

RIVER VALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016

Prepared by

Business Office

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INTRODUCTORY SECTION



RIVER VALE PUBLIC SCHOOLS

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

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Telephone: 201 / 358 - 4003
Fax: 201 / 358 - 2489

November 30, 2016

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

Dear Board Members:

The comprehensive annual financial report of the River Vale School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the River Vale Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

The district provides a full range of educational services appropriate to grade levels K through 8. These include regular education as well as special education for handicapped youngsters. The district completed the 2015/2016 fiscal year with an enrollment of 1,180 students, which is a decrease of 44 students from the previous year's enrollment.

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

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	1,180	-3.59%
2014-2015	1,224	-4.7%
2013-2014	1,285	-.01%
2012-2013	1,293	-2.2%
2011-2012	1,322	-5.5%
2010-2011	1,399	1.57%
2009-2010	1,375.6	-2.15%
2008-2009	1,405.2	1.6%
2007-2008	1,383	1.50%
2006-2007	1,362	1.18%

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

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

The district continues to attract excellent teachers. More than half of the teachers are tenured. More than half are on the MA+ level. Enrollment for the 2015/2016 school year was 1,180 students including out-of-district special education placements. Enrollment for 2016/2017 is expected to continue to decline slightly. Homerooms average twenty (20) students and reading/math groups have a lower faculty/student ratio.

GENERAL EDUCATIONAL GOALS (Continued)

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

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

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

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

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

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

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

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

GENERAL EDUCATIONAL GOALS (Continued)

Being a "Leading" School District (Continued)

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2016.

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, 2016 the River Vale School District had \$3,990,000 in bonded debt.

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

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

OTHER INFORMATION:

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

ACKNOWLEDGMENTS:

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

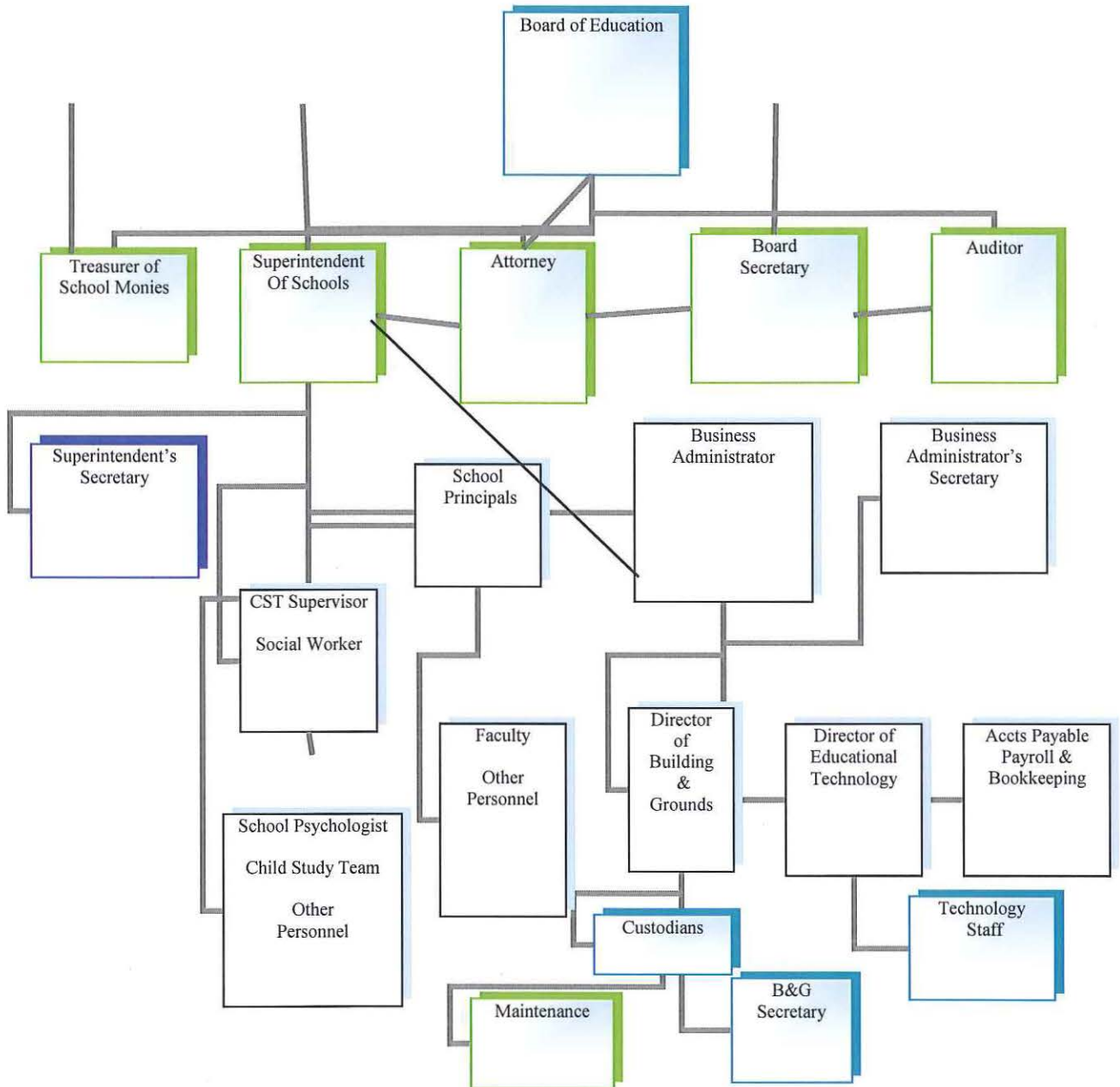
Respectfully submitted,



Kelly Ippolito
Business Administrator/Board Secretary

RIVER VALE BOARD OF EDUCATION

ORGANIZATION CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lorraine Waldes, President	2018
Steven Rosini, Vice President	2017
Sheryl Eaton	2016
William Ellis	2018
David Moon	2017
Patrice Pintarelli	2017
Andrew Spector	2016

Other Officials

Rory McCourt, Superintendent of Schools

Kelly Ippolito, School Business Administrator/Board Secretary

Gennaro Rotella, Treasurer of School Monies

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

Consultants and Advisors

As of June 30, 2016

Architect

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

Audit Firm

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

Attorney

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

Official Depository

Capital One Bank
553 Broadway Ave.
Westwood, NJ 07675

Risk Manager

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2016 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Vale Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

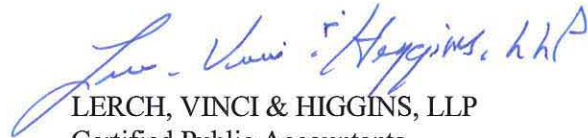
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the River Vale Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the River Vale Board of Education.

The combining 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 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 30, 2016 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 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

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, 2016. 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 2016 are as follows:

- District-Wide - Overall revenues were \$27,683,210. General revenues accounted for \$21,720,412 or 78 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,962,798 or 22 percent of total revenues of \$27,683,210.
- District-Wide - The School District had \$26,178,092 in expenses; only \$5,962,798 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21,720,412 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 \$4,944,227, an increase of \$1,059,253 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016, unassigned fund balance (budgetary basis) for the General Fund was \$685,056, an increase of \$15,371 from the balance of \$669,685 from June 30, 2015.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

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

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

District-wide Statements

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

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

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

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Fund Financial Statements (Continued)

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

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

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

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

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

Table A-1 provides a summary of the school district's net position for fiscal years 2016 and 2015. Net position for 2016 and 2015 were \$13,217,042 and \$11,711,924, respectively.

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

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

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

**Table A-1
Statement of Net Position
As of June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and Other Assets	\$ 5,191,558	\$ 4,199,092	\$ 7,247	\$ 10,787	\$ 5,198,805	\$ 4,209,879
Capital Assets	18,433,119	18,709,593	153	491	18,433,272	18,710,084
Total Assets	<u>23,624,677</u>	<u>22,908,685</u>	<u>7,400</u>	<u>11,278</u>	<u>23,632,077</u>	<u>22,919,963</u>
Total Deferred Outflows of Resources	<u>988,341</u>	<u>275,122</u>	<u>-</u>	<u>-</u>	<u>988,341</u>	<u>275,122</u>
Total Assets and Deferred Outflows of Resources	<u>24,613,018</u>	<u>23,183,807</u>	<u>7,400</u>	<u>11,278</u>	<u>24,620,418</u>	<u>23,195,085</u>
Liabilities						
Other Liabilities	295,974	371,069	4,212	3,962	300,186	375,031
Long-Term Liabilities	11,002,003	10,801,046	-	-	11,002,003	10,801,046
Total Liabilities	<u>11,297,977</u>	<u>11,172,115</u>	<u>4,212</u>	<u>3,962</u>	<u>11,302,189</u>	<u>11,176,077</u>
Total Deferred Inflows of Resources	<u>101,187</u>	<u>307,084</u>	<u>-</u>	<u>-</u>	<u>101,187</u>	<u>307,084</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,399,164</u>	<u>11,479,199</u>	<u>4,212</u>	<u>3,962</u>	<u>11,403,376</u>	<u>11,483,161</u>
Net Position:						
Net Invested in Capital Assets	14,277,535	13,584,567	153	491	14,277,688	13,585,058
Restricted	3,256,802	2,484,162			3,256,802	2,484,162
Unrestricted	(4,320,483)	(4,364,121)	3,035	6,825	(4,317,448)	(4,357,296)
Total Net Position	<u>\$ 13,213,854</u>	<u>\$ 11,704,608</u>	<u>\$ 3,188</u>	<u>\$ 7,316</u>	<u>\$ 13,217,042</u>	<u>\$ 11,711,924</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

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

Governmental activities. Governmental activities increased the District's net position by \$1,509,246. Key elements of this increase are as follows:

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 20,155	\$ 18,785	\$ 15,272	\$ 13,469	\$ 35,427	\$ 32,254
Operating Grants and Contributions	5,921,273	5,183,923	5,800	6,279	5,927,073	5,190,202
Capital Grants and Contributions	298	304,130			298	304,130
General Revenues						
Property Taxes	21,563,660	21,175,835			21,563,660	21,175,835
Other	156,723	176,393	29	46	156,752	176,439
Total Revenues	<u>27,662,109</u>	<u>26,859,066</u>	<u>21,101</u>	<u>19,794</u>	<u>27,683,210</u>	<u>26,878,860</u>
Expenses						
Instruction						
Regular	12,956,831	12,155,828			12,956,831	12,155,828
Special Education	2,833,926	3,012,413			2,833,926	3,012,413
Other Instruction	826,581	777,249			826,581	777,249
School Sponsored Activities and Ath.	187,152	165,731			187,152	165,731
Support Services						
Student and Instruction Related Serv.	3,101,326	2,969,688			3,101,326	2,969,688
Attendance and Social Work	101,908	95,684			101,908	95,684
Educational Media/School Library	252,636	245,608			252,636	245,608
General Administrative Services	630,874	609,048			630,874	609,048
School Administrative Services	1,315,095	1,191,048			1,315,095	1,191,048
Plant Operations and Maintenance	2,213,141	2,220,141			2,213,141	2,220,141
Pupil Transportation	391,112	435,775			391,112	435,775
Central Services	1,175,357	1,068,917			1,175,357	1,068,917
Food Services			21,783	16,722	21,783	16,722
Park Academy			3,446	2,151	3,446	2,151
Interest on Long-Term Debt	166,924	196,130	-	-	166,924	196,130
Total Expenses	<u>26,152,863</u>	<u>25,143,260</u>	<u>25,229</u>	<u>18,873</u>	<u>26,178,092</u>	<u>25,162,133</u>
Change in Net Position	1,509,246	1,715,806	(4,128)	921	1,505,118	1,716,727
Net Position, Beginning of Year	<u>11,704,608</u>	<u>9,988,802</u>	<u>7,316</u>	<u>6,395</u>	<u>11,711,924</u>	<u>9,995,197</u>
Net Position, End of Year	<u>\$ 13,213,854</u>	<u>\$ 11,704,608</u>	<u>\$ 3,188</u>	<u>\$ 7,316</u>	<u>\$ 13,217,042</u>	<u>\$ 11,711,924</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

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

Governmental activities. The District's total governmental revenues were \$27,662,109. The general share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$21,720,383 or 79% of total revenues. Funding from restricted state and federal sources amounted to \$5,921,571 or 20%. Charges for services amounted to \$20,155 or less than 1%.

The District's total governmental expenses were \$26,152,863 and are predominantly related to instruction and support services. Instruction totaled \$16,804,490 (64%), student and other support services totaled \$9,181,449 (35%) and interest on long-term debt total \$166,924 (1%) of total expenses. (See Table A-3.)

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2016

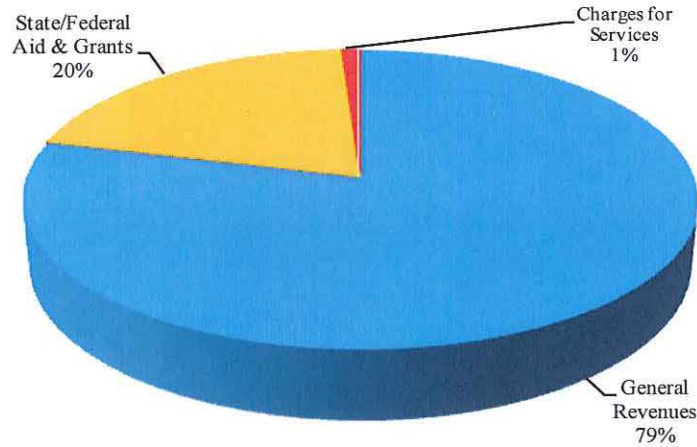
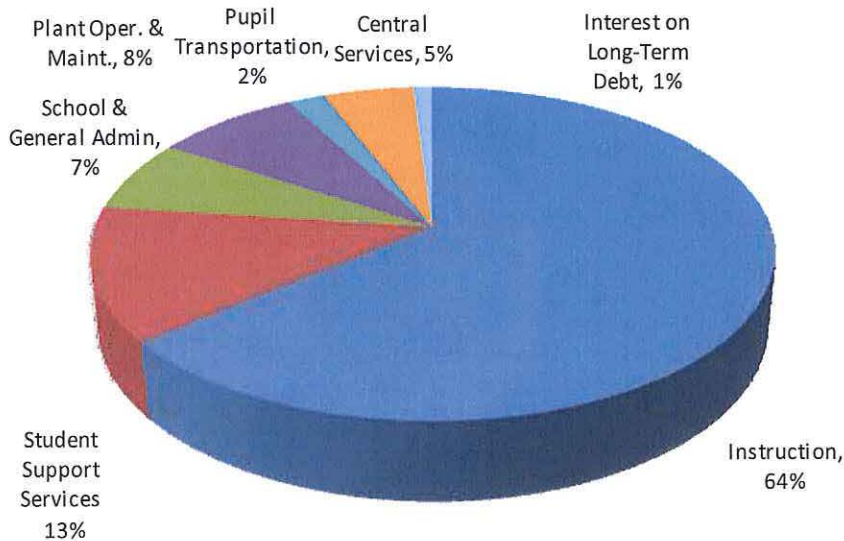


Table A-2 Expenses by Type- Governmental Activities
For Fiscal Year 2016



RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

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

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	12,956,831	\$ 12,155,828	\$ 9,399,953	\$ 9,165,636
Special Education	2,833,926	3,012,413	1,622,168	1,766,482
Other Instruction	826,581	777,249	580,569	566,467
School Sponsored Activities and Athletics	187,152	165,731	187,152	165,731
Support Services				
Student and Instruction Related Svcs.	3,101,326	2,969,688	2,596,708	2,496,068
Attendance and Social Work	101,908	95,684	101,908	95,684
Educational Media/School Library	252,636	245,608	252,636	245,608
General Administrative Services	630,874	609,048	630,874	609,048
School Administrative Services	1,315,095	1,191,048	1,031,770	956,546
Plant Operations and Maintenance	2,213,141	2,220,141	2,193,637	1,896,781
Pupil Transportation	391,112	435,775	363,559	407,324
Central Services	1,175,357	1,068,917	1,083,279	1,068,917
Interest on Long-Term Debt	166,924	196,130	166,924	196,130
Total Governmental Activities	<u>\$ 26,152,863</u>	<u>\$ 25,143,260</u>	<u>\$ 20,211,137</u>	<u>\$ 19,636,422</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$25,229. 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 \$4,128. The decrease in the net position is attributable to food service expenses exceeding revenues.

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$4,944,227. At June 30, 2015 the fund balance was \$3,884,974.

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 \$24,999,102 and expenditures were \$23,939,849.

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 21,786,453	\$ 21,368,974	\$ 417,479	1.95%
State Sources	2,986,745	2,880,072	106,673	3.70%
Federal Sources	<u>225,904</u>	<u>328,343</u>	<u>(102,439)</u>	-31.20%
 Total Revenues	 <u>\$ 24,999,102</u>	 <u>\$ 24,577,389</u>	 <u>\$ 421,713</u>	 1.72%

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, 2016 and 2015.

	Fiscal Year Ended <u>June 30, 2016</u>	Fiscal Year Ended <u>June 30, 2015</u>	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 13,873,752	\$ 13,469,065	\$ 404,687	3.00%
Undistributed	8,466,769	8,416,028	50,741	0.60%
Capital Outlay	454,654	911,426	(456,772)	-50.12%
Debt Service				
Principal	963,575	936,628	26,947	2.88%
Interest	<u>181,099</u>	<u>209,366</u>	<u>(28,267)</u>	-13.50%
 Total Expenditures	 <u>\$ 23,939,849</u>	 <u>\$ 23,942,513</u>	 <u>\$ (2,664)</u>	 -0.01%

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 \$274,741 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, 2016 amounts to \$18,433,272 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, and machinery and equipment.

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

**Table A-4
Capital Assets
(net of depreciation) at June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 31,805	\$ 31,805			\$ 31,805	\$ 31,805
Construction in Progress	321,831	880			321,831	880
Land Improvements	384,600	384,600			384,600	384,600
Buildings and Building Improvements	25,206,682	25,113,437			25,206,682	25,113,437
Machinery, Equipment and Vehicles	<u>1,632,339</u>	<u>1,591,881</u>	<u>\$ 15,258</u>	<u>\$ 15,258</u>	<u>1,647,597</u>	<u>1,607,139</u>
 Total	 27,577,257	 27,122,603	 15,258	 15,258	 27,592,515	 27,137,861
Less: Accumulated Depreciation	<u>9,144,138</u>	<u>8,413,010</u>	<u>15,105</u>	<u>14,767</u>	<u>9,159,243</u>	<u>8,427,777</u>
 Total	 <u>\$ 18,433,119</u>	 <u>\$ 18,709,593</u>	 <u>\$ 153</u>	 <u>\$ 491</u>	 <u>\$ 18,433,272</u>	 <u>\$ 18,710,084</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, 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$11,002,003 as stated in Table A-5.

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

	<u>2016</u>	<u>2015</u>
Serial Bonds (including Premium)	\$ 4,071,951	\$ 4,897,374
Capital Leases	152,012	325,587
Compensated Absences Payable	484,583	425,200
Net Pension Liability	<u>6,293,457</u>	<u>5,152,885</u>
 Total	 <u>\$ 11,002,003</u>	 <u>\$ 10,801,046</u>

RIVER VALE BOARD OF EDUCATION

Management's Discussion and Analysis (continued)

Debt Administration (Continued)

The District has outstanding general obligation serial bonds in the amount of \$3,990,000. 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. The net pension liability represents the District's proportionate share of the unfunded pension liability of the State of New Jersey's Public Employees Retirement System Pension Fund.

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

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

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

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

FOR THE FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

RIVER VALE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,855,193	\$ 6,117	\$ 4,861,310
Internal Balances	1,782	(1,782)	-
Receivables, net			
Receivables from Other Governments	328,140	1,130	329,270
Other	6,443	1,782	8,225
Capital Assets, Not Being Depreciated	353,636		353,636
Capital Assets, Being Depreciated, Net	<u>18,079,483</u>	<u>153</u>	<u>18,079,636</u>
 Total Assets	 <u>23,624,677</u>	 <u>7,400</u>	 <u>23,632,077</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	68,379	-	68,379
Deferred Amounts on Net Pension Liability	<u>919,962</u>	<u>-</u>	<u>919,962</u>
 Total Deferred Outflows of Resources	 <u>988,341</u>	 <u>-</u>	 <u>988,341</u>
 Total Assets and Deferred Outflows of Resources	 <u>24,613,018</u>	 <u>7,400</u>	 <u>24,620,418</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	246,431		246,431
Accrued Interest Payable	48,643		48,643
Unearned Revenue	900	4,212	5,112
Noncurrent Liabilities			
Due Within One Year	880,545		880,545
Due Beyond One Year	<u>10,121,458</u>	<u>-</u>	<u>10,121,458</u>
 Total Liabilities	 <u>11,297,977</u>	 <u>4,212</u>	 <u>11,302,189</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>101,187</u>	<u>-</u>	<u>101,187</u>
 Total Deferred Inflows of Resources	 <u>101,187</u>	 <u>-</u>	 <u>101,187</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>11,399,164</u>	 <u>4,212</u>	 <u>11,403,376</u>
NET POSITION			
Net Investment in Capital Assets	14,277,535	153	14,277,688
Restricted for			
Capital Projects	2,906,802		2,906,802
Plant Maintenance	350,000		350,000
Unrestricted	<u>(4,320,483)</u>	<u>3,035</u>	<u>(4,317,448)</u>
 Total Net Position	 <u>\$ 13,213,854</u>	 <u>\$ 3,188</u>	 <u>\$ 13,217,042</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 12,956,831	\$ 20,155	\$ 3,536,723		\$ (9,399,953)		\$ (9,399,953)
Special Education	2,833,926		1,211,758		(1,622,168)		(1,622,168)
Other Instruction	826,581		246,012		(580,569)		(580,569)
School Sponsored Activities and Athletics	187,152				(187,152)		(187,152)
Support Services							
Student and Instruction Related Services	3,101,326		504,618		(2,596,708)		(2,596,708)
Attendance and Social Work	101,908				(101,908)		(101,908)
Educational Media/School Library	252,636				(252,636)		(252,636)
School Administrative Services	1,315,095		283,325		(1,031,770)		(1,031,770)
General and Business Administrative Services	630,874				(630,874)		(630,874)
Plant Operations and Maintenance	2,213,141		19,206	\$ 298	(2,193,637)		(2,193,637)
Pupil Transportation	391,112		27,553		(363,559)		(363,559)
Central Services	1,175,357		92,078		(1,083,279)		(1,083,279)
Interest on Long-Term Debt	166,924	-	-	-	(166,924)	-	(166,924)
Total Governmental Activities	26,152,863	20,155	5,921,273	298	(20,211,137)	-	(20,211,137)
Business-Type Activities							
Food Service	21,783	11,826	5,800	-	-	\$ (4,157)	(4,157)
Park Academy	3,446	3,446	-	-	-	-	-
Total Business-Type Activities	25,229	15,272	5,800	-	-	(4,157)	(4,157)
Total Primary Government	\$ 26,178,092	\$ 35,427	\$ 5,927,073	\$ 298	(20,211,137)	(4,157)	(20,215,294)
General Revenues							
Property Taxes					21,563,660		21,563,660
Unrestricted State Aid					12,382		12,382
Interest on Investments					15,330	29	15,359
Miscellaneous Income					129,011	-	129,011
Total General Revenues					21,720,383	29	21,720,412
Change in Net Position					1,509,246	(4,128)	1,505,118
Net Position, Beginning of Year					11,704,608	7,316	11,711,924
Net Position, End of Year					\$ 13,213,854	\$ 3,188	\$ 13,217,042

FUND FINANCIAL STATEMENTS

**RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<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	\$ 4,726,857		\$ 100,131		\$ 4,826,988
Cash and Cash Equivalents with Fiscal Agent			28,205		28,205
Due from Other Funds	321,647				321,647
Other Receivables	70	6,373			6,443
Receivables from Other Governments	39,571	192,689	95,880	-	328,140
	<u>39,571</u>	<u>192,689</u>	<u>95,880</u>	<u>-</u>	<u>328,140</u>
Total Assets	<u>\$ 5,088,145</u>	<u>\$ 199,062</u>	<u>\$ 224,216</u>	<u>\$ -</u>	<u>\$ 5,511,423</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 31,508	\$ 450			\$ 31,958
Accrued Salaries & Wages	64,473				64,473
Due to Other Funds	150,000	198,612	\$ 121,253		469,865
Unearned Revenue	900	-	-	-	900
	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>900</u>
Total Liabilities	<u>246,881</u>	<u>199,062</u>	<u>121,253</u>	<u>-</u>	<u>567,196</u>
Fund Balance					
Restricted:					
Excess Surplus - Designated for					
Subsequent Year's Expenditures (2016/17 Budget)	639,494				639,494
Excess Surplus	265,263				265,263
Capital Reserve	2,803,839				2,803,839
Maintenance Reserve	350,000				350,000
Capital Projects			102,963		102,963
Committed:					
Year-End Encumbrances	252,989				252,989
Assigned:					
Year-End Encumbrances	159,884				159,884
Unassigned Fund Balance					
General Fund	369,795	-	-	-	369,795
	<u>369,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,795</u>
Total Fund Balances	<u>4,841,264</u>	<u>-</u>	<u>102,963</u>	<u>-</u>	<u>4,944,227</u>
Total Liabilities and Fund Balances	<u>\$ 5,088,145</u>	<u>\$ 199,062</u>	<u>\$ 224,216</u>	<u>\$ -</u>	<u>\$ 5,511,423</u>

**RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balances (Exhibit B-1)		\$ 4,944,227
 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 \$27,577,257 and the accumulated depreciation is \$9,144,138.		18,433,119
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(48,643)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 919,962	
Deferred Inflows of Resources	<u>(101,187)</u>	
		818,775
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.		68,379
Long-term liabilities, including bonds payable, and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General Obligation Bonds Payable, Including Unamortized Premium	4,071,951	
Capital Leases Payable	152,012	
Compensated Absences	484,583	
Net Pension Liability	<u>6,293,457</u>	
		<u>(11,002,003)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 13,213,854</u>

RIVER VALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 20,596,385			\$ 967,275	\$ 21,563,660
Tuition	20,155				20,155
Interest on Investment	14,944		\$ 386		15,330
Miscellaneous	<u>129,011</u>	<u>\$ 58,297</u>	<u>-</u>	<u>-</u>	<u>187,308</u>
Total - Local Sources	20,760,495	58,297	386	967,275	21,786,453
State Sources	2,986,447		298		2,986,745
Federal Sources	<u>-</u>	<u>225,904</u>	<u>-</u>	<u>-</u>	<u>225,904</u>
Total Revenues	<u>23,746,942</u>	<u>284,201</u>	<u>684</u>	<u>967,275</u>	<u>24,999,102</u>
EXPENDITURES					
Current					
Regular Instruction	10,268,862	10,729	77,860		10,357,451
Special Education Instruction	2,438,876	205,775			2,644,651
Other Instruction	693,230				693,230
School-Sponsored Activities and Athletics	178,420				178,420
Support Services					
Student and Instruction Related Services	2,743,505	20,129			2,763,634
Attendance and Social Work	100,647				100,647
Educational Media/School Library	252,636				252,636
School Administrative Services	1,140,969				1,140,969
General Administrative Services	610,702				610,702
Plant Operations and Maintenance	2,104,455		11,250		2,115,705
Pupil Transportation	391,112				391,112
Central Services	1,091,364				1,091,364
Debt Service					
Principal	156,352		17,223	790,000	963,575
Interest and Other Charges	3,824			177,275	181,099
Capital Outlay	<u>390,504</u>	<u>47,568</u>	<u>16,582</u>	<u>-</u>	<u>454,654</u>
Total Expenditures	<u>22,565,458</u>	<u>284,201</u>	<u>122,915</u>	<u>967,275</u>	<u>23,939,849</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>1,181,484</u>	<u>-</u>	<u>(122,231)</u>	<u>-</u>	<u>1,059,253</u>
Other Financing Sources and (Uses)					
Transfers In	386				386
Transfers Out	<u>-</u>	<u>-</u>	<u>(386)</u>	<u>-</u>	<u>(386)</u>
Total Other Financing Sources and Uses	<u>386</u>	<u>-</u>	<u>(386)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,181,870	-	(122,617)	-	1,059,253
Fund Balance, Beginning of Year	<u>3,659,394</u>	<u>-</u>	<u>225,580</u>	<u>-</u>	<u>3,884,974</u>
Fund Balance, End of Year	<u>\$ 4,841,264</u>	<u>\$ -</u>	<u>\$ 102,963</u>	<u>\$ -</u>	<u>\$ 4,944,227</u>

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, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,059,253

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

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

Capital Outlay	\$ 454,654	
Depreciation Expense	<u>(731,128)</u>	(276,474)

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

Compensated Absences, Net	(59,383)	
Increase in Pension Expense	<u>(191,900)</u>	(251,283)

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.

Serial Bonds	790,000	
Capital Leases	<u>173,575</u>	963,575

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

Amortization of Bond Premium	35,423	
Amortization of Deferred Amounts on Refunding	<u>(29,556)</u>	5,867

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

Decrease in Accrued Interest		<u>8,308</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,509,246

**RIVER VALE BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	<u>Business-Type Activities</u>		<u>Total Enterprise Funds</u>
	<u>Food Service</u>	<u>Non-Major Park Academy</u>	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 6,117		\$ 6,117
Intergovernmental Receivable			
Federal	1,130		1,130
Other	-	\$ 1,782	1,782
Total Current Assets	<u>7,247</u>	<u>1,782</u>	<u>9,029</u>
Capital Assets			
Equipment	15,258		15,258
Less: Accumulated Depreciation	<u>(15,105)</u>	<u>-</u>	<u>(15,105)</u>
Total Capital Assets, Net	<u>153</u>	<u>-</u>	<u>153</u>
Total Assets	<u>7,400</u>	<u>1,782</u>	<u>9,182</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds		1,782	1,782
Unearned Revenue	<u>4,212</u>	<u>-</u>	<u>4,212</u>
Total Current Liabilities	<u>4,212</u>	<u>1,782</u>	<u>5,994</u>
Total Liabilities	<u>4,212</u>	<u>1,782</u>	<u>5,994</u>
NET POSITION			
Net Investment in Capital Assets	153		153
Unrestricted	<u>3,035</u>	<u>-</u>	<u>3,035</u>
Total Net Position	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ 3,188</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, 2016**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Non-Major Park Academy</u>	<u>Total Enterprise Funds</u>
OPERATING REVENUE			
Charges for Services			
Daily Sales - Milk	\$ 11,826		\$ 11,826
Miscellaneous Fees	-	\$ 3,446	3,446
	<u>11,826</u>	<u>3,446</u>	<u>15,272</u>
Total Operating Revenues	<u>11,826</u>	<u>3,446</u>	<u>15,272</u>
OPERATING EXPENSES			
Cost of Sales	11,004		11,004
Salaries and Benefits	6,000		6,000
Purchased Professional - Educational Services		3,446	3,446
Cleaning, Repair and Maintenance Services	676		676
Supplies and Materials	3,765		3,765
Depreciation	338	-	338
	<u>21,783</u>	<u>3,446</u>	<u>25,229</u>
Total Operating Expenses	<u>21,783</u>	<u>3,446</u>	<u>25,229</u>
Operating Income/(Loss)	<u>(9,957)</u>	<u>-</u>	<u>(9,957)</u>
NONOPERATING REVENUE			
Interest	29		29
Federal Sources			-
Special Milk Program	5,800	-	5,800
	<u>5,829</u>	<u>-</u>	<u>5,829</u>
Total Nonoperating Revenues	<u>5,829</u>	<u>-</u>	<u>5,829</u>
Change in Net Position	<u>(4,128)</u>	<u>-</u>	<u>(4,128)</u>
Total Net Position, Beginning of Year	<u>7,316</u>	<u>-</u>	<u>7,316</u>
Total Net Position, End of Year	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ 3,188</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, 2016**

	Business-Type Activities		
	Food Service	Non-Major Park Academy	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 12,076	\$ 2,297	\$ 14,373
Cash Payments for Salaries and Benefits	(6,000)	(2,297)	(8,297)
Cash Payments to Suppliers for Goods and Services	(15,445)	-	(15,445)
Net Cash Provided by (Used by) Operating Activities	(9,369)	-	(9,369)
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	6,558	-	6,558
Net Cash Provided by (Used by) Noncapital Financing Activities	6,558	-	6,558
Cash Flows from Investing Activities			
Interest Earnings	29	-	29
Net Cash Provided by Investing Activities	29	-	29
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,782)	-	(2,782)
Cash and Cash Equivalents, Beginning of Year	8,899	-	-
Cash and Cash Equivalents, End of Year	<u>\$ 6,117</u>	<u>\$ -</u>	<u>\$ 6,117</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
Operating Income (Loss)	\$ (9,957)	\$ -	\$ (9,957)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities			
Depreciation	338		338
Change in Assets and Liabilities			
(Increase)/Decrease in Intergovernmental Receivable - Other		(1,149)	(1,149)
Increase/(Decrease) in Due to Other Funds		1,149	1,149
Increase/(Decrease) in Unearned Revenue	250	-	250
Total Adjustments	588	-	588
Net Cash (Used by) Operating Activities	<u>\$ (9,369)</u>	<u>\$ -</u>	<u>\$ (9,369)</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, 2016**

	Unemployment Compensation <u>Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 490,709	\$ 136,140
Due from Other Funds	<u>150,000</u>	<u>-</u>
 Total Assets	 <u>\$ 640,709</u>	 <u>\$ 136,140</u>
 LIABILITIES		
Payroll Deductions and Withholdings		\$ 9,328
Accrued Salaries and Wages		2,868
Flex Spending Benefits		6,506
Due to State of New Jersey	3,910	
Due to Student Groups	<u>-</u>	<u>117,438</u>
 Total Liabilities	 <u>3,910</u>	 <u>\$ 136,140</u>
 NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 636,799</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, 2016**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions	
District	\$ 225,000
Employees	28,898
Investment Earnings	
Interest	<u>1,477</u>
Total Additions	<u>255,375</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>40,897</u>
Total Deductions	<u>40,897</u>
Change in Net Position	214,478
Net Position, Beginning of Year	<u>422,321</u>
Net Position, End of Year	<u>\$ 636,799</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, 2016**

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 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

The District reports the following non-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.

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	45-50
Building Improvements	20
Machinery and Equipment	5-20

6. Deferred Outflows/Inflows of Resources

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Deferred Outflows/Inflows of Resources (Continued)*

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

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

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

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 7, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$991,226. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$267,360 and \$306,000 from the general fund which were made on September 29, 2015 and April 19, 2016, respectively.

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. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Improvement of Inst. Serv.			
Salaries of Other Professional Staff	\$149,086	\$153,433	\$4,347

The above variance was offset with other available resources.

The variance is result of an audit adjustment.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 2,008,582
Increased by:		
Interest earnings	\$ 6,638	
Deposits Approved in District Budget	94,619	
Deposits Approved by Board Resolution	<u>1,000,000</u>	
		<u>1,101,257</u>
		3,109,839
Decreased by:		
Withdrawals Approved by Board Resolutions		<u>306,000</u>
Balance, June 30, 2016		<u>\$ 2,803,839</u>

The June 30, 2016 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.

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 250,000
Increased by	
Deposits Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2016	<u>\$ 350,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$759,616.

E. Transfers to Capital Outlay

During the 2015/2016 school year, the district transferred \$306,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to implement a capital project in the District's Long Range Facility Plan.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$904,757. Of this amount, \$639,494 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$265,263 will be appropriated in the 2017/2018 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$5,488,159 and bank and brokerage firm balances of the Board's deposits amounted to \$6,089,203. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" and "cash and cash equivalents with Fiscal Agent" are categorized as:

Depository Account

Insured	<u>\$ 6,089,203</u>
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**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2016 the Board’s bank balances were not exposed to custodial credit risk.

Investments

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

As of June 30, 2016, 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, 2016 for the district’s individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Park Academy Fund</u>	<u>Total</u>
Receivables:						
Intergovernmental						
Federal		\$ 192,689		\$ 1,130		\$ 193,819
State	\$ 39,571		\$ 95,880			135,451
Local					\$ 1,782	1,782
Other	<u>70</u>	<u>6,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,443</u>
Gross Receivables	39,641	199,062	95,880	1,130	1,782	337,495
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 39,641</u>	<u>\$ 199,062</u>	<u>\$ 95,880</u>	<u>\$ 1,130</u>	<u>\$ 1,782</u>	<u>\$ 337,495</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Total</u>
General Fund	
Prepayments of Preschool Tuition	\$ <u>900</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>900</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 31,805			\$ 31,805
Construction in Progress	<u>880</u>	<u>\$ 328,351</u>	<u>\$ (7,400)</u>	<u>321,831</u>
Total Capital Assets, Not Being Depreciated	<u>32,685</u>	<u>328,351</u>	<u>(7,400)</u>	<u>353,636</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	25,113,437	85,845	7,400	25,206,682
Machinery and Equipment	1,591,881	40,458		1,632,339
Land Improvements	<u>384,600</u>	<u>-</u>	<u>-</u>	<u>384,600</u>
Total Capital Assets Being Depreciated	<u>27,089,918</u>	<u>126,303</u>	<u>7,400</u>	<u>27,223,621</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,041,067)	(538,994)		(7,580,061)
Machinery and Equipment	(1,066,694)	(175,434)		(1,242,128)
Land Improvements	<u>(305,249)</u>	<u>(16,700)</u>	<u>-</u>	<u>(321,949)</u>
Total Accumulated Depreciation	<u>(8,413,010)</u>	<u>(731,128)</u>	<u>-</u>	<u>(9,144,138)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,676,908</u>	<u>(604,825)</u>	<u>7,400</u>	<u>18,079,483</u>
Governmental Activities Capital Assets, net	<u>\$ 18,709,593</u>	<u>\$ (276,474)</u>	<u>\$ -</u>	<u>\$ 18,433,119</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</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	<u>(14,767)</u>	\$ (338)	-	<u>(15,105)</u>
Total Accumulated Depreciation	<u>(14,767)</u>	<u>(338)</u>	<u>-</u>	<u>(15,105)</u>
Total Capital Assets, Being Depreciated, Net	<u>491</u>	<u>(338)</u>	<u>-</u>	<u>153</u>
Business-Type Activities Capital Assets, Net	<u>\$ 491</u>	<u>\$ (338)</u>	<u>\$ -</u>	<u>\$ 153</u>

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

Governmental activities:

Instruction	
Regular	\$ 680,002
Total Instruction	<u>680,002</u>
Support Services	
Students and Instructional Related Services	18,045
General and Business Administrative Services	1,094
School Administrative Services	14,027
Plant Operations and Maintenance	<u>17,960</u>
Total Support Services	<u>51,126</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 731,128</u>
Business-Type activities:	
Food Service Fund	<u>\$ 338</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 338</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Chiller Replacement at Woodside Elementary School	\$ 93,432	\$ 60,568
Chiller Replacement at Holrum Middle School	<u>4,037</u>	<u>147,963</u>
Total		<u>\$ 208,531</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 198,612
General Fund	Capital Projects Fund	121,253
General Fund	Park Academy Fund	1,782
Unemployment Compensation Trust Fund	General Fund	<u>150,000</u>
		<u>\$ 471,647</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>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	<u>\$ 386</u>	<u>\$ 386</u>
Total Transfers Out	<u>\$ 386</u>	<u>\$ 386</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.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$52,359. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ 52,359
2018	<u>39,268</u>
	<u>\$ 91,627</u>

Capital Leases

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 capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building and Building Improvements	\$ <u>676,573</u>
Total	\$ <u>676,573</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ 77,400
2018	<u>77,400</u>
Total minimum lease payments	154,800
Less: amount representing interest	<u>(2,788)</u>
Present value of minimum lease payments	<u>\$ 152,012</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2016 are comprised of the following issue:

\$7,080,000, 2010 Bonds, due in annual
 installments of \$790,000 to \$805,000
 through September 15, 2020, interest at 3.5% to 4.5% \$ 3,990,000

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 805,000	\$ 145,376	\$ 950,376
2018	800,000	114,101	914,101
2019	800,000	82,926	882,926
2020	795,000	51,238	846,238
2021	<u>790,000</u>	<u>17,775</u>	<u>807,775</u>
Total	<u>\$ 3,990,000</u>	<u>\$ 411,416</u>	<u>\$ 4,401,416</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 58,985,263
Less: Net Debt	<u>3,990,000</u>
Remaining Borrowing Power	<u>\$ 54,995,263</u>

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 4,780,000		\$ 790,000	\$ 3,990,000	\$ 805,000
Deferred Amounts:					
Add: Original Issue Premium	<u>117,374</u>	-	<u>35,423</u>	<u>81,951</u>	<u>-</u>
Total Bonds Payable	4,897,374	-	825,423	4,071,951	805,000
Capital Leases Payable	325,587		173,575	152,012	75,545
Compensated Absences	425,200	\$ 59,383		484,583	
Net Pension Liability	<u>5,152,885</u>	<u>1,381,604</u>	<u>241,032</u>	<u>6,293,457</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,801,046</u>	<u>\$ 1,440,987</u>	<u>\$ 1,240,030</u>	<u>\$ 11,002,003</u>	<u>\$ 880,545</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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 fund are on file with the School's Business Administrator.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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>
2016	\$ 225,000	\$ 28,898	\$ 40,897	\$ 636,799
2015	60,178	29,343	25,434	422,321
2014	220,000	31,258	57,244	357,029

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, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 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>
2016	\$ 241,032	\$ 726,183	\$ 34,328
2015	226,888	474,794	17,711
2014	206,666	405,467	10,126

For fiscal years 2015/2016 and 2014/2015, the state contributed \$726,183 and \$474,794, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$405,467 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$658,953 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$6,293,457 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .02804 percent, which was an increase of .00052 percent from its proportionate share measured as of June 30, 2014 of .02752 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$432,932 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 150,140	
Changes of Assumptions	675,867	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 101,187
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>93,955</u>	<u>-</u>
Total	<u>\$ 919,962</u>	<u>\$ 101,187</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 152,350
2018	152,350
2019	152,350
2020	229,121
2021	<u>132,604</u>
	<u>\$ 818,775</u>

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>7,821,997</u>	\$ <u>6,293,457</u>	\$ <u>5,011,940</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,389,190 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$55,506,801. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .08782 percent, which was a decrease of .00803 percent from its proportionate share measured as of June 30, 2014 of .09585 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

d. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 65,967,758</u>	<u>\$ 55,506,801</u>	<u>\$ 46,494,060</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

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

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

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB 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.

**RIVER VALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$864,684, \$753,736 and \$664,814, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 20,596,385		\$ 20,596,385	\$ 20,596,385	
Interest on Investments				8,306	\$ 8,306
Interest on Capital Reserve	2,000		2,000	6,638	4,638
Tuition (Pre-K)	20,000		20,000	20,155	155
Building Rental	102,900		102,900	103,055	155
Miscellaneous	10,000	-	10,000	25,956	15,956
Total - Local Sources	<u>20,731,285</u>	<u>-</u>	<u>20,731,285</u>	<u>20,760,495</u>	<u>29,210</u>
State Sources					
Special Education Aid	397,703		397,703	397,703	-
Transportation Aid	23,548		23,548	23,548	-
Security Aid	19,204		19,204	19,204	-
Per Pupil Growth Aid	12,380		12,380	12,380	-
PARCC Readiness Aid	12,380		12,380	12,380	-
Extraordinary Aid				274,741	274,741
Nonpublic School Transportation Aid				4,002	4,002
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				691,726	691,726
NCGI Premium (Non-Budget)				34,457	34,457
Post Retirement Medical Benefits (Non-Budget)				864,684	864,684
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	658,953	658,953
Total - State Sources	<u>465,215</u>	<u>-</u>	<u>465,215</u>	<u>2,993,778</u>	<u>2,528,563</u>
Total Revenues	<u>21,196,500</u>	<u>-</u>	<u>21,196,500</u>	<u>23,754,273</u>	<u>2,557,773</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	556,694	\$ (40,270)	516,424	457,524	58,900
Grades 1-5	3,575,955	(123,305)	3,452,650	3,435,428	17,222
Grades 6-8	2,686,298	9,940	2,696,238	2,694,243	1,995
Instruction - Home					
Salaries of Teachers	3,000	5,418	8,418	8,418	-
Purchased Professional - Educational Services	5,500	(418)	5,082	2,587	2,495
Total Instruction - Regular	<u>6,827,447</u>	<u>(148,635)</u>	<u>6,678,812</u>	<u>6,598,200</u>	<u>80,612</u>
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	130,000	50,645	180,645	180,644	1
Other Purchased Services	177,664	555	178,219	176,172	2,047
General Supplies	349,554	(44,938)	304,616	260,174	44,442
Textbooks	17,457	(4,457)	13,000	8,391	4,609
Other Objects	1,500	-	1,500	846	654
Total Regular Programs	<u>676,175</u>	<u>1,805</u>	<u>677,980</u>	<u>626,227</u>	<u>51,753</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Resource Room					
Salaries of Teachers	\$ 607,502	\$ 2,096	\$ 609,598	\$ 595,719	\$ 13,879
Purchased Professional-Educational Services	3,000	3,644	6,644	6,159	485
General Supplies	1,550	-	1,550	1,329	221
Textbooks	700	-	700	-	700
Total Resource Room	<u>612,752</u>	<u>5,740</u>	<u>618,492</u>	<u>603,207</u>	<u>15,285</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	61,962	632	62,594	52,947	9,647
Other Salaries for Instruction	38,934	3,732	42,666	35,244	7,422
Purchased Professional - Educational Services	1,000	2,000	3,000	2,351	649
General Supplies	1,233	-	1,233	628	605
Total Preschool Disabilities - Part Time	<u>103,129</u>	<u>6,364</u>	<u>109,493</u>	<u>91,170</u>	<u>18,323</u>
Total Special Education	<u>715,881</u>	<u>12,104</u>	<u>727,985</u>	<u>694,377</u>	<u>33,608</u>
Basic Skills/Remedial					
Salaries of Teachers	403,614	8,920	412,534	409,492	3,042
Purchased Professional - Educational Services	2,000	(31)	1,969	344	1,625
General Supplies	760	(160)	600	14	586
Textbooks	600	-	600	-	600
Total Basic Skills/Remedial	<u>406,974</u>	<u>8,729</u>	<u>415,703</u>	<u>409,850</u>	<u>5,853</u>
Bilingual Education					
Salaries of Teachers	100,364	288	100,652	58,650	42,002
Purchased Professional - Educational Services	4,000	-	4,000	1,441	2,559
General Supplies	50	150	200	178	22
Total Bilingual Education	<u>104,414</u>	<u>438</u>	<u>104,852</u>	<u>60,269</u>	<u>44,583</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	60,249	4,428	64,677	64,677	-
Total School Sponsored Co/Extra Curricular Activities	<u>60,249</u>	<u>4,428</u>	<u>64,677</u>	<u>64,677</u>	<u>-</u>
School Sponsored Athletics - Instruction					
Salaries	55,122	(687)	54,435	54,320	115
Purchased Services	4,500	1,838	6,338	6,338	-
Supplies and Materials	2,724	-	2,724	2,378	346
Total School Sponsored Athletics - Instruction	<u>62,346</u>	<u>1,151</u>	<u>63,497</u>	<u>63,036</u>	<u>461</u>
Total - Instruction	<u>8,853,486</u>	<u>(119,980)</u>	<u>8,733,506</u>	<u>8,516,636</u>	<u>216,870</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 959,720	\$ 12,656	\$ 972,376	\$ 923,021	\$ 49,355
Tuition to Private School Disabled - Within State	490,463	12,344	502,807	497,313	5,494
Total Undistributed Expenditures - Instruction	<u>1,450,183</u>	<u>25,000</u>	<u>1,475,183</u>	<u>1,420,334</u>	<u>54,849</u>
Attendance and Social Work Services					
Salaries	66,623	-	66,623	66,282	341
Other Purchased Services	11,600	565	12,165	11,910	255
Total Attendance and Social Work Services	<u>78,223</u>	<u>565</u>	<u>78,788</u>	<u>78,192</u>	<u>596</u>
Health Services					
Salaries	217,190	7,294	224,484	224,466	18
Purchased Professional and Technical Services	17,150	(5,912)	11,238	2,914	8,324
Supplies and Materials	1,218	-	1,218	1,080	138
Total Health Services	<u>235,558</u>	<u>1,382</u>	<u>236,940</u>	<u>228,460</u>	<u>8,480</u>
Speech, OT, PT & Related Services					
Salaries	124,362	6,438	130,800	130,731	69
Purchased Professional - Educational Services	290,977	49,551	340,528	238,690	101,838
Supplies and Materials	2,550	16	2,566	1,612	954
Total Speech, OT, PT and Related Services	<u>417,889</u>	<u>56,005</u>	<u>473,894</u>	<u>371,033</u>	<u>102,861</u>
Other Support Services - Students - Extra. Service					
Salaries	412,360	37,460	449,820	403,764	46,056
Purchased Professional - Educational Services	5,000	92,188	97,188	84,479	12,709
Supplies and Materials	2,100	-	2,100	1,498	602
Total Other Support Svcs.-Students-Extra. Service.	<u>419,460</u>	<u>129,648</u>	<u>549,108</u>	<u>489,741</u>	<u>59,367</u>
Guidance					
Salaries of Other Professional Staff	324,974	4,508	329,482	329,481	1
Purchased Professional - Educational Services	500	-	500		500
Other Purchased Professional & Technical Services	4,000	91	4,091	3,816	275
Supplies and Materials	6,410	(441)	5,969	1,460	4,509
Total Guidance	<u>335,884</u>	<u>4,158</u>	<u>340,042</u>	<u>334,757</u>	<u>5,285</u>
Child Study Team					
Salaries of Other Professional Staff	405,565	(12,861)	392,704	308,300	84,404
Salaries of Secretarial and Clerical Assistants	62,808	-	62,808	62,151	657
Purchased Professional-Educational Services	12,500	-	12,500	3,489	9,011
Other Purchased Prof. and Technical Services	78,750	(180)	78,570	64,933	13,637
Other Purchased Services	8,083	255	8,338	6,172	2,166
Miscellaneous Purchased Services (O/than Resid. Costs)	13,237	3,792	17,029	17,028	1
Supplies and Materials	5,000	-	5,000	4,592	408
Total Child Study Team	<u>585,943</u>	<u>(8,994)</u>	<u>576,949</u>	<u>466,665</u>	<u>110,284</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 134,874	\$ 14,212	\$ 149,086	\$ 153,433	\$ (4,347)
Purchased Professional-Educational Services	25,000	(3,011)	21,989	21,988	1
Other Purchased Services	4,000	(1,766)	2,234	672	1,562
Supplies and Materials	3,000	(2,021)	979	979	-
Total Improvement of Inst. Serv.	<u>166,874</u>	<u>7,414</u>	<u>174,288</u>	<u>177,072</u>	<u>(2,784)</u>
Educational Media Services/School Library					
Salaries	190,734	821	191,555	174,159	17,396
Other Purchased Services	21,364	(8,509)	12,855	12,833	22
Supplies and Materials	7,417	-	7,417	5,947	1,470
Other Objects	500	200	700	696	4
Total Educational Media Services/School Library	<u>220,015</u>	<u>(7,488)</u>	<u>212,527</u>	<u>193,635</u>	<u>18,892</u>
Instructional Staff Training Services					
Other Salaries	1,750	-	1,750	1,247	503
Purchased Professional - Educational Services	500	38,525	39,025	36,277	2,748
Other Purchased Prof and Tech Services	8,000	(895)	7,105	4,766	2,339
Other Purchased Services	10,250	(99)	10,151	5,562	4,589
Supplies and Materials	1,500	36	1,536	551	985
Other Objects	500	-	500	100	400
Total Instructional Staff Training Services	<u>22,500</u>	<u>37,567</u>	<u>60,067</u>	<u>48,503</u>	<u>11,564</u>
Support Services General Administration					
Salaries	241,217	-	241,217	240,716	501
Legal Services	17,687	43,313	61,000	19,363	41,637
Audit Fees	26,687	43,313	70,000	26,600	43,400
Architectural/Engineering Services	10,000	-	10,000	-	10,000
Other Purchased Professional Services	13,000	-	13,000	10,118	2,882
Communications/Telephone	24,792	9,011	33,803	30,310	3,493
BOE Other Purchased Services	5,000	53,694	58,694	49,681	9,013
Miscellaneous Purchased Services (Other)	69,840	(55,460)	14,380	5,194	9,186
General Supplies	10,000	(1,000)	9,000	2,816	6,184
Judgements Against the School	55,334	32,474	87,808	55,779	32,029
BOE Membership Dues and Fees	12,550	-	12,550	10,788	1,762
Miscellaneous Expenditures	14,475	1,000	15,475	6,230	9,245
Total Support Services General Administration	<u>500,582</u>	<u>126,345</u>	<u>626,927</u>	<u>457,595</u>	<u>169,332</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	517,807	(4,401)	513,406	512,807	599
Salaries of Other Professional Staff	26,661	-	26,661	26,338	323
Salaries of Secretarial and Clerical Assistants	215,028	1,025	216,053	215,073	980
Other Purchased Services	21,406	1,195	22,601	16,347	6,254
Supplies and Materials	11,822	4,526	16,348	10,831	5,517
Other Objects	11,520	378	11,898	10,975	923
Total Support Services School Administration	<u>804,244</u>	<u>2,723</u>	<u>806,967</u>	<u>792,371</u>	<u>14,596</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 406,750	\$ 2,276	\$ 409,026	\$ 394,254	\$ 14,772
Purchased Professional Services		3,050	3,050	2,100	950
Purchased Technical Services	12,794	(2,250)	10,544	3,041	7,503
Misc. Purchased Services	19,841	(635)	19,206	16,555	2,651
Supplies and Materials	5,000	6,543	11,543	7,287	4,256
Interest on Lease Purchase Agreements	3,826	-	3,826	3,824	2
Miscellaneous Expenditures	4,300	(165)	4,135	3,565	570
Total Central Services	<u>452,511</u>	<u>8,819</u>	<u>461,330</u>	<u>430,626</u>	<u>30,704</u>
Admin. Info. Tech.					
Salaries	253,214	-	253,214	235,116	18,098
Purchased Professional Services	33,413	11,400	44,813	32,406	12,407
Purchased Technical Services	29,863	(3,500)	26,363	26,180	183
Other Purchased Services	10,744	-	10,744	8,398	2,346
Supplies and Materials	31,414	55,468	86,882	79,254	7,628
Other Objects	15,047	(7,103)	7,944	6,667	1,277
Total Admin. Info. Tech.	<u>373,695</u>	<u>56,265</u>	<u>429,960</u>	<u>388,021</u>	<u>41,939</u>
Required Maintenance for School Facilities					
Salaries	112,368	6,360	118,728	118,703	25
Cleaning, Repair and Maintenance Service	111,400	138,623	250,023	153,470	96,553
General Supplies	30,000	9,040	39,040	28,759	10,281
Total Required Maintenance for School Facilities	<u>253,768</u>	<u>154,023</u>	<u>407,791</u>	<u>300,932</u>	<u>106,859</u>
Custodial Services					
Salaries	781,581	(12,165)	769,416	745,785	23,631
Salaries of Non-Instructional Aides	57,441	(1,245)	56,196	54,208	1,988
Purchased Professional and Technical Services	26,300	-	26,300	12,557	13,743
Cleaning, Repair, Maintenance	115,639	33,105	148,744	75,215	73,529
Rental of Land & Bldg. Other Than Leas Purchase Agree.	500	5,300	5,800	4,422	1,378
Other Purchased Property Services	21,250	(2,000)	19,250	18,575	675
Insurance	130,278	-	130,278	126,676	3,602
Miscellaneous Purchased Services	8,800	228	9,028	1,671	7,357
General Supplies	105,150	64,096	169,246	97,197	72,049
Energy (Natural Gas)	128,000	300	128,300	87,634	40,666
Energy (Electricity)	300,000	6,138	306,138	197,193	108,945
Other Objects	9,500	-	9,500	4,595	4,905
Total Custodial Services	<u>1,684,439</u>	<u>93,757</u>	<u>1,778,196</u>	<u>1,425,728</u>	<u>352,468</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Service	18,000	(1,350)	16,650	7,267	9,383
General Supplies	12,000	4,000	16,000	5,980	10,020
Total Care and Upkeep of Grounds	<u>30,000</u>	<u>2,650</u>	<u>32,650</u>	<u>13,247</u>	<u>19,403</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Security					
Purchased Professional and Technical Services		\$ 1,305	\$ 1,305	\$ 1,304	\$ 1
Cleaning, Repair and Maintenance Service	\$ 12,600	1,793	14,393	2,723	11,670
General Supplies	200	4,768	4,968	4,932	36
Total Security	<u>12,800</u>	<u>7,866</u>	<u>20,666</u>	<u>8,959</u>	<u>11,707</u>
Student Transportation Services					
Contracted Services-Aid in Lieu of Pymts-Non-Public Schools	35,000	-	35,000	19,262	15,738
Contracted Services (Between Home and School) - Vendors	146,856	-	146,856	140,604	6,252
Contracted Services (Other Than Between Home and School) - Vendors	26,810	(1,145)	25,665	17,637	8,028
Contracted Services (Spec. Ed. Students) - Joint Agreement	<u>305,000</u>	<u>2,000</u>	<u>307,000</u>	<u>213,609</u>	<u>93,391</u>
Total Student Transportation Services	<u>513,666</u>	<u>855</u>	<u>514,521</u>	<u>391,112</u>	<u>123,409</u>
Employee Benefits - Unallocated					
Social Security Contributions	230,000	19,471	249,471	228,423	21,048
Other Retirement Contributions - PERS	253,002	(11,970)	241,032	241,032	-
Other Retirement Contributions - Regular	11,250	23,685	34,935	34,328	607
Unemployment Insurance	75,000	150,000	225,000	225,000	-
Workmen's Compensation	156,668	(25,219)	131,449	118,204	13,245
Health Benefits	2,984,203	(412,455)	2,571,748	2,365,142	206,606
Tuition Reimbursement	26,900	(228)	26,672	23,000	3,672
Other Employee Benefits	<u>69,535</u>	<u>41,390</u>	<u>110,925</u>	<u>84,842</u>	<u>26,083</u>
Total Employee Benefits - Unallocated	<u>3,806,558</u>	<u>(215,326)</u>	<u>3,591,232</u>	<u>3,319,971</u>	<u>271,261</u>
On-behalf TPAF Pension Payments -					
Pension Contribution				691,726	(691,726)
NCGI Premium (Non-Budget)				34,457	(34,457)
Post Retirement Medical Benefits (Non-Budget)				864,684	(864,684)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	658,953	(658,953)
Total On-behalf TPAF Pension Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,249,820</u>	<u>(2,249,820)</u>
Total Undistributed Expenditures	<u>12,364,792</u>	<u>483,234</u>	<u>12,848,026</u>	<u>13,586,774</u>	<u>(738,748)</u>
Total Current Expenditures	<u>21,218,278</u>	<u>363,254</u>	<u>21,581,532</u>	<u>22,103,410</u>	<u>(521,878)</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 94,619		\$ 94,619		\$ 94,619
Interest Deposit To Capital Reserve	2,000		2,000		2,000
Equipment					
Non-Instructional Equipment		\$ 7,986	7,986	\$ 7,986	
Required Maintenance for School Facilities	6,000	7,992	13,992	13,991	1
Admin. Info. Tech.	-	3,795	3,795	3,791	4
Total Undistributed Expenditures - Instruction	<u>102,619</u>	<u>19,773</u>	<u>122,392</u>	<u>25,768</u>	<u>96,624</u>
Total Equipment	<u>102,619</u>	<u>19,773</u>	<u>122,392</u>	<u>25,768</u>	<u>96,624</u>
Facilities Acquisition and Construction Services					
Construction Services	150,000	433,136	583,136	265,161	317,975
Other Purchased Professional and Technical Services		84,920	84,920	63,190	21,730
Lease Purchase Agreements - Principal	74,635	(17,236)	57,399	57,398	1
Assessment for Debt Service on SDA Funding	50,531	-	50,531	50,531	-
Total Facilities Acquisition and Construction Svcs.	<u>275,166</u>	<u>500,820</u>	<u>775,986</u>	<u>436,280</u>	<u>339,706</u>
Total Capital Outlay	<u>377,785</u>	<u>520,593</u>	<u>898,378</u>	<u>462,048</u>	<u>436,330</u>
Total Expenditures - General Fund	<u>21,596,063</u>	<u>883,847</u>	<u>22,479,910</u>	<u>22,565,458</u>	<u>(85,548)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(399,563)</u>	<u>(883,847)</u>	<u>(1,283,410)</u>	<u>1,188,815</u>	<u>2,472,225</u>
Other Financing Sources/(Uses)					
Operating Transfer In	-	-	-	386	386
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>386</u>	<u>386</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	<u>(399,563)</u>	<u>(883,847)</u>	<u>(1,283,410)</u>	<u>1,189,201</u>	<u>2,472,611</u>
Fund Balances, Beginning of Year	<u>3,967,324</u>	<u>-</u>	<u>3,967,324</u>	<u>3,967,324</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,567,761</u>	<u>\$ (883,847)</u>	<u>\$ 2,683,914</u>	<u>\$ 5,156,525</u>	<u>\$ 2,472,611</u>

**RIVER VALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 639,494	
Excess Surplus				265,263	
Capital Reserve				2,803,839	
Maintenance Reserve				350,000	
Committed Fund Balance					
Year-End Encumbrances				252,989	
Assigned Fund Balance					
Year-End Encumbrances				159,884	
Unassigned Fund Balance				<u>685,056</u>	
				5,156,525	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Public			\$ 40,520		
Extraordinary Aid Payment			<u>274,741</u>		
				<u>315,261</u>	
Fund Balances Per Governmental Funds (GAAP)				<u>\$ 4,841,264</u>	

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		<u>Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 58,923	\$ 58,923	\$ 58,297	\$ (626)
Federal	\$ 279,556	48,456	328,012	225,904	(102,108)
Total Revenues	<u>279,556</u>	<u>107,379</u>	<u>386,935</u>	<u>284,201</u>	<u>(102,734)</u>
EXPENDITURES					
Instruction					
Salaries & Benefits		8,000	8,000	8,000	-
Purchased Professional/Educational Services	203,136	(2,818)	200,318	153,874	46,444
Other Purchased Services		5,850	5,850	5,850	-
Tuition	53,149	45,566	98,715	45,425	53,290
General Supplies	-	3,049	3,049	3,049	-
Total Instruction	<u>256,285</u>	<u>59,647</u>	<u>315,932</u>	<u>216,198</u>	<u>99,734</u>
Support Services					
Personal Services - Employee Benefits		306	306	306	-
Purchased Professional/Education Services	9,500	(2,012)	7,488	7,488	-
General Supplies	13,771	1,870	15,641	12,641	3,000
Total Support Services	<u>23,271</u>	<u>164</u>	<u>23,435</u>	<u>20,435</u>	<u>3,000</u>
Facilities Acquisition and Construction Services					
Construction	-	47,568	47,568	47,568	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>47,568</u>	<u>47,568</u>	<u>47,568</u>	<u>-</u>
Total Expenditures	<u>279,556</u>	<u>107,379</u>	<u>386,935</u>	<u>284,201</u>	<u>102,734</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>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RIVER VALE BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 23,754,273	(C-2)	\$ 284,201
Difference - Budget to GAAP				
State Aid payment and Extraordinary Aid (2014/2015) recognized for GAAP statements, not recognized for budgetary statements		307,930		
State Aid payments and Extraordinary Aid (2015/2016) recognized for budgetary purposes, not recognized for GAAP statements		<u>(315,261)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures	(B-2)	<u>\$ 23,746,942</u>	(B-2)	<u>\$ 284,201</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	<u>\$ 22,565,458</u>	(C-2)	<u>\$ 284,201</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 22,565,458</u>	(B-2)	<u>\$ 284,201</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

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

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

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

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

Public Employees Retirement System

Last Three Fiscal Years

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

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

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$55,506,801</u>	<u>\$51,226,575</u>	<u>\$ 49,439,450</u>
Total	<u>\$55,506,801</u>	<u>\$51,226,575</u>	<u>\$ 49,439,450</u>
District's Covered-Employee Payroll	<u>\$ 9,194,904</u>	<u>\$ 9,186,308</u>	<u>\$ 8,961,183</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**RIVER VALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Actuarial Grant</u>	<u>RVEF Grant</u>	<u>Italian Grant</u>	<u>IDEA Part B- Basic</u>	<u>IDEA Preschool</u>	<u>NCLB Title II</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Local	\$ 4,355	\$ 47,568	\$ 6,374				\$ 58,297
Federal	-	-	-	\$ 179,374	\$ 26,401	\$ 20,129	225,904
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>\$ 4,355</u>	<u>\$ 47,568</u>	<u>\$ 6,374</u>	<u>\$ 179,374</u>	<u>\$ 26,401</u>	<u>\$ 20,129</u>	<u>\$ 284,201</u>
EXPENDITURES							
Instruction							
Salaries	\$ 4,000		\$ 4,000				\$ 8,000
Purchased Professional & Ed Svcs.				\$ 153,874			153,874
Other Purchased Services				5,850			5,850
Tuition				16,650	\$ 26,401		43,051
General Supplies	49	-	2,374	3,000	-	-	5,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction	<u>4,049</u>	<u>-</u>	<u>6,374</u>	<u>179,374</u>	<u>26,401</u>	<u>-</u>	<u>216,198</u>
Support Services							
Personal Services - Employee Benefits	306						306
Purchased Professional Educational Svcs.						\$ 7,488	7,488
General Supplies	-	-	-	-	-	12,641	12,641
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Support Services	<u>306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,129</u>	<u>20,435</u>
Facilities Acquisition and Construction Services							
Construction	-	\$ 47,568	-	-	-	-	47,568
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition and Construction	<u>-</u>	<u>47,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,568</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 4,355</u>	<u>\$ 47,568</u>	<u>\$ 6,374</u>	<u>\$ 179,374</u>	<u>\$ 26,401</u>	<u>\$ 20,129</u>	<u>\$ 284,201</u>

**RIVER VALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>		<u>Prior Year</u>	<u>Balance</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	\$19,651,090		\$ (6,000)	\$ 104,910
Information Technology Project	296,573	190,573	\$ 105,692		308
Boiler Project	380,000	362,777	17,223		-
Roberge Roof Replacement, except over gym	577,020	576,570			450
Roberge Upgrade 2 Gang Bathrooms and 2 Staff Bathrooms	239,700	239,405	-	-	295
Total	\$ 21,243,293	\$21,020,415	\$ 122,915	\$ (6,000)	\$ 105,963
Project Balances, June 30, 2016					\$ 105,963
Less: Unrealized Local Match					(2,052)
Debt Authorized But Not Issued					(948)
Fund Balance, Budgetary Basis					<u>\$ 102,963</u>
Reconciliation to Governmental Funds Statements (GAAP):					
Fund Balance, Budgetary Basis					<u>\$ 102,963</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 102,963</u>
Analysis of Restricted Fund Balance					
Restricted Fund Balance					<u>\$ 102,963</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 102,963</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, 2016**

Revenues and Other Financing Sources

Interest	\$ <u>386</u>
Total Revenues	<u>386</u>

Expenditures and Other Financing Uses

Equipment Purchases	105,692
Debt Service	
Lease Principal Payment	17,223
SDA Grant Balances Cancelled	104,072
Transfer Out to General Fund	<u>386</u>

Total Expenditures and Other Financing Uses	<u>227,373</u>
---	----------------

Excess (Deficiency) of Revenue and Other Financing Sources and (Uses) Over/(Under) Expenditures and Other Financing Uses	(226,987)
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Fund Balance, Beginning of Year	<u>329,950</u>
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Fund Balance, End of Year	<u>\$ 102,963</u>
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**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, 2016**

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

Additional project information:

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

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

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

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
INFORMATION TECHNOLOGY PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Lease Proceeds	\$ 296,573			\$ 296,573	\$ 296,573
Total Revenues	296,573	-	-	296,573	296,573
Expenditures and Other Financing Uses					
Equipment Purchases	190,573	\$ 105,692		296,265	296,573
Total Expenditures	190,573	105,692	-	296,265	296,573
Excess (deficiency) or Revenues over (under) Expenditures	\$ 106,000	\$ (105,692)	\$ -	\$ 308	\$ -
Additional project information:					
Project Number	N/A				
Grant Date	N/A				
Bond Authorization Date	N/A				
Bonds Authorized	N/A				
Bonds Issued	N/A				
Original Authorized Cost	296,573				
Additional Authorized Cost	-				
Revised Authorized Cost	296,573				
Percentage Increase over Original Authorized Cost	0.00%				
Percentage completion	99.00%				
Original target completion date	June 2014				
Revised target completion date	June 2016				

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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
Total Revenues	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>380,000</u>	<u>380,000</u>
Expenditures and Other Financing Uses					
Construction Services	362,777			362,777	380,000
Debt Service					
Lease Principal Payment	<u>-</u>	<u>\$ 17,223</u>		<u>17,223</u>	
Total Expenditures	<u>362,777</u>	<u>17,223</u>	<u>-</u>	<u>380,000</u>	<u>380,000</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 17,223</u>	<u>\$ (17,223)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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	100.00%				
Original target completion date	June 2014				
Revised target completion date	June 2015				

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ROBERGE ELEMENTARY SCHOOL ROOF REPLACEMENT, EXCEPT OVER GYM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
SDA Grant Proceeds	\$ 313,880		\$ (83,072)	\$ 230,808	\$ 230,808
Transfer from Capital Outlay	345,540			345,540	346,212
Total Revenues	659,420	-	(83,072)	576,348	577,020
Expenditures and Other Financing Uses					
Professional Services	51,700			51,700	51,700
Construction Services	524,870			524,870	525,320
Total Expenditures	576,570	-	-	576,570	577,020
Excess (deficiency) or Revenues over (under) Expenditures	\$ 82,850	\$ -	\$ (83,072)	\$ (222)	\$ -

Additional project information:

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

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

Percentage Increase over Original
 Authorized Cost -26.47%
 Percentage completion 100.00%
 Original target completion date Dec 2014
 Revised target completion date 2015/2016

**RIVER VALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ROBERGE ELEMENTARY SCHOOL - UPGRADE 2 GANG BATHROOMS AND 2 STAFF BATHROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
SDA Grant Proceeds	\$ 116,880		\$ (21,000)	\$ 95,880	\$ 95,880
Transfer from Capital Outlay	142,440			142,440	143,820
	<u>259,320</u>	<u>-</u>	<u>(21,000)</u>	<u>238,320</u>	<u>239,700</u>
Expenditures and Other Financing Uses					
Professional Services	23,005			23,005	23,005
Construction Services	216,400			216,400	216,695
	<u>239,405</u>	<u>-</u>	<u>-</u>	<u>239,405</u>	<u>239,700</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 19,915</u>	<u>\$ -</u>	<u>\$ (21,000)</u>	<u>\$ (1,085)</u>	<u>\$ -</u>
Additional project information:					
Project Number	DOE Project #	4430-060-14-1001			
	SDA Project #	4430-060-14-G1GS			
	Grant #	G5-4920			
Grant Date		3/5/2014			
Bond Authorization Date		N/A			
Bonds Authorized		N/A			
Bonds Issued		N/A			
Original Authorized Cost		292,200			
Additional Authorized Cost		(52,500)			
Revised Authorized Cost		239,700			
Percentage Increase over Original Authorized Cost		-17.97%			
Percentage completion		100.00%			
Original target completion date		Dec 2014			
Revised target completion date		June 2015			

PROPRIETARY FUNDS

**RIVER VALE BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**RIVER VALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 117,438	\$ 18,702	\$ 136,140
Total Assets	<u>\$ 117,438</u>	<u>\$ 18,702</u>	<u>\$ 136,140</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 9,328	\$ 9,328
Accrued Salaries and Wages		2,868	2,868
Flex Spending Benefits		6,506	6,506
Due to Student Groups	<u>\$ 117,438</u>	<u>-</u>	<u>117,438</u>
Total Liabilities	<u>\$ 117,438</u>	<u>\$ 18,702</u>	<u>\$ 136,140</u>

**FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**RIVER VALE BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
SCHOOLS				
Roberge Elementary	\$ 17,111	\$ 17,572	\$ 17,588	\$ 17,095
Woodside Elementary	14,518	15,734	16,429	13,823
Holdrum Middle School	<u>84,685</u>	<u>158,739</u>	<u>156,904</u>	<u>86,520</u>
Total All Schools	<u>\$ 116,314</u>	<u>\$ 192,045</u>	<u>\$ 190,921</u>	<u>\$ 117,438</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Payroll Deductions and Withholdings	\$ 8,861	\$ 13,531,101	\$ 13,530,634	\$ 9,328
Accrued Salaries and Wages	2,538	7,384,995	7,384,665	2,868
Flex Spending Benefits	5,553	16,218	15,265	6,506
Due to State of New Jersey	<u>86,679</u>	<u>-</u>	<u>86,679</u>	<u>-</u>
Total	<u>\$ 103,631</u>	<u>\$ 20,932,314</u>	<u>\$ 21,017,243</u>	<u>\$ 18,702</u>

LONG-TERM DEBT

RIVER VALE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
School District Refunding Bonds - 2009	2/25/2010	\$ 7,080,000	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	\$ 4,780,000	\$ 790,000	\$ 3,990,000
						<u>\$ 4,780,000</u>	<u>\$ 790,000</u>	<u>\$ 3,990,000</u>

**RIVER VALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2015</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Information Technology	1.070%	\$ 296,573	\$ 98,941	\$ 98,941	
Boiler Project	1.220%	380,000	<u>226,646</u>	<u>74,634</u>	<u>\$ 152,012</u>
Total			<u>\$ 325,587</u>	<u>\$ 173,575</u>	<u>\$ 152,012</u>

RIVER VALE BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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	\$ 967,275	-	\$ 967,275	\$ 967,275	-
Total Revenues	<u>967,275</u>	<u>-</u>	<u>967,275</u>	<u>967,275</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	790,000		790,000	790,000	
Interest	<u>177,275</u>	<u>-</u>	<u>177,275</u>	<u>177,275</u>	<u>-</u>
Total Expenditures	<u>967,275</u>	<u>-</u>	<u>967,275</u>	<u>967,275</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
								(Restated)		
Governmental Activities										
Net Investment in Capital Assets	\$ 10,454,235	\$ 10,920,772	\$ 11,300,821	\$ 11,562,104	\$ 12,298,108	\$ 13,128,780	\$ 11,598,974	\$ 13,275,640	\$ 13,584,567	\$ 14,277,535
Restricted	211,903	219,144	221,823	235,897	224,076	716,927	641,463	1,055,866	2,484,162	3,256,802
Unrestricted	412,966	318,313	161,187	208,646	510,526	712,521	1,921,197	(4,342,704)	(4,364,121)	(4,320,483)
Total Governmental Activities Net Position	<u>\$ 11,079,104</u>	<u>\$ 11,458,229</u>	<u>\$ 11,683,831</u>	<u>\$ 12,006,647</u>	<u>\$ 13,032,710</u>	<u>\$ 14,558,228</u>	<u>\$ 14,161,634</u>	<u>\$ 9,988,802</u>	<u>\$ 11,704,608</u>	<u>\$ 13,213,854</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 3,732	\$ 3,301	\$ 2,870	\$ 2,439	\$ 2,049	\$ 1,659	\$ 1,270	\$ 880	\$ 491	\$ 153
Restricted										
Unrestricted	29,808	76,094	99,481	101,100	171,329	146,758	6,350	5,515	6,825	3,035
Total Business-Type Activities Net Position	<u>\$ 33,540</u>	<u>\$ 79,395</u>	<u>\$ 102,351</u>	<u>\$ 103,539</u>	<u>\$ 173,378</u>	<u>\$ 148,417</u>	<u>\$ 7,620</u>	<u>\$ 6,395</u>	<u>\$ 7,316</u>	<u>\$ 3,188</u>
District-Wide										
Net Investment in Capital Assets	\$ 10,457,967	\$ 10,924,073	\$ 11,303,691	\$ 11,564,543	\$ 12,300,157	\$ 13,130,439	\$ 11,600,244	\$ 13,276,520	\$ 13,585,058	\$ 14,277,688
Restricted	211,903	219,144	221,823	235,897	224,076	716,927	641,463	1,055,866	2,484,162	3,256,802
Unrestricted	442,774	394,407	260,668	309,746	681,855	859,279	1,927,547	(4,337,189)	(4,357,296)	(4,317,448)
Total District Net Position	<u>\$ 11,112,644</u>	<u>\$ 11,537,624</u>	<u>\$ 11,786,182</u>	<u>\$ 12,110,186</u>	<u>\$ 13,206,088</u>	<u>\$ 14,706,645</u>	<u>\$ 14,169,254</u>	<u>\$ 9,995,197</u>	<u>\$ 11,711,924</u>	<u>\$ 13,217,042</u>

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

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,485,795	\$ 9,562,717	\$ 9,244,287	\$ 9,676,884	\$ 9,737,441	\$ 9,833,606	\$ 10,096,119	\$ 10,345,903	\$ 12,155,828	\$ 12,956,831
Special Education	1,673,647	1,903,183	1,857,575	2,333,154	2,129,638	2,230,343	2,231,290	2,573,541	3,012,413	2,833,926
Other Instruction	549,047	571,252	469,976	538,942	543,070	677,912	672,031	619,745	777,249	826,581
School Sponsored Activities and Athletics	128,705	131,806	136,354	137,292	111,249	120,488	124,146	136,012	165,731	187,152
Support Services:										
Student & Instruction Related Services	1,766,408	1,914,871	1,861,330	1,867,320	2,178,179	2,329,447	2,444,437	2,661,439	2,969,688	3,101,326
Attendance and Social Work	87,303	102,585	152,102	168,345	118,281	113,304	200,410	98,199	95,684	101,908
Educational Media/School Library	317,648	327,141	313,761	336,393	227,370	423,129	297,026	275,962	245,608	252,636
School Administrative Services	924,889	943,170	901,583	951,097	925,318	1,133,352	1,192,633	1,183,983	1,191,048	1,315,095
General Administration	676,129	615,720	762,636	635,394	691,280	742,344	724,425	619,558	609,048	630,874
Central Services	877,481	892,744	895,645	968,795	1,132,238	1,099,110	1,095,091	1,299,740	1,068,917	1,175,357
Plant Operations and Maintenance	1,915,028	2,092,545	2,074,072	2,148,125	2,046,993	1,965,809	2,078,059	2,275,527	2,220,141	2,213,141
Pupil Transportation	376,815	471,600	506,282	531,200	456,736	443,474	397,901	390,519	435,775	391,112
Interest on Long-Term Debt	463,080	457,397	427,156	363,885	289,404	248,380	229,357	211,850	196,130	166,924
Total Governmental Activities Expenses	19,241,975	19,986,731	19,602,759	20,656,826	20,587,197	21,360,698	21,782,925	22,691,978	25,143,260	26,152,863
Business-Type Activities:										
Food Service	19,677	26,967	22,377	35,526	41,891	48,026	22,039	19,770	16,722	21,783
Safety Town	2,404	2,243	2,151	7,856	-	-	-	-	-	-
Park Academy	192,961	209,428	219,897	245,975	616,541	7,662	4,899	4,013	2,151	3,446
Total Business-Type Activities Expense	215,042	238,638	244,425	289,357	658,432	55,688	26,938	23,783	18,873	25,229
Total District Expenses	\$ 19,457,017	\$ 20,225,369	\$ 19,847,184	\$ 20,946,183	\$ 21,245,629	\$ 21,416,386	\$ 21,809,863	\$ 22,715,761	\$ 25,162,133	\$ 26,178,092
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 15,087	\$ 13,435	\$ 12,794		\$ 17,600	\$ 20,260	\$ 27,350	\$ 17,801	\$ 18,785	\$ 20,155
Operating Grants and Contributions	2,824,689	2,956,062	1,946,518	2,373,202	1,823,995	2,655,210	2,940,129	2,778,294	5,183,923	5,921,273
Capital Grants and Contributions	-	-	-	-	-	221,010	100,000	22,260	304,130	298
Total Governmental Activities Program Revenues	2,839,776	2,969,497	1,959,312	2,373,202	1,841,595	2,896,480	3,067,479	2,818,355	5,506,838	5,941,726

Note I - 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)

	2007	2008	2009	2010	Fiscal Year Ended June 30,		2013	2014	2015	2016
					2011	2012				
Business-Type Activities:										
Charges for Services										
Food Service	\$ 9,258	\$ 19,260	\$ 17,671	\$ 28,932	\$ 25,835	\$ 19,804	\$ 17,169	\$ 12,666	\$ 11,318	\$ 11,826
Safety Town	2,018	4,250	5,350	2,300						
Park Academy	209,855	244,670	227,724	246,947	689,928	1,175	7,865	4,013	2,151	3,446
Operating Grants and Contributions	11,457	14,076	15,663	11,168	11,028	9,594	8,147	5,793	6,279	5,800
Total Business Type Activities Program Revenues	232,588	282,256	266,408	289,347	726,791	30,573	33,181	22,472	19,748	21,072
Total District Program Revenues	\$ 3,072,364	\$ 3,251,753	\$ 2,225,720	\$ 2,662,549	\$ 2,568,386	\$ 2,927,053	\$ 3,100,660	\$ 2,840,827	\$ 5,526,586	\$ 5,962,798
Net (Expense)/Revenue										
Governmental Activities	\$ (16,402,199)	\$ (17,017,234)	\$ (17,643,447)	\$ (18,283,624)	\$ (18,745,602)	\$ (18,464,218)	\$ (18,715,446)	\$ (19,873,623)	\$ (19,636,422)	\$ (20,211,137)
Business-Type Activities	17,546	43,618	21,983	(10)	68,359	(25,115)	6,243	(1,311)	875	(4,157)
Total district-wide net expense	\$ (16,384,653)	\$ (16,973,616)	\$ (17,621,464)	\$ (18,283,634)	\$ (18,677,243)	\$ (18,489,333)	\$ (18,709,203)	\$ (19,874,934)	\$ (19,635,547)	\$ (20,215,294)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 16,414,093	\$ 17,151,984	\$ 17,795,531	\$ 18,524,538	\$ 19,525,073	\$ 19,881,917	\$ 20,258,781	\$ 20,804,887	\$ 21,175,835	\$ 21,563,660
Unrestricted Grants and Contributions	93,322	114,890	5,672		3,800				11,300	12,382
Donation of Capital Assets										
Consolidated Aid										
Net Gain(Loss) on Contributed Asset			(4,710)		176,827	(1,336)				
Investment Earnings	131,320	100,886	32,426	18,264	20,188	6,358	14,022	14,063	10,456	15,330
Miscellaneous Income	36,016	28,599	40,130	63,638	45,777	160,702	163,404	123,918	154,637	129,011
Total Governmental Activities	16,674,751	17,396,359	17,869,049	18,606,440	19,771,665	20,047,641	20,436,207	20,942,868	21,352,228	21,720,383
Business-Type Activities:										
Transfer to Participating Districts							(147,126)	-	-	
Investment Earnings	2,579	2,237	973	1,198	1,480	154	86	86	46	29
Total Business-Type Activities	2,579	2,237	973	1,198	1,480	154	(147,040)	86	46	29
Total District-Wide	\$ 16,677,330	\$ 17,398,596	\$ 17,870,022	\$ 18,607,638	\$ 19,773,145	\$ 20,047,795	\$ 20,289,167	\$ 20,942,954	\$ 21,352,274	\$ 21,720,412
Change in Net Position										
Governmental Activities	\$ 272,552	\$ 379,125	\$ 225,602	\$ 322,816	\$ 1,026,063	\$ 1,583,423	\$ 1,720,761	\$ 1,069,245	\$ 1,715,806	\$ 1,509,246
Business-Type Activities	20,125	45,855	22,956	1,188	69,839	(24,961)	(140,797)	(1,225)	921	(4,128)
Total District	\$ 292,677	\$ 424,980	\$ 248,558	\$ 324,004	\$ 1,095,902	\$ 1,558,462	\$ 1,579,964	\$ 1,068,020	\$ 1,716,727	\$ 1,505,118

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 879,700	\$ 783,312	\$ 812,576	\$ 923,012						
Unreserved	296,609	315,266	143,275	134,847						
Restricted					\$ 736,062	\$ 1,253,603	\$ 1,202,168	\$ 1,732,799	\$ 3,297,639	\$ 4,058,596
Committed					39,020	203,890	991,418	111,222		252,989
Assigned					164,666	168,056	491,864	215,128		159,884
Unassigned					377,532	351,097	349,155	389,383	361,755	369,795
Total General Fund	\$ 1,176,309	\$ 1,098,578	\$ 955,851	\$ 1,057,859	\$ 1,317,280	\$ 1,976,646	\$ 3,034,605	\$ 2,448,532	\$ 3,659,394	\$ 4,841,264
All Other Governmental Funds										
Reserved	\$ 251,843	\$ 246,158	\$ 8,000	\$ 32,528						
Unreserved	103,738	38,788	21,715	212,136						
Restricted					\$ 174,556	\$ 99,393	\$ 780,535	\$ 801,566	\$ 225,580	\$ 102,963
Total All Other Governmental Funds	\$ 355,581	\$ 284,946	\$ 29,715	\$ 244,664	\$ 174,556	\$ 99,393	\$ 780,535	\$ 801,566	\$ 225,580	\$ 102,963

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 16,414,093	\$ 17,151,984	\$ 17,795,531	\$ 18,524,538	\$ 19,525,073	\$ 19,881,917	\$ 20,258,781	\$ 20,804,887	\$ 21,175,835	\$ 21,563,660
Tuition Charges	15,087	13,435	12,794		17,600	20,260	27,350	17,801	18,785	20,155
Interest Earnings	131,320	100,886	32,426	18,264	20,188	6,358	14,022	14,063	10,456	15,330
Miscellaneous	37,169	29,946	40,930	69,261	50,083	165,008	270,404	128,009	163,898	187,308
State Sources	2,656,768	2,719,628	1,683,813	1,988,656	1,614,682	2,389,274	2,717,235	2,413,787	2,880,072	2,986,745
Federal Sources	260,088	349,977	267,577	378,923	208,807	482,640	221,894	382,676	328,343	225,904
Total revenues	19,514,525	20,365,856	19,833,071	20,979,642	21,436,433	22,945,457	23,509,686	23,761,223	24,577,389	24,999,102
Expenditures										
Instruction										
Regular Instruction	9,176,613	9,239,618	8,918,736	9,349,456	9,501,344	9,632,797	9,783,099	9,686,772	9,808,445	10,357,451
Special Education Instruction	1,645,822	1,878,856	1,826,679	2,297,602	2,093,252	2,196,405	2,196,058	2,590,164	2,833,105	2,644,651
Other Instruction	532,102	545,309	453,279	521,366	535,452	650,355	649,412	637,518	661,784	693,230
School Sponsored Activities and Athletics	128,705	131,806	136,354	137,292	111,249	120,488	124,146	134,096	165,731	178,420
Support Services:										
Student & Inst. Related Services	1,711,437	1,847,569	1,822,801	1,821,328	2,135,150	2,267,078	2,377,621	2,645,072	2,712,389	2,763,634
Attendance and Social Work	84,464	98,831	146,193	156,757	107,755	109,653	193,460	99,155	95,193	100,647
Educational Media/School Library	307,818	316,369	303,359	326,303	234,664	410,009	287,810	258,142	263,428	252,636
General Administration	664,416	604,394	751,340	593,714	658,334	713,172	734,678	617,850	606,474	610,702
School Administrative Services	894,225	942,283	874,501	919,633	895,576	1,094,797	1,142,196	1,149,939	1,063,175	1,140,969
Central Services	853,956	866,266	867,274	947,671	1,121,085	1,066,219	1,063,281	1,283,182	1,068,362	1,091,364
Plant Operations and Maintenance	1,873,210	2,045,237	2,034,298	2,109,046	2,020,305	1,922,929	2,041,453	2,254,127	2,171,232	2,115,705
Pupil Transportation	376,815	471,600	506,282	531,200	456,736	443,474	397,901	390,519	435,775	391,112
Other Support Services										
Capital Outlay	529,153	203,956	363,501	164,005	239,102	671,042	390,908	1,430,373	911,426	454,654
Debt Service:										
Principal	641,987	848,073	787,869	670,127	817,134	792,303	820,247	924,358	936,628	963,575
Interest and Other Charges	464,356	474,055	438,563	394,185	319,982	270,533	244,888	224,998	209,366	181,099
Cost of Issuance				107,344						
Advance Refunding Escrow				409,817						
Total Expenditures	19,885,079	20,514,222	20,231,029	21,456,846	21,247,120	22,361,254	22,447,158	24,326,265	23,942,513	23,939,849

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (370,554)	\$ (148,366)	\$ (397,958)	\$ (477,204)	\$ 189,313	\$ 584,203	\$ 1,062,528	\$ (565,042)	\$ 634,876	\$ 1,059,253
Other Financing Sources (uses)										
Capital Leases (non-budgeted)				277,000			676,573			
Refunding Bond Proceeds				7,080,000						
Premium on Notes/Bonds				491,161						
Bonds Refunded				(7,054,000)						
Transfers In	20,298	12,724	3,564	885	212,762	8,066	1,161	488,862	528	386
Transfers Out	(20,298)	(12,724)	(3,564)	(885)	(212,762)	(8,066)	(1,161)	(488,862)	(528)	(386)
Total Other Financing Sources (uses)	-	-	-	794,161	-	-	676,573	-	-	-
Net Change in Fund Balances	<u>\$ (370,554)</u>	<u>\$ (148,366)</u>	<u>\$ (397,958)</u>	<u>\$ 316,957</u>	<u>\$ 189,313</u>	<u>\$ 584,203</u>	<u>\$ 1,739,101</u>	<u>\$ (565,042)</u>	<u>\$ 634,876</u>	<u>\$ 1,059,253</u>
Debt Service as a Percentage of Noncapital Expenditures	5.72%	6.51%	6.17%	7.43%	5.41%	4.90%	4.83%	5.02%	4.98%	4.87%

* 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>
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
2014	17,801	13,161	300				102,900	20,718	154,880
2015	18,785	9,928			16,226		100,340	38,071	183,350
2016	20,155	14,944			15,727		103,055	10,229	164,110

Source: School District's Financial Statements

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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	24,311,200	1,966,807,500	-	70,238,400	-	13,034,700	2,074,391,800	-	2,074,391,800	1,984,898,947	1.510
2014	22,643,800	1,953,627,700	-	71,333,700	-	13,034,700	2,060,639,900	-	2,060,639,900	1,936,930,981	1.018
2015	17,521,400	1,964,593,300	-	71,228,200	-	13,034,700	2,066,377,600	1,351,396	2,067,728,996	1,956,461,720	1.034
2016	15,375,500	1,974,406,900	-	70,235,800	-	13,034,700	2,073,052,900	1,344,095	2,074,396,995	2,013,198,179	1.049

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Source: County Abstract of Ratables

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

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

<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>
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
2014	2.272	1.018	0.534	0.500	0.220
2015	2.348	1.034	0.560	0.527	0.227
2016	2.417	1.049	0.581	0.548	0.239

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 NINE YEARS AGO
 (Unaudited)

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Edgewood Country Club, Inc.	\$ 21,235,400	1.02%	\$ 9,494,900	0.98%
River Vale Dev LLC % Garden Homes	8,585,800	0.41%	11,432,400	1.15%
Gai-Ben Associates	7,672,000	0.37%	2,544,500	0.25%
Village on the Green	7,266,400	0.35%	2,627,500	0.26%
United Water Co of NJ	6,850,600	0.33%	4,934,750	0.33%
688 Westwood Ave LLC c/o V Luppino	5,548,200	0.27%		
Florentine, Inc.	5,187,100	0.25%	2,326,500	0.23%
Lindvale Gardens	4,875,400	0.24%	2,478,000	0.25%
MWD River Vale One LLC	3,222,800	0.16%		
Rudd-O'Connor LLC NJ	2,514,600	0.12%		
United Properties Group	-		6,411,300	0.64%
United Waters & Golf			5,531,000	0.49%
River Vale Dan Lee			3,040,000	0.30%
	<u>\$ 72,958,300</u>	<u>3.52%</u>	<u>\$ 50,820,850</u>	<u>4.88%</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	
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%	-
2014	20,804,887	20,804,887	100.00%	-
2015	21,175,835	21,175,835	100.00%	-
2015	21,563,660	21,563,660	100.00%	-

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Population	Per Capita
	General Obligation		Capital Leases				
	Bonds	Capital Leases	Capital Leases				
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	9,685	900
2011	7,715,000	187,550	N/A		7,902,550	9,760	810
2012	7,015,000	95,247	N/A		7,110,247	9,825	724
2013	6,290,000	676,573	N/A		6,966,573	9,887	705
2014	5,545,000	497,215	N/A		6,042,215	9,964	606
2015	4,780,000	325,587	N/A		5,105,587	10,033	509
2016	3,990,000	152,012	N/A		4,142,012	10,033 *	413

Source: District records

Note: * Estimate

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

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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%	864
2011	7,715,000		7,715,000	0.37%	790
2012	7,015,000		7,015,000	0.34%	714
2013	6,290,000		6,290,000	0.30%	636
2014	5,545,000		5,545,000	0.27%	557
2015	4,780,000		4,780,000	0.23%	476
2016	3,990,000		3,990,000	0.19%	398

Source: District records

**RIVER VALE BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Local and Regional School	\$ 9,148,641	\$ 9,148,641	
Golf Course Utility	14,711,700	11,496,140	\$ 3,215,560
Borough of River Vale	<u>19,068,651</u>	<u>23,207</u>	<u>19,045,444</u>
	<u>\$ 42,928,992</u>	<u>\$ 20,667,988</u>	<u>22,261,004</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen			11,463,316
Bergen Utilities Authority - Water Pollution (B)			<u>2,300,738</u>
			<u>13,764,054</u>
Total Direct and Overlapping Debt			<u>\$ 36,025,058</u>

Source:

(1) Township of River Vale's 2015 Annual Debt Statement

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

Fiscal Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 48,682,888	\$ 63,127,446	\$ 66,064,488	\$ 66,755,947	\$ 64,922,645	\$ 63,067,746	\$ 61,266,214	\$ 61,266,214	\$ 58,813,253	\$ 58,985,263
Total net debt applicable to limit	10,059,000	9,514,000	8,944,000	8,370,000	7,715,948	7,015,948	6,290,948	6,290,948	4,780,000	3,990,000
Legal debt margin	<u>\$ 38,623,888</u>	<u>\$ 53,613,446</u>	<u>\$ 57,120,488</u>	<u>\$ 58,385,947</u>	<u>\$ 57,206,697</u>	<u>\$ 56,051,798</u>	<u>\$ 54,975,266</u>	<u>\$ 54,975,266</u>	<u>\$ 54,033,253</u>	<u>\$ 54,995,263</u>
Total net debt applicable to the limit as a percentage of debt limit	20.66%	15.07%	13.54%	12.54%	11.88%	11.12%	10.27%	10.27%	8.13%	6.76%

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
	2015 \$ 2,002,886,110
	2014 1,947,122,650
	2013 <u>1,948,517,565</u>
	<u>\$ 5,898,526,325</u>
Average equalized valuation of taxable property	\$ 1,966,175,442
Debt limit (3 % of average equalization value)	58,985,263
Total Net Debt Applicable to Limit	<u>3,990,000</u>
Legal debt margin	<u>\$ 54,995,263</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>
2006	9,561	\$ 63,814	2.3%
2007	9,580	68,147	2.5%
2008	9,593	68,548	2.7%
2009	9,655	64,571	4.8%
2010	9,685	65,275	4.9%
2011	9,760	68,244	4.9%
2012	9,825	71,380	4.9%
2013	9,887	70,498	7.8%
2014	9,964	73,536	4.3%
2015	10,033	73,536 *	4.0%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	92	96	97	97	97	97	97	97	97	97
Special education	15	15	15	15	15	15	15	15	15	15
Support Services:										
Student & instruction related services	17	18	14	14	14	14	14	14	14	14
General administration	2	2	2	2	2	2	2	2	2	2
School administrative services	6	6	6	6	6	6	6	6	6	6
Administrative Information Technology	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	16	16	16	16	16	16	16	16	16	16
Other support services	5	5	5	5	5	5	5	5	5	5
Total	<u>155</u>	<u>160</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>	<u>157</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
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	1,259.0	20,991,115	16,673	8.07%	127	13.45	11.8	1,293.5	1,247.6	-7.53%	96.45%
2014	1,285.0	21,746,536	16,923	1.50%	124	13.45	11.8	1,161.5	1,122.0	4.00%	96.60%
2015	1,224.0	21,885,093	17,880	5.65%	124	13.45	11.8	1,161.5	1,122.0	0.00%	96.60%
2016	1,180.0	22,340,521	18,933	5.89%	124	13.45	11.8	1,180.0	1,141.8	1.59%	96.76%

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	57,817	57,817	57,817
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment										382
<u>Woodside Elementary</u>										
Square Feet	46,273	46,273	46,273	46,273	46,273	46,273	46,273	46,273	46,273	46,273
Capacity (students)	454	454	454	454	454	454	454	454	454	454
Enrollment ^a										344
<u>Middle School</u>										
Square Feet	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133	62,133
Capacity (students)	363	363	363	363	363	363	363	363	363	363
Enrollment										454

Number of Schools at June 30, 2016

Elementary = 2

Middle School = 1

Senior High School = None

Other = None

Source: District Records

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School Facilities										
Roberge Elementary School	\$ 74,527	\$ 77,324	\$ 63,965	\$ 79,589	\$ 138,622	\$ 77,219	\$ 88,851	\$ 97,818	\$ 88,691	\$ 104,673
Woodside Elementary School	93,211	85,892	73,755	123,032	53,884	66,414	84,313	119,010	70,982	83,773
Holdrum Middle School	<u>71,417</u>	<u>72,412</u>	<u>64,675</u>	<u>108,700</u>	<u>91,209</u>	<u>83,135</u>	<u>76,927</u>	<u>81,177</u>	<u>95,311</u>	<u>112,486</u>
Grand Total	<u>\$ 239,155</u>	<u>\$ 235,628</u>	<u>\$ 202,395</u>	<u>\$ 311,321</u>	<u>\$ 283,715</u>	<u>\$ 226,768</u>	<u>\$ 250,091</u>	<u>\$ 298,005</u>	<u>\$ 254,984</u>	<u>\$ 300,932</u>

Source: District Records

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)**

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

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, 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, 2016 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 30, 2016.

Internal Control Over Financial Reporting

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

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

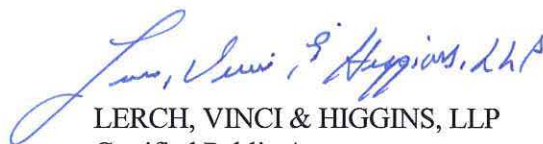
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

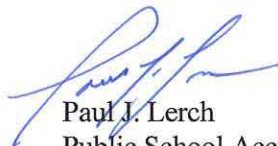
As part of obtaining reasonable assurance about whether the River Vale Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 30, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
River Vale Board of Education
River Vale, New Jersey

Report on Compliance for Each Major State Program

We have audited the River Vale Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the River Vale Board of Education's major state programs for the fiscal year ended June 30, 2016. The River Vale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the River Vale Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

Report on Internal Control Over Compliance

Management of the River Vale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the River Vale Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Vale Board of Education, as of and for the fiscal year ended June 30, 2016 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 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 30, 2016

RIVER VALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2015		Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2016			Memo GAAP Receivable
					Unearned Revenue	Accounts Receivable					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-through State Department of Education														
Special Milk Program	10.556	16161NJ304N1099	7/1/15-6/30/16	\$ 5,800	-	\$ (594)	-	-	\$ 4,670	\$ 5,800	\$ (1,130)	-	-	\$ (1,130)
Special Milk Program	10.556		7/1/14-6/30/15	6,279	-	-	-	594	-	-	-	-	-	-
Total U.S. Department of Agriculture/Child Nutrition Cluster					-	(594)	-	-	5,264	5,800	(1,130)	-	-	(1,130)
U.S. Department of Education														
Passed-through State Department of Education														
I.D.E.A. Part B, Basic	84.027A	H027A150100	7/1/15-6/30/16	247,029	-	-	\$ 34,453	\$ (34,453)	-	179,374	(281,482)	\$ 102,108	-	(179,374)
I.D.E.A. Part B, Basic	84.027A		7/1/14-6/30/15	242,165	\$ 34,453	(70,726)	(34,453)	34,453	36,273	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173A	H173A150114	7/1/15-6/30/16	13,315	-	-	13,086	(13,086)	13,086	26,401	(13,315)	-	-	(13,315)
I.D.E.A. Part B, Preschool	84.173A		7/1/14-6/30/15	13,086	13,086	(13,086)	(13,086)	13,086	-	-	-	-	-	-
Total Special Education Cluster (IDEA)					-	-	-	-	-	205,775	-	-	-	-
NCLB Title II	84.367A	S367A150029	7/1/15-6/30/16	20,129	-	-	-	-	20,129	20,129	-	-	-	-
Total U.S. Department of Education					47,539	(83,812)	-	-	69,488	225,904	(294,797)	102,108	-	(192,689)
Total					\$ 47,539	\$ (84,406)	\$ -	\$ -	\$ 74,752	\$ 231,704	\$ (295,927)	\$ 102,108	\$ -	\$ (193,819)

Note: Not subject to Federal Single Audit

FAIN numbers are only applicable to current year grant awards.

RIVER VALE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Balance Cancelled	Receivable Cancelled	Balance, June 30, 2016			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund															
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 397,703				\$ 363,063	\$ 397,703			\$ (34,640)			\$	397,703
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	397,703	(34,681)			34,681								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	19,204				17,531	19,204			(1,673)				19,204
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	19,204	(1,675)			1,675								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,380				11,302	12,380			(1,078)				12,380
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,380	(1,080)			1,080								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,380				11,302	12,380			(1,078)				12,380
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	12,380	(1,080)			1,080								
Total State Aid Public Cluster								441,667							441,667
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	23,548				21,497	23,548			(2,051)				23,548
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	23,548	(2,054)			2,054								
Nonpublic School Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	4,002					4,002			(4,002)		\$	(4,002)	4,002
Nonpublic School Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	4,872	(4,872)			4,872								
Total Transportation Aid Cluster								27,550							
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	274,741					274,741			(274,741)				274,741
Extraordinary Aid	15-100-034-5120-044	7/1/14-6/30/15	267,360	(267,360)			267,360								
On-Behalf TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	658,953				623,384	658,953			(35,569)			(35,569)	658,953
On-Behalf TPAF Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	655,001	(37,641)			37,641								
TPAF Pension Benefit Contributions	16-495-034-5094-002	7/1/15-6/30/16	691,726				691,726	691,726							691,726
TPAF Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	34,457				34,457	34,457							34,457
TPAF Pension-Post Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	864,684				864,684	864,684							864,684
Total General Fund				(350,443)	-	-	2,989,389	2,993,778			(354,832)			(39,571)	2,993,778
Capital Project Fund															
Roberge Elementary School															
Roof Replacement, except over gym	4430-060-14-1002	N/A	230,808	(313,880)	\$ 83,252		230,808	180	\$ (83,072)	\$ 83,072					180
Roberge Elementary School															
Upgrade Two Gang Bathrooms and Two Staff Bathrooms	4430-060-14-1001	N/A	95,880	(116,880)	21,118			118	(21,000)	21,000	(95,880)			(95,880)	118
Total Capital Projects Fund/SDA Cluster				(430,760)	104,370		230,808	298	(104,072)	104,072	(95,880)			(95,880)	298
Total State Financial Assistance Subject to Single Audit Determination				(781,203)	104,370		3,220,197	2,994,076	(104,072)	104,072	(450,712)			(135,451)	2,994,076
State Financial Assistance															
Not Subject to Major Program Determination															
General Fund															
TPAF Pension Benefit Contributions	16-495-034-5094-002	7/1/15-6/30/16	691,726				(691,726)	(691,726)							(691,726)
TPAF Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	34,457				(34,457)	(34,457)							(34,457)
TPAF Pension-Post Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	864,684				(864,684)	(864,684)							(864,684)
Total State Financial Assistance Subject to Major Program Determination				\$ (781,203)	\$ 104,370	\$ -	\$ 1,629,330	\$ 1,403,209	\$ (104,072)	\$ 104,072	\$ (450,712)	\$ -	\$ -	\$ (135,451)	\$ 1,403,209

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**RIVER VALE BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$7,331 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,986,447	\$ 2,986,447
Special Revenue Fund	\$ 225,904		225,904
Capital Projects		298	298
Food Service Fund	<u>5,800</u>	<u>-</u>	<u>5,800</u>
Total Financial Assistance	<u>\$ 231,704</u>	<u>\$ 2,986,745</u>	<u>\$ 3,218,449</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, 2016**

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 \$658,953 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$726,183 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$864,684 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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 financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 15-08? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number</u>	<u>Name of State Program</u>
<u>16-495-034-5094-003</u>	<u>TPAF Social Security Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

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

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

Not applicable.

**RIVER VALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**RIVER VALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.