SCHOOL DISTRICT
OF

PASCACK VALLEY REGIONAL

Pascack Valley Regional High School District
Montvale, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

Comprehensive Annual Financial Report

of the

Pascack Valley Regional High School District

Montvale, New Jersey

For the Fiscal Year Ended June 30, 2008

Prepared by

Pascack Valley Regional High School District
Board of Education

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2008

INTRODUCTORY SECTION

Letter of Transmittal I
Organizational Chart 13
Roster of Officials 14
Consultants and Advisors 15

FINANCIAL SECTION 16

Independent Auditors' Report 17

Required Supplementary Information 19

Management's Discussion and Analysis (Unaudited) 20

Basic Financial Statements (Sections A. and B.) 33

A. District-Wide Financial Statements 34
A-1 Statement of Net Assets 35
A-2 Statement of Activities 36

B. Fund Financial Statements 38
B-1 Balance Sheet – Governmental Funds 39
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds 40
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Government Funds to the Statement of Activities 41
B-4 Statement of Net Assets – Proprietary Funds 42
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds 43
B-6 Statement of Cash Flows – Proprietary Funds 44
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds 45
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds 46

Notes to the Basic Financial Statements 47

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) 68
C-1 Budgetary Comparison Schedule – General Fund 69
C-2 Combining Budgetary Schedule – Special Revenue Fund 80
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information 81

D. School Level Schedules (Not Applicable) 83

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

FINANCIAL SECTION (Cont'd)

E. Special Revenue Fund 84
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis 85
E-2 Demonstrably Effective Program Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)
E-3 Early Childhood Program Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)
E-4 Distance Learning Network Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)
E-5 Instructional Supplement Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)
E-6 Targeted At-Risk Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)
F. Capital Projects Fund 88
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance 89
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Construct and Equip Additions and Renovations to Both High Schools 90
F-2 Schedule of Notes Payable 91

G. Proprietary Funds 92
Enterprise Fund:
G-1 Combining Statement of Net Assets 93
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Assets 94
G-3 Combining Statement of Cash Flows 95

H. Fiduciary Funds 96
H-1 Combining Statement of Fiduciary Net Assets 97
H-2 Combining Statement of Changes in Fiduciary Net Assets 98
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements 99
H-4 Student Activity Agency Fund Statement of Activity 100
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements 101
H-6 Professional Development Costs Agency Fund Schedule of Receipts and Disbursements 102
H-7 E-Learning Agency Fund Schedule of Receipts and Disbursements 103

I. Long-Term Debt 104
I-1 Schedule of Serial Bonds 105
I-2 Schedule of Obligations Under Capital Leases 106
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited) 107

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

STATISTICAL SECTION

J. Statistical Section (Unaudited) 108
- J-1 Net Assets by Component 109
- J-2 Changes in Net Assets 110
- J-3 Fund Balances- Governmental Funds 113
- J-4 Changes in Fund Balances- Governmental Funds 114
- J-5 General Fund Other Local Revenue by Source 116
- J-6 Assessed Value and Actual Value of Taxable Property 117
- J-7 Direct and Overlapping Property Tax Rates 118
- J-8 Principal Property Tax Payers 120
- J-9 Property Tax Levies and Collections 122
- J-10 Ratios of Outstanding Debt by Type 124
- J-11 Ratios of Net General Bonded Debt Outstanding 125
- J-12 Ratios of Overlapping Governmental Activities Debt 126
- J-13 Legal Debt Margin Information 127
- J-14 Demographic and Economic Statistics 128
- J-15 Principal Employers 130
- J-16 Full-Time Equivalent District Employees by Function/Program 132
- J-17 Operating Statistics 133
- J-18 School Building Information 134
- J-19 Schedule of Required Maintenance for School Facilities 135
- J-20 Insurance Schedule 136

K. SINGLE AUDIT SECTION 138

- K-1 Independent Auditors' 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* 139
- K-2 Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04 141
- Schedule of Federal Awards 143
- Schedule of State Awards 144
- Notes to the Schedules of Federal and State Awards 146
- Schedule of Findings and Questioned Costs 148
- Summary Schedule of Prior Audit Findings 150

INTRODUCTORY SECTION

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT

46 Akers Avenue
Montvale, New Jersey 07645-2028

Dr. Benedict Tantillo, III
Superintendent of Schools

Dr. Vincent J. Occhino, RSBA
BusinessAdministrator/Board Secretary

September 29, 2008

The Honorable President and Members
Of the Board of Education
Pascack Valley Regional High School District
County of Bergen, New Jersey

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Pascack Valley Regional High School District for the fiscal year ended June 30, 2008. This CAFR includes the district's basic financial statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the district. To the best of our knowledge and belief, data presented in this report is accurate in all materials respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;

- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis and the Basic Financial Statements and Notes, providing an overview of the school district's financial position and operating results and supplementary schedules providing detailed budgetary information;

- The Statistical Section includes selected financial and demographic information, financial trends, and the fiscal capacity of the school district, generally presented on a multi-year basis;

- The Single Audit Section – The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Treasury Circular Letter NJOMB 04-04,

The administrative team for the Pascack Valley Regional High School District consists of a District Superintendent, an Assistant Superintendent of Curriculum Instruction and Assessment, a School Business Administrator/Board Secretary, and eight district wide curriculum supervisors. Pascack Hills High School administration is comprised of a principal and vice principal. A slightly larger student population, Pascack Valley High School is managed by a principal and two vice-principals.

School districts in New Jersey are legally classified as Type I or Type II. Pascack Valley Regional High School District is one of 68 regional school districts in the state with a nine member, elected board of education. Board members are elected at the annual school election for terms of three years. Meetings of the Pascack Valley Regional Board of Education are held on the first and third Monday of each month. During its meetings, the board determines district goals and priorities and conducts the business of the board of education. Board meetings are open to the public and begin at 7:30 P.M.

To maintain effective communications, the District produces community newsletters. The ***Report*** and ***Pascack Regional Schools*** are sent to all parents of children in the district. The ***Report*** is sent, as needed, to update the public on construction projects and other happenings in the district. Information about the budget is mailed in a special newsletter to all members of the community during the budget review process. Another monthly publication, ***Synopsis,*** summarizes the regular board meeting actions and is sent to all staff and is posted on the district's website.

Public schools across the country fight for getting more money. However, some educational reformers are trying to answer the question: Are schools spending their money intelligently? Yet, others say no matter how much money is pumped into the educational system, it won't make a difference unless schools fundamentally change how they operate. (Hanushek, E.A., "Assessing the Effects of School Resources on Student Performance: An Update," Educational Evaluation and Policy Analysis, 19(2), pp. 141-64, 1997)

The statistic that critics of school spending frequently cite is the per pupil cost of their local public school. The source for this data is published by the New Jersey Department of Education in a report entitled the Comparative Spending Guide. The report is released annually during the month of March. The guide compares districts with similar demographics such as school operational configurations and enrollment. The data for 2007-2008 indicated that the budgeted per pupil costs state wide for a 9 through 12 operating district ranged from a low of $9,580 to a high of $20,664

The data shown in Table 1 Budgeted 2007-08 Cost Per Pupil, the reader concludes that among the six, 9-12 school districts in Bergen County, Pascack Valley Regional High School District ranked highest in total budgeted cost per pupil for the 2007-08 school year. Pascack Valley Regional spent $1,057 more than the second highest spending school district with in the region. Depending which side of the educational debate you take the statistic referenced by itself does not describe the successful return on this expenditure. Hopefully, the information presented in this brief narrative will provide the reader with positive examples of what the Pascack Valley Regional High School District offers its students that has more than justified the per pupil expenditure among its constituents.

Continuing the discussion on the per pupil cost, the data in Table 2 for the same six regional school districts in Bergen County compares Pascack Valley minus the 2.1 million spent in the indictor for instruction and professional development. This amount represents the expenditure for

Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the independent auditor's reports on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Pascack Valley Regional High School District is an independent reporting entity within the criteria adopted by the GASB in codification section 2100. All funds of the district are included in this report. The Pascack Valley Regional Board of Education and all its schools constitute the district's reporting entity. The district is comprised of two high schools. Pascack Hills High School, which is located in Montvale, receives students from the towns of Montvale and Woodcliff Lake. Pascack Valley High School, located in Hillsdale, is the receiving school for students who reside in the towns of Hillsdale and River Vale.

The district continues to provide excellent educational opportunities for its students. Pascack Hills and Pascack Valley High Schools are outstanding secondary institutions, offering students rigorous, stimulating, and diverse academic programs, delivered by an experienced and dedicated faculty. Our students perform at an extraordinarily high level, while maintaining substantial involvement in interscholastic sports, clubs and activities and community service. Both schools have been consistently recognized as among the best high schools in New Jersey.

The Pascack Valley Regional High School District provides a full range of educational services appropriate for grade levels 9 through 12. These include regular, as well as, special education for handicapped youngsters. As of June 30, 2008 Pascack Hills High School reported a student enrollment of 782 and Pascack Valley High School had 1,166 students on roll. The district completed the 2007-2008 fiscal year with a total enrollment of 1,948 students, which represents an increase of 6.10% from the previous year's enrollment. The following chart details the changes in the student enrollment of the District over the last ten years.

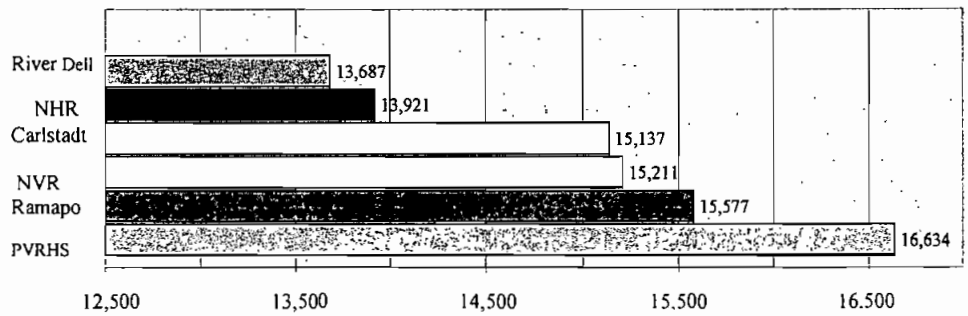
Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
1998-1999	1,430	(.82%)
1999-2000	1,460	2.10%
2000-2001	1,435	(1.69%)
2001-2002	1,494	4.09%
2002-2003	1,550	3.75%
2003-2004	1,601	3.22%
2004-2005	1,691	5.62%
2005-2006	1,779	5.20%
2006-2007	1,877	5.50%
2007-2008	1,948	3.79%

Source: District Records

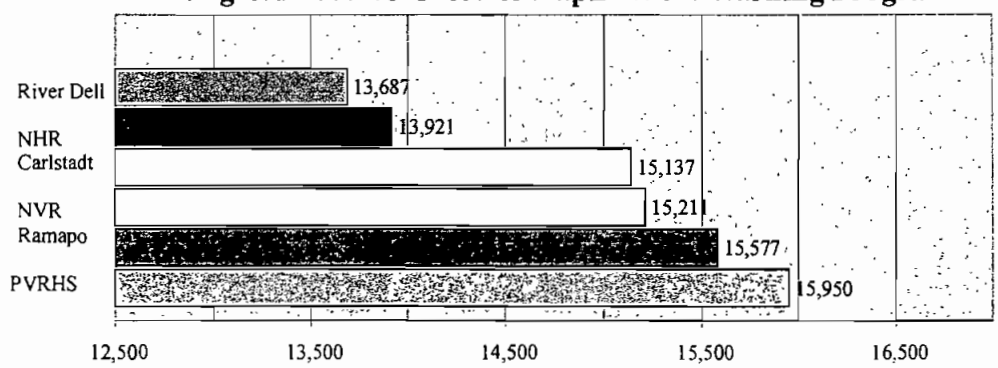
innovative programs in technology. Presented later under the headings CURRICULUM AND INSTRUCTION and DISTRICT TECHNOLOGY PLAN information will highlight accomplishments that have contributed to the reputation of the Pascack Valley Regional High School District as being a leader in providing academic opportunities to students and staff. The community, Board of Education and the entire Pascack Valley family believe that "We are spending money intelligently and we are making a difference. By backing out the expenditures spent on providing laptops to every student and staff member and the cost for professional development to maintain skills and teaching strategies the per pupil cost for Pascack Valley for the comparative year would be approximately $15,950 or $373 more than the second highest per pupil cost in the comparative region.

Table 1
Budgeted 2007-08 Cost Per Pupil



Source: State of New Jersey Department of Education Comparative Spending Guide, March 2008

Table 2
Budgeted 2007-08 Cost Per Pupil W/O eLearning Program



Source: District Records

PASCACK HILLS HIGH SCHOOL

The program of studies at Pascack Hills High School offers a challenging Honors and Advanced Placement Program, specialized electives, and unique programs in special education, humanities, public policy and forensics through the Syracuse University Project Advance program, and physics and technology. The performance of PH students in this curriculum has been exceptional. Academic honors awarded to members of the Class of 2008 include 7 National Merit Commended Students, 19 Edward J. Bloustein Scholars and 18 Advanced Placement Scholars.

Pascack Hills High School participates actively in the Pascack Valley Inter-district Articulation Program, which coordinates the curriculum between the middle schools and the regional high school. Regular committee meetings are held throughout the school year to ensure curriculum alignment with the sending districts. The district is also involved in a district-wide revision of the curriculum to align the curriculum to the state Core Curriculum Content Standards.

Pascack Hills High School students are also extensively involved in extracurricular activities. Students perform academically within the classroom, artistically on stage, and athletically on the playing fields. In addition, Pascack Hills High School is extremely proud of the willingness of so many students who give of themselves to the community. Six different service organizations offer students the opportunity to involve themselves in a number of aid projects. Furthermore, community service is an integral component of the work of the National Honor Society.

Our students will live in a world of global challenge and opportunity. At Pascack Hills High School, a talented faculty, a resourceful community, and an ambitious student body converge to accept the challenge and engage that opportunity.

PASCACK VALLEY HIGH SCHOOL

Pascack Valley High School is a school that focuses on academic excellence and challenges each of its students to meet high expectations. The student/teacher ratio enables the staff to work individually and in clusters with students to maintain high academic standards while meeting student needs. Academic excellence is the foundation of student life. During the 2007-08 school year, there were 9 National Merit Commended Students, and 22 Edward J. Bloustein Scholars.

There is a broad array of courses that focus on the individual needs of students. Follow-up surveys and visitations by alumni provide consistent feedback, indicating the high level of academic preparation that they have received from their high school experience.

The Student Council is an exceptional group involved in the essence of student life at Pascack Valley. Dedicated to student issues and service to the community, it is truly a student government. Members of the executive council meet with their counterparts in district student council meetings to work on important student issues and joint fund-raisers. All students are encouraged to become engaged in student activities. Getting involved in positive, focused activities enhances student life and their school experiences. Community service to our local community and the community-at-large is a major commitment by groups within the school. Student opportunities for development and growth are explored beyond the classroom in a variety of co-curricular activities and athletic programs.

The student support services include a Child Study Team and a skilled guidance staff. An Intervention and Referral Services Team specializes in early intervention of at-risk students, and the Student Assistance Coordinator provides services and strategies that focus on prevention and intervention. These carefully coordinated services provide on-going support for students and their families. These personnel are committed to servicing the needs of Pascack Valley students at an exceptional level. The staff at Pascack Valley High School is pleased to provide a supportive environment that expands student experiences and involvement as they develop toward their potential.

PARENT/FACULTY ORGANIZATIONS

A very active parent association provides an extremely valuable source of support for our students. The PFA (Parent Faculty Association) at Pascack Hills High School and the PFO (Parent Faculty Organization) at the Pascack Valley High School work well with school personnel and act as partners in motivating our students and applauding their achievements.

CURRICULUM AND INSTRUCTION

The office of Curriculum, Instruction, and Assessment has many areas of responsibility. This office is organized as follows: an Assistant Superintendent, Supervisor of Mathematics and Art, Supervisor of Science and Technology Education, Supervisor of Special Education, Supervisors of Athletics, Supervisor of Guidance, Supervisor of World Languages, Music and Family and Consumer Sciences, Supervisor of Social Studies and Physical and Health Education, Supervisor of Technology, and Supervisor of English.

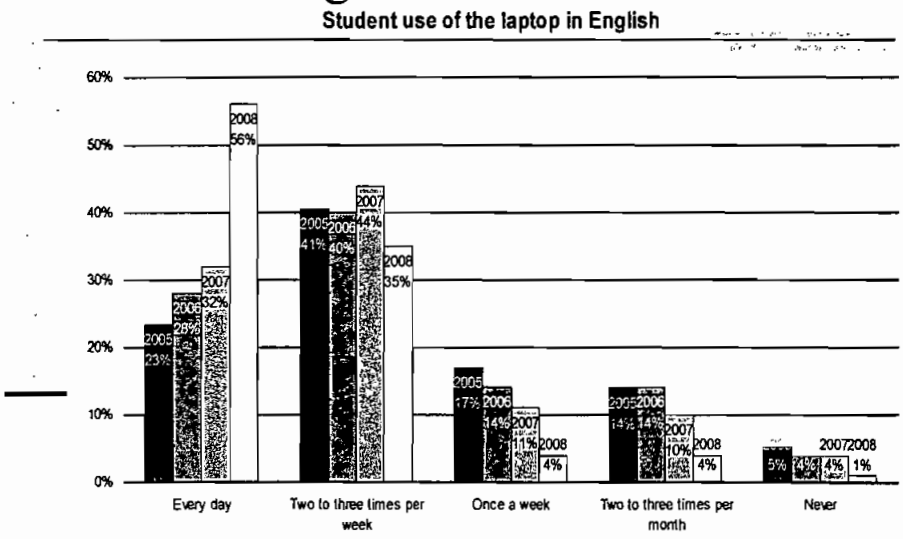
The stated mission of the office of Curriculum, Instruction, and Assessment is to prepare students to be knowledgeable and productive citizens in our society. To make this goal a reality, the office of Curriculum, Instruction, and Assessment works with the district's energetic, knowledgeable, and professional staff. Furthermore, the Assistant Superintendent for Curriculum, Instruction, and Assessment has established innovative ways to articulate and communicate curriculum among the five districts of Hillsdale, Montvale, River Vale and Woodcliff so that students receive a quality K-12 education.

Another area of responsibility of the office of Curriculum, Instruction, and Assessment is to monitor the district curriculum, making certain that it is equivalent in both high schools and that is meets the needs of students as they enter the 21st century. The curriculum of the Pascack Valley Regional High School District is designed to provide students with a rigorous and meaningful educational experience. Students are provided with a firm grounding in the core content areas while independent and critical thinking skills, as well as oral and written expression, are emphasized. College Preparatory, Honors and Advanced Placement and college level courses challenge all students to meet high district expectations.

A goal of the district is to provide differentiated instruction that meets the wide range of student learning. Through staff development opportunities, this office encourages teachers to use a wide variety of instructional strategies and methods of assessment, thus providing students with multiple opportunities to learn and demonstrate understanding and mastery of the material. Teachers are supported and encouraged to infuse technology into instruction so that students learn and practice skills that will serve them in the future.

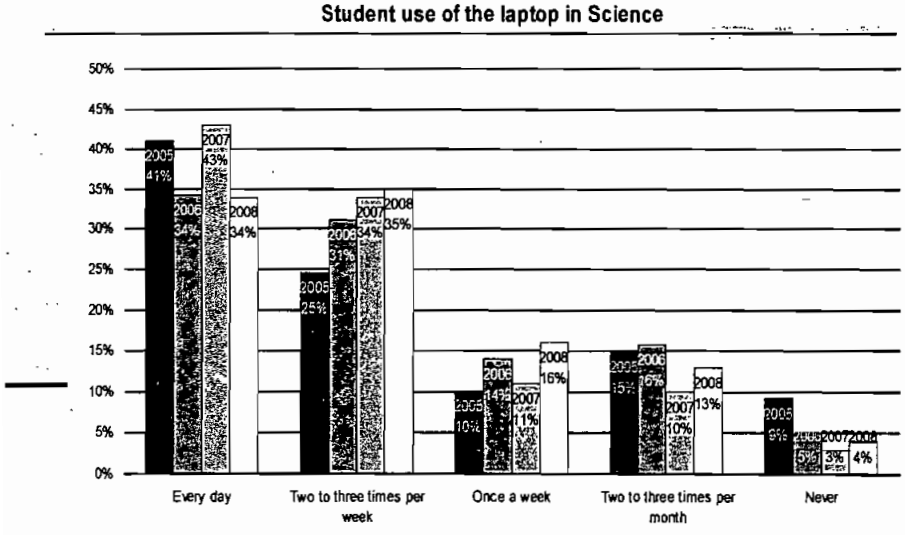
The Pascack Valley Regional High School District's Professional Development Committee continues to develop plans to provide teachers with multiple opportunities for professional development. This past June the Assistant Superintendent for Curriculum, Instruction, and Assessment presented his findings on a survey of laptop use by students and teachers. The following are a few charts, which graphically illustrate the responses to some of the survey questions.

Use in English – Four Years



Source: Laptop Surveys 2005 through 2008, CIA Department

Use in Science – Four Years



Source: Laptop Surveys 2005 through 2008, CIA Department

During the 2007-08 school year the Pascack Valley Regional High School District devoted two full days for professional development and four half-days. As a continuation of our "*e*Learning Initiative" over one hundred teachers spent three full and intensive days continuing to hone and develop their technology skills, instructional strategies and curriculum integration to include district supported electronic applications and *e*book sites. During the 2007-08 school year professional development opportunities continued to be offered in integrating the laptops into our curriculum and instruction. Other professional development activities included different conferences, workshops, clinics, articulation meetings and professional development opportunities both within our district, at national and statewide conferences and at workshops offered by other school districts or professional development providers.

DISTRICT TECHNOLOGY PLAN

The state mandatory, Three-Year District Technology Plan was revised during the 2006-07 academic year and approved by the Bergen County Coordinating Council. The implementation of a *1:1 eLearning Initiative*, which has at its core the issuance of a laptop computer to each teacher and student continues to be the primary emphasis of the plan. To that end, a key component of the program include a Technology Professional Development Steering Committee comprised of approximately 25 teachers and district administrators whose role it is to help guide and direct professional development in the district. Also key is the existence of district Teacher Technology Mentors who work with district staff on a regular and non-evaluative basis, promoting effective technology use in the classroom. The district has assumed the responsibility of its Professional Development activities, sponsoring a wide variety of workshops. District instructional and supervisory staff acted as teachers of these workshops, ranging from software skill learning, to successful integration into instruction. The district supports virtually any teacher interested in additional PD opportunities outside of the district, including workshops and course work. The district sent 14 staff members to the National Educational Computing Conference (NECC), in San Diego, CA. This conference is widely considered the best and largest one of its kind nationally. The district Technology Supervisor serves a chair of the 5-district Technology Articulation Committee. The charge of this committee is to enhance the successful integration of technology throughout the K-12 curriculum. This multifaceted program continues to address the instructional goals of the District Three-Year Technology Plan by focusing on the effective use of the technology tools to enhance student learning and achievement.

The continued growth of the use of staff email and of our website contributes to our efforts to enhance communication with our community. Website pages support each instructional and non-instructional area of the school, and each staff member is required to maintain a website that includes important course information and support materials. Staff email and phone contact information is also readily available on the site, along with general descriptions of curricula and student expectations, summer reading requirements, progress on our current referendum project, Board of Education meeting agendas and minutes, as well as many other important district informational items. Lastly, late in the school year, our own Board of Education embarked on a project called *"The Paperless Board Meeting."* All trustees were issued a district laptop, and the traditional mailings were no longer mailed to their homes. Instead, BOE members log in on a secure web site to retrieve all documentation needed for the upcoming meeting.

SPECIAL SERVICES

The Special Services Department of Pascack Valley Regional High School District is proud of its record of providing specialized services to students experiencing academic difficulties. The Special Services staff believes that all students can learn and is committed to providing those services to students, which will ensure academic success. The department is comprised of two Child Study Teams, two psychologists, two social workers, and two learning consultant, along with teachers and instructional assistants. A team of skilled professionals provides a wide range of educational, counseling and evaluation services. Students may be referred for the evaluation process by parents, guidance counselors, administrators and teachers. Those students found eligible for special education may receive specialized instruction through in-class support collaborative teams, resource programs and self-contained special education classes. Transition services, along with counseling, and speech and language therapy, are provided to assist students with meeting post-secondary goals.

The special education program in the Pascack Valley Regional High School District offers a full continuum of alternative placements to classified students seeking a high school diploma. Two complete child study teams, one in each school, manage the cases of classified in-district and out-of-district students.

Pascack Valley High School has 145 classified students in attendance and Pascack Hills High School has 109 classified students. There are an additional 39 students placed out-of-district in county and private facilities.

In-district placement options enable classified students to be fully mainstreamed in regular education classes. Inclusive education provides for in-class support in collaborative classes with 34 such classes at Pascack Valley High School and 32 at Pascack Hills High School. Students may also be in resource center classes and pullout replacement classes.

In addition, the district offers two self-contained classes: one for students classified as emotionally disturbed, and one for students who are language and learning disabled. Two full-time psychologists and two full-time social workers and a part-time speech pathologist provide counseling and speech as related services.

2) ECONOMIC CONDITION AND OUTLOOK

The regional sending communities of Hillsdale, Montvale, Park Ridge, River Vale and Woodcliff Lake are mature suburban communities within Bergen County. According to recent reports, the statistical profile of economic indicators shows that these communities continue to grow. Property valuations have increased. The residents of our sending districts continue to support the district's educational goals. School budgets over the last few years have been approved by a wide margin.

3) MAJOR INITIATIVES

Our students continue to score significantly above the state and national average in all standardized measures of achievement. Our juniors, who took the State of New Jersey High School Proficiency Test during the academic year, achieved an overall passing rate of 95.4% (Language Arts Literacy), 91.2% (Mathematics). The SAT scores for the district for the Class of

2008 remain substantially above the state and national averages. The mean scores for Pascack Valley High School students were 533 (verbal) and 560 (math). Students attending Pascack Hills High School scored 540 (verbal) and 576 (math). Of the 445 graduates, approximately 98% of the students in the Pascack Valley Regional High School District attend post-secondary education. The district was honored to announce 16 Commended and 41 Edward J. Bloustein Distinguished Scholars. The table shown below presents data on post secondary plans of recent graduates.

Post Secondary Plans of Recent PVRHSD Graduates

PVRHSD	2005	2006	2007	2008
Total Graduates	383	418	421	442
% 4 Year College	86	86	83	87
% 2 Year College	9	9	15	10
% Other	5	5	2	3

Source: District Records

As in years past, a number of building maintenance projects was completed during the year. In general, the buildings are well maintained. A program of preventive maintenance is in place. The comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies a number of priority facility projects. Funding for these projects is included in the annual budget.

The Pascack Valley Regional School District successfully passed a bond referendum in December of 2003 to address a number of facility needs. Several major projects have been completed, including new boilers at Pascack Valley High School and renovations to approximately 25 classrooms and the cafeteria at Pascack Hills. Asbestos abatement was performed at both Pascack Hills and Pascack Valley High Schools. Renovations to the Pascack Valley High School football field and running track were begun in May, 2005.

The district is very concerned about maintaining a safe and hazard free working environment for students and staff. Annual safety workshops were held for custodial and maintenance employees. This is part of the district's membership in North East Bergen Insurance Group in conjunction Zurich Insurance Co. In addition, all of the required annual and semi-annual health reports, inspections and public press releases, such as AHERA., Right to Know, Medical Waste Disposal, Fire Inspections, Life Hazard Registry, Lab Safety Standards, have been updated, completed and filed promptly. Arrangements have been made for administering blood borne pathogen injections to new staff in accordance with district policy. All required health and safety certificates and employee notices are on file in each building.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft, or misuse. In addition, district administration must ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system 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 including that portion related to major federal and state financial award programs, as well as to determine that the district has complied with applicable laws and regulations, contracts and grants.

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2008.

6) ACCOUNTING SYSTEMS AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT

The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT

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

The Board is a member of the Northeast Bergen County School Board Insurance Group, ("NESBIG"). The NESBIG is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the NESBIG is included in Note 10 to the Basic Financial Statements.

9) OTHER INFORMATION

Independent Audit State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board to perform the audit. 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 of 1996, as amended, and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organization* and New Jersey OMB's Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditor's report on the basic financial statements and specific, required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

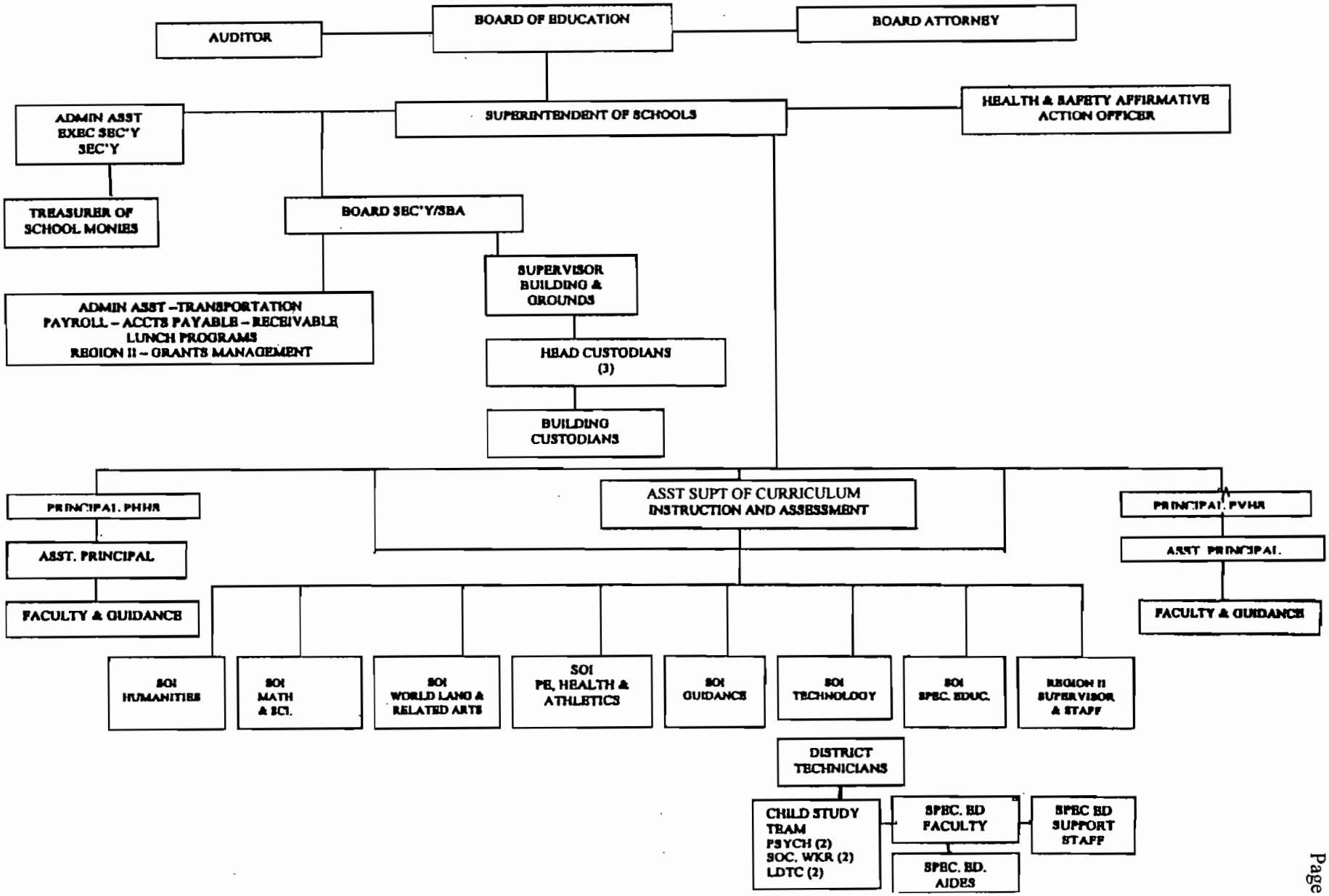
We would like to express our appreciation to the members of the Pascack Valley Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Dr. Benedict Tantillo, III
Superintendent

Dr. Vincent J. Occhino
Business Administrator/Board Secretary

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
Organizational Chart



PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
MONTVALE, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2008

Members of the Board of Education	Term Expires	Sending District
Mr. Jeffrey Steinfeld, President	2009	Hillsdale
Mr. Mark Kastan, Vice President	2009	Montvale
Mr. Herbert Ammerman	2009	River Vale
Mrs. Maura M. Ellis	2010	River Vale
Mr. James Hall	2010	Woodcliff Lake
Mrs. Sheila Lichtstein	2010	Hillsdale
Mr. Alfred J. Murphy, Jr.	2011	Hillsdale
Mrs. Beth Politi	2011	Montvale
Mr. Bertram Siegel	2011	Woodcliff Lake

Other Officials

Dr. Benedict Tantillo, III, Superintendent

Dr. Vincent J. Occhino, School Business Administrator/Board Secretary

Mr. Paul Cohen, Assistant Superintendent for Curriculum, Instruction and Assessment

Mrs. Deborah Carpino, Treasurer

Rodney T. Hara, Solicitor

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT

Consultants and Advisors

Architect

Cubellis
Architectual Group
208 Harristown Road
Suite 101
Glen Rock, NJ 07452-3306

Audit Firm

Nisivoccia & Company LLP, CPAs
200 Valley Road Suite 300
Mt. Arlington, NJ 07856

Attorney

Stephen R. Fogarty and Rodney T. Hara
Fogarty and Hara Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Commerce
111 Chestnut Ridge Road
Montvale, NJ 07645

FINANCIAL SECTION

NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Mount Arlington Corporate Center
200 Valley Road Suite 300
Mt. Arlington, NJ 07856
Phone: 973-328-1825
Fax: 973-328-0507

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
Fax: 973-383-6555

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Pascack Valley Regional High School District
County of Bergen, New Jersey

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 Board of Education of the Pascack Valley Regional High School District in the County of Bergen as of and for the fiscal year ended June 30, 2008 which collectively comprise the School District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pascack Valley Regional High School District in the County of Bergen as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2008 on our consideration of the Board of Education of the Pascack Valley Regional High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis section and the Budgetary Comparison Information in Exhibits C-1, C-2, C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Pascack Valley Regional High School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations;* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid,* and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules, and the schedules of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mt. Arlington, New Jersey
September 29, 2008

NISIVOCCIA & COMPANY LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis
Unaudited

This section of Pascack Valley Regional High School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved by $1,665,177 on a district-wide basis, primarily attributable to revenue related to the ongoing referendum project from grants and interest.
- Overall revenue was $51.9 million.
- Actual revenue was $429,540 higher than expected, primarily in tuition charges, miscellaneous revenue and extraordinary state aid for special education costs.
- Enrollment in the District has been increasing for each of the last several years but cost per pupil remains relatively stable.
- Outlays for new capital assets decreased as a result of the winding down of capital projects for referendum spending to renovate and expand the District's facilities.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required 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 District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the Board of Education of Pascack Valley Regional High School's Financial Report

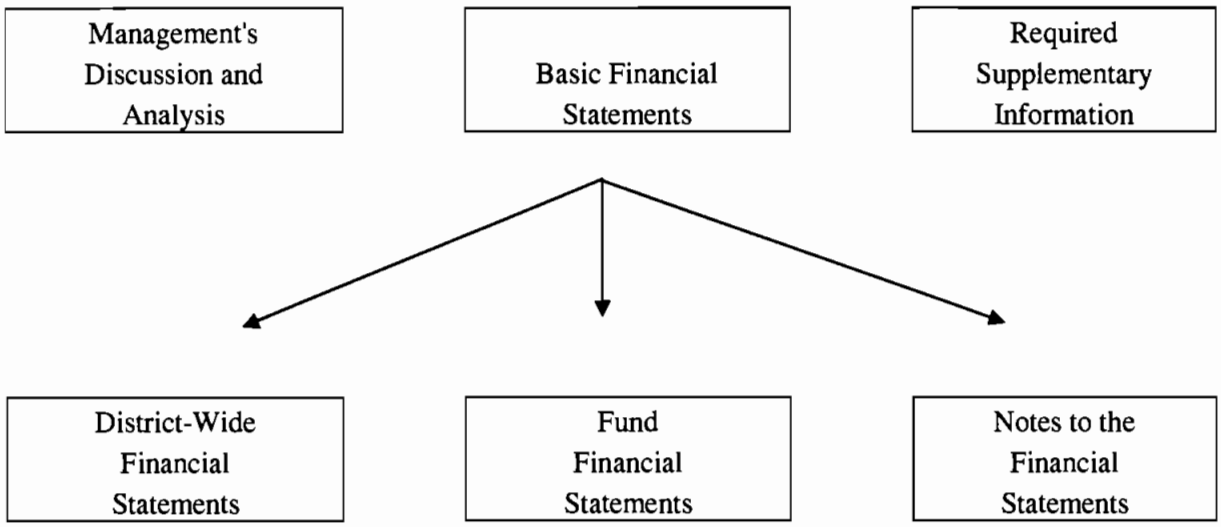


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, region II and transportation	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenue, expenses, changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current fiscal year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position.*

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program and regional programs shared with local school districts are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that is it properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at fiscal year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets. The District's net assets are shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's governmental net assets for 2007/08 is $963,073. Capital assets increased and current assets decreased as a result of referendum spending during the fiscal year. In addition, other liabilities reflect a net decrease due to the maturity of Temporary Notes Payable in the amount of $2,251,000.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Current and Other Assets	$ 7,135,846	$ 10,100,446	$ 58,458	$ 76,806	$ 7,194,304	$ 10,177,252	-29.31%
Capital Assets, Net	52,695,286	50,540,081	19,155	26,115	52,714,441	50,566,196	4.25%
Total Assets	59,831,132	60,640,527	77,613	102,921	59,908,745	60,743,448	-1.37%
Long-Term Debt Outstanding	31,840,245	31,730,426			31,840,245	31,730,426	0.35%
Other Liabilities	3,367,274	5,973,403	2,249	12,820	3,369,523	5,986,223	-43.71%
Total Liabilities	35,207,519	37,703,829	2,249	12,820	35,209,768	37,716,649	-6.65%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	21,688,895	22,430,772	19,115	26,115	21,708,010	22,456,887	-3.33%
Restricted	3,546,865	2,176,188			3,546,865	2,176,188	62.99%
Unrestricted/(Deficit)	(612,147)	(1,670,262)	56,249	70,987	(555,898)	(1,599,275)	65.24%
Total Net Assets	$ 24,623,613	$ 22,936,698	$ 75,364	$ 97,102	$ 24,698,977	$ 23,033,800	7.23%

Changes in Net Assets. The District's *combined* net assets were $24,698,977 on June 30, 2008, $1,665,177 or 7.23% more than they were the year before (See Figure A-3). The net assets of the business-type activities decreased by $21,738. Property taxes increased approximately 14% in order to finance the debt service associated with the recent referendum and planned increases in expenses for instruction, and maintenance and operations. Other expenses increased as a direct result of a net increase in interest expenses associated with the District's outstanding referendum bonds and capital leases.

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Revenue:							
Program Revenue:							
Charges for Services	$ 127,005	$ 124,758	$ 7,238,222	$ 6,741,722	$ 7,365,227	$ 6,866,480	7.26%
Grants and Contributions:							
Operating	5,994,221	5,833,456			5,994,221	5,833,456	2.76%
Capital		7,019,793				7,019,793	100.00%
General Revenue:							
Property Taxes	37,875,639	33,129,842			37,875,639	33,129,842	14.32%
Federal and State Aid Not Restricted	336,793	284,719			336,793	284,719	18.29%
Other	369,839	631,007	2,886	3,793	372,725	634,800	-41.28%
Total Revenue	44,703,497	47,023,575	7,241,108	6,745,515	51,944,605	53,769,090	-3.39%
Expenses:							
Instruction	22,448,773	20,617,433			22,448,773	20,617,433	8.88%
Pupil and Instruction Services	8,905,121	8,978,561			8,905,121	8,978,561	-0.82%
Administrative and Business	3,239,522	2,949,388			3,239,522	2,949,388	9.84%
Maintenance and Operations	4,151,628	3,565,424			4,151,628	3,565,424	16.44%
Transportation	1,584,187	1,466,377			1,584,187	1,466,377	8.03%
Other	2,687,351	1,186,251	7,262,846	6,752,799	9,950,197	7,939,050	25.33%
Total Expenses	43,016,582	38,763,434	7,262,846	6,752,799	50,279,428	45,516,233	10.46%
Increase/(Decrease) in Net Assets	$ 1,686,915	$ 8,260,141	$ (21,738)	$ (7,284)	$ 1,665,177	$ 8,252,857	79.82%

Revenue Sources. The District's total revenue for the 2007/08 school year was $51,944,605 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for $37,875,639 of the total, or 72.92 percent. Another 11.54 percent came from state and federal aid for specific programs and the remainder from miscellaneous sources and service charges.

Figure A-5
Sources of Revenue for Fiscal Year 2008

	Amount	Percentage
Sources of Income:		
Grants and Contributions	$ 5,994,221	11.54%
Property Taxes	37,875,639	72.92%
Federal and State Unrestricted Aid	336,793	0.65%
Charges for Services	7,365,227	14.18%
Other	372,725	0.72%
	$ 51,944,605	100.00%

The total cost of all programs and services was $50,279,428. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (65.51 percent). (See Figure A-6). The District's administrative and business activities accounted for 6.44 percent of total costs. The most significant contributor to the costs of maintenance and operations was the increase in use of facilities requiring higher insurance, energy and personnel costs. The higher than usual "other expenses" results primarily from the operation of the District's business-type activities.

Figure A-6
Expenses for Fiscal Year 2008

	Amount	Percentage
Expense Category:		
Instruction	$ 22,448,773	44.65%
Pupil and Instruction Services	8,905,121	17.71%
Administrative and Business	3,239,522	6.44%
Maintenance and Operations	4,151,628	8.26%
Transportation	1,584,187	3.15%
Other	9,950,197	19.79%
	$ 50,279,428	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the district-wide financial position of the District improved from the prior fiscal year. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past three years, a number of veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased enrollment, increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the fiscal year were:

- Region II, a joint venture with other area school districts, provides all of the transportation routes to out-of-District special education schools.
- The District has utilized aides to assist the special education students and provide more support for those students.
- Standard practice has been to maintain lower maintenance costs by seeking competitive proposals each fiscal year for these services.
- Participation in energy and telecommunication consortiums.
- Participation in a purchasing cooperative with over 300 school districts.
- Participation in the Northeast Bergen County School Board Insurance Group.

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007/2008	2006/2007	2007/2008	2006/2007
Instruction	$ 22,448,773	$ 20,617,433	$ 17,260,150	$ 16,384,943
Pupil and Instruction Services	8,905,121	8,978,561	8,550,176	7,801,275
Administrative and Business	3,239,522	2,949,388	3,061,426	2,792,440
Maintenance and Operations	4,151,628	3,565,424	4,151,628	(3,454,369)
Transportation	1,584,187	1,466,377	1,184,625	1,074,887
Other	2,687,351	1,186,251	2,687,351	1,186,251
	$ 43,016,582	$ 38,763,434	$ 36,895,356	$ 25,785,427

- The cost of all governmental activities this fiscal year was $43,016,582.
- The federal and state governments subsidized certain programs with grants and contributions ($6.33 million).
- Most of the District's costs were financed by District taxpayers.
- The remainder of the funding came from service charges, miscellaneous revenue and investment earnings ($.50 million).

Business-Type Activities

Net assets from the District's business-type activity decreased by $21,738 (Refer to Figure A-4). Factors contributing to these results included:

- Food services expenses exceeded revenues by $21,738, accounting for all of the decrease in the net assets of the business-type activities.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite significant changes in the student clientele and difficult economic times. Expenditures during the recent fiscal year increased significantly as a result of an increased number of pupils with disabilities entering the District.

Difficult economic times have had a direct impact upon the District's revenue sources. Interest from investments remained unfavorable as compared to years past. Ratables in the municipalities remain more or less stable, thus generating concern for the local tax levy in the future.

These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the fiscal year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2007/2008 budget was difficult as a result of rising costs and a lower than normal fund balance position for the District. This resulted in the need for line item transfers during the fiscal year.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Land	$ 6,245,500	$ 6,245,500			$ 6,245,500	$ 6,245,500
Work in Progress	42,167,543	40,962,236			42,167,543	40,962,236
Land Improvements	1,056,465	1,144,041			1,056,465	1,144,041
Buildings and Building Improvements	2,951,812	1,613,703			2,951,812	1,613,703
Machinery and Equipment	273,966	574,601	$ 19,115	$ 26,115	293,081	600,716
Total Capital Assets (Net of Depreciation)	$ 52,695,286	$ 50,540,081	$ 19,115	$ 26,115	$ 52,714,401	$ 50,566,196

During the 2007/08 school year the District continued work on the District's facilities related to the recent referendum.

Long-term Debt

At fiscal year end, the District had $29,098,000 of general obligation bonds outstanding – a decrease of $725,000 from last year and $1,908,391 in capital leases – an increase of $303,569 from last year – as shown in Figure A-9. In addition, the District has $833,854 in compensated absences payable.

Figure A-9
Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2007/08	2006/07	2007/08
General Obligation Bonds (Financed with Property Taxes)	$ 29,098,000	$ 29,823,000	-2.43%
Other General Obligation Debt	2,742,245	1,907,426	43.77%
	$ 31,840,245	$ 31,730,426	0.35%

Factors Bearing on the District's Future Revenue/Expense Changes

Presently, the Pascack Valley Regional Public High School District is in good financial condition. However, there are existing circumstances that could affect its financial health in the future such as:

- The uncertainty of state legislation that could impose greater constraints on suburban public school districts that are recognized for providing innovative and cutting edge programs to their students.

- The District's construction for the renovation and expansion of both Pascack Hills and Pascack Valley High School to meet increasing enrollment and curriculum demands.

The uncertainty of state legislation that could impose greater constraints on suburban public school districts that are recognized for providing innovative and cutting edge programs to their students.

Americans invest millions of tax dollars on public education. New Jersey is not an exception. According to a recent brochure entitled, Local Property Taxes and New Jersey State Government, published by the New Jersey State League of Municipalities, in 2005 property taxes in New Jersey totaled $19 billion, and represented 45% of all state and local source revenue. The report continued to explain that "nationally, property taxes equaled 31% of state and local source revenue and New Jersey's rank among the fifty states, per capita, was #1 in property taxes, #6 in sales taxes and #16 in personal income taxes. New Jersey was second in over-all reliance on property taxes surpassed by New Hampshire, a State that does not levy an income or a sales tax. Among States that collect sales, income and property taxes, only in New Jersey do property tax collections exceed sales and income tax collections, combined. In New Jersey, property taxes account for about 98% of all locally collected revenues. The national average is about 73%." The report went on to state, "in New Jersey those with the least shoulder a disproportionate share of the burden. Households with incomes in the lowest 20 % pay 9.2% of their earnings in property taxes, while the wealthiest 20 % pay 3.6% of their income through this assessment." (www.njslom.org/SG-Property)

The concern of New Jersey residents on the reliance of property taxes to fund education has risen dramatically over the last five years. Municipalities are the primary source for paying the cost of education and this is accomplished through the collection of local property taxes. The state share of public school expenditures varies. For example, the Pascack Valley Regional High School District received 4% State aid, 1% Federal aid and the remaining 73% was through local property taxes to support the 2007-08 operating school budget. (Comparative Spending Guide, NJDOE, March 2008)

The New Jersey Department of Education uses a classification system to represent an approximate measure of a community's relative socioeconomic status. The classification system at the low end begins with "A" and rises to the highest level of "I". Pascack Valley Regional High School District is classified as an "I" district. Although the DOE claims that "DFGs" do not have a primary or significant influence in the amount of state aid a district receives, the reality is that "I" districts receive very few dollars because they are perceived as having the community resources to carry the weight of the cost of educating their students.

In light of the socioeconomic status of the Pascack Valley Regional High School District, the sending districts of Hillsdale, Montvale, River Vale and Woodcliff Lake have had concerns over the current cost apportionment formula used by the Department of Education for regional districts. Simply, of the four sending districts, one district feels that the formula places a disproportionate tax burden on their community, primarily based on the number of students they send to the regional high school. It is not the intent of this narrative to examine the subject of finding an equitable cost apportionment scheme for the regional districts; it is mentioned because the increase in property taxes due to the rising cost for education has negatively impacted on providing a free public education for our children and greatly overshadows the success and achievements of public schools.

The discussion about the constant increases in local property taxes in the media has polarized many communities and in the center of this discontent is the cost of education. The state legislatures have embraced

this opportunity to shift the problems of inefficiency and accountability from state bureaucracy to the cost of funding public schools.

The district's construction for the renovation and expansion of both Pascack Hills and Pascack Valley High School to meet increasing enrollment and curriculum demands.

On December 10, 2002 the Pascack Valley Regional Board of Education asked the voters to support their financial plan to address a number of major facilities improvements that were left unattended for more than 30 years. Unfortunately, this plan was rejected by the voters. There were two proposals on the ballot. Proposal 1 was to approve raising $57,768,886.00 for major renovation and additions to the school facilities. Proposal 2, in the amount of $9,919,152.00, was to be allocated for the relocation of the Superintendent's offices and improvement of the district's athletic fields.

The second referendum was held one year later. The project was scaled back and only one proposal was on the ballot. On December 9, 2003, the voters of the Pascack Valley Regional School District approved a school bond referendum in the amount of $42,266,795.00. The local share of the project for which the Board issued bonds was $30,723,000.00. The term of the issue was for 25 years. The repayment structure has payments that gradually increased in years one through three and then remain level for the rest of the term.

The facilities projects identified in the referendum approved on December 9, 2003 entered the final construction phase during the summer of 2007. The full impact of increasing the size and capacity of the new construction was addressed in planning the 2007-08 school budget. The budget included incremental increases in costs attributed to opening new additions to Pascack Hills High School (State Project Number 3960-040-03-1418) and Pascack Valley High School (State Project Number 3960-050-03-1417).

Pascack Hills High School located in Montvale gained an additional 25,841 square feet increasing the size of the building to 161,870 square feet. The five new science rooms, weight room and gymnasium are currently serving an enrollment of 761 students.

Pascack Valley High School located in Hillsdale gained an additional 48,804 square feet increasing the size of the building to 171,694 square feet. The six new science rooms, gymnasium and auditorium serve an enrollment of 1,147 students. (See Table - Average Daily Enrollment)

Budget development for FY 2008 included a Department of Education Commissioner's waiver for the opening of a new school facility. The Pascack Valley Regional High School District submitted a request for additional funding. The waiver required a detailed analysis supporting the request to increase the district budget beyond the limit established by the State legislature.

The first step in the analysis was to calculate the cost attributed to opening a new facility. The new construction increased the overall size of both buildings by 74,645 square feet. The calculation included dividing the 2006-07 revised General Fund Total of $36,394,727.00 by the combined buildings square footage of 333,564 square feet. This computed to an amount of $109.00 per square foot. Using $109 per square foot and multiplying the new addition total of 74,645 square feet calculated to an additional total operational cost of $8,136,305.00. This amount could have been submitted as part of the waiver request however the economy and attitudes toward spending for public education at the time would definitely have created a wave of voter controversy. The request to operate a new school was scaled back to $3,252,425.00 which represented 39% of the total operational cost of the projected $8,136,305.00. The request was eventually approved by the Department of Education and the district was given the necessary approvals for including the additional 3.2 million in the 2007-08 budget.

As stated previously, the referendum was needed to address projected increases in student enrollment. The Pascack Valley Regional High School District demographic study projected 1,970 students by the 2007-08 school year. The enrollment calculation used by the Department of Education supported this projection, as well.

On October 15, 2007 the District's ASSA report indicated an enrollment of 1,950 students, which represents an increase of 3.89% from the previous year's enrollment. The following table details the changes in the student enrollment of the District over the past six years.

ASSA Reported Fall Enrollment

School Year	Student Enrollment	Increase	Percent Change
2002-2003	1,550	56	3.75%
2003-2004	1,601	51	3.22%
2004-2005	1,691	90	5.62%
2005-2006	1,779	88	5.20%
2006-2007	1,877	98	5.50%
2007-2008	1,950	73	3.89%
	Total	**456**	

Finally, besides the cost associated with increases in student population and the facilities needed to house and educate these students, the cost associated with new staff had to be considered. The administration prepared a staffing plan to address the increases. The table below identified staffing considerations for the 2007-08 school year. In summary, the plan indicated that the 2007-08 school year would need to include $903,457 in new and/or increases in FTE's salaries for staff. This amount is distributed as shown below:

Staff	FTE	Description/Rational	Total Cost	% Incr
Teacher Grades 9-12	5.5	Increase enrollment/maintain class size in core subjects	$275,552	2.3%
Special Ed Teacher	1.0	Increase enrollment/Resource Math Class	$55,905	4.5%
Special Ed 1:1 Aide	0.5	IEP Required	$25,000	33.4%
Extra-Curr Activities	1.0	Robotics and Rutgers Summer Math/Science Program	$40,000	15.5%
Athletics	1.5	New gyms provides for addition of boys/girls volleyball	$60,000	9.5%
Guidance	1.0	Increase enrollment	$62,000	6.4%
Guidance Secretary	1.0	Increase enrollment	$35,000	24.0%
Tech Aide	0.5	Increase need to maintain 2,000 student laptops, etc.	$30,000	19.4%
Maintenance	1.0	District currently employs 1 maintenance man	$52,000	25.0%
Custodial	4.0	Current 23.5 FTE to 27.5 FTE	$250,000	23.8%
Transportation	0.5	Aide	$18,000	35.2%
Total	**17.5**	**Total**	**$903,457**	

The incremental costs requested for the tax levy cap adjustment must be viewed in light of the depth and breath of the accomplishments of the Pascack Valley Regional High School District over the last seven years and the support from communities the district serves.

Pascack Valley Regional High School District has successfully passed their school budget vote each year for the last seven years. The contributing factors for this favorable opinion of the District are thought to be the belief in the Board's vision of what is needed to prepare students to be successful, addressing the needs of aging facilities stated by developing plans and successfully passing a 42 million dollar referendum, the reputation of its dedicated staff and administration to provide first rate educational programs, and the high regard of the District's financial planning.

The district continues to provide excellent educational opportunities for its students. Pascack Hills and Pascack Valley High Schools are outstanding secondary institutions, offering students rigorous, stimulating, and diverse academic programs, delivered by an experienced and dedicated faculty. Our students perform at an extraordinarily high level, while maintaining substantial involvement in interscholastic sports, clubs and activities and community service. Both schools have been consistently recognized as among the best high schools in New Jersey.

Contracting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Pascack Valley Regional Board of Education Office located at 46 Akers Avenue, Montvale, New Jersey.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 4,168,154	$ 23,459	$ 4,191,613
Receivables from Other Governments	2,202,814	739,223	2,942,037
Internal Balances	736,974	(736,974)	
Other Receivables, Net	9,795	29,629	39,424
Interfund Receivables	18,108		18,108
Inventory		3,161	3,161
Restricted Assets:			
Capital Reserve Account - Cash	1		1
Capital Assets, Net:			
Sites (Land) and Construction in Progress	48,413,043		48,413,043
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	4,282,243	19,115	4,301,358
Total Assets	59,831,132	77,613	59,908,745
LIABILITIES			
Current Liabilities:			
Accounts Payable	637,809	2,249	640,058
Notes Payable	2,251,000		2,251,000
Accrued Interest Expense	453,759		453,759
Payable to State Government	24,556		24,556
Deferred Revenue	150		150
Noncurrent Liabilities:			
Due Within One Year	1,403,961		1,403,961
Due Beyond One Year	30,436,284		30,436,284
Total Liabilities	35,207,519	2,249	35,209,768
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	21,688,895	19,115	21,708,010
Restricted for:			
Capital Projects	1		1
Debt Service	(10,864)		(10,864)
Other Purposes	3,557,728		3,557,728
Unrestricted	(612,147)	56,249	(555,898)
Total Net Assets	$ 24,623,613	$ 75,364	$ 24,698,977

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	$ 18,049,771		$ 3,023,624		$ (15,026,147)		$ (15,026,147)
Special Education	2,694,886		2,162,662		(532,224)		(532,224)
Other Special Instruction	1,598		2,337		739		739
Other Instruction	1,702,518				(1,702,518)		(1,702,518)
Support Services:							
Tuition	2,256,889	$ 127,005			(2,129,884)		(2,129,884)
Student & Instruction Related Services	6,647,232		227,940		(6,419,292)		(6,419,292)
General Administrative Services	940,215				(940,215)		(940,215)
School Administrative Services	1,402,397		178,096		(1,224,301)		(1,224,301)
Central Services	639,679				(639,679)		(639,679)
Administration Information Technology	257,231				(257,231)		(257,231)
Plant Operations and Maintenance	4,151,628				(4,151,628)		(4,151,628)
Pupil Transportation	1,584,187		399,562		(1,184,625)		(1,184,625)
Special Schools	1,000				(1,000)		(1,000)
Interest on Long-Term Debt	1,156,916				(1,156,916)		(1,156,916)
Interest on Temporary Note	185,865				(185,865)		(185,865)
Capital Outlay	1,344,570				(1,344,570)		(1,344,570)
Total Governmental Activities	43,016,582	127,005	5,994,221		(36,895,356)		(36,895,356)

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses)/Revenues and Changes in Net Assets: Governmental Activities	Net (Expenses)/Revenues and Changes in Net Assets: Business-Type Activities	Net (Expenses)/Revenues and Changes in Net Assets: Total
Business-Type Activities:							
Food Service	$ 820,922	$ 796,298				$ (24,624)	$ (24,624)
Region II Transportation	5,614,784	5,614,784					
Region II Summer School	39,404	39,404					
Region II Administration	632,209	632,209					
Transportation	155,527	155,527					
Total Business-Type Activities	7,262,846	7,238,222				(24,624)	(24,624)
Total Primary Government	$ 50,279,428	$ 7,365,227	$ 5,994,221	$ -0-	$ (36,895,356)	(24,624)	(36,919,980)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					35,979,512		35,979,512
Taxes Levied for Debt Service					1,896,127		1,896,127
Federal and State Aid Not Restricted					336,793		336,793
Interest and Miscellaneous Income					369,839	2,886	372,725
Total General Revenues, Special Items, Extraordinary Items and Transfers					38,582,271	2,886	38,585,157
Change in Net Assets					1,686,915	(21,738)	1,665,177
Net Assets - Beginning					22,936,698	97,102	23,033,800
Net Asset - Ending					$ 24,623,613	$ 75,364	$ 24,698,977

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 2,386,718	$ 54,886	$ 1,726,549	$ 1	$ 4,168,154
Receivables from Other Governments	175,555		2,027,260		2,202,815
Receivables from Other Funds	1,827,887		185,865	175,000	2,188,752
Other Receivables		9,795			9,795
Restricted Cash and Cash Equivalents	1				1
Total Assets	$ 4,390,161	$ 64,681	$ 3,939,674	$ 175,001	$ 8,569,517
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable			$ 1,247,806	$ 185,865	$ 1,433,671
Notes Payable			2,251,000		2,251,000
Payable to State Government		$ 24,556			24,556
Accounts Payable	$ 32,484	39,975	565,350		637,809
Deferred Revenue		150			150
Total Liabilities	32,484	64,681	4,064,156	185,865	4,347,186
Fund Balances:					
Reserved for:					
Encumbrances	965,173				965,173
Capital Reserve Account	1				1
Excess Surplus	2,592,555				2,592,555
Unreserved/(Deficit), Reported in:					
General Fund	799,948				799,948
Debt Service Fund				(10,864)	(10,864)
Designated for Subsequent Year's Expenditures			(124,482)		(124,482)
Total Fund Balances	4,357,677		(124,482)	(10,864)	4,222,331
Total Liabilities and Fund Balances	$ 4,390,161	$ 64,681	$ 3,939,674	$ 175,001	

Amounts Reported for Governmental Activities in the Statement of Net assets (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the assets is $65,274,381 and the accumulated depreciation is $12,579,095	52,695,286
Interest on Long-Term Debt is not Accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(453,759)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds	(31,840,245)
Net Assets of Governmental Activities	$24,623,613

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	$ 35,979,512			$ 1,896,127	$ 37,875,639
Tuition Charges	127,005				127,005
Miscellaneous	194,839		$ 175,000		369,839
Total - Local Sources	36,301,356		175,000	1,896,127	38,372,483
Federal Sources		$ 514,401			514,401
State Sources	5,598,408	218,205			5,816,613
Total Revenues	41,899,764	732,606	175,000	1,896,127	44,703,497
EXPENDITURES					
Current:					
Regular Instruction	12,506,544	148,260			12,654,804
Special Education Instruction	1,768,953				1,768,953
Other Special Instruction	538				538
Other Instruction	1,432,055				1,432,055
Support Services and Undistributed Costs:					
Tuition	1,935,698	321,191			2,256,889
Student & Instruction Related Services	5,088,159	263,155			5,351,314
General Administrative Services	858,592				858,592
School Administrative Services	960,537				960,537
Central Services	550,973				550,973
Administration Information Technology	220,078				220,078
Plant Operations and Maintenance	3,378,853				3,378,853
Pupil Transportation	1,569,477				1,569,477
Unallocated Benefits	8,414,117				8,414,117
Special Schools	1,000				1,000
Debt Service:					
Principal				725,000	725,000
Interest and Other Charges				1,171,126	1,171,126
Interest on Temporary Note				185,865	185,865
Capital Outlay	3,125,082		1,838,173		4,963,255
Total Expenditures	41,810,656	732,606	1,838,173	2,081,991	46,463,426
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	89,108	-0-	(1,663,173)	(185,864)	(1,759,929)
OTHER FINANCING SOURCES/(USES)					
Capital Leases (Non-Budgeted)	1,387,248				1,387,248
Transfers In				175,000	175,000
Transfers Out			(175,000)		(175,000)
Total Other Financing Sources	1,387,248		(175,000)	175,000	1,387,248
Net Change in Fund Balances	1,476,356	-0-	(1,838,173)	(10,864)	(372,681)
Fund Balance — July 1	2,881,321	-0-	1,713,691	-0-	4,595,012
Fund Balance — June 30	$ 4,357,677	$ -0-	$ (124,482)	$ (10,864)	$ 4,222,331

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Total Net Change in Fund Balances - Governmental Funds (from B-2)			$ (372,681)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.			
Depreciation expense	$ (963,073)		
Capital outlays	3,118,278		2,155,205
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			725,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).			14,210
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the Statement Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Assets.			
Capital Lease Proceeds			(1,387,248)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			500,407
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			52,022
Change in Net Assets of Governmental Activities			$ 1,686,915

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		
		Major Program	
	Non-Major Programs	Region II Transportation	Total Enterprise
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 23,459		$ 23,459
Accounts Receivable	67,325	$ 701,527	768,852
Inventories	3,161		3,161
Total Current Assets	70,486	701,527	795,472
Non-Current Assets:			
Capital Assets	189,066		189,066
Less: Accumulated Depreciation	(169,951)		(169,951)
Total Non-Current Assets	19,115		19,115
Total Assets	125,323	701,527	814,587
LIABILITIES			
Current Liabilities:			
Interfund Payable	35,447	701,527	736,974
Accounts Payable	2,249		2,249
Total Current Liabilities	37,696	701,527	739,223
Total Liabilities	37,696	701,527	739,223
NET ASSETS			
Investment in Capital Assets Net of Related Debt	19,115		19,115
Unrestricted	56,249		56,249
Total Net Assets	$ 75,364	$ -0-	$ 75,364

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		
		Major Program	
	Non-Major Programs	Region II Transportation	Total Enterprise
Operating Revenue:			
Charges for Services:			
Daily Sales - Non-Reimbursable Programs	$ 747,760		$ 747,760
Special Events	48,538		48,538
Charges and Fees	827,140	$ 5,614,784	6,441,924
Total Operating Revenue	1,623,438	5,614,784	7,238,222
Operating Expenses:			
Cost of Sales	375,868		375,868
Salaries and Payroll Taxes	660,055		660,055
Employee Benefits	93,189		93,189
Purchased Services	307,466	1,361,801	1,669,267
Contracted Services	155,527	4,252,983	4,408,510
Supplies and Materials	45,103		45,103
Depreciation Expense	7,000		7,000
Miscellaneous	3,854		3,854
Total Operating Expenses	1,648,062	5,614,784	7,262,846
Operating Income/(Loss)	(24,624)	-0-	(24,624)
Non-Operating Revenue:			
Interest Revenue	2,886		2,886
Total Non-Operating Revenue	2,886	-0-	2,886
Change in Net Assets	(21,738)	-0-	(21,738)
Net Assets - Beginning of Year	97,102	-0-	97,102
Net Assets - End of Year	$ 75,364	$ -0-	$ 75,364

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Activities - Enterprise Funds		
		Major Program	
	Non-Major Programs	Region II Transportation	Total Enterprise
Cash Flows from Operating Activities:			
Receipts from Customers	$ 1,606,209	$ 5,614,784	$ 7,220,993
Payments to Employees	(382,442)		(382,442)
Payments for Employee Benefits	(68,992)		(68,992)
Payments for Services	(155,527)	(4,252,983)	(4,408,510)
Payments to Food Service Vendor	(781,729)		(781,729)
Payments to Suppliers	(266,503)	(1,361,801)	(1,628,304)
Net Cash Provided by/(Used for) Operating Activities	(48,984)	-0-	(48,984)
Cash Flows from Investing Activities:			
Interest Revenue	2,886		2,886
Net Cash Provided by Investing Activities	2,886	-0-	2,886
Net Increase/(Decrease) in Cash and Cash Equivalents	(46,098)	-0-	(46,098)
Cash and Cash Equivalents, July 1	69,557	-0-	69,557
Cash and Cash Equivalents, June 30	$ 23,459	$ -0-	$ 23,459
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	$ (24,624)	$ -0-	$ (24,624)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	7,000		7,000
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(17,229)	(81,808)	(99,037)
Decrease in Inventory	1,242		1,242
Increase/(Decrease) in Interfund Payable	(11,812)	81,817	70,005
Increase in Accounts Payable	(3,561)	(9)	(3,570)
Net Cash Provided by/(Used for) Operating Activities	$ (48,984)	$ -0-	$ (48,984)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2008

	Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ASSETS:			
Cash and Cash Equivalents	$ 316,376	$ 101,416	$ 287,725
Investments	42,345		
Other Receivables	297		
Total Assets	359,018	101,416	287,725
LIABILITIES:			
Interfund Payable	18,108		
Accounts Payable	11,716		
Payroll Deductions and Withholdings	3,935		
Due to Student Groups	261,721		
Professional Development Costs	297		
E- Learning Costs	63,241		
Total Liabilities	359,018		
NET ASSETS:			
Held in Trust for Unemployment Claims and Other Purposes		101,416	
Reserved for Scholarships			287,725
Total Net Assets	$ -0-	$ 101,416	$ 287,725

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ADDITIONS:		
Contributions:		
Plan Member	$ 26,950	
Employer		
Other		$ 58,775
Total Contributions	26,950	58,775
Investment Earnings:		
Interest	2,461	12,118
Net Investment Earnings	2,461	12,118
Total Additions	29,411	70,893
DEDUCTIONS:		
Quarterly Contribution Reports	6,325	
Scholarships Awarded		19,400
Total Deductions	6,325	19,400
Change in Net Assets	23,086	51,493
Net Assets - Beginning of the Year	78,330	236,232 *
Net Assets - End of the Year	$ 101,416	$ 287,725

* - Restated Beginning of the Year Balance.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Pascack Valley Regional High School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two senior high schools located in the Boroughs of Hillsdale and Montvale and serving the senior high school needs of the Boroughs of Hillsdale, Montvale and Woodcliff Lake and the Township of River Vale. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. In addition, financial resources may also be derived from capital outlay or capital reserve funds from the General Fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

Enterprise (Food Service, Transportation and Administration of Region II) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria, transportation and administration of Region II operations. The food service, transportation and administration of Region II funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the recipients on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Agency Fund, Payroll Agency Fund, Professional Development Costs Agency Fund, E-Learning Agency Fund, Unemployment Compensation Insurance Trust Fund, and Private Purpose Scholarship Trust Fund.

C. Measurement Focus and Basis of Accounting:

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Enterprise Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year). Budget amendments during the year ended June 30, 2008 were numerous but not considered significant.

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payment for the current year. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 41,899,699	$ 732,756
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		(150)
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	51,301	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(51,236)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 41,899,764	$ 732,606

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 41,810,656	$ 732,756
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(150)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 41,810,656	$ 732,606

	Capital Projects Fund
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)	$ 99,252
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on GAAP Basis	(223,734)
Fund Balance per Governmental Funds (GAAP)	$ (124,482)

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 reservations of 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2008.

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost,

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is $2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	Estimated Useful Life
Buildings	40 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2008.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent fiscal years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Assets,* the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the $4,357,677 General Fund fund balance at June 30, 2008, $965,173 is reserved for encumbrances; $1 is reserved in the capital reserve account; $2,592,555 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) ($1,663,862 of the total reserve for excess surplus was included as anticipated revenue for the fiscal year ending June 30, 2009); $-0 - is unreserved and designated for subsequent year's expenditures; and $799,948 is unreserved and undesignated.

Capital Projects Fund: The deficit in Capital Projects Fund fund balance at June 30, 2008 of $(124,482) is unreserved and designated for subsequent year's expenditures.

Debt Service Fund: The deficit in Debt Service Fund fund balance at June 30, 2008 of $(10,864) is unreserved and designated for subsequent year's expenditures.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance 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 surplus at June 30, 2008 is $2,592,555.

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by $51,236 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payment and not the fund balance reported on the fund statement which excludes the last state aid payment.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, capital and excess surplus as defined by State law.

R. Deficit Fund Balances/Net Assets

The Debt Service has a deficit in fund balance and in net assets of $10,864 due to $185,865 of interest on Temporary Notes due in the current year not budgeted during fiscal year ended June 30, 2008. In addition, the Capital Projects Fund has a deficit fund balance of $124,482 due to SDA Grant receivables not recognized on a GAAP basis. Unrestricted governmental activities net assets are in a deficit position due primarily to the accrual of compensated absences and interest expense.

S. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service and charges for services for transportation and administration of Region II. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its formal cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed on the following pages.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

Investments

New Jersey statutes permit the Board to purchase the following types of securities:

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(5) Local government investment pools;

(6) Deposits with the State of New Jersey Cash Management Fund; or

(7) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in statute; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2008, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Investments	Capital Reserve Account	Total
Checking Accounts	$ 4,634,960		$ 1	$ 4,634,961
Savings/Certificates of Deposit	261,873	$ 42,345		304,218
	$ 4,896,833	$ 42,345	$ 1	$ 4,939,179

During the period ended June 30, 2008, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments, at June 30, 2008, was $4,939,179 and the bank balance was $7,077,041.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of $1 in September 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the State Department of Education, 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 by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account 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 July 1, 2007 to June 30, 2008 fiscal year is as follows:

Beginning Balance, July 1, 2007	$ 1
Interest Earnings	-0-
Deposits	-0-
Withdrawals	-0-
Ending Balance, June 30, 2008	$ 1

The June 30, 2008 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2008 .

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

There was $-0- of withdrawals from the capital reserve transferred to the Capital Projects Fund for use in DOE approved facilities projects, consistent with the District's Long Range Facilities Plan.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2008, the District transferred $279,645 to the capital outlay accounts. The District obtained approval for transfers to facilities acquisition and construction services from the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2008 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	$ 6,245,500			$ 6,245,500
Work in Progress	40,962,236	$ 1,838,173	$ (632,866)	42,167,543
Total Capital Assets Not Being Depreciated	47,207,736	1,838,173	(632,866)	48,413,043
Capital Assets Being Depreciated:				
Land Improvements	1,978,540			1,978,540
Buildings and Building Improvements	8,099,902	1,030,076	539,078	9,669,056
Machinery and Equipment	4,869,925	250,029	93,788	5,213,742
Total Capital Assets Being Depreciated	14,948,367	1,280,105	632,866	16,861,338
Governmental Activities Capital Assets	62,156,103	3,118,278		65,274,381
Less Accumulated Depreciation for:				
Land Improvements	(834,499)	(87,576)		(922,075)
Buildings and Building Improvements	(6,486,199)	(212,288)	(18,758)	(6,717,244)
Machinery and Equipment	(4,295,324)	(617,498)	(26,954)	(4,939,776)
	(11,616,022)	(917,361)	(45,711)	(12,579,095)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 50,540,081	$ 2,200,916	$ (45,711)	$ 52,695,286

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	$ 45,439		$ 143,627	$ 189,066
Less Accumulated Depreciation	(19,324)	$ (7,000)	(143,627)	(169,951)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	$ 26,115	$ (7,000)	$ - 0 -	$ 19,115

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 222,826
Special Education	36,355
Other Instruction	47,653
Student and Instruction Related Services	118,301
School Administrative Services	84,666
Plant Operations and Maintenance	453,272
	$ 963,073

The District had active construction projects totaling $99,252 as of June 30, 2008. These projects include new construction and renovations of schools. At year end, the District had $-0- in outstanding construction encumbrances.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2008, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2007	Added	Retired	Balance 6/30/2008
Compensated Absences Payable	$ 885,876		$ 52,022	$ 833,854
Serial Bonds Payable	29,823,000		725,000	29,098,000
Capital Leases Payable	1,021,550	$ 1,387,248	500,407	1,908,391
	$ 31,730,426	$ 1,387,248	$ 1,277,429	$ 31,840,245

A. Bonds and Loans Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. Bonds are financed through the debt service fund.

The District had bonds outstanding as of June 30, 2008 as follows:

Final Maturity	Interest Rate	Amount
08/15/2028	3.25%-4.25%	$ 29,098,000

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds and Loans Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	$ 845,000	$ 1,143,652	$ 1,988,652
2010	880,000	1,113,464	1,993,464
2011	925,000	1,081,877	2,006,877
2012	965,000	1,048,801	2,013,801
2013	1,015,000	1,014,151	2,029,151
Thereafter:			
2014-2018	5,820,000	4,442,981	10,262,981
2019-2023	7,325,000	3,139,569	10,464,569
2024-2029	11,323,000	1,500,897	12,823,897
	$ 29,098,000	$ 14,485,392	$ 43,583,392

B. Bonds Authorized But Not Issued:

As of June 30, 2008, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The following is a schedule of the future minimum lease payments under the District's capital leases, and the present value of the net minimum lease payments at June 30, 2008.

Year Ending June 30,	Amount
2009	$ 625,438
2010	560,438
2011	560,438
2012	315,821
	2,062,135
Less: Amount Representing Interest	(153,744)
Present Value of Net Minimum Lease Payments	$ 1,908,391

The current portion of capital leases payable at June 30, 2008 is $558,961 and the long-term portion is $1,349,430.

The capital leases relate to the financing of various acquisitions of equipment, primarily synthetic field turf, chain link fencing and gates, stadium and field lighting, football goal posts and bleachers.

Capital leases are financed by the general fund.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is $-0- and is separated from the long-term liability balance of compensated absences of $833,854.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2008, no liability existed for compensated absences in the proprietary funds. Compensated absences are financed by the related fund, in this case the general fund.

NOTE 8. NOTES PAYABLE

At June 30, 2008, the District had notes payable outstanding as detailed below:

Final Maturity	Description	Interest Rate	Amount
2/5/2009	Construction and Equipment Additions and Renovations to Both High Schools.	2.00%	$ 2,251,000.00

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

Three-Year Trend for TPAF (Paid on-behalf of District)

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	$ 1,179,604	100.00%	$ 1,179,604
2007	1,186,400	100.00%	1,186,400
2006	161,843	100.00%	161,843

During the fiscal year ended June 30, 2008, the State of New Jersey contributed $1,179,604 to the TPAF for normal pension benefits on behalf of the District. This amount has been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

Three-Year Trend for PERS

Year Funding June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	$ 234,973	80.00%	$ 187,978
2007	173,638	60.00%	104,183
2006	134,778	40.00%	53,911

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

20% for payments due in State fiscal year 2005
Not more than 40% for payments due in State fiscal year 2006
Not more than 60% for payments due in State fiscal year 2007
Not more than 80% for payments due in State fiscal year 2008

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2007, there were 75,860 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for NESBIG are elected.

As a member of NESBIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of NESBIG were to be exhausted, members would become responsible for their respective shares of the liabilities. NESBIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.
Selected, summarized financial information for NESBIG as of June 30, 2007 is as follows:

	NESBIG
Total Assets	$ 14,613,602
Net Assets	$ 7,360,307
Total Revenue	$ 11,058,035
Total Expenses	$ 9,340,605
Change in Net Assets for the Year Ended June 30	$ 1,717,430
Net Assets Distribution to Participating Members	$ -0-

Financial statements for NESBIG are available at the Executive Director's Office:

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Board is periodically involved in lawsuits arising in the normal course of business, including claims regarding special education, disputes over contract awards and performance, and employment matters. The Board does not believe that the ultimate outcome of these cases will have a material negative effect on the District's financial position.

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

The State made post-retirement (PRM) contributions of $592.7 million for TPAF and $224.3 million for PERS in Fiscal Year 2008.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free 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 $110.3 million toward Chapter 126 benefits for 11,747 eligible retired members in Fiscal Year 2008.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to $1,472,146, $1,424,479 and $1,391,216 for 2008, 2007 and 2006, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance

The District is a member of the Northeast Bergen School Board Insurance Group and maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

New Jersey Unemployment Compensation Insurance

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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two fiscal years:

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2007-2008	$ -0-	$ 2,461	$ 26,950	$ 6,325	$ 101,416
2006-2007	40,000	1,119	24,900	16,588	78,330
2005-2006	-0-	518	23,001	16,761	28,899

The Pascack Valley Regional School District is a member of the Northeast Bergen County School Board Insurance Group, ("NESBIG"). This public entity risk management pool provides general liability, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. NESBIG is a risk-sharing public entity risk pool that is

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed at June 30, 2008:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 1,827,887	
Capital Projects Fund	185,865	$ 1,247,805
Debt Service	175,000	185,865
Proprietary Funds		736,974
Agency Fund		18,108
	$ 2,188,752	$ 2,188,752

The general fund interfund with the capital projects fund is primarily interest earnings. The debt service fund interfund with capital projects fund is for the interest earnings and interest on Temporary Notes in the current year. The remaining interfund balances are interfund loans.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Oldham Resource Group
Dreyfus Trust Company
MetLife
Enterprise

NOTE 15. TAX CALENDAR

Property taxes are levied by the District's constituent municipalities as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of $10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the District on a predetermined mutually agreed-upon schedule.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 16. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2008:

	Governmental Activities				Business-Type Activities	
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Vendors	$ 32,484	$ 39,975	$ 565,350	$ 637,809	$ 2,249	$ 11,716
	$ 32,484	$ 39,975	$ 565,350	$ 637,809	$ 2,249	$ 11,716

NOTE 17. PRIOR PERIOD ADJUSTMENT

The District made a prior period adjustment in the Fund Financial Statements to correct the amount of Private Purpose Scholarship Trust Investments and Net Assets – Reserved for Scholarships reported as of June 30, 2007.

	Balance 6/30/07 as Previously Reported	Retroactive Adjustments	Balance 6/30/07 as Restated
Statement of Fiduciary Net Assets:			
Private Purpose Scholarship Trust:			
Assets:			
Investments	$ 231,529	$ 23,784	$ 207,745
Net Assets			
Reserved for Scholarships	260,016	23,784	236,232

	Additions/Balance for the Fiscal June 30, 2007 as Previously Reported	Retroactive Adjustments	Additions/Balance for the Fiscal Year Ended June 30, 2007 as Restated
Statement of Changes in Fiduciary Net Assets:			
Private Purpose Scholarship Trust:			
Net Assets - June 30, 2007	$ 260,016	$ 23,784	$ 236,232

BUDGETARY COMPARISON SCHEDULES

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 35,979,512		$ 35,979,512	$ 35,979,512	
Tuition				127,005	$ 127,005
Miscellaneous		$ 13,764	13,764	194,839	181,075
Total - Local Sources	35,979,512	13,764	35,993,276	36,301,356	308,080
State Sources:					
Transportation Aid	386,632		386,632	386,632	
Special Education Aid	968,056		968,056	968,056	
Bilingual Education	2,336		2,336	2,336	
Consolidated Aid	123,610		123,610	123,610	
Additional Formula Aid	93,733		93,733	93,733	
Above Average Enrollment Growth	118,739		118,739	118,739	
Extraordinary Special Education Costs Aid				105,299	105,299
Nonpublic School Transportation Costs				13,092	13,092
Teacher Quality Mentoring				3,069	3,069
TPAF Pension (On-Behalf - Non-Budgeted)				1,179,604	1,179,604
TPAF - Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,472,146	1,472,146
TPAF Social Security (Reimbursed - Non-Budgeted)				1,132,027	1,132,027
Total State Sources	1,693,106		1,693,106	5,598,343	3,905,237
TOTAL REVENUES	37,672,618	13,764	37,686,382	41,899,699	4,213,317

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	$ 10,389,775	$ (207,109)	$ 10,182,666	$ 10,175,283	$ 7,383
Regular Programs - Home Instruction:					
Salaries of Teachers	55,000	(13,052)	41,948	41,948	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	76,161	39,949	116,110	116,110	
Other Purchased Services (400-500 series)	1,603,476	(20,433)	1,583,043	1,581,114	1,929
General Supplies	402,056	(85,644)	316,412	313,268	3,144
Textbooks	232,328	(59,937)	172,391	172,391	
Other Objects	163,390	(56,960)	106,430	106,430	
Total Regular Programs - Instruction	12,922,186	(403,186)	12,519,000	12,506,544	12,456
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	273,870	6,091	279,961	279,710	251
Other Salaries for Instruction	54,028	(27,805)	26,223	26,223	
General Supplies	1,575	(371)	1,204	1,204	
Textbooks	2,388	(1,889)	499	499	
Total Learning and/or Language Disabilities	331,861	(23,974)	307,887	307,636	251
Behavioral Disabilities:					
Salaries of Teachers		619,763	619,763	619,763	
Other Salaries for Instruction		7,740	7,740	7,740	
General Supplies		2,039	2,039	2,039	
Textbooks		821	821	821	
Total Behavioral Disabilities		630,363	630,363	630,363	

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	$ 1,308,610	$ (578,040)	$ 730,570	$ 730,570	
Other Salaries for Instruction	99,744	(868)	98,876	98,876	
General Supplies	4,095	(3,026)	1,069	1,069	
Textbooks	2,920	(2,481)	439	439	
Total Resource Room/Resource Center	1,415,369	(584,415)	830,954	830,954	
Total Special Education Instruction	1,747,230	21,974	1,769,204	1,768,953	$ 251
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	25,975		25,975		25,975
Total Basic Skills/Remedial - Instruction	25,975		25,975		25,975
Bilingual Education - Instruction:					
Salaries of Teachers	51,890		51,890		51,890
General Supplies	1,200	(662)	538	538	
Total Bilingual Education - Instruction	53,090	(662)	52,428	538	51,890
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	298,452	6,128	304,580	304,481	99
Purchased Services (300-500 series)	10,600	(3,862)	6,738	6,738	
Supplies and Materials	63,518	(17,359)	46,159	44,710	1,449
Total School-Sponsored Cocurricular Activities - Instruction	372,570	(15,093)	357,477	355,929	1,548
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	692,554	30,292	722,846	722,846	
Purchased Services (300-500 series)	238,964	(6,758)	232,206	232,206	
Supplies and Materials	10,458	(573)	9,885	9,885	
Other Objects	115,604	(4,415)	111,189	111,189	
Total School-Sponsored Cocurricular Athletics - Instruction	1,057,580	18,546	1,076,126	1,076,126	

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Instruction	$ 16,178,631	$ (378,421)	$ 15,800,210	$ 15,708,090	$ 92,120
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	125,000	(18,975)	106,025	100,603	5,422
Tuition to County Vocational Schools - Regular	565,800	1,677	567,477	414,013	153,464
Tuition to County Vocational Schools - Special	275,000	(27,602)	247,398	195,583	51,815
Tuition to County Special Services Schools and Regional Day Schools	400,000	191,220	591,220	591,220	
Tuition to Private Schools for the Disabled - Within the State	795,000	(204,098)	590,902	590,902	
Tuition to Private Schools for the Disabled and Other LEAs - Special - Outside the State	223,321	(185,552)	37,769		37,769
Tuition - State Facilities	17,886		17,886	17,886	
Tuition - Other	40,000		40,000	25,491	14,509
Total Undistributed Expenditures - Instruction	2,442,007	(243,330)	2,198,677	1,935,698	262,979
Attendance and Social Work Services:					
Salaries	68,365	73	68,438	68,438	
Total Attendance and Social Work Services	68,365	73	68,438	68,438	
Health Services:					
Salaries	161,035	7,421	168,456	168,456	
Other Purchased Services (400-500 series)	32,500	(7,551)	24,949	24,949	
Supplies and Materials	2,560	557	3,117	3,117	
Total Health Services	196,095	427	196,522	196,522	
Other Support Services - Students - Related Services:					
Salaries	74,808	(21,648)	53,160	53,160	
Purchased Professional - Educational Services	6,500	(6,500)			
Total Other Support Services - Students - Related Services	81,308	(28,148)	53,160	53,160	

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Students - Extraordinary Services:					
Salaries	$ 538,350	$ (12,115)	$ 526,235	$ 526,235	
Purchased Professional - Educational Services	236,000	(79,880)	156,120	156,120	
Total Other Support Services - Students - Extraordinary Services	774,350	(91,995)	682,355	682,355	
Other Support Services - Students - Regular Services:					
Salaries of Other Professional Staff	1,038,089	(60,274)	977,815	968,993	$ 8,822
Salaries of Secretarial and Clerical Assistants	180,786		180,786	180,247	539
Other Purchased Services (400-500 series)	5,145	(830)	4,315	1,300	3,015
Supplies and Materials	12,920	(2,344)	10,576	10,370	206
Other Objects	13,415	2,450	15,865	14,196	1,669
Total Other Support Services - Students - Regular Services	1,250,355	(60,998)	1,189,357	1,175,106	14,251
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	578,224	(2,241)	575,983	567,135	8,848
Salaries of Secretarial and Clerical Assistants	99,744		99,744	98,459	1,285
Purchased Professional - Educational Services	75,000	2,252	77,252	77,252	
Other Purchased Prof. and Tech. Services	500	(500)			
Supplies and Materials	5,425	1,283	6,708	6,686	22
Total Other Support Services - Students - Special Services	758,893	794	759,687	749,532	10,155
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	1,296,672	16,761	1,313,433	1,313,433	
Salaries of Secretarial and Clerical Assistants	34,287	1,681	35,968	35,968	
Other Salaries	325	(325)			
Other Purchased Services (400-500 series)	1,000		1,000	1,000	
Other Objects	33,750		33,750	29,282	4,468
Total Improvement of Instructional Services	1,366,034	18,117	1,384,151	1,379,683	4,468

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media Services/School Library:					
Salaries	$ 253,516	$ 1,403	$ 254,919	$ 205,925	$ 48,994
Purchased Professional and Technical Services	15,900		15,900	15,228	672
Supplies and Materials	52,182	1,645	53,827	45,974	7,853
Total Educational Media Services/School Library	321,598	3,048	324,646	267,127	57,519
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	150,655	1,933	152,588	152,588	
Salaries of Secretarial and Clerical Assistants	45,716		45,716	45,173	543
Purchased Professional - Educational Services	100,096	5,574	105,670	97,001	8,669
Supplies and Materials	5,200	1,819	7,019	7,019	
Other Objects	176,750	69,731	246,481	214,455	32,026
Total Instructional Staff Training Services	478,417	79,057	557,474	516,236	41,238
Support Services - General Administration:					
Salaries	368,326	9,938	378,264	377,976	288
Legal Services	75,000		75,000	59,613	15,387
Audit Fees	49,000		49,000	49,000	
Other Purchased Professional Services	103,247		103,247	76,057	27,190
Communications/Telephone	117,100	1,776	118,876	87,574	31,302
BOE Other Purchased Services	40,500	(28,231)	12,269	4,832	7,437
Other Purchased Services (400-500 series)	29,000		29,000	16,304	12,696
General Supplies	19,850		19,850	209	19,641
Miscellaneous Expenditures	173,900	31,010	204,910	169,647	35,263
BOE Membership Dues and Fees	22,000		22,000	17,380	4,620
Total Support Services - General Administration	997,923	14,493	1,012,416	858,592	153,824

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	$ 679,506	$ 302	$ 679,808	$ 637,792	$ 42,016
Salaries of Secretarial and Clerical Assistants	265,984	509	266,493	266,387	106
Purchased Professional and Technical Services	4,950		4,950	4,805	145
Other Purchased Services (400-500 series)	40,400	5,215	45,615	42,922	2,693
Supplies and Materials	18,662	(2,890)	15,772	8,631	7,141
Other Objects	7,500	(6,281)	1,219		1,219
Total Support Services - School Administration	1,017,002	(3,145)	1,013,857	960,537	53,320
Central Services:					
Salaries	426,510		426,510	410,115	16,395
Purchased Professional Services	20,000		20,000	15,645	4,355
Purchased Technical Services	18,000		18,000	2,088	15,912
Miscellaneous Purchased Services (400-500 series)	44,385		44,385	27,198	17,187
Supplies and Materials	11,500		11,500	7,984	3,516
Interest on Lease Purchase Agreements	22,000	38,542	60,542	60,542	
Miscellaneous Expenditures	9,500	22,000	31,500	27,401	4,099
Total Central Services	551,895	60,542	612,437	550,973	61,464
Administration Information Technology:					
Salaries	184,942		184,942	171,771	13,171
Other Purchased Services	55,000		55,000	48,307	6,693
Total Administration Information Technology	239,942		239,942	220,078	19,864
Required Maintenance of School Facilities:					
Salaries	260,320	(60,332)	199,988	199,988	
Cleaning, Repair and Maintenance Services	202,600	61,107	263,707	263,707	
General Supplies	53,600	(1,857)	51,743	51,344	399
Total Required Maintenance of School Facilities	516,520	(1,082)	515,438	515,039	399

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Operations & Maintenance of Plant:					
Salaries	$ 1,301,246	$ (17,704)	$ 1,283,542	$ 1,282,329	$ 1,213
Purchased Professional and Technical Services	42,500	32,803	75,303	75,303	
Other Purchased Property Services	26,750	(3,276)	23,474	23,474	
Insurance	210,000	(12,444)	197,556	197,556	
Miscellaneous Purchased Services	229,350	(9,315)	220,035	218,668	1,367
General Supplies	91,650	4,630	96,280	96,280	
Energy (Heat and Electricity)	658,500	311,704	970,204	970,204	
Total Other Operations & Maintenance of Plant	2,559,996	306,398	2,866,394	2,863,814	2,580
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	69,164	(1,943)	67,221	67,221	
Contracted Services:					
Between Home and School - Vendors	586,000	(35,782)	550,218	514,758	35,460
Other Than Between Home and School - Vendors	309,418	13,866	323,284	303,067	20,217
Special Education Students - Joint Agreements	490,000	152,000	642,000	623,426	18,574
Aid in Lieu - Nonpublic Students	60,500	639	61,139	60,710	429
Supplies and Materials	850	(555)	295	295	
Total Student Transportation Services	1,515,932	128,225	1,644,157	1,569,477	74,680
Unallocated Benefits:					
Social Security Contributions	353,000	92,057	445,057	445,057	
Other Retirement Contributions - Regular	110,000	78,746	188,746	188,746	
Unemployment Compensation	47,514	(47,514)			
Workmen's Compensation	105,000	20,655	125,655	125,655	
Health Benefits	4,132,001	(262,937)	3,869,064	3,765,750	103,314
Tuition Reimbursement	75,000	52,500	127,500	105,132	22,368
Other Employee Benefits	52,500	(52,500)			
Total Unallocated Benefits	4,875,015	(118,993)	4,756,022	4,630,340	125,682

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf Contributions:					
TPAF Pension (On-Behalf - Non-Budgeted)				$ 1,179,604	$ (1,179,604)
TPAF - Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,472,146	(1,472,146)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,132,027	(1,132,027)
Total On-Behalf Contributions				3,783,777	(3,783,777)
Total Personal Services - Employee Benefits	$ 4,875,015	$ (118,993)	$ 4,756,022	8,414,117	(3,658,095)
Total Undistributed Expenses	20,011,647	63,483	20,075,130	22,976,484	(2,901,354)
TOTAL GENERAL CURRENT EXPENSE	36,190,278	(314,938)	35,875,340	38,684,574	(2,809,234)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	80,048	201,101	281,149	26,210	254,939
Special Education - Instruction:					
School Sponsored and Other Instructional Programs	50,346	(655)	49,691	49,691	
Undistributed Expenditures:					
Support Services - Instructional Staff	309,600	(157,945)	151,655	151,655	
Operation and Maintenance of Plant Services	26,950	(26,950)			
Total Equipment	466,944	15,551	482,495	227,556	254,939
Facilities Acquisition and Construction Services:					
Legal Services	22,500	(22,500)			
Other Purchased Professional and Technical Services	82,500	(82,500)			
Construction Services	1,027,641	311,824	1,339,465	1,009,871	329,594
Lease Purchase Agreements - Principal	350,080	150,327	500,407	500,407	
Other Objects	45,000	(45,000)			
Total Facilities Acquisition and Construction Services	1,527,721	312,151	1,839,872	1,510,278	329,594

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
School-Sponsored Cocurricular Athletics - Instruction				$ 1,387,248	$ (1,387,248)
Total Assets Acquired Under Capital Leases (non-budgeted)				1,387,248	(1,387,248)
TOTAL CAPITAL OUTLAY	$ 1,994,665	$ 327,702	$ 2,322,367	3,125,082	(802,715)
SPECIAL SCHOOLS:					
Other Special Schools - Support Services:					
Supplies and Materials		1,000	1,000	1,000	
Total Other Special Schools - Support Services		1,000	1,000	1,000	
Total Other Special Schools		1,000	1,000	1,000	
TOTAL SPECIAL SCHOOLS		1,000	1,000	1,000	
TOTAL EXPENDITURES	38,184,943	13,764	38,198,707	41,810,656	(3,611,949)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(512,325)		(512,325)	89,043	601,368
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				1,387,248	1,387,248
Total Other Financing Sources/(Uses)				1,387,248	1,387,248

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	$ (512,325)		$ (512,325)	$ 1,476,291	$ 1,988,616
Fund Balance, July 1	2,932,622		2,932,622	2,932,622	
Fund Balance, June 30	$ 2,420,297	$ -0-	$ 2,420,297	$ 4,408,913	$ 1,988,616

Recapitulation:	
Reserve for Encumbrances	$ 965,173
Reserve for Excess Surplus	928,693
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures	1,663,862
Capital Reserve	1
Unreserved - Undesignated	851,184
	4,408,913
Reconciliation to Governmental Funds Statement (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	(51,236)
Fund Balance per Governmental Funds (GAAP)	$ 4,357,677

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	$ 74,948	$ 439,603	$ 514,551	$ 514,551	
Federal Sources	374,000	(131,239)	242,761	218,205	$ 24,556
Total Revenues	448,948	308,364	757,312	732,756	24,556
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	55,474	20,581	76,055	76,055	
Purchased Professional and Technical Services	3,304	16,696	20,000	20,000	
Purchased Professional - Educational Services		5,583	5,583	2,334	3,249
Tuition	286,531	34,660	321,191	321,191	
General Supplies	19,221	11,815	31,036	31,036	
Textbooks	22,214	(3,379)	18,835	18,835	
Total Instruction	386,744	85,956	472,700	469,451	3,249
Support Services:					
Personal Services - Employee Benefits	8,426	8,338	16,764	16,764	
Purchased Professional and Technical Services	5,761	(2,024)	3,737	3,737	
Purchased Professional - Educational Services	7,782	50,466	58,248	58,248	
Other Purchased Services	1,000		1,000	1,000	
Miscellaneous Purchased Services	38,574	166,289	204,863	183,556	21,307
Supplies and Materials	661	(661)			
Total Support Services	62,204	222,408	284,612	263,305	21,307
Total Expenditures	448,948	308,364	757,312	732,756	24,556
Excess of Revenues Over Expenditures	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Exhibit C-3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 41,899,699	$ 732,756
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		(150)
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	51,301	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(51,236)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 41,899,764	$ 732,606
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 41,810,656	$ 732,756
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(150)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 41,810,656	$ 732,606

Exhibit C-3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payment for the current year. Since the State is recording the last state aid payment in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

PASCACK VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	NCLB Consolidated Grant				IDEA - Part B Basic Regular Program
	Title I Part A	Title II	Title IV	Title V	
REVENUE:					
Federal Sources	$ 39,096	$ 28,460	$ 4,187	$ 2,056	$ 376,252
State Sources					
Total Revenue	39,096	28,460	4,187	2,056	376,252
EXPENDITURES:					
Instruction:					
Salaries of Teachers	28,500	22,555			
Purchased Professional/Technical Services					
Purchased Professional/Educational Services					
Tuition					321,191
General Supplies				2,056	
Textbooks					
Total Instruction	28,500	22,555		2,056	321,191
Support Services:					
Personal Services - Employee Benefits	7,125	5,639			
Purchased Professional/Technical Services	3,471	266			
Purchased Professional/Educational Services			3,187		55,061
Other Purchased Services			1,000		
Miscellaneous Purchased Services					
Total Support Services	10,596	5,905	4,187		55,061
Total Expenditures	$ 39,096	$ 28,460	$ 4,187	$ 2,056	$ 376,252

PASCACK VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	NJ Nonpublic Textbooks	NJ Nonpublic Nursing	NJ Nonpublic Technology Initiative	Foreign Language Assistance Program - Chinese Flap	Nonpublic Handicapped/ Auxiliary Services Examination and Classification
REVENUE:					
Federal Sources				$ 64,500	
State Sources	$ 18,835	$ 26,016	$ 13,480		$ 38,877
Total Revenue	18,835	26,016	13,480	64,500	38,877
EXPENDITURES:					
Instruction:					
Salaries of Teachers				25,000	
Purchased Professional/Technical Services				20,000	
Purchased Professional/Educational Services					
Tuition					
General Supplies			13,480	15,500	
Textbooks	18,835				
Total Instruction	18,835		13,480	60,500	
Support Services:					
Personal Services - Employee Benefits				4,000	
Purchased Professional/Technical Services					
Purchased Professional/Educational Services					
Other Purchased Services					
Miscellaneous Purchased Services		26,016			38,877
Total Support Services		26,016		4,000	38,877
Total Expenditures	$ 18,835	$ 26,016	$ 13,480	$ 64,500	$ 38,877

PASCACK VALLEY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Nonpublic Handicapped/Auxiliary Services				
	Corrective Speech	Supplementary Instruction	English as a Second Language	Compensatory Education	Totals
REVENUE:					
Federal Sources					$ 514,551
State Sources	$ 2,046	$ 36,592	$ 2,334	$ 80,025	218,205
Total Revenue	2,046	36,592	2,334	80,025	732,756
EXPENDITURES:					
Instruction:					
Salaries of Teachers					76,055
Purchased Professional/Technical Services					20,000
Purchased Professional/Educational Services			2,334		2,334
Tuition					321,191
General Supplies					31,036
Textbooks					18,835
Total Instruction			2,334		469,451
Support Services:					
Personal Services - Employee Benefits					16,764
Purchased Professional/Technical Services					3,737
Purchased Professional/Educational Services					58,248
Other Purchased Services					1,000
Miscellaneous Purchased Services	2,046	36,592		80,025	183,556
Total Support Services	2,046	36,592		80,025	263,305
Total Expenditures	$ 2,046	$ 36,592	$ 2,334	$ 80,025	$ 732,756

CAPITAL PROJECTS FUND

Exhibit F-1

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008

Revenue and Other Financing Sources:	
Interest Revenue	$ 175,000
Total Revenue and Other Financing Sources	175,000
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	
Land and Improvements	(394,015)
Construction Services	2,199,173
Other Objects	33,015
Operating Transfers Out:	
Debt Service Fund - Interest Earned	175,000
Total Expenditures and Other Financing Uses	2,013,173
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,838,173)
Fund Balance - Beginning	1,937,425
Fund Balance - Ending	$ 99,252
Recapitulation:	
Unreserved - Designated for Subsequent Year's Expenditures	$ 99,252
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grant not Recognized on GAAP Basis	(223,734)
Fund Balance per Governmental Funds (GAAP)	$ (124,482)

Exhibit F-1a

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCT AND EQUIP ADDITIONS AND RENOVATIONS TO BOTH HIGH SCHOOLS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	$ 11,543,555		$ 11,543,555	$ 11,543,555
Bond Proceeds	30,723,000		30,723,000	30,723,000
Transfer from Capital Outlay	240		240	240
Total Revenue and Other Financing Sources	42,266,795	$ -0-	42,266,795	42,266,795
Expenditures:				
Legal Services	94,745		94,745	110,000
Purchased Professional and Technical Services	3,947,503		3,947,503	4,102,572
Land and Improvements	601,934	(394,015)	207,919	1,441,000
Construction Services	35,166,238	2,199,173	37,365,411	35,191,393
Equipment Purchases	113,139		113,139	850,000
Other Objects	405,811	33,015	438,826	571,830
Total Expenditures	40,329,370	1,838,173	42,167,543	42,266,795
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 1,937,425	$ (1,838,173)	$ 99,252	$ -0-

Additional Project Information:	
Project Number(s)	SP-3960-050-03-1417 & 1418
Grant Date	03/19/04
Bond Authorization Date	12/09/03
Bonds Authorized	$ 30,723,000
Bonds Issued	$ 30,723,000
Original Authorized Cost	$ 40,746,409
Change Orders	$ 1,520,386
Revised Authorized Cost	$ 42,266,795
Change Order Percentage	3.73%
Percentage Completion	99.77%
Original Target Completion Date	08/01/06
Revised Target Completion Date	12/01/07

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Referendum Date	Referendum Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2006	Issued	Retired or Matured	Balance June 30, 2007
12/9/2003	Renovations and Additions to School Facilities.	08/08/03	2/6/2007	2/5/2008	3.05%	$ 4,957,000		$ 4,957,000	
			2/6/2008	2/5/2009	2.00%		$ 2,251,000		$ 2,251,000
						$ 4,957,000	$ 2,251,000	$ 4,957,000	$ 2,251,000

PROPRIETARY FUNDS

Exhibit G-1

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

	Non-Major Programs			Major Program	
	Food Service	Region II Administration	Total	Region II Transportation	Totals
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 23,459		$ 23,459		$ 23,459
Accounts Receivable:					
Intergovernmental		$ 37,696	37,696	$ 701,527	739,223
Other	29,629		29,629		29,629
Inventories	3,161		3,161		3,161
Total Current Assets	56,249	37,696	93,945	701,527	795,472
Non-Current Assets:					
Capital Assets	189,066		189,066		189,066
Less: Accumulated Depreciation	(169,951)		(169,951)		(169,951)
Total Non-Current Assets	19,115	-0-	19,115	-0-	19,115
Total Assets	75,364	37,696	113,060	701,527	814,587
LIABILITIES					
Current Liabilities:					
Interfunds Payable		35,447	35,447	701,527	736,974
Accounts Payable		2,249	2,249		2,249
Total Current Liabilities		37,696	37,696	701,527	739,223
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	19,115		19,115		19,115
Unrestricted	56,249		56,249		56,249
Total Net Assets	$ 75,364	$ -0-	$ 75,364	$ -0-	$ 75,364

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Non-Major Programs					Major Program	
		Region II				Region II	
	Food Service	Summer School	Administration	Transportation	Totals	Transportation	Totals
Operating Revenue							
Charges for Services:							
Daily Sales - Non-Reimbursable Programs	$ 747,760				$ 747,760		$ 747,760
Special Events	48,538				48,538		48,538
Charges and Fees		$ 39,404	$ 632,209	$ 155,527	827,140	$ 5,614,784	6,441,924
Total Operating Revenue	796,298	39,404	632,209	155,527	1,623,438	5,614,784	7,238,222
Operating Expenses:							
Cost of Sales	375,868				375,868		375,868
Salaries and Payroll Taxes	277,613	32,600	349,842		660,055		660,055
Employee Benefits	24,197	2,425	66,567		93,189		93,189
Purchased Services	97,444	3,850	206,172		307,466	1,361,801	1,669,267
Contracted Services				155,527	155,527	4,252,983	4,408,510
Supplies and Materials	38,800		6,303		45,103		45,103
Depreciation Expense	7,000				7,000		7,000
Miscellaneous		529	3,325		3,854		3,854
Total Operating Expenses	820,922	39,404	632,209	155,527	1,648,062	5,614,784	7,262,846
Operating Income/(Loss)	(24,624)	-0-	-0-	-0-	(24,624)	-0-	(24,624)
Non-Operating Revenue:							
Interest Revenue	2,886				2,886		2,886
Total Non-Operating Revenue	2,886	-0-	-0-	-0-	2,886	-0-	2,886
Change in Net Assets	(21,738)	-0-	-0-	-0-	(21,738)	-0-	(21,738)
Net Assets - Beginning of Year	97,102	-0-	-0-	-0-	97,102	-0-	97,102
Net Assets - End of Year	$ 75,364	$ -0-	$ -0-	$ -0-	$ 75,364	$ -0-	$ 75,364

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Non-Major Programs					Major Program	
		Region II				Region II	
	Food Service	Summer School	Administration	Transportation	Totals	Transportation	Totals
Cash Flows from Operating Activities:							
Receipts from Customers	$ 809,284	$ 39,404	$ 601,994	$ 155,527	$ 1,606,209	$ 5,614,784	$ 7,220,993
Payments to Employees		(32,600)	(349,842)		(382,442)		(382,442)
Payments for Employee Benefits		(2,425)	(66,567)		(68,992)		(68,992)
Payments for Services				(155,527)	(155,527)	(4,252,983)	(4,408,510)
Payments to Food Service Vendor	(781,729)				(781,729)		(781,729)
Payments to Suppliers	(30,951)	(4,379)	(231,173)		(266,503)	(1,361,801)	(1,628,304)
Net Cash Provided by/(Used for) Operating Activities	(3,396)	-0-	(45,588)	-0-	(48,984)	-0-	(48,984)
Cash Flows from Investing Activities:							
Interest Income	2,886				2,886		2,886
Net Cash Provided by Investing Activities	2,886	-0-	-0-	-0-	2,886	-0-	2,886
Net Decrease in Cash and Cash Equivalents	(510)	-0-	(45,588)	-0-	(46,098)	-0-	(46,098)
Cash and Cash Equivalents, July 1	23,969	-0-	45,588	-0-	69,557	-0-	69,557
Cash and Cash Equivalents, June 30	$ 23,459	$ -0-	$ -0-	$ -0-	$ 23,459	$ -0-	$ 23,459
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:							
Operating Income/(Loss)	$ (24,624)	$ -0-	$ -0-	$ -0-	$ (24,624)	$ -0-	$ (24,624)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:							
Depreciation	7,000				7,000		7,000
Changes in Assets and Liabilities:							
(Increase)/Decrease in Accounts Receivable	12,986		(30,215)		(17,229)	(81,808)	(99,037)
Decrease in Inventory	1,242				1,242		1,242
Increase/(Decrease) in Interfund Payable			(11,812)		(11,812)	81,817	70,005
Increase/(Decrease) in Accounts Payable			(3,561)		(3,561)	(9)	(3,570)
Net Cash Provided by/(Used for) Operating Activities	$ (3,396)	$ -0-	$ (45,588)	$ -0-	$ (48,984)	$ -0-	$ (48,984)

FIDUCIARY FUNDS

Exhibit H-1

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	Agency					Unemployment Compensation Trust	Private Purpose Scholarship Trust
	Student Activity	Payroll	Professional Development	E-Learning	Total		
ASSETS							
Cash and Cash Equivalents	$ 231,092	$ 22,043		$ 63,241	$ 316,376	$ 101,416	$ 287,725
Investments	42,345				42,345		
Other Receivables			$ 297		297		
Total Assets	273,437	22,043	297	63,241	359,018	101,416	287,725
LIABILITIES							
Interfund Payable		18,108			18,108		
Accounts Payable	11,716				11,716		
Payroll Deductions and Withholdings		3,935			3,935		
Due to Student Groups	261,721				261,721		
Professional Development Costs			297		297		
E-Learning				63,241	63,241		
Total Liabilities	273,437	22,043	297	63,241	359,018		
NET ASSETS							
Held in Trust for Unemployment Claims and Other Purposes						101,416	
Reserved for Scholarships							287,725
Total Net Assets	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 101,416	$ 287,725

Exhibit H-2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Plan Member	$ 26,950		$ 26,950
Other		$ 58,775	58,775
Total Contributions	26,950	58,775	85,725
Investment Earnings:			
Interest	2,461	12,118	14,579
Net Investment Earnings	2,461	12,118	14,579
Total Additions	29,411	70,893	100,304
DEDUCTIONS:			
Quarterly Contribution Reports	6,325		6,325
Scholarships Awarded		19,400	19,400
Total Deductions	6,325	19,400	25,725
Change in Net Assets	23,086	51,493	74,579
Net Assets - Beginning of the Year	78,330	236,232 *	314,562
Net Assets - End of the Year	$ 101,416	$ 287,725	$ 389,141

* - Restated Beginning of the Year Balance.

Exhibit H-3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Cash and Cash Equivalents	$ 287,882	$ 890,047	$ 946,837	$ 231,092
Investments	40,326	2,019		42,345
Total Assets	$ 328,208	$ 892,066	$ 946,837	$ 273,437
LIABILITIES:				
Accounts Payable	$ 8,655	$ 11,716	$ 8,655	$ 11,716
Due to Student Groups	319,553	880,350	938,182	261,721
Total Liabilities	$ 328,208	$ 892,066	$ 946,837	$ 273,437

Exhibit H-4

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Cash Receipts	Cash Disbursements	Balance June 30, 2008
Senior High Schools:				
Pascack Hills Activities	$ 114,710	$ 350,418	$ 382,658	$ 82,470
Pascack Hills Athletics	656	73,803	71,133	3,326
Pascack Valley Activities	203,962	356,329	384,974	175,317
Pascack Valley Athletics	225	99,800	99,417	608
Total All Schools	$ 319,553	$ 880,350	$ 938,182	$ 261,721

Exhibit H-5

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Cash and Cash Equivalents	$ 19,118	$ 23,344,528	$ 23,341,603	$ 22,043
Total Assets	$ 19,118	$ 23,344,528	$ 23,341,603	$ 22,043
LIABILITIES:				
Interfund Payable	$ 15,715	$ 9,423	$ 7,030	$ 18,108
Payroll Deductions and Withholdings	3,403	23,335,105	23,334,573	3,935
Total Liabilities	$ 19,118	$ 23,344,528	$ 23,341,603	$ 22,043

Exhibit H-6

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PROFESSIONAL DEVELOPMENT COSTS AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Cash and Cash Equivalents	$ 1,693	$ 7,297	$ 8,990	
Other Receivables		297		$ 297
Total Assets	$ 1,693	$ 7,594	$ 8,990	$ 297
LIABILITIES:				
Professional Development Costs	$ 1,693	$ 7,594	$ 8,990	$ 297
Total Liabilities	$ 1,693	$ 7,594	$ 8,990	$ 297

Exhibit H-7

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
E-LEARNING AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Cash and Cash Equivalents	$ 18,126	$ 161,603	$ 116,488	$ 63,241
Total Assets	$ 18,126	$ 161,603	$ 116,488	$ 63,241
LIABILITIES:				
E-Learning Costs	$ 18,126	$ 161,603	$ 116,488	$ 63,241
Total Liabilities	$ 18,126	$ 161,603	$ 116,488	$ 63,241

LONG-TERM DEBT

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2008 Date	Amount	Interest Rate	Balance June 30, 2007	Retired/ Matured	Balance June 30, 2008
Various School Improvements	04/01/04	$ 30,723,000	08/15/08	$ 845,000	3.500%			
			08/15/09	880,000	3.500%			
			08/15/10	925,000	3.500%			
			08/15/11	965,000	3.500%			
			08/15/12	1,015,000	3.500%			
			08/15/13	1,060,000	3.750%			
			08/15/14	1,110,000	3.750%			
			08/15/15	1,160,000	4.000%			
			08/15/16	1,215,000	4.000%			
			08/15/17	1,275,000	4.000%			
			08/15/18	1,335,000	4.000%			
			08/15/19	1,395,000	4.000%			
			08/15/20	1,460,000	4.000%			
			08/15/21	1,530,000	4.000%			
			08/15/22	1,605,000	4.000%			
			08/15/23	1,680,000	4.125%			
			08/15/24	1,755,000	4.125%			
			08/15/25	1,840,000	4.200%			
			08/15/26	1,925,000	4.250%			
			08/15/27	2,015,000	4.250%			
			08/15/28	2,108,000	4.250%	$ 29,823,000	$ 725,000	$ 29,098,000
						$ 29,823,000	$ 725,000	$ 29,098,000

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance July 1, 2007	Issued	Retired/ Matured	Balance June 30, 2008
Various Machinery and Equipment	2.24%	304,252	$ 127,091		$ 63,513	$ 63,578
Pascack Valley Track & Field Project	3.69%	1,098,540	894,459		211,611	682,848
Pascack Hills Synthetic Athletic Field & Lights Project	3.43%	1,387,248		$ 1,387,248	225,283	1,161,965
			$1,021,550	$ 1,387,248	$500,407	$ 1,908,391

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 1,896,127		$ 1,896,127	$ 1,896,127	
Total Revenues	1,896,127		1,896,127	1,896,127	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,171,127		1,171,127	1,171,126	1
Redemption of Principal	725,000		725,000	725,000	
Interest on Temporary Note				185,865	(185,865)
Total Regular Debt Service	1,896,127		1,896,127	2,081,991	(185,864)
Total Expenditures	1,896,127		1,896,127	2,081,991	(185,864)
Deficit of Revenues Over Expenditures	-0-		-0-	(185,864)	(185,864)
Other Financing Sources:					
Capital Projects Fund - Interest Earned				173,711	173,711
Capital Projects Fund - Temporary Notes Premium				1,289	1,289
Total Other Financing Sources				175,000	175,000
Deficit of Revenues and Other Financing Sources Over Expenditures				(10,864)	(10,864)
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance/(Deficit), June 30	$ -0-	$ -0-	$ -0-	$ (10,864)	$ (10,864)
Recapitulation of Fund Balance at June 30, 2008:					
Unreserved/Undesignated Fund Balance/(Deficit)				$ (10,864)	

STATISTICAL SECTION

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

Contents

	Exhibit
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

Exhibit J-1

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST FOUR FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	$ 8,239,342	$12,144,807	$22,430,772	$21,688,895
Restricted	1,480,236	2,371,210	2,176,188	3,546,865
Unrestricted/(Deficit)	(1,143,291)	160,540	(1,670,262)	(612,147)
Total governmental activities net assets	$ 8,576,287	$14,676,557	$22,936,698	$24,623,613
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	$ 25,643	$ 30,492	$ 26,115	$ 19,115
Unrestricted	43,412	73,894	70,987	56,249
Total business-type activities net assets	$ 69,055	$ 104,386	$ 97,102	$ 75,364
District-wide:				
Invested in Capital Assets, Net of Related Debt	$ 8,264,985	$12,175,299	$22,456,887	$21,708,010
Restricted	1,480,236	2,371,210	2,176,188	3,546,865
Unrestricted/(Deficit)	(1,099,879)	234,434	(1,599,275)	(555,898)
Total District Net Assets	$ 8,645,342	$14,780,943	$23,033,800	$24,698,977

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-2
1 of 3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST FOUR FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Expenses				
Governmental Activities:				
Instruction:				
Regular	$ 13,511,511	$ 14,775,535	$ 16,391,932	$ 18,049,771
Special Education	2,062,775	2,164,916	2,437,500	2,694,886
Other Special Instruction	53,460	69,177	76,015	1,598
Other Instruction	1,404,889	1,555,972	1,711,986	1,702,518
Support Services:				
Tuition	1,901,587	2,161,121	2,220,111	2,256,889
Student & Instruction Related Services	5,683,856	5,732,855	6,757,750	6,647,232
General Administrative Services	798,884	800,806	848,572	940,215
School Administrative Services	1,296,537	1,343,221	1,349,464	1,402,397
Plant Operations and Maintenance	3,109,210	3,362,175	3,565,424	4,151,628
Pupil Transportation	1,175,213	1,241,841	1,466,377	1,584,187
Central Services	653,763	707,342	751,352	896,910
Special Schools		2,000	700	1,000
Interest on Temporary Note				185,865
Interest on Long-term Debt	1,288,880	1,128,716	1,186,251	1,156,916
Capital Outlay				1,344,570
Total Governmental Activities Expenses	32,940,565	35,045,677	38,763,434	43,016,582
Business-type Activities:				
Food Service	693,713	729,394	807,418	815,718
Region II Transportation	3,990,009	4,360,781	5,185,953	5,614,784
Region II Summer School	31,115	35,962	39,460	39,404
Region II Administration	446,761	459,081	562,834	632,209
Transportation	144,863	160,984	157,134	155,527
Total Business-type Activities Expenses	5,306,461	5,746,202	6,752,799	7,257,642
Total District Expenses	38,247,026	40,791,879	45,516,233	50,274,224
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction (Tuition)	99,000	120,745	124,758	127,005
Operating Grants and Contributions	4,197,773	4,624,636	5,833,456	5,994,221
Capital Grants and Contributions		4,242,310	7,019,793	
Total Governmental Activities Program Revenues	4,296,773	8,987,691	12,978,007	6,121,226

Exhibit J-2
2 of 3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST FOUR FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Program Revenues				
Business-type Activities:				
Charges for Services:				
Food Service	690,886	740,291	796,341	796,298
Region II Transportation	3,990,009	4,360,781	5,185,953	5,614,784
Region II Summer School	31,115	35,962	39,460	39,404
Region II Administration	446,761	459,081	562,834	632,209
Transportation	144,863	160,984	157,134	155,527
Total Business-type Activities Revenues	5,303,634	5,757,099	6,741,722	7,238,222
Total District Program Revenues	9,600,407	14,744,790	19,719,729	13,359,448
Net (Expense)/Revenue				
Governmental Activities	(28,643,792)	(26,057,986)	(25,785,427)	(36,895,356)
Business-type Activities	(2,827)	10,897	(11,077)	(19,420)
Total District-wide Net (Expense)/Revenue	(28,646,619)	(26,047,089)	(25,796,504)	(36,914,776)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for General Purposes, Net	26,411,388	29,443,931	31,336,279	35,979,512
Taxes Levied for Debt Service	1,058,062	1,508,189	1,793,563	1,896,127
Unrestricted Grants and Contributions	172,107	214,815	284,719	336,793
Investment Earnings	801,779	925,254	499,032	286,672
Miscellaneous Income	52,884	66,067	131,975	83,167
Total Governmental Activities	28,496,220	32,158,256	34,045,568	38,582,271
Business-type Activities:				
Investment Earnings	909	2,263	3,793	2,886
Contributed Capital				(5,204)
Settlement		22,171		
Total Business-type Activities	909	24,434	3,793	(2,318)
Total District-wide	28,497,129	32,182,690	34,049,361	38,579,953

Exhibit J-2
3 of 3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST FOUR FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Change in Net Assets				
Governmental Activities	(147,572)	6,100,270	8,260,141	1,686,915
Business-type Activities	(1,918)	35,331	(7,284)	(21,738)
Total District	$ (149,490)	$ 6,135,601	$ 8,252,857	$ 1,665,177

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-3

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
General Fund:				
Reserved	$ 1,480,235	$ 1,744,527	$ 2,176,188	$ 3,557,729
Unreserved	576,649	1,656,965	705,133	799,948
Total General Fund	$ 2,056,884	$ 3,401,492	$ 2,881,321	$ 4,357,677
All Other Governmental Funds:				
Unreserved/(Deficit), Reported in:				
Debt Service Fund	$ 1	$ 1		$ (10,864)
Designated for Subsequent Year Expenditures	23,897,188	13,239,119	$ 1,713,691	(124,482)
Total All Other Governmental Funds	$23,897,189	$13,239,120	$ 1,713,691	$ (135,346)
Total Governmental Funds:				
Reserved	$ 1,480,235	$ 1,744,527	$ 2,176,188	$ 3,557,729
Unreserved/(Deficit)	24,473,838	14,896,085	2,418,824	664,602
Total Governmental Funds	$25,954,073	$16,640,612	$ 4,595,012	$ 4,222,331

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-4
1 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Revenues				
Tax Levy	$27,469,450	$30,952,120	$ 33,129,842	$37,875,639
Tuition Charges	99,000	120,745	124,758	127,005
Interest Earnings	801,779	925,254	499,032	286,672
Miscellaneous	74,704	68,067	132,675	83,167
State Sources	3,969,504	8,682,477	12,688,460	6,112,809
Federal Sources	378,556	397,284	448,808	218,205
Total Revenues	32,792,993	41,145,947	47,023,575	44,703,497
Expenditures				
Instruction:				
Regular Instruction	10,505,969	11,163,903	12,035,297	12,654,804
Special Education Instruction	1,552,181	1,547,319	1,700,183	1,768,953
Other Special Instruction	41,074	51,372	53,681	538
Other Instruction	1,126,492	1,204,245	1,291,449	1,432,055
Support Services:				
Tuition	1,901,587	2,161,121	2,220,111	2,256,889
Student & Instruction Related Services	4,444,416	4,468,787	5,229,548	5,351,314
General Administrative Services	699,549	733,976	779,875	858,592
School Administrative Services	956,807	974,312	959,707	960,537
Plant Operations and Maintenance	2,400,452	2,831,335	2,928,055	3,378,853
Pupil Transportation	1,161,654	1,229,531	1,454,079	1,569,477
Central Services	510,273	575,863	652,992	771,051
Unallocated Benefits	5,666,156	6,350,079	7,341,994	8,414,117
Special Schools		2,000	700	1,000
Capital Outlay	6,717,315	16,755,916	20,627,940	4,963,255
Debt Service:				
Principal		300,000	600,000	725,000
Interest and Other Charges	1,058,061	1,208,189	1,193,564	1,356,991
Total Expenditures	38,741,986	51,557,948	59,069,175	46,463,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,948,993)	(10,412,001)	(12,045,600)	(1,759,929)

Exhibit J-4
2 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST FOUR FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,			
	2005	2006	2007	2008
Other Financing Sources (Uses)				
Capital Leases		1,098,540		1,387,248
Transfers In	893,454	834,678	355,120	175,000
Transfers Out	(893,454)	(834,678)	(355,120)	(175,000)
Total Other Financing Sources (Uses)	-0-	1,098,540	-0-	1,387,248
Net Change in Fund Balances	$ (5,948,993)	$ (9,313,461)	$ (12,045,600)	$ (372,681)
Debt Service as a Percentage of Noncapital Expenditures	3.42%	4.54%	5.40%	6.27%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-5

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals - Use of Facilities	Other	Total
1999	$ 171,469	$ 261,302	$ 6,779	$ 154,794	$ 594,344
2000	188,685	206,349	1,450	106,221	502,705
2001	200,800	243,949	8,056	65,737	518,542
2002	54,084	254,872	29,125	68,585	406,666
2003	13,890	110,254	4,338	118,426	246,908
2004	10,975	124,373	7,743	65,059	208,150
2005	42,214	99,000	750	52,134	194,098
2006	90,576	120,745	1,612	66,455	279,388
2007	143,912	124,758	4,734	127,941	401,345
2008	111,672	127,005	4,650	78,517	321,844

Source: Pascack Valley Regional High School District records.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST FOUR YEARS
UNAUDITED

BOROUGH OF HILLSDALE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2004	$ 8,093,900	$ 772,777,000	$ 396,200	$ 13,000	$ 50,196,800	$ 7,643,500	$ 950,100	$ 840,070,500	$ 73,055,800	$ 4,101,030	$ 844,171,530	$ 0.76	$ 1,378,616,214
2005	7,840,800	776,463,400	396,200	12,400	50,529,000	7,490,000	950,100	843,681,900	73,055,800	3,716,487	847,398,387	0.88	1,536,045,340
2006	6,441,900	779,488,300	396,200	12,400	51,600,900	7,535,000	950,100	846,424,800	73,983,700	3,110,147	849,534,947	0.92	1,749,040,149
2007	12,213,500	1,819,107,700	1,865,800	13,100	108,183,300	14,315,500	1,995,300	1,957,694,200	151,132,300	6,745,700	1,964,439,900	0.46	1,955,372,182

BOROUGH OF MONTVALE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2004	$ 13,113,200	$ 687,410,000	$ 832,300	$ 55,800	$ 380,038,300	$ 8,217,600	$ 7,000,000	$ 1,096,667,200	$ 72,210,500	$ 1,848,336	$ 1,098,515,536	$ 0.62	$ 1,591,347,569
2005	11,640,900	699,500,500	832,300	55,800	367,170,700	7,749,600	7,000,000	1,093,949,800	72,437,700	1,620,457	1,095,570,257	0.66	1,738,970,853
2006	32,617,600	1,605,160,800	2,246,000	50,100	594,743,900	13,075,000	14,553,000	2,262,446,400	110,482,100	2,491,607	2,264,938,007	0.35	1,941,870,285
2007	66,723,300	1,613,870,800	2,246,000	37,600	589,973,300	13,075,000	14,553,000	2,300,479,000	110,482,100	2,561,681	2,303,340,681	0.38	2,097,531,237

TOWNSHIP OF RIVER VALE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2004	$ 17,591,750	$ 918,378,267	$ 714,000	$ -0-	$ 48,799,150	$ -0-	$ 4,834,400	$ 990,317,567	$ 29,631,200	$ 766,890	$ 991,084,457	$ 0.77	$ 1,551,895,108
2005	17,305,250	925,278,767	714,000	-0-	49,623,550	-0-	4,834,400	997,755,967	29,446,300	636,295	998,392,262	0.85	1,735,320,678
2006	16,638,050	930,721,467	714,000	-0-	49,179,450	-0-	4,834,400	1,002,087,367	30,339,000	578,531	1,002,665,898	0.90	1,944,685,768
2007	14,660,850	937,134,067	714,000	-0-	44,232,950	-0-	5,219,700	1,001,961,567	36,750,300	487,641	1,002,449,208	0.97	2,144,817,497

BOROUGH OF WOODCLIFF LAKE

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2004	$ 14,854,500	$ 1,143,394,400	$ 1,367,100	$ 18,600	$ 383,156,800	$ -0-	$ -0-	$ 1,542,791,400	$ 57,228,300	$ 1,939,987	$ 1,544,731,387	$ 0.40	$ 1,488,575,688
2005	13,457,100	1,157,148,000	1,367,100	18,600	378,733,100	-0-	-0-	1,550,723,900	57,228,300	1,794,624	1,552,518,524	0.46	1,639,917,476
2006	25,990,100	1,168,132,200	1,367,100	18,600	359,444,500	-0-	-0-	1,554,952,500	57,086,800	1,794,624	1,556,747,124	0.50	1,788,286,520
2007	20,990,400	1,205,649,800	930,800	5,600	374,512,000	-0-	-0-	1,602,088,600	57,086,800	1,357,095	1,603,445,695	0.55	2,170,444,682

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per $100.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
Reassessment occurs when ordered by the County Board of Taxation.
This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessors.

Exhibit J-7
1 of 2

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

BOROUGH OF HILLSDALE

	Pascack Valley Regional High School District Direct Rate			Overlapping Rates			
Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of Hillsdale	Borough of Hillsdale Public Schools	Bergen County	Total Direct and Overlapping Tax Rate
1998	$ 0.5000		$ 0.50	$ 0.50	$ 1.14	$ 0.28	$ 2.42
1999	0.5800		0.58	0.47	1.18	0.28	2.51
2000	0.5900		0.59	0.49	1.22	0.28	2.58
2001	0.6200		0.62	0.52	1.29	0.30	2.73
2002	0.6300		0.63	0.53	1.38	0.33	2.87
2003	0.6500		0.65	0.55	1.50	0.32	3.02
2004	0.7600		0.76	0.57	1.59	0.34	3.26
2005	0.8461	$ 0.0339	0.88	0.67	1.63	0.34	3.52
2006	0.8752	0.0448	0.92	0.75	1.74	0.39	3.80
2007	0.4304	0.0246	0.46	0.35	0.79	0.18	1.78

BOROUGH OF MONTVALE

	Pascack Valley Regional High School District Direct Rate			Overlapping Rates			
Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of Montvale	Borough of Montvale Public Schools	Bergen County	Total Direct and Overlapping Tax Rate
1998	$ 0.5000		$ 0.50	$ 0.57	$ 0.65	$ 0.28	$ 2.00
1999	0.5300		0.53	0.57	0.70	0.30	2.10
2000	0.5500		0.55	0.57	0.74	0.27	2.13
2001	0.5500		0.55	0.58	0.82	0.30	2.25
2002	0.5700		0.57	0.63	0.91	0.32	2.43
2003	0.6000		0.60	0.65	0.95	0.29	2.49
2004	0.6200		0.62	0.69	0.98	0.30	2.59
2005	0.6346	$ 0.0254	0.66	0.74	1.04	0.30	2.74
2006	0.3329	0.0171	0.35	0.36	0.53	0.15	1.40
2007	0.3613	0.0207	0.38	0.38	0.53	0.16	1.45

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Exhibit J-7
2 of 2

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

TOWNSHIP OF RIVER VALE

Year Ended December 31,	Pascack Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Township of River Vale	Township of River Vale Public Schools	Bergen County	
1998	$ 0.4700		$ 0.47	$ 0.49	$ 1.12	$ 0.27	$ 2.35
1999	0.5200		0.52	0.51	1.15	0.28	2.46
2000	0.5400		0.54	0.52	1.20	0.28	2.54
2001	0.5700		0.57	0.54	1.30	0.28	2.69
2002	0.6700		0.67	0.55	1.40	0.30	2.92
2003	0.6700		0.67	0.55	1.40	0.30	2.92
2004	0.7700		0.77	0.60	1.47	0.32	3.16
2005	0.8173	$ 0.0327	0.85	0.66	1.52	0.33	3.36
2006	0.8561	0.0439	0.90	0.71	1.59	0.34	3.55
2007	0.9151	0.0542	0.97	0.78	1.71	0.39	3.85

BOROUGH OF WOODCLIFF LAKE

Year Ended December 31,	Pascack Valley Regional High School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of Woodcliff Lake	Borough of Woodcliff Lake Public Schools	Bergen County	
1998	$ 0.4400		$ 0.44	$ 0.56	$ 0.83	$ 0.28	$ 2.11
1999	0.4800		0.48	0.58	0.86	0.28	2.20
2000	0.4900		0.49	0.58	0.90	0.27	2.24
2001	0.4900		0.49	0.60	0.95	0.31	2.35
2002	0.5200		0.52	0.58	0.98	0.32	2.40
2003	0.3400 *	*	0.34 *	0.35 *	0.61 *	0.18 *	1.48
2004	0.4000		0.40	0.38	0.63	0.20	1.61
2005	0.4423	$ 0.0177	0.46	0.42	0.67	0.20	1.75
2006	0.4756	0.0244	0.50	0.43	0.73	0.21	1.87
2007	0.5202	0.0298	0.55	0.44	0.74	0.24	1.97

a - The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b - Rates for debt service are based on each year's requirements.

* - Property revaluation became effective in this year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collectors and School Business Administrator.

Exhibit J-8
1 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF HILLSDALE

Taxpayer	2007 Taxable Assessed Value	Rank	% of Total District Net Assessed Value	1998 Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Prima II LLC	$ 10,483,100	1	0.53%			
Cuzson Assoc. c/o Inserra Supermarkets	9,502,100	2	0.48%	$ 4,760,000	2	0.54%
New Jersey Bell	7,462,332	3	0.38%	11,628,291	1	1.32%
Edgewood Country Club, Inc.	3,880,800	4	0.20%			
New Jersey Bell	3,365,700	5	0.17%			
Golden Orchard Assoc., LP	3,350,300	6	0.17%			
321 Broadway Assoc., LLC.	3,170,100	7	0.16%			
Marsala Enterprises	2,710,100	8	0.14%			
Bank of America	2,547,400	9	0.13%			
USA Waste c/o Waste Management	2,278,400	10	0.12%			
Individual Taxpayer #1				3,732,500	4	0.42%
G.P.B Real Estate				4,395,300	3	0.50%
New Jersey Bell				2,214,100	5	0.25%
R & L Investors				1,580,000	6	0.18%
Valley Fair Corp. c/o Inserra				1,253,600	8	0.17%
Fleet Bank				1,533,200	7	0.14%
Hiller & Skoglund				1,192,700	9	0.14%
Saddlewood Hills				1,184,600	10	0.13%
Total	$ 48,750,332		2.47%	$ 33,474,291		3.79%

BOROUGH OF MONTVALE

Taxpayer	2007 Taxable Assessed Value	Rank	% of Total District Net Assessed Value	1998 Taxable Assessed Value	Rank	% of Total District Net Assessed Value
KPMG Peat Marwick	$ 48,735,000	1	2.12%	$ 33,600,000	1	3.14%
Two Paragon Associates	29,900,000	2	1.30%	21,531,000	2	2.01%
VV New Jersey	24,200,000	3	1.05%	14,940,600	6	1.40%
Mercedes Benz	21,700,000	4	0.94%	19,538,300	3	1.83%
Benjamin Moore	18,500,000	5	0.80%			
Prim Montvale LLC	18,400,000	6	0.80%			
Western Union Financial c/o First Data	18,000,000	7	0.78%			
InKeepers USA Limited	18,012,400	8	0.78%			
One Paragon Associates	17,200,000	9	0.75%			
50 Chestnut Ridge Associates, LLC	16,500,000	10	0.72%			
Axinn (7 Paragon)				16,500,000	4	1.54%
Toys R US				16,500,000	5	1.54%
LCOR, Inc.				13,126,500	7	1.23%
MSGW NJ II				11,200,000	8	1.05%
Reckson Operating				11,500,000	9	1.08%
Mercedes Benz				10,831,200	10	1.01%
Total	$ 231,147,400		10.04%	$ 169,267,600		15.83%

Exhibit J-8
2 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

TOWNSHIP OF RIVER VALE

	2007			1998		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Edgewood Country Club, Inc.	$ 27,235,400	1	2.72%	$ 9,749,300	3	1.04%
United Water Company of New Jersey	11,247,800	2	1.12%	18,412,250	1	1.96%
Chemitek 2006	9,136,400	3	0.91%			
Gal-Ben Associates	7,672,000	4	0.77%	2,544,500	7	0.27%
Village on the Green	7,266,400	5	0.72%	2,627,500	6	0.28%
Chemitek 2006	6,742,400	6	0.67%			
Florentine, Inc.	5,187,100	7	0.52%			
River Vale Developers LLC	5,063,500	8	0.51%			
River Vale Developers LLC	5,000,000	9	0.50%			
Lindvale Gardens	4,165,300	10	0.42%	2,478,000	8	0.26%
FBD Associates				11,756,900	2	1.25%
United Properties				5,742,400	4	0.61%
Sonrise, Inc.				3,378,700	5	0.36%
Pascack Valley Hospital				2,358,600	9	0.25%
Individual Taxpayer #1				1,538,600	10	0.16%
Total	$ 88,716,300		8.85%	$ 60,586,750		6.44%

BOROUGH OF WOODCLIFF LAKE

	2007			1998		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
BMW of North America	$ 61,858,100	1	3.86%	$ 29,500,000	2	3.34%
Mack-Cali Chestnut Ridge	42,477,800	2	2.65%			
300 Tice Reality Assoc LLC - Mack-Cali	41,993,400	3	2.62%	29,600,000	1	3.35%
Deloitte & Touche LLPC/O M Poer & Co	36,617,200	4	2.28%			
BMW of North America	32,007,400	5	2.00%			
WS Tice's Corner Market Place	30,700,400	6	1.91%			
The Great A&P	28,657,600	7	1.79%	10,000,000	8	1.13%
IPC NY Properties, LLC	14,750,000	8	0.92%	12,000,000	6	1.36%
Ridge Associates 11 C/O Chemtura Corp.	12,820,000	9	0.80%			
400 Chestnut Reality - Mac Cali	10,800,000	10	0.67%			
Ingersoll Rand				26,850,000	3	3.04%
Chestnut Ridge Associates				26,500,000	4	3.00%
Massachusetts Mutual				22,000,000	5	2.49%
Mack Properties				11,440,000	7	1.29%
Ridge Associates				9,500,000	9	1.08%
530 Chestnut Ridge				6,379,000	10	0.72%
Total	$ 312,681,900		19.50%	$ 183,769,000		20.80%

Source: Municipal Tax Assessors.

Exhibit J-9
1 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF HILLSDALE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	$ 4,080,281	$ 4,080,281	100.00%	-0-
2000	4,818,721	4,818,721	100.00%	-0-
2001	4,809,836	4,809,836	100.00%	-0-
2002	5,139,148	5,139,148	100.00%	-0-
2003	5,273,152	5,273,152	100.00%	-0-
2004	5,468,546	5,468,546	100.00%	-0-
2005	6,449,508	6,449,508	100.00%	-0-
2006	7,460,322	7,460,322	100.00%	-0-
2007	7,828,423	7,828,423	100.00%	-0-
2008	8,931,912	8,931,912	100.00%	-0-

BOROUGH OF MONTVALE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	$ 5,419,948	$ 5,419,948	100.00%	-0-
2000	5,827,910	5,827,910	100.00%	-0-
2001	5,915,688	5,915,688	100.00%	-0-
2002	6,050,715	6,050,715	100.00%	-0-
2003	6,470,660	6,470,660	100.00%	-0-
2004	6,543,748	6,543,748	100.00%	-0-
2005	6,907,546	6,907,546	100.00%	-0-
2006	7,534,066	7,534,066	100.00%	-0-
2007	8,285,027	8,285,027	100.00%	-0-
2008	9,909,433	9,909,433	100.00%	-0-

a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Exhibit J-9
2 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

TOWNSHIP OF RIVER VALE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	$ 4,289,196	$ 4,289,196	100.00%	-0-
2000	4,834,544	4,834,544	100.00%	-0-
2001	5,109,183	5,109,183	100.00%	-0-
2002	5,426,401	5,426,401	100.00%	-0-
2003	5,803,984	5,803,984	100.00%	-0-
2004	6,616,496	6,616,496	100.00%	-0-
2005	7,604,849	7,604,849	100.00%	-0-
2006	8,459,185	8,459,185	100.00%	-0-
2007	9,065,118	9,065,118	100.00%	-0-
2008	9,413,686	9,413,686	100.00%	-0-

BOROUGH OF WOODCLIFF LAKE

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
1999	$ 3,923,463	$ 3,923,463	100.00%	-0-
2000	4,434,953	4,434,953	100.00%	-0-
2001	4,248,914	4,248,914	100.00%	-0-
2002	4,580,599	4,580,599	100.00%	-0-
2003	5,032,606	5,032,606	100.00%	-0-
2004	5,501,356	5,501,356	100.00%	-0-
2005	6,507,547	6,507,547	100.00%	-0-
2006	7,498,547	7,498,547	100.00%	-0-
2007	7,951,274	7,951,274	100.00%	-0-
2008	9,620,607	9,620,607	100.00%	-0-

a - School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Pascack Valley Regional High School District records, including the Certificate and Report of Report of School Taxes (A4F form).

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FOUR FISCAL YEARS
UNAUDITED

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2005	$ 30,723,000	$ -0-	$ 323,067	$ -0-	$ -0-	$31,046,067	1.70%	$ 948.61
2006	30,423,000	-0-	1,325,119	-0-	-0-	31,748,119	1.62%	971.87
2007	29,823,000	-0-	1,021,550	-0-	-0-	30,844,550	1.53%	938.87
2008	29,098,000	-0-	1,908,391	2,251,000	-0-	33,257,391	1.65%	1,010.28

a - See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-11

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST FOUR FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	$ 30,723,000	$ -0-	$30,723,000	0.684%	$ 938.74
2006	30,423,000	-0-	30,423,000	0.536%	931.31
2007	29,823,000	-0-	29,823,000	0.434%	907.77
2008	29,098,000	-0-	29,098,000	0.423%	883.93

a - See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b - See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports.

Exhibit J-12

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2008
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Borough of Hillsdale	$ 5,624,901	100.00%	$ 5,624,901
Borough of Montvale	16,243,319	100.00%	16,243,319
Township of River Vale	8,968,381	100.00%	8,968,381
Borough of Woodcliff Lake	7,749,001	100.00%	7,749,001
Bergen County General Obligation Debt	588,623,268	4.84%	28,494,720
Other Debt			
Bergen County Utilities Authority - Water Pollution Control	247,531,657	1.38%	3,415,937
Subtotal, Overlapping Debt			70,496,258
Pascack Valley Regional High School District Direct Debt			31,006,391
Total Direct and Overlapping Debt			$ 101,502,649

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Hillsdale, Montvale, River Vale and Woodcliff Lake. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

Exhibit J-13

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2008

Year Ended December 31,	Borough of Hillsdale	Borough of Montvale	Township of River Vale	Borough of Woodcliff Lake	Equalized Valuation Basis
2005	$1,735,970,988	$1,917,528,133	$1,932,512,041	$1,778,761,069	$ 7,364,772,231
2006	1,929,833,105	2,051,361,320	2,141,212,323	2,102,423,607	8,224,830,355
2007	1,974,278,136	2,123,192,432	2,239,020,261	2,173,797,286	8,510,288,115
	$5,640,082,229	$6,092,081,885	$6,312,744,625	$6,054,981,962	$24,099,890,701

Average Equalized Valuation of Taxable Property	$ 8,033,296,900
Debt Limit (3% of Average Equalization Value)	240,998,907 **a**
Net Bonded School Debt	29,098,000
Legal Debt Margin	$ 211,900,907

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt Limit	$ 116,559,447	$ 120,763,910	$ 127,922,968	$ 137,717,586	$ 149,833,322
Total Net Debt Applicable to Limit					
Legal Debt Margin	$ 116,559,447	$ 120,763,910	$ 127,922,968	$ 137,717,586	$ 149,833,322
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	$ 163,591,899	$ 179,592,020	$ 199,147,970	$ 221,901,137	$ 240,998,907
Total Net Debt Applicable to Limit	30,723,000	30,723,000	30,423,000	29,823,000	29,098,000
Legal Debt Margin	$ 132,868,899	$ 148,869,020	$ 168,724,970	$ 192,078,137	$ 211,900,907
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.78%	17.11%	15.28%	13.44%	12.07%

a - Limit set by NJSA 18A:24-19 for a 9 through 12 district; other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

Exhibit J-14
1 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

BOROUGH OF HILLSDALE

Year	Population [a]	Personal Income (thousands of dollars) [b]	Bergen County Per Capita Personal Income [c]	Unemployment Rate [d]
1999	10,087	$ 473,009,691	$ 46,893	3.30%
2000	10,090	517,011,600	51,240	2.80%
2001	10,080	525,601,440	52,143	3.30%
2002	10,065	518,558,865	51,521	4.60%
2003	1,044	52,912,008	50,682	4.50%
2004	10,054	543,871,130	54,095	3.70%
2005	9,991	563,842,085	56,435	2.60%
2006	9,932	608,474,048	61,264	2.70%
2007	9,908	607,003,712	61,264 *	2.40%
2008	9,974 **	611,047,136	61,264 *	2.40%

BOROUGH OF MONTVALE

Year	Population [a]	Personal Income (thousands of dollars) [b]	Bergen County Per Capita Personal Income [c]	Unemployment Rate [d]
1999	7,034	$ 329,845,362	$ 46,893	2.70%
2000	7,060	361,754,400	51,240	2.30%
2001	7,146	372,613,878	52,143	2.70%
2002	7,249	373,475,729	51,521	3.70%
2003	7,251	367,495,182	50,682	3.70%
2004	7,260	392,729,700	54,095	3.00%
2005	7,235	408,307,225	56,435	2.60%
2006	7,219	442,264,816	61,264	2.80%
2007	7,339	449,616,496	61,264 *	2.50%
2008	7,339 **	449,616,496	61,264 *	2.50%

* - Latest Bergen County per capita personal income available (2006) was used for calculation purposes.
** - Latest population data available (2007) was used for calculation purposes.
Source:
a - Population information provided by the US Department of Census - Population Division.
b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

Exhibit J-14
2 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

TOWNSHIP OF RIVER VALE

Year	Population [a]	Personal Income (thousands of dollars) [b]	Bergen County Per Capita Personal Income [c]	Unemployment Rate [d]
1999	9,449	$ 443,091,957	$ 46,893	3.10%
2000	9,502	486,882,480	51,240	2.60%
2001	9,692	505,369,956	52,143	3.00%
2002	9,704	499,959,784	51,521	4.20%
2003	9,706	491,919,492	50,682	4.10%
2004	9,730	526,344,350	54,095	3.40%
2005	9,671	545,782,885	56,435	2.10%
2006	9,633	590,156,112	61,264	2.30%
2007	9,667	592,239,088	61,264 *	2.00%
2008	9,667 **	592,239,088	61,264 *	2.00%

BOROUGH OF WOODCLIFF LAKE

Year	Population [a]	Personal Income (thousands of dollars) [b]	Bergen County Per Capita Personal Income [c]	Unemployment Rate [d]
1999	5,745	$ 269,400,285	$ 46,893	1.20%
2000	5,758	295,039,920	51,240	1.00%
2001	5,798	302,325,114	52,143	1.20%
2002	5,823	300,006,783	51,521	1.70%
2003	5,824	295,171,968	50,682	1.70%
2004	5,838	315,806,610	54,095	1.30%
2005	5,831	329,072,485	56,435	1.40%
2006	5,883	360,416,112	61,264	1.50%
2007	5,939	363,846,896	61,264 *	1.30%
2008	5,939 **	363,846,896	61,264 *	1.00%

* - Latest Bergen County per capita personal income available (2006) was used for calculation purposes.
** - Latest population data available (2007) was used for calculation purposes.

Source:
a - Population information provided by the US Department of Census - Population Division.
b - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
c - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

Exhibit J-15
1 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

BOROUGH OF HILLSDALE

	2008			1999		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Prima II LLC	N/A	1	0.00%	N/A	N/A	0.00%
Cuzson Assoc./% Inserra Supermarkets	180	2	0.00%	N/A	N/A	0.00%
USA Waste c/o Waste Management	N/A	3	0.00%	N/A	N/A	0.00%
New Jersey Bell	5	4	0.00%	N/A	2	0.00%
New Jersey Bell	-	5	0.00%	N/A	3	0.00%
Jack Ely Real Estate LLC	N/A	6	0.00%	N/A	N/A	0.00%
R L Investors	N/A	7	0.00%	N/A	6	0.00%
Edgewood Country Club, Inc.	30	8	0.00%	N/A	N/A	0.00%
Hiller & Skoglund Land Associates	N/A	9	0.00%	N/A	4	0.00%
Marsala Enterprises	7	10	0.00%	N/A	5	0.00%
	222		0.00%			0.00%

BOROUGH OF MONTVALE

	2008			1999		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
KPMG Peat Marwick	N/A	1	0.00%	N/A	N/A	0.00%
Mercedes Benz	N/A	2	0.00%	N/A	N/A	0.00%
Two Paragon Associates	N/A	3	0.00%	N/A	N/A	0.00%
Donald Axinn	N/A	4	0.00%	N/A	2	0.00%
Urdang/IPA Montvale LLC	N/A	5	0.00%	N/A	3	0.00%
LCOR, Inc.	322	6	0.00%	N/A	N/A	0.00%
VV New Jersey	N/A	7	0.00%	N/A	6	0.00%
Reckitt & Colman	500	8	0.00%	N/A	N/A	0.00%
50 Chestnut Ridge Associates, LLC	N/A	9	0.00%	N/A	4	0.00%
Prim Montvale LLC	N/A	10	0.00%	N/A	5	0.00%
	822		0.00%			0.00%

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

TOWNSHIP OF RIVER VALE

	2008			1999		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
River Vale Development Partners, LLC	1	1	0.00%	N/A	N/A	0.00%
Edgewood Country Club, Inc.	30	2	0.00%	N/A	N/A	0.00%
United Water Company of New Jersey	172	3	0.00%	N/A	N/A	0.00%
United Water	-	4	0.00%	N/A	2	0.00%
Gal-Ben Associates	1	5	0.00%	N/A	3	0.00%
River Vale Development LLC	1	6	0.00%	N/A	N/A	0.00%
Village on the Green	N/A	7	0.00%	N/A	6	0.00%
Linovale Gardens	N/A	8	0.00%	N/A	N/A	0.00%
Florentine, Inc.	60	9	0.00%	N/A	4	0.00%
River Vale Developers LLC	N/A	10	0.00%	N/A	5	0.00%
	265		0.00%			0.00%

BOROUGH OF WOODCLIFF LAKE

	2008			1999		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
BMW of North America	1,050	1	0.00%	N/A	N/A	0.00%
Mack-Cali Chestnut Ridge	390	2	0.00%	N/A	N/A	0.00%
300 Tice Reality - Mack-Cali	-	3	0.00%	N/A	N/A	0.00%
Deloitte & Touche	N/A	4	0.00%	N/A	2	0.00%
BMW of North America	350	5	0.00%	N/A	3	0.00%
Tice's Corner Market Place	5	6	0.00%	N/A	N/A	0.00%
Ridge Associates 11 C/O Chemtura Corp.	N/A	7	0.00%	N/A	N/A	0.00%
The Great A&P	N/A	8	0.00%	N/A	4	0.00%
IPC NY Properties, LLC	183	9	0.00%	N/A	6	0.00%
400 Chestnut Ridge Realty LLC	-	10	0.00%	N/A	5	0.00%
	1978		0.00%			0.00%

Source: Various Agencies of the Municipalities.

N/A - Not Available

Exhibit J-16

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS
UNAUDITED

Function/Program	2005	2006	2007	2008
Instruction:				
Regular	122	125	128	128
Special Education	21	22	23	23
Other Special Instruction	16	18	19	19
Other Instruction	16	16	16	16
Support Services:				
Student & Instruction Related Services	37	37	37	37
General Administrative Services	7	7	7	7
School Administrative Services	11	11	11	11
Plant Operations and Maintenance	27	27	7	7
Pupil Transportation	1	1	27	27
Business and Other Support Services	7	7	1	1
Total	265	271	276	276

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST FOUR FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio: Pascack Hills High School	Pupil/Teacher Ratio: Pascack Valley High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	1,789	$ 30,966,610	$ 17,309	3.56%	141	1:9	1:10	1,690.5	1,596.5	5.56%	94.44%
2006	1,849	33,293,843	18,006	4.03%	141	1:9	1:10	1,779.2	1,681.8	5.25%	94.53%
2007	1,859	36,647,671	19,714	9.48%	145	1:9	1:10	1,836.0	1,736.9	3.19%	94.60%
2008	1,858	39,418,180	21,215	7.62%	145	1:9	1:10	1,902.8	1,800.0	3.64%	94.60%

a - Operating expenditures equal total expenditures less debt service and capital outlay.

b - Teaching staff includes only full-time equivalents of certificated staff.

c - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Pascack Valley Regional High School District records.

Exhibit J-18

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST FOUR FISCAL YEARS
UNAUDITED

District Building	2005	2006	2007	2008
Pascack Valley High School (1962)				
Square Feet	162,264	162,264	162,264	171,694
* Capacity (students)	1,158	1,158	1,158	1,281
Enrollment	1,031	1,062	1,097	1,121
Pascack Hills High School (1954)				
Square Feet	157,135	157,135	157,135	161,870
* Capacity (students)	666	666	666	768
Enrollment	660	693	724	781
Superintendent's Office Building				
Square Feet	1,400	1,400	1,400	1,400
Board of Education Offices				
Square Feet	1,400	1,400	2,000	2,000

Number of Schools at June 30, 2008
Elementary = 0
Middle School = 0
High School = 2
Other = 2

* Current District Practice Capacity. However, Facilities Efficiency Standards generated by LRFP are much lower - 679 - Valley and 620 - Hills.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Pascack Valley Regional High School District Facilities Office.

Exhibit J-19

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST SEVEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
For School Facilities - Account #11-000-261-XXX:

School Facilities*	Project # (s)	Fiscal Year Ended June 30, 2002	2003	2004	2005	2006	2007	2008
Pascack Hills HS	N/A	$ 155,765	$ 271,776	$ 155,639	$ 152,691	$ 220,027	$ 259,645	$ 259,704
Pascack Valley HS	N/A	161,165	236,329	174,146	176,982	228,544	189,939	255,335
Total School Facilities		316,930	508,105	329,785	329,673	448,571	449,584	515,039
Grand Total		$ 316,930	$ 508,105	$ 329,785	$ 329,673	$ 448,571	$ 449,584	$ 515,039

N/A - Not Applicable.

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

The District does not include ten years' information as "Schedule of Allowable Maintenance Expenditures by School Facilities" was not mandatory for fiscal years prior to June 30, 2001.

Source: Pascack Valley Regional High School District records.

Exhibit J-20
1 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2008
UNAUDITED

	Coverage	Deductible
School Package Policy -		
Northeast Bergen County School Board - School Package		
Policy - Selective Insurance Company:		
Property - Blanket Building and Grounds:		
Pool Limit	$ 500,000,000	
School Limit	81,429,566	$ 5,000
Flood:		
Outside Zones A, V or B	5,000,000	50,000
Zone B	2,000,000	100,000
Zones A or V	1,000,000	500,000
Earthquake	5,000,000	50,000
Business Income and Extra Expense	250,000	5,000
Contractors Equipment	250,000	1,000
Cameras and Other Related Equipment/		
Athletic Equipment	250,000	1,000
Musical Instruments	100,000	5,000
Valuable Papers and Records	5,000,000	1,000
Electronic Data Processing Equipment	2,500,000	5,000
Accounts Receivable	100,000	1,000
Boiler and Machinery - Selective Insurance Company:		
Property Damage	100,000,000	1,000
General Liability - Selective Insurance Company:		
Per Occurrence	1,000,000	
Aggregate	2,000,000	
Commercial Automobile Liability - Selective Way Insurance Company:	1,000,000	1,000
Commercial Umbrella -		
American Alernative Insurance Company	9,000,000	10,000
Fireman's Fund Insurance Company (Excess of $9,000,000):		
Per Occurrence	50,000,000	
Aggregate	50,000,000	
Worker's Compensation - Selective Insurance Company:		
Per Occurrence	1,000,000	
Policy Limit	1,000,000	

Exhibit J-20
2 of 2

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2008
UNAUDITED

	Coverage	Deductible
Environmental Legal Liability - American Safety Casualty Insurance Company:		
Per Occurrence	$ 1,000,000	$ 15,000
Aggregate	3,000,000	
Crime Coverage - Selective Insurance Company:		
Primary (Per Employee)	100,000	5,000
Blanket Employee Dishonesty	400,000	
Forgery and Alterations	50,000	1,000
Educators Legal Liability - American Insurance Company:		
Wrongful Acts (Directors and Officers Policy)	1,000,000	5,000
Individual Bonds - Selective Insurance Company:		
School Business Administrator/Board Secretary	350,000	
Treasurer of School Monies	350,000	
Accidental Death and Dismemberment - Unum Provident Insurance Company:		
Principal Sum (AD&D)	100,000	
Total Limit Per All Other Accidents	500,000	
Student and Athletic Accident - Peoples Benefit Life Insurance Company:		
Accident Medical Expense Benefit:		
Athletics	5,000,000	
Voluntary	5,000,000	

Source: Pascack Valley Regional High School District records.

SINGLE AUDIT SECTION

NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Mount Arlington Corporate Center
200 Valley Road Suite 300
Mt. Arlington, NJ 07856
Phone: 973-328-1825
Fax: 973-328-0507

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
Fax: 973-383-6555

Independent Auditors' 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*

The Honorable President and Members
of the Board of Education
Pascack Valley Regional High School District
County of Bergen, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Pascack Valley Regional High School District, in the County of Bergen (the "Board") as of, and for the fiscal year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Pascack Valley Regional High School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the Board in a separate report, the Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance, dated September 29, 2008.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mt. Arlington, New Jersey
September 29, 2008

NISIVOCCIA & COMPANY LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Mount Arlington Corporate Center
200 Valley Road Suite 300
Mt. Arlington, NJ 07856
Phone: 973-328-1825
Fax: 973-328-0507

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
Fax: 973-383-6555

Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04

The Honorable President and Members
of the Board of Education
Pascack Valley Regional High School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Pascack Valley Regional High School District in the County of Bergen (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the New Jersey *State Aid/ Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.* Those standards, Federal OMB Circular A-133, and New Jersey Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and/or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal and/or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A control deficiency in a Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal and/or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal and/or state program will not be prevented or detected by the Board's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mt. Arlington, New Jersey
September 29, 2008

NISIVOCCIA & COMPANY LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2007 Deferred Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2008 (Accounts Receivable)	Balance at June 30, 2008 Deferred Revenue
U.S. Department of Education -											
Passed-through State Department of Education:											
No Child Left Behind:											
Title I - Part A	84.010	NCLB-3960-08	9/1/07	8/31/08	$ 39,096			$ 39,096	$ (39,096)		
Title II - Part A	84.367	NCLB-3960-08	9/1/07	8/31/08	28,194			28,194	(28,194)		
Title II - Part D	84.318	NCLB-3960-08	9/1/07	8/31/08	266			266	(266)		
Title IV	84.186A	NCLB-3960-08	9/1/07	8/31/08	4,187			4,187	(4,187)		
Title V	84.298A	NCLB-3960-08	9/1/07	8/31/08	2,056			2,056	(2,056)		
Total No Child Left Behind								73,799	(73,799)		
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	IDEA-3960-08	9/1/07	8/31/08	376,252			376,252	(376,252)		
Total Special Education Cluster								376,252	(376,252)		
Foreign Languages Assistance - Chinese Flap	84.293B	T293B070152	5/15/07	5/14/08	64,500			64,500	(64,500)		
Total U.S. Department of Education								514,551	(514,551)		
Total Special Revenue Fund								514,551	(514,551)		
TOTAL FEDERAL AWARDS						$ -0-	$ -0-	$514,551	$ (514,551)	$ -0-	$ -0-

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2007 Budgetary Deferred Revenue/ (Accounts Receivable)	Balance at June 30, 2007 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2008 GAAP (Accounts Receivable)	Balance at June 30, 2008 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Transportation Aid	07-495-034-5120-014	7/1/06	6/30/07	$ 386,632	$ (19,170)			$ 19,170						$ 386,632
Special Education Aid	07-495-034-5120-011	7/1/06	6/30/07	968,056	(23,505)			23,505						968,056
Bilingual Education Aid	07-495-034-5120-008	7/1/06	6/30/07	2,336	(117)			117						2,336
Consolidated Aid	07-495-034-5120-057	7/1/06	6/30/07	123,610	(8,401)			8,401						123,610
Additional Formula Aid	07-495-034-5120-058	7/1/06	6/30/07	44,419	(108)			108						44,419
Extraordinary Special Education Costs Aid	07-495-034-5120-044	7/1/06	6/30/07	60,594	(60,594)			60,594						60,594
Nonpublic School Transportation Costs	N/A	7/1/06	6/30/07	9,164	(9,164)			9,164						9,164
TPAF Social Security Aid	07-100-034-5095-051	7/1/06	6/30/07	1,103,378	(56,603)			56,603						1,103,378
Transportation Aid	08-495-034-5120-014	7/1/07	6/30/08	386,632				367,300	$ (386,632)				$ 19,332	386,632
Special Education Aid	08-495-034-5120-011	7/1/07	6/30/08	968,056				947,135	(968,056)				20,921	968,056
Bilingual Education Aid	08-495-034-5120-008	7/1/07	6/30/08	2,336				2,220	(2,336)				116	2,336
Consolidated Aid	08-495-034-5120-057	7/1/07	6/30/08	123,610				115,793	(123,610)				7,817	123,610
Additional Formula Aid	08-100-034-5120-058	7/1/07	6/30/08	93,733				90,683	(93,733)				3,050	93,733
Above Average Enrollment Growth	07-495-034-5120-063	7/1/07	6/30/08	118,739				118,739	(118,739)					118,739
Extraordinary Special Education Costs Aid	08-495-034-5120-044	7/1/07	6/30/08	105,299					(105,299)		$ (105,299)		105,299	105,299
Nonpublic School Transportation Costs	N/A	7/1/07	6/30/08	13,092					(13,092)		(13,092)		13,092	13,092
Teacher Quality Mentoring	08-495-034-5120-052	7/1/07	6/30/08	3,069				3,069	(3,069)					3,069
TPAF Social Security Aid	08-495-034-5095-002	7/1/07	6/30/08	1,132,027				1,074,863	(1,132,027)		(57,164)		57,164	1,132,027
Total General Fund State Aid					(177,662)			2,897,464	(2,946,593)		(175,555)		226,791	5,644,782
State Department of Education:														
Special Revenue Fund:														
NJ Nonpublic Aid:														
Auxiliary Services (Chapter 192):														
Compensatory Education	07-100-034-5120-067	7/1/06	6/30/07	109,783		$ 10,996			(10,996)					98,787
Home Instruction	07-100-034-5120-067	7/1/06	6/30/07	3,068	(3,068)			3,068					3,068	3,068
Compensatory Education	08-100-034-5120-067	7/1/07	6/30/08	84,205				84,205	(80,025)			$ 4,180		80,025
English as a Second Language	08-100-034-5120-067	7/1/07	6/30/08	5,583				5,583	(2,334)			3,249		2,334
Handicapped Services (Chapter 193):														
Supplementary Instruction	07-100-034-5120-066	7/1/06	6/30/07	41,547		3,551			(3,551)					37,996
Examination and Classification	07-100-034-5120-066	7/1/06	6/30/07	42,405		6,885			(6,885)					35,520
Corrective Speech	07-100-034-5120-066	7/1/06	6/30/07	8,370		5,673			(5,673)					2,697
Examination and Classification	08-100-034-5120-066	7/1/07	6/30/08	44,942				44,942	(38,877)			6,065		38,877
Corrective Speech	08-100-034-5120-066	7/1/07	6/30/08	7,161				7,161	(2,046)			5,115		2,046
Supplementary Instruction	08-100-034-5120-066	7/1/07	6/30/08	42,539				42,539	(36,592)			5,947		36,592
Textbook Aid (Chapter 194)	08-100-034-5120-064	7/1/07	6/30/08	18,835				18,835	(18,835)					18,835
Nursing Services (Chapter 226)	08-100-034-5120-070	7/1/07	6/30/08	26,016				26,016	(26,016)					26,016
Technology Initiative	08-100-034-5120-373	7/1/07	6/30/08	13,480				13,480	(13,480)					13,480
Total Special Revenue Fund					(3,068)	27,105		245,829	(245,310)			24,556	3,068	396,273
Total State Department of Education					$ (180,730)	$ 27,105	$	$ 3,143,293	$ (3,191,903)	$	$ (175,555)	$ 24,556	$ 229,859	$ 6,041,055

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

State Grantor/Program Title	Grant or State Project Number	Grant Period From	Grant Period To	Program or Award Amount	Balance at June 30, 2007 Budgetary Deferred Revenue/ (Accounts Receivable)	Balance at June 30, 2007 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2008 GAAP (Accounts Receivable)	Balance at June 30, 2008 Due to Grantor	MEMO Budgetary Receivable	MEMO Cumulative Total Expenditures
NJ Economic Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction & Financing Act:														
Pascack Valley High School	SP-3960-050-03-1417	N/A	N/A	$ 6,765,972	$ (4,818)								$ 4,818	$ 6,761,154
Pascack Hills High School	SP-3960-040-03-1418	N/A	N/A	4,777,583	(2,246,175)						$ (2,027,260)		2,246,175	4,558,667
Total Capital Projects Fund					(2,250,993)						(2,027,260)		2,250,993	11,319,821
Total NJ Schools Development Authority					(2,250,993)						(2,027,260)		2,250,993	11,319,821
TOTAL STATE AWARDS					$ (2,431,723)	$ 27,105	$ -0-	$ 3,143,293	$ (3,191,903)	$ -0-	$ (2,202,815)	$ 24,556	$ 2,480,852	$ 17,360,876

N/A - Not Available

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1. GENERAL

The accompanying schedules of federal and state awards include federal and state award activities of the Board of Education, Pascack Valley Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of federal and state awards are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.* Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent fiscal 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $65 for the general fund, $150 for the special revenue fund and $223,734 for the capital projects fund. See Exhibits C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds, respectively. Additionally, the schedule of state awards does not include the on-behalf TPAF Pension and Post Retirement Medical Contributions revenue of $1,179,604 and $1,472,146 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		$ 5,598,408	$ 5,598,408
Special Revenue Fund	$ 514,401	218,205	732,606
Total Financial Assistance	$ 514,401	$ 5,816,613	$ 6,331,014

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security contributions represent 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, 2008.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has been awarded grants in the amount of $11,543,555 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2008, $11,319,821 has been expended and $9,292,562 drawn down. The District will realize the grant revenue in the Capital Projects Fund on a GAAP basis as it is expended.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with Federal OMB Circular A-133, Audits *of State, Local Governments and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Gants and State Aid.*
- The District's major federal and state programs for the current fiscal year consisted of the following aid:

	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Federal:				
Special Education Cluster:				
I.D.E.A. Part B, Basic Regular	84.027	9/1/07-8/31/08	$ 376,252	$ 376,252
State:				
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	386,632	386,632
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	968,056	968,056
Bilingual Education Aid	08-495-034-5120-008	7/1/07-6/30/08	2,336	2,336
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	123,610	123,610
Additional Formula Aid	08-100-034-5120-058	7/1/07-6/30/08	93,733	93,733
Above Average Enrollment Growth	08-495-034-5120-063	7/1/07-6/30/08	118,739	118,739
Extraordinary Special Education Costs Aid	08-495-034-5120-044	7/1/07-6/30/08	105,299	105,299
Nonpublic School - Transportation Costs	N/A	7/1/07-6/30/08	13,092	13,092
TPAF Social Security Contributions	08-495-034-5095-002	7/1/07-6/30/08	1,132,027	1,132,027

- The threshold for distinguishing Type A and Type B programs was $300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey Circular NJOMB 04-04 was $500,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in Federal OMB Circular A-133.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in Federal OMB Circular A-133 and New Jersey Circular NJOMB 04-04.

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings:

The District had no prior year audit findings.