

Source: District records

**RIVER VALE BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Local and Regional School	\$ 14,686,500	\$ 14,686,500	
Borough of River Vale	<u>6,011,557</u>	<u>-</u>	<u>\$ 6,011,557</u>
	<u>\$ 20,698,057</u>	<u>\$ 14,686,500</u>	<u>6,011,557</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen			9,528,793
Bergen Utilities Authority - Water Pollution (B)			<u>3,090,239</u>
			<u>12,619,032</u>
 Total Direct and Overlapping Debt			 <u>\$ 18,630,589</u>

Source:

(1) Township of River Vale's 2012 Annual Debt Statement

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 41,368,590	\$ 46,283,399	\$ 48,682,888	\$ 48,682,888	\$ 63,127,446	\$ 66,064,488	\$ 66,755,947	\$ 64,922,645	\$ 63,067,746	\$ 61,266,214
Total net debt applicable to limit	13,134,862	11,350,125	10,579,000	10,059,000	9,514,000	8,944,000	8,370,000	7,715,948	7,015,948	6,290,948
Legal debt margin	\$ 28,233,728	\$ 34,933,274	\$ 38,103,888	\$ 38,623,888	\$ 53,613,446	\$ 57,120,488	\$ 58,385,947	\$ 57,206,697	\$ 56,051,798	\$ 54,975,266
Total net debt applicable to the limit as a percentage of debt limit	31.75%	24.52%	21.73%	20.66%	15.07%	13.54%	12.54%	11.88%	11.12%	10.27%

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2012	\$ 1,985,685,095
2011	2,040,726,221
2010	2,100,210,107
	<u>\$ 6,126,621,423</u>
Average equalized valuation of taxable property	\$ 2,042,207,141
Debt limit (3 % of average equalization value)	61,266,214
Total Net Debt Applicable to Limit	<u>6,290,948</u>
Legal debt margin	<u>\$ 54,975,266</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>
2003	9,681	\$ 51,132	4.1%
2004	9,691	54,462	3.4%
2005	9,619	56,706	2.1%
2006	9,561	62,714	2.3%
2007	9,580	67,394	2.5%
2008	9,593	68,227	2.7%
2009	9,655	63,198	4.8%
2010	9,670	65,486	4.9%
2011	9,723	66,096	4.9%
2012	9,821	66,096 *	4.9%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	88	90	92	92	96	97	97	97	97	97
Special education	15	15	15	15	15	15	15	15	15	15
Support Services:										
Student & instruction related services	19	16	17	17	18	14	14	14	14	14
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	7	7	6	6	6	6	6	6	6	6
Administrative Information Technology		1	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>152</u>	<u>151</u>	<u>155</u>	<u>155</u>	<u>160</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>

Source: District Personnel Records

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

Fiscal Year	Teacher/Pupil Ratio										
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	1,402.2	\$ 15,424,113	\$ 11,000	2.89%	121	15.0	11.1	1,402.2	1,277.2	7.41%	91.09%
2005	1,342.8	16,240,462	12,094	9.95%	129	14.2	10.9	1,342.8	1,290.9	-4.24%	96.13%
2006	1,346.0	16,603,311	12,335	1.99%	126	14.2	10.9	1,346.0	1,346.0	0.24%	100.00%
2007	1,362.0	18,249,583	13,399	8.62%	126	14.2	10.9	1,316.4	1,271.8	-2.20%	96.61%
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	1,239.0	20,991,115	16,673	8.07%	127	13.45	11.8	1,293.5	1,247.6	5.13%	96.45%

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Elementary</u>										
<u>Roberge Elementary</u>										
Square Feet	54,817	54,817	54,817	54,817	54,817	54,817	54,817	54,817	54,817	54,817
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment										
<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										
<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										

Number of Schools at June 30, 2013
 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Facilities										
Roberge Elementary School	\$ 59,414	\$ 49,159	\$ 99,796	\$ 74,527	\$ 77,324	\$ 63,965	\$ 79,589	\$ 138,622	\$ 77,219	\$ 88,851
Woodside Elementary School	68,802	60,191	66,154	93,211	85,892	73,755	123,032	53,884	66,414	84,313
Holdrum Middle School	52,827	58,888	81,116	71,417	72,412	64,675	108,700	91,209	83,135	76,927
Grand Total	\$ 181,043	\$ 168,238	\$ 247,066	\$ 239,155	\$ 235,628	\$ 202,395	\$ 311,321	\$ 283,715	\$ 226,768	\$ 250,091

Source: District Records

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - SELECTIVE INS. CO.		
Property - Blanket Building & Contents	\$ 39,822,122	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Crime Coverage-Employee Dishonesty EXCESS CRIME	100,000 400,000	
Computers and Scheduled Equipment - SELECTIVE INS. CO.		
Valuable Papers and Records	5,000,000	1,000
Data Processing Equipment	2,500,000	5,000
Umbrella Policy - American Re	9,000,000	
Fireman's Fund CAP Excess Liability Policy (Shared NESBIG)	50,000,000	
School Board Legal Liability - ACE	1,000,000	10,000
Employment Practices Liability		25,000

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
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DEBRA GOLLE, CPA
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LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
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, 2013 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 November 8, 2013.

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.

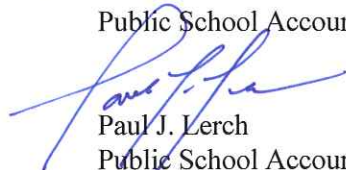
We noted certain matters that we reported to management of the River Vale Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 8, 2013.

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
November 8, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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MARK SACO, CPA

**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 04-04**

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 04-04 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, 2013. 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 laws, regulations, contracts, and grants 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 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2013.

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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the River Vale Board of Education's internal control over compliance.

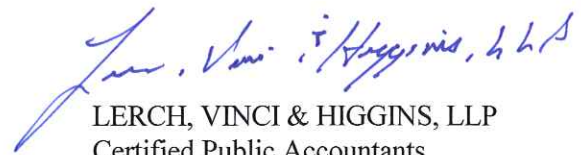
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

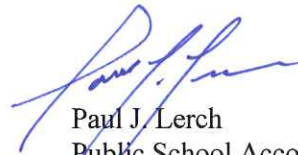
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Vale Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 8, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 8, 2013

RIVER VALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2012		Cash Received	Budgetary Expenditures	Balance, June 30, 2013		Memo GAAP Receivable
				Unearned Revenue	Accounts Receivable			(Account Receivable)	Unearned Revenue	
U.S. Department of Education Passed-through State Department of Education										
Special Milk Program	10.556	7/1/11-6/30/12	\$ 9,594	\$ -	\$ (622)	\$ 622	\$ 8,147	\$ -	\$ -	\$ (688)
Special Milk Program	10.556	7/1/12-6/30/13	8,147	-	-	7,459	8,147	(688)	-	(688)
Total U.S. Department of Agriculture						7,459	8,147	(688)	-	(688)
U.S. Department of Education Passed-through State Department of Education										
I.D.E.A. Part B, Basic	84.027A	9/1/12-8/31/13	250,882	\$ 149,667	(149,667)	-	187,394	(250,882)	213,155	(37,227)
I.D.E.A. Part B, Basic	84.027A	9/1/11-8/31/12	256,064	\$ 149,667	(292,072)	247,041	-	(45,031)	-	(45,031)
I.D.E.A. Part B, Preschool	84.173A	9/1/12-8/31/13	13,794	844	(844)	2,705	14,638	(11,089)	-	(11,089)
I.D.E.A. Part B, Preschool	84.173A	9/1/11-8/31/12	13,873	844	(844)	844	-	-	-	-
NCLB Title II	84.367A	9/1/12-8/31/13	19,862	-	-	16,776	19,862	(19,862)	-	(19,862)
NCLB Title II	84.367A	9/1/11-8/31/12	22,276	(16,776)	-	-	-	-	-	-
Total U.S. Department of Education				133,735	(292,916)	267,366	221,894	(326,864)	213,155	(113,709)
Total				\$ 133,735	\$ (292,916)	\$ 274,825	\$ 230,041	\$ (327,552)	\$ 213,155	\$ (114,397)

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, 2013**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2013		Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue		Due to Grantor
State Department of Education													
General Fund													
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 396,910				\$ 361,772	\$ 396,910		\$ (35,138)		\$ 396,910	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	372,201	(33,905)		33,905							
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	19,276			17,568		19,276		(1,708)		19,276	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	24,269			22,119		24,269		(2,150)		24,269	
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	184,978					184,978		(184,978)		184,978	
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	254,741	(254,741)									
Nonpublic School Transportation Aid	N/A	7/1/12-6/30/13	3,470					3,470		(3,470)		3,470	
Nonpublic School Transportation Aid	N/A	7/1/11-6/30/12	4,002	(4,002)									
Homeless Tuition Aid	N/A	7/1/12-6/30/13	1,709			641,391		1,709		(1,709)		1,709	
On-Behalf TPAF Social Security Aid	13-495-034-5095-002	7/1/12-6/30/13	675,114			34,895		675,114		(33,723)		675,114	
On-Behalf TPAF Social Security Aid	12-495-034-5095-002	7/1/11-6/30/12	700,004	(34,895)									
TPAF Pension Benefit Contributions	13-495-034-5095-006	7/1/12-6/30/13	600,501					600,501				600,501	
TPAF Pension - NCGI Premium	13-100-034-5095-007	7/1/12-6/30/13	31,595			31,595		31,595				31,595	
TPAF Pension-Post Retirement Medical	13-100-034-5095-001	7/1/12-6/30/13	714,741			714,741		714,741				714,741	
Total General Fund				(327,543)		2,717,230		2,652,563		(262,876)		(38,902)	2,652,563
Capital Project Fund													
Educational Facilities Construction and Financing Act of 2000													
	4430-060-01-0393/0394/0395-00	N/A	6,115,052			275,000							
				(275,000)		275,000							
State Financial Assistance													
Not Subject to Single Audit Determination													
General Fund													
TPAF Pension Benefit Contributions	13-495-034-5095-006	7/1/12-6/30/13	600,501			600,501		600,501				(600,501)	
TPAF Pension - NCGI Premium	13-100-034-5095-007	7/1/12-6/30/13	31,595			31,595		31,595				(31,595)	
TPAF Pension-Post Retirement Medical	13-100-034-5095-001	7/1/12-6/30/13	714,741			714,741		714,741				(714,741)	
Total State Financial Assistance Subject to Single Audit				(602,543)		1,645,393		1,305,726		(262,876)		(38,902)	1,305,726

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and Expenditures of State Financial Assistance

**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, 2013**

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 basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$64,672 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 basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,717,235	\$ 2,717,235
Special Revenue Fund	\$ 221,894		221,894
Food Service Fund	<u>8,147</u>	<u>-</u>	<u>8,147</u>
Total Financial Assistance	<u>\$ 230,041</u>	<u>\$ 2,717,235</u>	<u>\$ 2,947,276</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, 2013**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$675,114 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$632,096 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$714,741 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part I – Summary of Auditor’s Results

State Awards 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? _____ yes X 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 04-04, as amended? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number</u>	<u>Name of State Program</u>
<u>13-495-034-5095-002</u>	<u>TPAF Social Security Aid</u>
<u>13-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>13-495-034-5120-084</u>	<u>Security Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A and Type B programs: \$ 300,000

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, 2013**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

CURRENT YEAR FEDERAL AWARDS

Not applicable.

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**RIVER VALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.