PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1
BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Little Falls, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Passaic Valley Regional High School District No. 1
Board of Education

Little Falls, New Jersey

For The Fiscal Year Ended June 30, 2010

Prepared by

Business Office

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BOARD OF EDUCATION
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INTRODUCTORY SECTION

BOARD OF EDUCATION

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT #1
PASSAIC VALLEY HIGH SCHOOL
EAST MAIN STREET
LITTLE FALLS, NEW JERSEY 07424

PAUL A. GERBER, JR.
BOARD SECRETARY
BUSINESS ADMISTRATION

(973) 890-2500 X2510
FAX (973) 890-0512
pvpgerber@yahoo.com

November 30, 2010

Honorable President and
Members of the Board of Education
Passaic Valley Regional High School #1
Little Falls, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Passaic Valley Regional High School District #1 for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education of the Passaic Valley Regional High School District #1. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, required supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** Passaic Valley Regional High School District #1 is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB). All funds of the District are included in this report. The Passaic Valley Regional High School District #1 Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, technical as well as special education. The District completed the 2009-2010 fiscal year with an enrollment of 1,285 students. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2000-2001	992	0.0%
2001-2002	1,025	3.3%
2002-2003	1,033	.8%
2003-2004	1,227	15.8%
2004-2005	1,227	0.0%
2005-2006	1,270	3.5%
2006-2007	1,271	0.0%
2007-2008	1,302	2.4%
2008-2009	1,275	-2.0%
2009-2010	1,285	0.1%

2) **ECONOMIC CONDITION AND OUTLOOK:** The Passaic Valley Regional High School District #1 is experiencing a period of development and expansion, which is expected to continue. The increasing number of businesses relocating to the area result in an increase in the employment level which results in an increased tax base, both residential and industrial, and an increase in annual daily enrollment. This expansion is expected to continue which suggests that the Passaic Valley Regional High School District #1 area will continue to prosper.

3) **MAJOR INITIATIVES:** Passaic Valley High School is a ninth through twelfth grade institution, located on a beautiful 45 acre Passaic Valley Campus consisting of four athletic fields, which affords students many academic and co-curricular opportunities. Teaching and learning are conducted in an atmosphere conducive to critical and creative thinking, skills we believe are absolutely vital for survival in the 21st century.

3) **MAJOR INITIATIVES (Continued):**

The graduating class of 2010 reported the following post-graduate plans:

55%	4 Year Colleges
29%	2 Year Community Colleges/ Technical Schools

Passaic Valley High School Seniors (Class of 2010) who went on to 4 Year Colleges achieved the following Scholastic Aptitude Test (SAT) scores:

	Mean Score	Mid 50% Range
Critical Reading	483	480-500
Mathematics	503	480-510
Writing	484	480-490

Class of 2010 Score Distributions

	Verbal	Math	Writing
75th Percentile	540	570	540
50th Percentile	480	490	480
25th Percentile	420	440	410

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

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

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

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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements".

7) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". 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.

9) **OTHER INFORMATION:** **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins was selected by the Board. 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 and the related OMB Circular A-133 and state Treasury Circular letter 04-04 OMB. The auditor's report on the basic financial statements and schedules and 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.

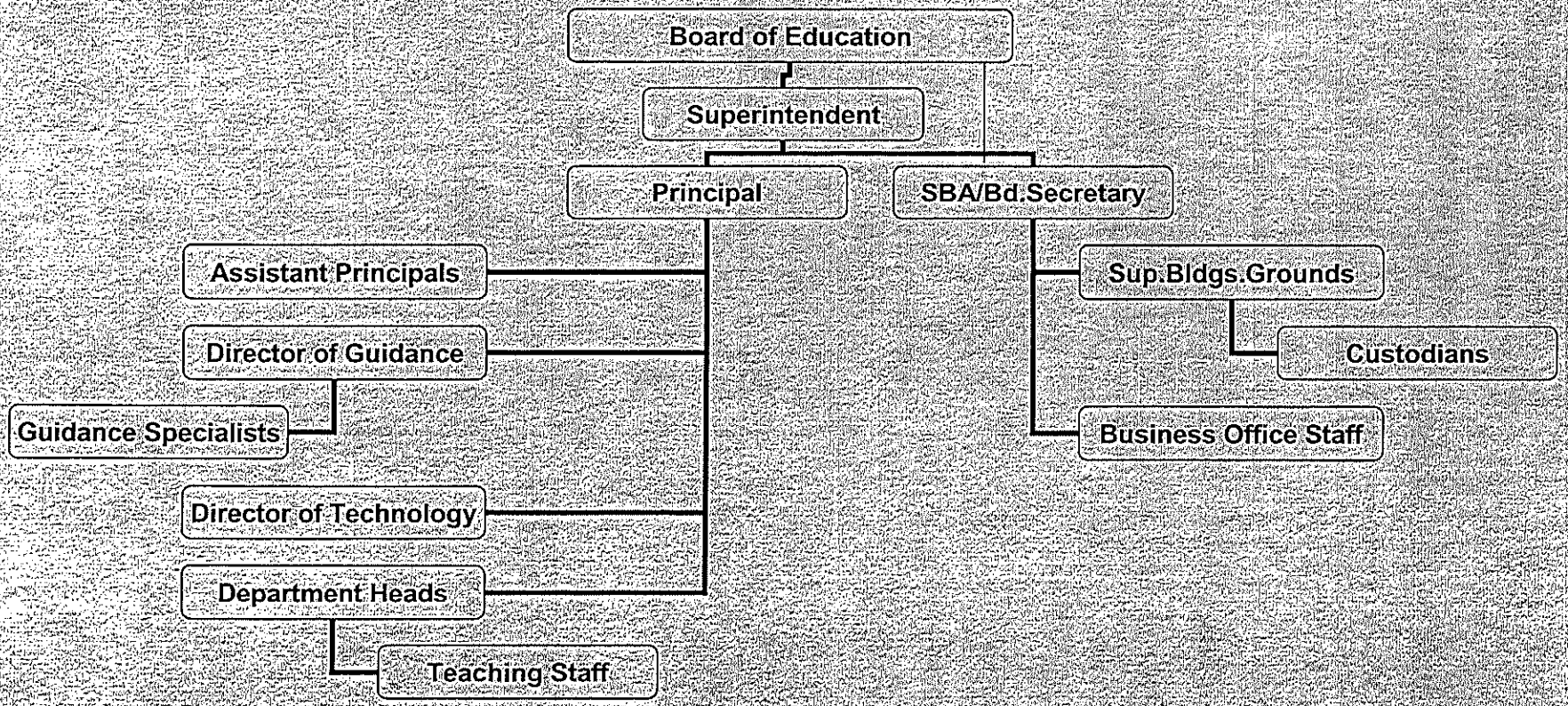
10) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Passaic Valley Regional High School District #1 Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

Dr. Viktor Joganow
Superintendent

Paul A. Gerber, Jr.
Board Secretary/Business Administrator

PVHS Organizational Chart



PASSAIC VALLEY REGIONAL HIGH SCHOOL #1
LITTLE FALLS, NEW JERSEY 07424

ROSTER OF OFFICIALS
JUNE 30, 2010

Members of the Board of Education	Term Expires
Carlo T. Spinella, President	2013
Eugene Ridgeway, Vice President	2011
Joseph Appio	2012
James Damiano	2012
Richard Greco	2012
Margaret Hasko	2011
Anthony Sgobba	2011
Laura Van Winkle	2013
John Evans	2013

Other Officials

Viktor Joganow, Superintendent

Paul A. Gerber, Jr., Board Secretary/School Business Administrator

Josephine Iandiorio, Treasurer

Raymond Reddin, Solicitor

Passaic Valley Regional High School District #1

Board of Education

Consultants and Advisors

Audit Firm

Lerch Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, N.J. 07410

Attorney

Raymond Reddin
Piro, Zinna, Cifelli, Paris & Genitempo
360 Passaic Avenue
Nutley, NJ 07110

Official Depository

PNC Bank
Main Street
Little Falls, N.J. 07424

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

REGISTERED MUNICIPAL ACCOUNTANTS

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PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, 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 Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the 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 the 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of June 30, 2010, 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 November 30, 2010 on our consideration of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 and budgetary comparison information 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Passaic Valley Regional High School District No. 1 Board of Education's basic financial statements. The accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance 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 Non-Profit Organizations" and New Jersey OMB's Circular 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 combining fund financial statements and schedules of expenditures of federal awards and state financial assistance 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, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey

Management's Discussion and Analysis
Year Ended June 30, 2010

This section of the Passaic Valley Regional High School District No. 1 Board of Educations' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 fiscal year are as follows:

- The assets of the Passaic Valley Regional High School District No. 1 Board of Education exceeded its liabilities at the close of the fiscal year by $2,392,081 (net assets).

- The District's total net assets decreased $131,637.

- Overall district-wide revenues were $23,697,973. General revenues accounted for $20,143,069 or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $3,554,904 or 15% of total revenues.

- The school district had $23,001,508 in expenses for governmental activities; only $2,719,406 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of $20,143,069 were adequate to provide for these programs.

- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $(2,091,950). Of this amount, $100,186 is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Passaic Valley Regional High School District No. 1 Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Passaic Valley Regional High School District No. 1 Board of Educations' overall financial status.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The remaining statements are fund financial statements that focus on individual parts of the Passaic Valley Regional High School District No. 1 Board of Educations', reporting the Board's operation 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 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 businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board'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 the structure and contents of each of the statements.

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

		District-Wide	
	Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses: Food Service
Required financial Statements	Statements of net assets	balance sheet	Statement of net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
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
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 there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-Wide Statements

The district-wide statements report information about the Passaic Valley Regional High School District No. 1 Board of Education 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 year's revenues 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 overall health of the District you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school building and other facilities.

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

- *Governmental activities-* Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities.

- *Business-type activities-* The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is 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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The district has three kinds of funds:

- *Governmental funds*- 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 year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) 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.

- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION AS A WHOLE

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

Table A-1 provides a summary of the school district's net assets for 2010 and 2009.

Net assets. The district's combined net assets were $2,392,081 and $2,523,718 on June 30, 2010 and 2009, respectively. (See Table A-1).

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

Table A-1
Statement of Net Assets
As of June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current Assets	$ 1,306,318	$ 2,524,740	$ 78,865	$ 56,610	$ 1,385,183	$ 2,581,350
Capital Assets	6,423,513	4,219,707	30,763	34,843	6,454,276	4,254,550
Total Assets	7,729,831	6,744,447	109,628	91,453	7,839,459	6,835,900
Long-Term Liabilities	2,023,680	2,265,577			2,023,680	2,265,577
Other Liabilities	3,412,124	2,045,810	11,574	795	3,423,698	2,046,605
Total Liabilities	5,435,804	4,311,387	11,574	795	5,447,378	4,312,182
Net Assets						
Invested in capital assets, net of related debt	1,643,008	1,497,868	30,763	34,843	1,673,771	1,532,711
Restricted	26,994	5,900			26,994	5,900
Unrestricted	624,025	929,292	67,291	55,815	691,316	985,107
Total Net Assets	$ 2,294,027	$ 2,433,060	$ 98,054	$ 90,658	$ 2,392,081	$ 2,523,718

Table A-2 on the following page shows changes in net assets for fiscal year 2010 and 2009.

Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2010

Table A-2
Change in Net Assets
For The Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	$ 184,165	$ 196,021	$ 769,098	$ 771,720	$ 953,263	$ 967,741
Operating Grants and Contributions	2,535,241	2,856,060	66,400	51,525	2,601,641	2,907,585
Capital Grants and Contributions						
General Revenues						
Property Taxes	19,839,884	19,175,561			19,839,884	19,175,561
State Aid - Formula Grants	219,208	138,511			219,208	138,511
Other	83,977	78,725	-	-	83,977	78,725
Total Revenues	22,862,475	22,444,878	835,498	823,245	23,697,973	23,268,123
Expenses						
Instruction						
Regular	10,195,190	9,736,339			10,195,190	9,736,339
Special Education	2,616,384	2,450,362			2,616,384	2,450,362
Other Instruction	22,569	2,628			22,569	2,628
School Sponsored Activities and Athletics	1,206,306	1,213,689			1,206,306	1,213,689
Support Services						
Student and Instruction Related Services	1,988,284	1,845,589			1,988,284	1,845,589
General Administrative Services	616,505	657,058			616,505	657,058
School Administrative Services	839,235	777,414			839,235	777,414
Plant Operations and Maintenance	3,039,528	2,748,575			3,039,528	2,748,575
Pupil Transportation	1,545,406	1,590,106			1,545,406	1,590,106
Business and Other Support Services	850,321	1,027,202			850,321	1,027,202
Interest on Debt	81,780	90,693			81,780	90,693
Food Services	-	-	828,102	810,085	828,102	810,085
Total Expenses	23,001,508	22,139,655	828,102	810,085	23,829,610	22,949,740
Transfers	-	-	-	-	-	-
Change in Net Assets	$ (139,033)	$ 305,223	$ 7,396	$ 13,160	$ (131,637)	$ 318,383

Governmental Activities. The District's total revenues were $22,862,475. The local share of the revenues, that included property taxes, transportation, interest, and miscellaneous revenue, amounted to $20,143,069 or 89% of total revenues. Funding from state and federal sources amounted to $2,535,241 or 11%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled $14,040,449 (61%) and student support services totaled $8,879,279 (38%) of total expenditures interest on debt totaled $81,780. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities
For Fiscal Year 2010

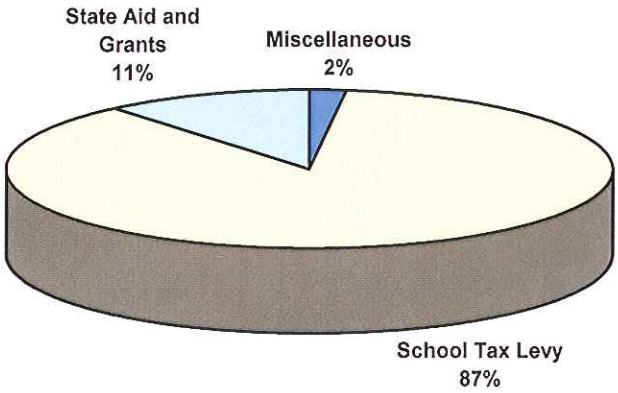

Table A-4 Expenses by Function – Governmental Activities
For Fiscal Year 2010

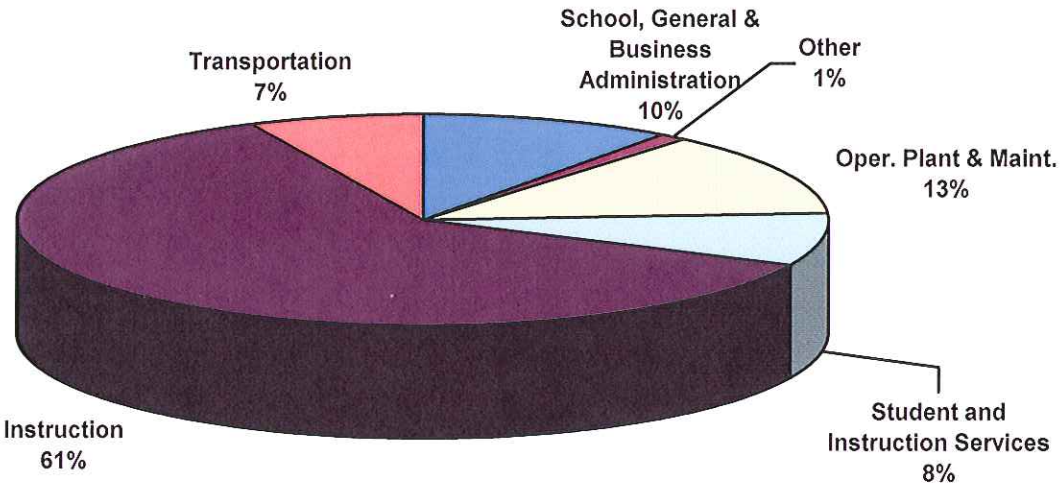

Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2010 and 2009

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction				
Regular	$ 10,195,190	$ 9,736,339	$ 9,099,201	$ 8,725,008
Special Education	2,616,384	2,450,362	1,721,594	1,329,233
Other Instruction	22,569	2,628	20,525	1,978
School Sponsored Activities and Athletics	1,206,306	1,213,689	1,206,306	1,213,689
Support Services				
Student and Instruction Related Services	1,988,284	1,845,589	1,824,611	1,691,606
General Administrative Services	616,505	657,058	575,230	631,289
School Administrative Services	839,235	777,414	791,392	731,011
Plant Operations and Maintenance	3,039,528	2,748,575	3,039,528	2,647,130
Pupil Transportation	1,545,406	1,590,106	1,116,291	1,028,825
Business Services	850,321	1,027,202	805,644	997,112
Interest on Debt	81,780	90,693	81,780	90,693
Total	**$ 23,001,508**	**$ 22,139,655**	**$ 20,282,102**	**$ 19,087,574**

Business-Type Activities

The cost of Business-Type Activities for the fiscal years ended June 30, 2010 and 2009 were $828,102 and $810,085, respectively. These costs were funded by operating grants and charges for services (Detailed on Table A-2).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of $(2,091,950). As of June 30, 2009, the fund balance was $494,565.

Revenues for the District's governmental funds were $22,862,475 while total expenditures were $25,448,990.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades 9 through 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2010 and 2009.

General Fund Revenues

	Year Ended 2010	Year Ended 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 19,504,048	$ 18,854,854	$ 649,194	3%
Transportation	184,165	196,021	(11,856)	-6%
Miscellaneous	81,363	73,013	8,350	11%
Intergovernmental				
Federal Sources	42,807		42,807	100%
State Sources	2,266,991	2,611,164	(344,173)	-13%
Total General Fund Revenues	$ 22,079,374	$ 21,735,052	$ 344,322	2%

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2010 and 2009.

General Fund Expenditures

	Year Ended 2010	Year Ended 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current Expense:				
Instruction	$ 13,591,971	$ 13,053,469	$ 538,502	4%
Undistributed Expenses	8,581,235	8,457,502	123,733	1%
Capital Outlay	80,302	166,424	(86,122)	377%
Operating Lease Payments	141,013	117,987	23,026	20%
Total Expenditures	$ 22,394,521	$ 21,795,382	$ 599,139	3%

Total General Fund expenditures increased by $599,139 or 3% from the previous year. The most significant increase can be attributable to the increases in the areas of Instruction and Employee Benefits.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were $444,651 and $383,407, for the years ended June 30, 2010 and 2009. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 100% and 100% of the total revenue for the years June 30, 2010 and 2009.

Total Special Revenue Fund revenues increased $61,244 or 16% from the previous year due to an increase of federal sources.

Expenditures of the Special Revenue Fund were $444,651 and $383,407 for the years ended June 30, 2010 and 2009. Instructional expenditures were $444,651.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues by $(2,292,462) resulting in a fund balance of $(2,883,362) at June 30, 2010. The deficit has been funded in fiscal year 2010/11 through the issuance of bonds.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are the result of the implementation of budgets for specially funded projects, which include both federal and state grants and the reinstating prior year purchase orders being carried over.

Capital Assets. At the end of the fiscal year 2010, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

Table A-4

	Governmental Activities		
	2010	2009	Increase (Decrease)
Buildings and Building Improvements	$ 8,097,451	$ 8,097,451	$ -
Improvements other than Buildings	1,536,534	1,536,534	-
Machinery and Equipment	711,948	631,646	80,302
Construction in Progress	2,879,059	586,597	2,292,462
	13,224,992	10,852,228	2,372,764
Less Accumulated Depreciation	6,801,479	6,632,521	168,958
Total	$ 6,423,513	$ 4,219,707	$ 2,203,806

Debt Administration. As of June 30, 2010 and 2009 the school district had long-term debt and outstanding long-term liabilities in the amounts of $2,023,680 and $2,265,577, respectively.

Long-Term Liabilities

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

	2010	2009
Serial Bonds	$ 1,815,000	$ 2,030,000
Intergovernmental Loans Payable	82,143	100,939
Compensated Absences Payable	126,537	134,638
Total	$ 2,023,680	$ 2,265,577

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- ✓ Increases in the cost relating to the operation and maintenance of the plant.
- ✓ Increased costs in providing student transportation.
- ✓ Costs related to the instructional programs of the District.
- ✓ Shortfall in revenue caused by the state not remitting the final state aid payment to the district in June 2010.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 Paul Gerber, Passaic Valley Regional High School District No. 1 Board of Education, East Main Street, Little Falls, New Jersey 07424.

BASIC FINANCIAL STATEMENTS

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 230,334	$ 35,507	$ 265,841
Receivables, net			
Receivables from Other Governments	1,050,737	4,896	1,055,633
Accounts Receivable	25,247	31,356	56,603
Inventory		7,106	7,106
Capital Assets			
Not Being Depreciated	2,879,059		2,879,059
Being Depreciated Net	3,544,454	30,763	3,575,217
Total Assets	7,729,831	109,628	7,839,459
LIABILITIES			
Accounts Payable	303,220	10,409	313,629
Payable to Federal Government	28,505		28,505
Accrued Interest Payable	13,856		13,856
Unearned Revenue	191,543	1,165	192,708
Temporary Notes Payable	2,875,000		2,875,000
Noncurrent Liabilities			
Due within one year	244,452		244,452
Due beyond one year	1,779,228	-	1,779,228
Total Liabilities	5,435,804	11,574	5,447,378
NET ASSETS			
Invested in Capital Assets, net of related debt	1,643,008	30,763	1,673,771
Restricted for:			
Capital Projects	1		1
Debt Service	26,993		26,993
Unrestricted	624,025	67,291	691,316
Total Net Assets	$ 2,294,027	$ 98,054	$ 2,392,081

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
Instruction:							
Regular	$ 10,195,190		$ 1,095,989		$ (9,099,201)		$ (9,099,201)
Special Education	2,616,384		894,790		(1,721,594)		(1,721,594)
Other Instruction	22,569		2,044		(20,525)		(20,525)
School Sponsored Co-Curricular Activities	1,206,306				(1,206,306)		(1,206,306)
Support Services:							
Student & Instruction Related Services	1,988,284		163,673		(1,824,611)		(1,824,611)
School Administrative Services	839,235		47,843		(791,392)		(791,392)
General Administrative Services	616,505		41,275		(575,230)		(575,230)
Plant Operations and Maintenance	3,039,528				(3,039,528)		(3,039,528)
Pupil Transportation	1,545,406	$ 184,165	244,950		(1,116,291)		(1,116,291)
Business and Other Support Services	850,321		44,677		(805,644)		(805,644)
Interest on long-term debt	81,780	-	-	-	(81,780)	-	(81,780)
Total Governmental Activities	23,001,508	184,165	2,535,241	-	(20,282,102)	-	(20,282,102)
Business-Type Activities:							
Food Service	828,102	769,098	66,400	-	-	$ 7,396	7,396
Total Business-Type Activities	828,102	769,098	66,400	-	-	7,396	7,396
Total Primary Government	23,829,610	953,263	$ 2,601,641	$ -	(20,282,102)	7,396	(20,274,706)

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

Continued

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes,net	$ 19,504,048		$ 19,504,048
Taxes Levied for Debt Service	335,836		335,836
Federal and State Aid - Unrestricted	219,208		219,208
Miscellaneous Income	83,977	-	83,977
Total General Revenues	20,143,069	-	20,143,069
Change in Net Assets	(139,033)	$ 7,396	(131,637)
Net Assets—beginning of year	2,433,060	90,658	2,523,718
Net Assets—end of year	$ 2,294,027	$ 98,054	$ 2,392,081

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

FUND FINANCIAL STATEMENTS

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents			$ 349,880		$ 349,880
Receivables From Other Governments	$ 87,121	$ 179,778	783,838		1,050,737
Due from Other Funds	789,718			$ 29,271	818,989
Restricted Cash and Cash Equivalents:					
Capital Reserve	1	-	-	-	1
Total assets	$ 876,840	$ 179,778	$ 1,133,718	$ 29,271	$ 2,219,607
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash Overdraft	$ 1,781	$ 115,488		$ 2,278	$ 119,547
Accounts Payable	89,790	3,745	$ 209,685		303,220
Due to Other Funds	20,850	3,867	769,025		793,742
Payable to Federal Government		28,505			28,505
Temporary Notes Payable			2,875,000		2,875,000
Deferred Revenue	-	28,173	163,370	-	191,543
Total Liabilities	112,421	179,778	4,017,080	2,278	4,311,557
Fund Balances:					
Reserved for:					
Encumbrances	17,812		2,583,621		2,601,433
Capital Reserve	1				1
Excess Surplus, Designated for Subsequent Year's Expenditures	447,758				447,758
Unreserved, Designated for Subsequent Year's Expenditures	198,662				198,662
Undesignated, Reported in:					
General Fund	100,186				100,186
Capital projects Fund			(5,466,983)		(5,466,983)
Debt Service Fund	-	-	-	26,993	26,993
Total Fund balances	764,419	-	(2,883,362)	26,993	(2,091,950)
Total Liabilities and Fund Balances	$ 876,840	$ 179,778	$ 1,133,718	$ 29,271	

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 $13,224,992 and the accumulated depreciation is $6,801,479.			6,423,513
The District has financed capital assets through the issuance of long-term debt. The interest accrual at year end is:			(13,856)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
	Bonds Payable	$ 1,815,000	
	Loans Payable	82,143	
	Compensated Absences	126,537	
			(2,023,680)
Net assets of governmental activities (Exhibit A-1)			$ 2,294,027

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Property Tax Levy	$ 19,504,048			$ 335,836	$ 19,839,884
Transportation	184,165				184,165
Miscellaneous	81,363	-	$ 2,614	-	83,977
Total - Local Sources	19,769,576	-	2,614	335,836	20,108,026
State Sources	2,266,991				2,266,991
Federal Sources	42,807	$ 444,651	-	-	487,458
Total Revenues	22,079,374	444,651	2,614	335,836	22,862,475
EXPENDITURES					
Instruction:					
Regular	9,998,183	205,192			10,203,375
Special Education	2,372,479	239,459			2,611,938
Other	20,628				20,628
School Sponsored Co-Curricular Activities	1,200,681				1,200,681
Support Services and Undistributed Costs					
Student & Instruction Related Services	1,939,384				1,939,384
School Administrative Services	839,235				839,235
General Administrative Services	616,505				616,505
Plant Operations and Maintenance	2,876,884				2,876,884
Pupil Transportation	1,545,406				1,545,406
Business & Other Support Services	763,821				763,821
Operating Lease Payments	141,013				141,013
Capital Outlay	80,302		2,292,462		2,372,764
Debt service:					
Principal				233,797	233,797
Interest and other charges	-	-	-	83,559	83,559
Total Expenditures	22,394,521	444,651	2,292,462	317,356	25,448,990
Excess (Deficiency) of Revenues Over Expenditures	(315,147)	-	(2,289,848)	18,480	(2,586,515)
OTHER FINANCING SOURCES (USES)					
Transfers In				2,614	2,614
Transfers Out	-	-	(2,614)	-	(2,614)
Total Other Financing Sources and Uses	-	-	(2,614)	2,614	-
Net Change in Fund Balances	(315,147)	-	(2,292,462)	21,094	(2,586,515)
Fund Balance, Beginning of Year	1,079,566	-	(590,900)	5,899	494,565
Fund Balance, End of Year	$ 764,419	$ -	$(2,883,362)	$ 26,993	$ (2,091,950)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds (from B-2)		$ (2,586,515)
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	$ (168,958)	
Capital outlays	2,372,764	2,203,806
Repayment of debt 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.		
Bond Principal	215,000	
Intergovernmental Loan Principal	18,796	
		233,796
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		1,779
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
Compensated Absences		8,101
Change in net assets of governmental activities		$ (139,033)

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Business-Type Activities Enterprise Fund Food Services
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 35,507
Intergovernmental Receivable	
State	263
Federal	4,633
Accounts Receivable	31,356
Inventories	7,106
Total Current Assets	78,865
Capital Assets	
Furniture, Machinery and Equipment	125,060
Less: Accumulated Depreciation	(94,297)
Total Capital Assets	30,763
Total Assets	109,628
LIABILITIES	
Current Liabilities	
Accounts Payable	10,409
Deferred Revenue	1,165
Total Current Liabilities	11,574
NET ASSETS	
Invested in Capital Assets - Net of Related Debt	30,763
Unrestricted	67,291
Total Net Assets	$ 98,054

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Fund Food Services
OPERATING REVENUES	
Charges for Services	
Daily Sales-Reimbursable Programs	$ 585,197
Daily Sales - Nonreimbursable Programs	183,901
Total Operating Revenues	769,098
OPERATING EXPENSES	
Labor Cost	285,560
Management Fee	50,230
Supplies and Materials	45,379
Other Expense	24,688
Cost of Food	418,165
Depreciation	4,080
Total Operating Expenses	828,102
Operating Loss	(59,004)
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	2,991
Federal Sources	
Food Distribution Program	9,323
National School Lunch Program	54,086
Total Nonoperating Revenues	66,400
Change in Net Assets	7,396
Total Net Assets - Beginning of Year	90,658
Total Net Assets - End of Year	$ 98,054

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-Type Activities Enterprise Fund Food Services
Cash Flows from Operating Activities	
Cash Received from Customers	$ 756,475
Cash Payments for Employees' Salaries and Benefits	(285,560)
Cash Payments to Suppliers for Goods and Services	(519,757)
Net Cash Provided by (Used for) Operating Activities	(48,842)
Cash Flows to / from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	55,907
Net Cash Provided by Noncapital Financing Activities	55,907
Net Increase in Cash and Cash Equivalents	7,065
Cash and Cash Equivalents, Beginning of Year	28,442
Cash and Cash Equivalents, End of Year	$ 35,507
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	$ (59,004)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	9,323
Depreciation	4,080
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(12,623)
(Increase)/Decrease in Inventory	(1,397)
Increase/(Decrease) in Accounts Payable	9,733
Increase/(Decrease) in Deferred Revenue	1,046
Total Adjustments	10,162
Net Cash Used for Operating Activities	$ (48,842)

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

EXHIBIT B-7

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010

	Unemployment Compensation Trust Fund	Private Purpose Trust Fund	Agency Fund
ASSETS			
Cash and cash equivalents	$ 163,321	$ 152,889	$ 310,486
Total Assets	163,321	152,889	$ 310,486
LIABILITIES			
Due to Student Groups			$ 162,784
Intergovernmental Payable	3,394		
Scholarship Award Payable		3,600	
Accrued Salaries & Deductions			122,455
Due to Other Funds	-	-	25,247
Total Liabilities	3,394	3,600	$ 310,486
NET ASSETS			
Held In Trust For Unemployment Claims and Other Purposes			
Restricted	159,927	149,289	
Total Net Assets	$ 159,927	$ 149,289	

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust Fund	Private Purpose Trust Fund
ADDITIONS		
Contributions		
Other	$ 30,767	-
Total Contributions	30,767	-
Investment Earnings		
Interest	406	$ 2,991
Net investment earnings	406	2,991
Total additions	31,173	2,991
DEDUCTIONS		
Other Expenses	13,323	
Scholarships Awarded	-	3,600
Total deductions	13,323	3,600
Change in net assets	17,850	(609)
Net assets, beginning of the year	142,077	149,898
Net assets, end of the year	$ 159,927	$ 149,289

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Passaic Valley Regional High School District No. 1 Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Passaic Valley Regional High School District No. 1 Board of Education this includes general operations, food service and student related activities of the District.

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

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the government reports the following fund type:

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables and Payables

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

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

> *Tuition Expenditures* - Tuition charges for the fiscal years 2008-2009 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

5. Compensated Absences

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

6. Long-term obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. Fund Equity

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

Reserved for Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

Reserved for Excess Surplus – Designated for Subsequent Year's Expenditures - This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2009 audited excess surplus that was appropriated in the 2010/2011 original budget certified for taxes.

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

Designations of fund balance represent tentative management plans that are subject to change.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2010/2011 District budget certified for taxes.

8. Reclassifications

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2009/2010. During 2009/2010 the Board increased the original budget by $419,736. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

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

	Budget	Actual	Unfavorable Variance
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to Priv. Sch. For the Disabled			
Within State	$1,413,155	$1,460,609	$(47,454)
Central Services			
Interest on Bond Anticipation Notes (BANs)	-0-	21,375	(21,375)
Unallocated Benefits – Employee Benefits			
Workers Compensation	124,982	127,027	(2,045)

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an accumulated deficit of $2,883,362 in the Capital Projects Fund as of June 30, 2010. This deficit is the result of the Board incurring expenditures for the General Obligation bond referendum, which was prior to the sale of school bonds or receipt of state aid. As the Board permanently finances these appropriations or receives state aid, the District will realize as revenues the proceeds of the financing or state aid. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve Account

A capital reserve account was established by the District on October 10, 2000. The accumulation of funds will be used for 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). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the 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 fiscal year ended June 30, 2010 is as follows:

Balance, July 1, 2009	$ 1
Balance, June 30, 2010	$ 1

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is $447,758. Of this amount, $447,758 was designated and appropriated in the 2010/2011 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was $892,536 and bank balances of the Board's cash and deposits amounted to $1,562,905. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account	Bank Balance
Insured	$ 1,562,905

Investments

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

As of June 30, 2010, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

B. Receivables

Receivables as of year-end for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Capital Projects	Food Service	Total
Receivables:					
Accounts				$ 31,356	$ 31,356
Intergovernmental	$ 87,121	$ 179,778	$ 783,838	4,896	1,055,633
Gross Receivables	87,121	179,778	783,838	36,252	1,086,989
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	$ 87,121	$ 179,778	$ 783,838	$ 36,252	$ 1,086,989

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unearned
Special Revenue Fund	
Unencumbered grant draw downs	$ 28,173
Capital Projects Fund	
Economic Development Authority School Facility Grants	27,610
Bond Proceed Deposit	135,760
Total deferred revenue for governmental funds	$ 191,543

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance, July 1, 2009	Increases	Decreases	Balance, June 30, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 586,597	$ 2,292,462	-	$ 2,879,059
Total capital assets, not being depreciated	586,597	2,292,462	-	2,879,059
Capital assets, being depreciated:				
Buildings	8,097,451			8,097,451
Improvements other than buildings	1,536,534			1,536,534
Machinery and equipment	631,646	80,302	-	711,948
Total capital assets being depreciated	10,265,631	80,302	-	10,345,933
Less accumulated depreciation for:				
Buildings	5,509,809	94,935		5,604,744
Improvements other than buildings	775,846	49,077		824,923
Machinery and equipment	346,866	24,946	-	371,812
Total accumulated depreciation	6,632,521	168,958	-	6,801,479
Total capital assets, being depreciated, net	3,633,110	(88,656)	-	3,544,454
Government activities capital assets, net	$ 4,219,707	$ 2,203,806	$ -	$ 6,423,513

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, July 1, 2009	Increases	Decreases	Balance, June 30, 2010
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	$ 125,060	-	-	$ 125,060
Total capital assets being depreciated	125,060	-	-	125,060
Less accumulated depreciation for:				
Machinery and equipment	90,217	$ 4,080	-	94,297
Total accumulated depreciation	90,217	4,080	-	94,297
Total capital assets, being depreciated, net	34,843	(4,080)	-	30,763
Business-type activities capital assets, net	$ 34,843	$ (4,080)	$ -	$ 30,763

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

Governmental activities:	
Instruction	
Regular	$ 30,898
Other Instruction	1,941
Total Instruction	32,839
Support Services	
Student and Instruction Related Services	18,570
Operations and maintenance of plant	117,549
Total Support Services	136,119
Total depreciation expense - governmental activities	$ 168,958
Business-type activities:	
Food Service Fund	$ 4,080
Total depreciation expense-business-type activities	$ 4,080

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction commitments

The District has the following active construction projects as of June 30, 2010:

Project	Spent-to-Date	Remaining Commitment
Renovations and Improvements at Passaic Valley High School	$ 2,879,059	$ 3,908,981

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 3,867
General Fund	Capital Projects Fund	760,604
General Fund	Payroll Agency Fund	9,247
Debt Service Fund	General Fund	20,850
Debt Service Fund	Capital Projects Fund	8,421
General Fund	Student Activities Fund	16,000
		$ 818,989

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

The District's intention is to liquidate the above balances during the 2010-2011 fiscal year.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfers In:	
	Debt Service	Total
Transfer Out:		
Capital Projects Fund	$ 2,614	$ 2,614
	$ 2,614	$ 2,614

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

E. Leases

Operating Leases

The District leases copiers and office equipment under noncancelable operating leases. Lease payments for the year ended June 30, 2010 were $141,013.

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2010 are comprised of the following issues:

$950,000, 2001 Bonds, due in annual installments of $70,000 through November 1, 2015, interest at 4.5% - 4.75%	$420,000
$2,255,000, 2003 Bonds, due in annual Installments of $145,000 to $180,000 Through May 1, 2018, interest at 3.55% - 4.0%	1,395,000
	$1,815,000

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Intergovernmental Loan Payable

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

Loans payable at June 30, 2010 are comprised of the following:

$246,404, 1993 Loan due in Semi-annual installments of $12,572 to $18,255 through July 15, 2003, interest at 5.29%	$68,507
$82,134, 1993 Loan due in Semi-annual Installments of $3,409 through July 15, 2013 Interest at 1.5%	13,636
Grand Total	$82,143

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

Governmental Activities:

	Serial Bonds		Intergovernmental Loan		
Fiscal Year	Principal	Interest	Principal	Interest	Total
2011	$ 225,000	$ 71,005	$ 19,452	$ 3,377	$ 318,834
2012	235,000	62,283	20,142	2,460	319,885
2013	245,000	53,123	20,884	1,504	320,511
2014	250,000	43,515	21,665	508	315,688
2015	250,000	33,527			283,527
2016-2018	610,000	44,863	-	-	654,863
	$ 1,815,000	$ 308,316	$ 82,143	$ 7,849	$ 2,213,308

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

3% of Equalized Valuation Basis (Municipal)	$ 186,570,577
Less: Net Debt	1,897,143
Remaining Borrowing Power	$ 184,673,434

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance, July 1, 2009	Additions	Reductions	Balance, June 30, 2010	Due Within One Year
Governmental activities:					
Bonds payable	$ 2,030,000		$ 215,000	$ 1,815,000	$ 225,000
Loans Payable	100,939		18,796	82,143	19,452
Compensated absences	134,638	$ 40,401	48,502	126,537	-
Governmental activity Long-term liabilities	$ 2,265,577	$ 40,401	$ 282,298	$ 2,023,680	$ 244,452

For the governmental activities, compensated absences are generally liquidated by the general fund.

G. Short-Term Debt

Project Notes/Grant Anticipation Notes/Loans Payable

The Board issued Temporary Notes to interim finance capital projects. The Board's short-term debt activity for the year ended June 30, 2010 was as follows:

Purpose	Balance, July 1, 2009	Increases	Decreases	Balance, June 30, 2010
Temporary Note for Renovations and Improvements at Passaic Valley HS	$ 1,875,000	$ 2,875,000	$ 1,875,000	$ 2,875,000
	$ 1,875,000	$ 2,875,000	$ 1,875,000	$ 2,875,000

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Pooled Insurance Program (PIP). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

Pooled Insurance Program (PIP) provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

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

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

Year Ended June 30,	Employee Contributions	Amount Reimbursed	Ending Balance
2010	$ 30,767	$ 13,323	$ 159,927
2009	26,940	11,807	142,077
2008	22,311	12,588	126,032

B. Contingent Liabilities

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2010, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of $34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and $23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and $11.4 billion.

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

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

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	PERS	On-behalf TPAF
2010	$ 153,261	$ 30,303
2009	131,004	28,428
2008	93,081	633,512

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed $30,303 and $28,428 during 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $676,585 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

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

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

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

Basis of Accounting

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

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a $55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to $19.8 billion for state active and retired members and $36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

Actuarial Methods and Assumptions

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed $837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid $116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were $569,123, $542,335 and $707,098, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 4 OTHER INFORMATION (Continued)

F. Subsequent Events (If applicable)

General Obligation Bonds

The Board approved the sale of $6,788,000 General Obligation Bonds for the purpose of permanently funding various renovations and improvements at Passaic Valley Regional High School District No. 1 as authorized by the voters in December 2008. On July 8, 2010, the Board awarded the sale of said bonds to UBS Financial Services, Inc. at an interest rate of 3.00% to 4.00%. These bonds dated July 8, 2010 will mature over 14 years with the first maturity due July 15, 2012.

BUDGETARY COMPARISON SCHEDULES

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	$ 19,504,048		$ 19,504,048	$ 19,504,048	
Transportation Fees from Other LEAs	200,000		200,000	184,165	$ (15,835)
Investment Income	50,000		50,000	5,002	(44,998)
Miscellaneous	75,000		75,000	76,361	1,361
State Sources					
Categorical Special Education Aid	716,082		716,082	492,257	(223,825)
Equalization Aid	235,922	$ (42,807)	193,115	127,189	(65,926)
Categorical Security Aid	108,954		108,954	70,820	(38,134)
Categorical Transportation Aid	395,857		395,857	257,307	(138,550)
Extraordinary Aid - 2009/10	46,095		46,095		(46,095)
Non Public Transportation Reimbursement				14,864	14,864
On-behalf TPAF NCGI Premium (Non-budgeted)				30,303	30,303
On-behalf Post Retirement Medical Contribution (Non-budgeted)				569,123	569,123
Reimbursed TPAF Social Security Contributions (Non-budgeted)				676,585	676,585
Federal Sources					
ARRA - ESF		41,212	41,212	41,212	
ARRA - GSF	-	1,595	1,595	1,595	-
Total Revenues	21,331,958	-	21,331,958	22,050,831	718,873
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	6,870,373		6,870,373	6,814,093	56,280
Regular Programs- Home Instruction					
Salaries of Teachers	119,000		119,000	97,065	21,935
Other Salaries for Instruction					
Regular Programs - Undistributed Instruction					
Other Purchased Services	16,000		16,000	4,666	11,334
General Supplies	246,059	5,248	251,307	250,780	527
Textbooks	104,835		104,835	67,681	37,154
Other Objects	17,140	-	17,140	14,233	2,907
Total Regular Programs	7,373,407	5,248	7,378,655	7,248,518	130,137
Resource Room					
Salaries of Teachers	755,000	(36,663)	718,337	664,909	53,428
General Supplies	7,685	4,500	12,185	12,184	1
Total Resource Room	762,685	(32,163)	730,522	677,093	53,429
Total Special Education	762,685	(32,163)	730,522	677,093	53,429

Continued

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Bilingual Education					
Salaries of Teachers	$ 20,960	$ 255	$ 21,215	$ 15,861	$ 5,354
Total Bilingual Education	20,960	255	21,215	15,861	5,354
School Sponsored Co-Curricular Activities					
Salaries	264,337		264,337	262,596	1,741
Supplies and Materials	47,120	-	47,120	33,592	13,528
Total School Sponsored Co-Curricular Activities	311,457	-	311,457	296,188	15,269
Co-Curricular Athletics					
Salaries	388,750	8,283	397,033	397,033	
Purchased Services	7,000		7,000	4,891	2,109
Supplies and Materials	277,282	3,633	280,915	274,465	6,450
Total Co-Curricular Athletics	673,032	11,916	684,948	676,389	8,559
Total - Instruction	9,141,541	(14,744)	9,126,797	8,914,049	212,748
Undistributed Expenditures					
Instruction					
Tuition to County Voc.School Dist. - Reg.	652,503	2,218	654,721	654,721	
Tuition to Priv. Sch. For the Disables within State	1,339,320	73,835	1,413,155	1,460,609	(47,454)
Tuition - State Facilities	17,699	-	17,699	17,699	-
Total Undistributed Expenditures - Instruction	2,009,522	76,053	2,085,575	2,133,029	(47,454)
Health Services					
Salaries	114,250		114,250	108,587	5,663
Supplies and Materials	68,175	-	68,175	52,435	15,740
Total Health Services	182,425	-	182,425	161,022	21,403
Other Support Services-Student - Related Serv.					
Salaries	50,000	-	50,000	27,143	22,857
Total Support Services- Student- Related Serv.	50,000	-	50,000	27,143	22,857
Guidance					
Salaries of Other Professional Staff	582,996		582,996	564,391	18,605
Salaries of Sec. & Clerical Assts.	126,021		126,021	119,865	6,156
Supplies and Materials	13,000	180	13,180	7,913	5,267
Total Guidance	722,017	180	722,197	692,169	30,028

Continued

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	$ 347,397	$ 586	$ 347,983	$ 347,982	$ 1
Salaries of Sec. & Clerical Assts.	39,353		39,353		39,353
Miscellaneous Purchased Services	1,000		1,000	896	104
Supplies and Materials	12,783	73	12,856	4,050	8,806
Other Objects	1,000	-	1,000	894	106
Total Child Study Teams	401,533	659	402,192	353,822	48,370
Educational Media Services/School Library					
Salaries	224,192		224,192	221,737	2,455
Supplies and Materials	81,629		81,629	59,824	21,805
Other Objects	3,500	-	3,500	549	2,951
Total Educational Media Services/School Library	309,321	-	309,321	282,110	27,211
Support Services General Administration					
Salaries	313,400	6,900	320,300	320,230	70
Legal Services	7,500		7,500	936	6,564
Other Purchased Professional Services	52,000		52,000	31,390	20,610
Communications/Telephone	75,000	13,185	88,185	88,182	3
Miscellaneous Purchased Services	52,580		52,580	38,356	14,224
Miscellaneous Expenditures	52,000	-	52,000	41,161	10,839
Total Support Services General Administration	552,480	20,085	572,565	520,255	52,310
Support Services School Administration					
Salaries of Principals/Asst. Principals	369,345	1,850	371,195	371,183	12
Salaries of Secretarial and Clerical Assistants	212,225	51,200	263,425	261,483	1,942
Other Purchased Services	3,500		3,500	451	3,049
Supplies and Materials	8,950	-	8,950	4,131	4,819
Total Support Services School Administration	594,020	53,050	647,070	637,248	9,822
Central Services					
Salaries	243,446		243,446	232,258	11,188
Interest on Bond Anticipation Notes (BANs)				21,375	(21,375)
Miscellaneous Expenditures	142,750	20,180	162,930	162,596	334
Total Central Services	386,196	20,180	406,376	416,229	(9,853)
Admin. Info. Technology					
Salaries	114,913		114,913	114,364	549
Supplies and Materials	114,000	15,066	129,066	129,046	20
Total Admin. Info. Technology	228,913	15,066	243,979	243,410	569
Undist. Expend. - Required Maint. For School Facilities					
Salaries	150,675		150,675	150,675	
Cleaning, Repair, and Maintenance	428,880	(141,235)	287,645	236,962	50,683
General Supplies	9,250		9,250	4,797	4,453
Other Objects	18,450	-	18,450	15,568	2,882
Total Undist. Expend - Required Maint. For School Facilities	607,255	(141,235)	466,020	408,002	58,018

Continued

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Custodial Services					
Salaries	$ 1,066,330	$ 99,260	$ 1,165,590	$ 1,165,588	$ 2
Cleaning, Repair, and Maintenance Services	150,825	(69,500)	81,325	69,508	11,817
Other Purchased Property Services	28,985	2,000	30,985	29,213	1,772
Insurance	74,010		74,010	74,010	
General Supplies	131,525	(17,072)	114,453	106,610	7,843
Energy (Electricity)	335,000	1,810	336,810	336,810	-
Energy (Heat)	273,000	(135,865)	137,135	137,135	-
Total Custodial Services	2,059,675	(119,367)	1,940,308	1,918,874	21,434
Security					
Purchased Professional and Technical Services	100,000	-	100,000	94,836	5,164
Total Security	100,000	-	100,000	94,836	5,164
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	58,773		58,773	57,607	1,166
Other Purchased Professional and Technical Services	4,500		4,500	4,275	225
Contracted Services (Between Home and School) - Vendors	665,000	(36,000)	629,000	608,014	20,986
Contracted Services (Other Than Between Home and School) - Vendors	175,500		175,500	169,650	5,850
Contracted Services (Sp Ed Stds)- Vendors	459,435	34,692	494,127	469,001	25,126
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	250,000	500	250,500	216,938	33,562
Total Student Transportation Services	1,613,208	(808)	1,612,400	1,525,485	86,915
Unallocated Benefits - Employee Benefits					
Social Security Contributions	250,675	16,600	267,275	267,247	28
Other Retirement Contributions	130,000	23,261	153,261	153,261	
Workmen's Compensation	124,982		124,982	127,027	(2,045)
Health Benefits	1,950,375	38,750	1,989,125	1,987,048	2,077
Total Unallocated Benefits - Employee Benefits	2,456,032	78,611	2,534,643	2,534,583	60
On-behalf TPAF NCGI Premium (Non-budgeted)				30,303	(30,303)
On-behalf Post Retirement Medical Contribution (Non-budgeted)				569,123	(569,123)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	676,585	(676,585)
Total On-behalf Contributions	-	-	-	1,276,011	(1,276,011)
Total Undistributed Expenditures	12,272,597	2,474	12,275,071	13,224,228	(949,157)
Total Expenditures - Current Expense	21,414,138	(12,270)	21,401,868	22,138,277	(736,409)

Continued

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 9-12	$ 57,000	$ 7,580	$ 64,580	$ 64,568	$ 12
Undistributed Expenditures					
Supports Services-Instructional Staff	20,500		20,500		20,500
Central Services	86,500		86,500	86,500	-
Required Maintenance for School Facilities	84,000	3,000	87,000	70,247	16,753
Total Equipment	248,000	10,580	258,580	221,315	37,265
Total Capital Outlay	248,000	10,580	258,580	221,315	37,265
Transfer of Funds to Charter Schools	10,101	24,828	34,929	34,929	-
Total Expenditures	21,672,239	23,138	21,695,377	22,394,521	(699,144)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(340,281)	(23,138)	(363,419)	(343,690)	19,729
Fund Balances, Beginning of Year	1,244,531	-	1,244,531	1,244,531	-
Fund Balances, End of Year	$ 904,250	$ (23,138)	$ 881,112	$ 900,841	$ 19,729

Recapitulation:	
Reserved for Encumbrances	$ 17,812
Capital Reserve	1
Excess Surplus, Designated for Subsequent Year's Budget	447,758
Unreserved- Designated for Subsequent Year's Budget	198,662
Unrestricted Fund Balance	236,608
	900,841
Less: State Payments Not Recognized on GAAP Deferred State Aid	(136,422)
Fund Balance, GAAP Basis	$ 764,419

EXHIBIT C-1A

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - ARRA - EDUCATION STABILIZATION FUND (ESF)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES					
Federal Sources					
ARRA - SFSF - ESF (Education Stabilization Fund)	$ -	$ 41,212	$ 41,212	$ 41,212	$ -
Total Revenues	-	41,212	41,212	41,212	-
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 9-12	-	41,212	41,212	41,212	-
	-	41,212	41,212	41,212	-
Total Expenditures	$ -	$ 41,212	$ 41,212	$ 41,212	$ -

EXHIBIT C-1B

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - ARRA - GOVERNMENT SERVICES FUND (GSF)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES					
Federal Sources					
ARRA - SFSF - GSF (Government Services)	$ -	$ 1,595	$ 1,595	$ 1,595	$ -
Total Revenues	-	1,595	1,595	1,595	-
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 9-12	-	1,595	1,595	1,595	-
	-	1,595	1,595	1,595	-
Total Expenditures	$ -	$ 1,595	$ 1,595	$ 1,595	$ -

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	$ 332,230	$ 396,598	$ 728,828	$ 444,651	$ (284,177)
Total Revenues	332,230	396,598	728,828	444,651	(284,177)
EXPENDITURES					
Instruction					
Salaries of Teachers	320,430	382,512	702,942	428,858	274,084
Purchased Professional Educational Services	1,568	1,872	3,440	2,099	1,341
Tuition	8,601	10,268	18,869	11,512	7,357
General Supplies	1,630	1,946	3,577	2,182	1,395
Total Instruction	332,230	396,598	728,828	444,651	284,177
Support Services					
General Supplies	-	-	-	-	-
Total Support Services	-	-	-	-	-
Total Expenditures	332,230	396,598	728,828	444,651	284,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	$ -	$ -	$ -	$ -	$ -

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
GENERAL AND SPECIAL REVENUE FUNDS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	$ 22,050,831	$ 444,651
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2009		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010		
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	164,965	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(136,422)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 22,079,374	$ 444,651
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	$ 22,394,521	$ 444,651
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2009		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 22,394,521	$ 444,651

SCHOOL LEVEL SCHEDULES

EXHIBITS D-1, D-2 AND D-3

NOT APPLICABLE

SPECIAL REVENUE FUND

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ARRA Title I	NCLB Title I	NCLB Title II-A	NCLB Title III	NCLB Title IV	ARRA Basic	I.D.E.I.A. Part B Basic	Total
REVENUES								
Intergovernmental								
Federal	$ 19,207	$ 66,976	$ 23,140	$ 12,209	$ 2,103	$ 81,557	$ 239,459	$ 444,651
Total Revenues	$ 19,207	$ 66,976	$ 23,140	$ 12,209	$ 2,103	$ 81,557	$ 239,459	$ 444,651
EXPENDITURES								
Instruction								
Salaries of Teachers	$ 7,695	$ 65,899	$ 23,140	$ 12,209	$ 499	$ 79,957	$ 239,459	$ 428,858
Purchased Professional Educational Svc.		495			1,604			2,099
Tuition	11,512							11,512
General Supplies	-	582	-	-	-	1,600	-	2,182
Total Instruction	19,207	66,976	23,140	12,209	2,103	81,557	239,459	444,651
Support Services								
General Supplies	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
Total Expenditures	$ 19,207	$ 66,976	$ 23,140	$ 12,209	$ 2,103	$ 81,557	$ 239,459	$ 444,651

EXHIBIT E-2

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue/Project Title	Appropriations	Expenditures to Date Prior Year	Expenditures to Date Current Year	Unexpended Balance, June 30, 2010
Alterations and Renovations at Passaic Valley High School and (G) the Installation of an All Weather Track.	$ 3,043,543	$ 3,019,470		$ 24,073
Renovations and Improvements at Passaic Valley High School	6,788,040	586,687	$ 2,292,462	3,908,891
	$ 9,831,583	$ 3,606,157	$ 2,292,462	$ 3,932,964

Unexpended Project Balance	$ 3,932,964
Less: Deferred Revenue	(27,610)
Less: Debt Authorized But Not Issued	(6,788,716)
Fund Balance	$ (2,883,362)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues and Other Financing Sources		
Revenues		
Interest Earnings		$ 2,614
Total Revenues		2,614
Expenditures and Other Financing Uses		
Expenditures		
Professional and Technical Services		124,772
Construction Services		2,167,690
Transfer to Debt Service Fund		2,614
Total Expenditures and Transfers		2,295,076
Excess (Deficiency) of Revenues Over (Under) Expenditures		(2,292,462)
Fund Balance - Beginning of Year		(563,290)
Fund Balance - End of Year		$ (2,855,752)
	Reconciliation to GAAP	
	Fund Balance - Budgetary	$ (2,855,752)
	Less: SCC Grant Revenue Not Realized on GAAP Basis	(27,610)
		$ (2,883,362)

EXHIBIT F-2A

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ALTERATIONS AND RENOVATIONS AT PASSAIC VALLEY HIGH SCHOOL AND THE INSTALLATION OF AN ALL WEATHER TRACK
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
REVENUES AND OTHER FINANCING SOURCES				
State Sources- EDA Grant	$ 787,777		$ 787,777	$ 787,777
Bond Proceeds	2,255,000	-	2,255,000	2,255,766
Total Revenues	3,042,777	-	3,042,777	3,043,543
EXPENDITURES AND OTHER FINANCING SOURCES				
Unallocated	3,019,470	-	3,019,470	3,043,543
Total Expenditures and other Financing Sources	3,019,470	-	3,019,470	3,043,543
Excess (deficiency) of Revenues over (under) Expenditures	$ 23,307	$ -	$ 23,307	$ -

Additional Project Information:	
Project Number	SP#20255
Grant Date	2003
Bond Issue Date	5/1/2003
Bonds Issued	2,255,000
Original Authorized Cost	3,043,543
Additional Authorized Cost	
Revised Authorized Cost	3,043,543

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
RENOVATIONS AND IMPROVEMENTS TO PASSAIC VALLEY REGIONAL HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Authorized Cost
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	-	-	-	$ 6,788,040
Total Revenues	-	-	-	6,788,040
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional and Technical Services	$ 354,925	$ 124,772	$ 479,697	
Construction Services	231,762	2,167,690	2,399,452	6,788,040
Total Expenditures and other Financing Sources	586,687	2,292,462	2,879,149	6,788,040
Excess (deficiency) of Revenues over (under) Expenditures	$ (586,687)	$ (2,292,462)	$ (2,879,149)	$ -

Additional Project Information:	
Project Number	N/A
Approval Date	12/08
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	6,788,040
Additional Authorized Cost	-
Revised Authorized Cost	6,788,040

ENTERPRISE FUNDS

EXHIBIT G-1

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4.

EXHIBIT G-2

COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

EXHIBIT G-3

COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6.

FIDUCIARY FUNDS

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2010

	Agency		
	Student Activity	Payroll	Total 2010
ASSETS			
Cash and Cash Equivalents	$ 178,784	$ 131,702	$ 310,486
Total Assets	$ 178,784	$ 131,702	$ 310,486
LIABILITIES			
Due to Student Groups	$ 162,784		$ 162,784
Accrued Salaries & Deductions		$ 122,455	122,455
Due to Other Funds	16,000	9,247	25,247
Total Liabilities	$ 178,784	$ 131,702	$ 310,486

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

EXHIBIT H-3

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

School	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance, June 30, 2010
HIGH SCHOOL				
Passaic County Regional High School	$ 204,639	$ 451,572	$ 479,427	$ 176,784

EXHIBIT H-4

PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance, July 1, 2009	Cash Receipts	Cash Disbursements	Balance, June 30, 2010
Due to Other Funds	$ 16,218	$ 520	$ 7,491	$ 9,247
Payroll Deductions and Withholdings	(3,766)	8,180,285	8,172,665	3,854
Accrued Salaries and Wages	110,356	8,019,492	8,011,247	118,601
	$ 122,808	$ 16,200,297	$ 16,191,403	$ 131,702

LONG-TERM DEBT

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2009	Issued	Retired	Balance, June 30, 2010
Refurbishment of the Roof, the Renovation of the Science Laboratories, and the Improvement of Technology, including all Work, Materials and Equipment	5/1/2001	$ 950,000	11/1/10-15	$ 70,000	various	$ 490,000		$ 70,000	$ 420,000
Alteration and Renovation at Passaic Valley High School, and the Installation of an All Weather Track	5/1/2003	2,255,000	5/1/2011	155,000	3.55				
			5/1/2012	165,000	3.60				
			5/1/2013	175,000	3.65				
			5/1/14-18	180,000	3.75-4.00	1,540,000	-	145,000	1,395,000
						$ 2,030,000	$ -	$ 215,000	$ 1,815,000

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

THIS SCHEDULE IS NOT APPLICABLE

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Transfers	Final Budget	Actual	Variance with Final Budget Favorable / (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	$ 335,836	-	$ 335,836	$ 335,836	-
Total Revenues	335,836	-	335,836	335,836	-
EXPENDITURES					
Regular Debt Service					
Interest	102,125		102,125	83,559	$ 18,566
Principal	233,797	-	233,797	233,797	-
Total Expenditures	335,922	-	335,922	317,356	18,566
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(86)	-	(86)	18,480	18,566
Other Financing Sources					
Operating Transfers In	-	-	-	2,614	2,614
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(86)	-	(86)	21,094	21,180
Fund Balance, Beginning of Year	5,899	-	5,899	5,899	-
Fund Balance, End of Year	$ 5,813	$ -	$ 5,813	$ 26,993	$ 21,180

EXHIBIT I-4

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
LONG TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue	Interest Rate	Amount of Issue	Amount Outstanding July 1, 2009	Retired Current Year	Amount Outstanding June 30, 2010
EDA Loan - Small Project Loan	5.29%	$ 246,404	$ 83,894	$ 15,387	$ 68,507
EDA Loan - Safe Loan	1.50%	82,134	17,045	3,409	13,636
			$ 100,939	$ 18,796	$ 82,143

STATISTICAL SECTION

This part of the Passaic Valley Regional High School District No. 1 Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Exhibits
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	J-1 to J-5
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	J-14 and J-15
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	J-16 to J-20

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

EXHIBIT J-1

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	$ 1,180,810	$ 1,676,129	$ 1,850,198	$ 937,290	$ 1,146,859	$ 1,272,215	$ 1,497,868	$ 1,643,008
Restricted	1	18,544	9,705	9,732	37	96	5,900	26,994
Unrestricted	(59,769)	710,883	803,559	448,078	514,552	855,526	929,292	624,025
Total Governmental Activities Net Assets	$ 1,121,042	$ 2,405,556	$ 2,663,462	$ 1,395,100	$ 1,661,448	$ 2,127,837	$ 2,433,060	$ 2,294,027
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	$ 25,550	$ 39,650	$ 35,394	$ 47,572	$ 42,797	$ 41,609	$ 34,843	$ 30,763
Restricted								
Unrestricted	39,362	29,605	37,224	14,890	38,057	35,889	55,815	67,291
Total Business-Type Activities Net Assets	$ 64,912	$ 69,255	$ 72,618	$ 62,462	$ 80,854	$ 77,498	$ 90,658	$ 98,054
District-Wide								
Invested in Capital Assets, Net of Related Debt	$ 1,206,360	$ 1,715,779	$ 1,885,592	$ 984,862	$ 1,189,656	$ 1,313,824	$ 1,532,711	$ 1,673,771
Restricted	1	18,544	9,705	9,732	37	96	5,900	26,994
Unrestricted	(20,407)	740,488	840,783	462,968	552,609	891,415	985,107	691,316
Total District Net Assets	$ 1,185,954	$ 2,474,811	$ 2,736,080	$ 1,457,562	$ 1,742,302	$ 2,205,335	$ 2,523,718	$ 2,392,081

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year June 30, 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30.							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities								
Instruction								
Regular	$ 6,511,021	$ 6,920,648	$ 7,826,243	$ 8,719,219	$ 9,584,890	$ 9,921,875	$ 9,736,339	$ 10,195,190
Special Education	2,366,080	2,052,430	2,351,378	2,592,452	2,583,412	2,554,008	2,450,362	2,616,384
Other Instruction	805,965	157,985	177,234	27,260	45,426	28,998	2,628	22,569
School Sponsored Activities And Athletics		741,748	805,676	1,089,690	1,097,938	1,137,084	1,213,689	1,206,306
Support Services								
Student & Instruction Related Services	1,177,071	1,560,177	1,627,987	1,825,208	1,858,382	1,902,755	1,845,589	1,988,284
School Administrative Services	728,072	809,287	804,953	701,452	728,687	754,880	777,414	839,235
General Administration	470,935	529,775	554,603	660,517	637,978	637,769	657,058	616,505
Plant Operations And Maintenance	1,855,165	2,092,461	2,310,441	2,429,139	2,425,249	2,640,920	2,748,575	3,039,528
Pupil Transportation	995,682	1,115,563	1,232,290	1,363,463	1,399,183	1,581,681	1,590,106	1,545,406
Business and Other Support Services	658,117	851,731	733,522	765,606	843,211	987,552	1,027,202	850,321
Interest On Long-Term Debt	64,942	156,344	130,134	115,961	107,958	99,575	90,693	81,780
Total Governmental Activities Expenses	15,663,050	16,988,149	18,554,461	20,289,967	21,312,314	22,247,097	22,139,655	23,001,508
Business-Type Activities:								
Food Service	497,736	516,446	575,943	616,807	635,693	775,627	810,085	828,102
Total Business-Type Activities Expense	497,736	516,446	575,943	616,807	635,693	775,627	810,085	828,102
Total District Expenses	$ 16,160,786	$ 17,504,595	$ 19,130,404	$ 20,906,774	$ 21,948,007	$ 23,022,724	$ 22,949,740	$ 23,829,610
Program Revenues								
Governmental Activities:								
Charges For Services								
Pupil Transportation	$ 164,128	$ 187,334	$ 205,695	$ 196,313	$ 159,256	$ 214,293	$ 196,021	$ 184,165
Operating Grants And Contributions	2,260,935	2,551,960	2,603,233	2,807,380	3,358,493	3,404,692	2,856,060	2,535,241
Capital Grants And Contributions	-	753,546	-		215	6,406	-	
Total Governmental Activities Program Revenues	2,425,063	3,492,840	2,808,928	3,003,693	3,547,964	3,625,391	3,052,081	2,719,406
Business-Type Activities								
Charges For Services								
Food Service	481,321	488,269	545,592	578,670	620,842	728,025	771,720	769,098
Operating Grants And Contributions	28,204	32,520	33,714	35,242	33,243	44,246	51,525	66,400
Total Business Type Activities Program Revenues	509,525	520,789	579,306	613,912	654,085	772,271	823,245	835,498
Total District Program Revenues	$ 2,934,588	$ 4,013,629	$ 3,388,234	$ 3,617,605	$ 4,202,049	$ 4,397,662	$ 3,875,326	$ 3,554,904
Net (Expense)/Revenue								
Governmental Activities	$ (13,237,987)	$ (13,495,309)	$ (15,745,533)	$ (17,286,274)	$ (17,764,350)	$ (18,621,706)	$ (19,087,574)	$ (20,282,102)
Business-Type Activities	11,789	4,343	3,363	(2,595)	18,392	(3,356)	13,160	7,396
Total District-Wide Net Expense	$ (13,226,198)	$ (13,490,966)	$ (15,742,170)	$ (17,289,169)	$ (17,745,958)	$ (18,625,062)	$ (19,074,414)	$ (20,274,706)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied For General Purposes, Net	$ 13,204,682	$ 14,465,839	$ 15,401,811	$ 16,178,112	$ 17,262,984	$ 18,265,821	$ 18,854,854	$ 19,504,048
Taxes Levied For Debt Service	359,772	328,098	301,827	318,975	311,883	323,816	320,707	335,836
Unrestricted Grants And Contributions	58,558	179,004	231,908	268,088	332,678	372,786	138,511	219,208
Special Items from Bond Sale	4,894							
Miscellaneous Income	37,226	52,536	67,893	77,023	125,153	125,672	78,725	83,977
Transfers	-	-	-	17,541	-	-	-	
Total Governmental Activities	13,665,132	15,025,477	16,003,439	16,859,739	18,032,698	19,088,095	19,392,797	20,143,069
Business-Type Activities:								
Transfers	-	-	-	(17,541)	-	-	-	
Total Business-Type Activities	-	-	-	(17,541)	-	-	-	
Total District-Wide	$ 13,665,132	$ 15,025,477	$ 16,003,439	$ 16,842,198	$ 18,032,698	$ 19,088,095	$ 19,392,797	$ 20,143,069
Change in Net Assets								
Governmental Activities	$ 427,145	$ 1,530,168	$ 257,906	$ (426,535)	$ 268,348	$ 466,389	$ 305,223	$ (139,033)
Business-Type Activities	11,789	4,343	3,363	(20,436)	18,392	(3,356)	13,160	7,396
Total District	$ 438,934	$ 1,534,511	$ 261,269	$ (446,971)	$ 286,740	$ 463,033	$ 318,383	$ (131,637)

Note:
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PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	$ 7,561	$ 509,134	$ 515,619	$ 210,270	$ 166,204	$ 590,765	$ 669,559	$ 465,571
Unreserved	147,733	399,545	408,690	307,501	522,700	549,131	410,007	298,848
Total General Fund	$ 155,294	$ 908,679	$ 924,309	$ 517,771	$ 688,904	$ 1,139,896	$ 1,079,566	$ 764,419
All Other Governmental Funds								
Reserved	$ 2,030,387	$ 27,406	$ 24,406	$ 24,406	$ 100,940		$ 1,821,709	$ 2,583,621
Unreserved	(590,781)	101,429	99,050	97,023	(4,267)	(4,208)	(2,406,710)	(5,439,990)
Total All Other Governmental Funds	$ 1,439,606	$ 128,835	$ 123,456	$ 121,429	$ 96,673	$ (4,208)	$ (585,001)	$ (2,856,369)

Note:

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PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Tax Levy	$ 13,564,454	$ 14,793,937	$ 15,703,638	$ 16,497,087	$ 17,574,867	$ 18,589,637	$ 19,175,561	$ 19,839,884
Transportation	164,128	187,334	205,695	196,313	189,256	214,293	196,021	184,165
Miscellaneous	37,226	52,536	67,893	77,023	125,153	125,672	78,725	83,977
State Sources	2,037,565	3,181,657	2,581,242	2,759,795	3,374,871	3,455,849	2,611,164	2,266,991
Federal Sources	281,928	302,853	253,899	315,673	316,515	328,035	383,407	487,458
Total Revenue	16,085,301	18,518,317	18,812,367	19,845,891	21,580,662	22,713,486	22,444,878	22,862,475
Expenditures								
Instruction								
Regular Instruction	6,350,776	6,870,149	7,772,637	8,564,764	9,507,272	9,747,326	9,788,283	10,203,375
Special Education Instruction	2,365,613	2,055,347	2,048,792	2,598,231	2,578,856	2,554,263	2,467,379	2,611,938
Vocational Education			302,586					
Other Instruction	804,850	157,078	173,867	23,893	43,719	27,291	687	20,628
School Sponsored Activities and Athletics		741,748	805,676	1,084,089	1,092,564	1,137,084	1,213,689	1,200,681
Support Services:								
Student and Inst. Related Services	1,171,062	1,557,267	1,595,771	1,751,036	1,834,396	1,886,425	1,827,019	1,939,384
General Administration	481,895	528,885	554,603	618,930	622,246	637,769	657,058	616,505
School Administrative Services	723,562	807,998	804,953	697,537	727,206	754,880	777,414	839,235
Plant Operations And Maintenance	1,779,905	1,950,845	2,152,499	2,219,600	2,319,758	2,535,472	2,629,121	2,876,884
Pupil Transportation	995,682	1,115,563	1,232,290	1,370,648	1,399,183	1,581,681	1,590,106	1,545,406
Central Services	688,117	851,731	740,560	680,320	806,547	896,462	943,622	763,821
Capital Outlay	1,091,786	2,077,672	307,195	343,976	180,951	280,879	871,008	2,513,777
Debt Service:								
Principal	303,036	200,149	188,942	201,476	212,021	222,588	228,187	233,797
Interest and Other Charges	58,639	161,271	121,745	117,497	109,566	101,255	92,428	83,559
Total Expenditures	16,814,923	19,075,703	18,802,116	20,271,997	21,434,285	22,363,375	23,086,001	25,448,990
Excess (Deficiency) of Revenues Over (Under) Expenditures	(729,622)	(557,386)	10,251	(426,106)	146,377	350,111	(641,123)	(2,586,515)
Other Financing Sources (Uses)								
Bond Sale Proceeds	2,255,000							
Accrued Interest on Bonds	4,857							
Premium on Bond Sale	37							
Transfers In	15,233	3,310	21	17,566	9	86	5,712	2,614
Transfers Out	(15,233)	(3,310)	(21)	(25)	(9)	(86)	(5,712)	(2,614)
Total Other Financing Sources (Uses)	2,259,894	-	-	17,541	-	-	-	-
Net Change in Fund Balances	$ 1,530,272	$ (557,386)	$ 10,251	$ (408,565)	$ 146,377	$ 350,111	$ (641,123)	$ (2,586,515)
Debt Service as a Percentage of Noncapital Expenditures	2.30%	2.13%	1.68%	1.60%	1.51%	1.47%	1.44%	1.38%

* Noncapital expenditures are total expenditures less capital outlay.

Note
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year June 30, 2003 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
GOVERNMENTAL FUNDS
OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Rebates/ Refunds	Interest on Invest.	Tuition Refunds	Book Fines	Transportation Fees	Misc.	Total
2001		$ 39,697			$ 133,426	$ 6,671	$ 179,794
2002		19,393	$ 9,820		171,916	7,436	208,565
2003		8,376			164,128	18,511	191,015
2004		3,310			187,334	49,226	239,870
2005		15,893			205,695	52,000	273,588
2006		25,690			196,313	51,308	273,311
2007		38,026		$ 3,488	189,256	83,629	314,399
2008		35,920			214,293	89,666	339,879
2009	$ 2,667	24,187	13,281		196,021	38,590	274,746
2010	1,080	7,616	21,088		184,165	54,193	268,142

Source: District Records

EXHIBIT J-6A

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Township of Little Falls

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2001	$ 21,906,200	$ 523,827,700			$ 98,824,000	$ 30,576,200	$ 41,817,800	$ 716,951,900	$ 4,100,715	$ 721,052,615	$ 1,067,786,337	$ 0.628
2002	17,368,500	526,975,200			97,536,000	30,576,200	41,817,800	714,273,700	4,250,601	718,524,301	1,209,369,042	0.656
2003	16,912,200	531,915,600			98,350,300	29,784,900	41,817,800	718,780,800	4,148,992	722,929,792	1,226,840,593	0.700
2004	16,486,400	535,542,100			97,804,300	29,779,200	40,627,300	720,239,300	3,724,619	723,963,919	1,377,599,034	0.740
2005	17,259,300	537,946,300			95,293,200	29,779,200	40,627,300	720,905,300	3,378,452	724,283,752	1,561,019,724	0.763
2006	16,927,800	539,021,600			95,079,000	29,779,200	40,627,300	721,434,900	3,378,452	724,813,352	1,865,145,936	0.796
2007	16,968,300	541,871,900			95,431,400	29,034,200	40,627,300	723,933,100	3,378,452	727,311,552	1,882,274,611	0.852
2008	16,872,000	542,293,100			96,911,800	28,454,700	39,977,300	724,508,900	2,484,700	726,993,600	1,240,289,464	0.903
2009	34,303,900	1,389,066,700			301,526,300	69,114,000	122,049,600	1,916,060,500	7,056,716	1,923,117,216	1,991,873,881	0.323
2010	36,499,400	1,385,258,500			304,656,000	64,840,900	122,049,600	1,913,304,400	6,569,100	1,919,873,500	1,919,873,500	0.331

Source: County Abstract of Ratables

N/A Not Available

a Tax rates are per $100

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Borough of Totowa

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2001	$ 14,947,000	$ 546,892,900	$ 550,800	$ 500	$ 323,244,300	$ 196,773,500	N/A	$ 1,082,409,000	$ 2,676,898	$ 1,085,085,898	$ 1,177,987,384	$ 0.431
2002	21,889,400	549,962,500	550,800	500	319,165,300	204,896,000	N/A	1,096,464,500	2,416,355	1,098,880,855	1,313,263,717	0.476
2003	21,267,200	556,386,400	550,800	500	319,429,600	207,238,700	N/A	1,104,873,200	2,372,827	1,107,246,027	1,348,120,422	0.496
2004	17,098,700	595,542,100	550,800	500	320,376,100	207,181,400	N/A	1,140,749,600	1,900,491	1,142,650,091	1,654,826,240	0.519
2005	12,624,100	634,068,400	550,800	500	321,028,500	206,968,800	N/A	1,175,241,100	1,637,570	1,176,878,670	1,984,493,359	0.560
2006	10,906,600	664,187,700	550,800	500	316,473,400	196,183,800	N/A	1,188,302,800	1,564,506	1,189,867,306	2,335,362,720	0.578
2007	12,383,700	656,438,500	550,800	500	312,189,700	190,153,000	N/A	1,171,716,200	1,422,982	1,173,139,182	2,323,507,986	0.607
2008	13,260,200	658,512,500	550,800	500	320,241,600	177,776,500	N/A	1,170,342,100	1,447,159	1,171,789,259	1,763,425,655	0.638
2009	36,899,000	1,544,805,000	1,007,100	2,800	739,736,900	377,270,900	N/A	2,699,721,700	3,583,498	2,703,305,198	2,527,634,598	0.293
2010	33,653,600	1,543,628,500	1,007,100	2,800	731,106,100	368,661,200	N/A	2,678,059,300	2,883,486	2,680,942,786	2,522,765,395	0.323

Source: County Abstract of Ratables

a Tax rates are per $100

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Borough of Woodland Park

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2001	$ 24,588,013	$ 517,702,024			$ 148,862,960	$ 42,833,900	$ 36,360,000	$ 770,346,897	$ 1,169,995	$ 771,516,892	$ 868,645,116	$ 0.440
2002	22,772,413	530,454,324			145,528,960	42,633,900	36,392,800	777,782,397	1,116,774	778,899,171	929,545,116	0.468
2003	21,191,513	542,496,824		$ 1,680	152,322,760	42,633,900	36,392,800	795,039,477	1,055,788	796,095,265	1,046,379,938	0.533
2004	19,060,098	548,714,924		1,680	152,655,960	42,633,900	36,392,800	799,459,362	873,660	800,333,022	1,208,541,556	0.559
2005	18,200,798	551,968,824		1,680	152,609,260	37,815,200	36,392,800	796,988,562	745,708	797,734,270	1,308,720,416	0.552
2006	27,975,198	554,397,824		1,680	149,919,960	35,320,500	37,277,000	804,892,162	601,270	805,493,432	1,662,228,359	0.617
2007	34,193,613	554,965,324		1,680	150,161,360	35,076,600	37,277,000	811,675,577	1,150,140	812,825,717	1,499,561,201	0.653
2008	30,631,513	584,381,724		1,680	143,528,760	34,306,600	34,127,000	826,977,277	573,562	827,550,839	1,686,656,362	0.622
2009	25,682,613	615,591,324		1,680	142,974,460	33,674,000	34,127,000	852,051,077	610,243	852,661,320	1,946,715,342	0.688
2010	22,537,613	625,975,324		1,680	141,103,360	33,199,300	28,067,900	850,885,177	660,426	851,545,603	N/A	0.651

Source: County Abstract of Ratables

a Tax rates are per $100

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER $100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)

Township of Little Falls

Assessment Year		Passaic Valley Regional H.S. District No. 1	Little Falls School District	Township of Little Falls	Passaic County	Total
2001		0.628	0.917	0.711	0.884	3.14
2002		0.656	1.059	0.754	0.961	3.43
2003		0.700	1.150	0.830	0.990	3.67
2004		0.74	1.24	0.860	1.05	3.89
2005		0.763	1.302	0.921	1.134	4.12
2006		0.796	1.343	1.020	1.231	4.39
2007		0.852	1.402	1.181	1.285	4.72
2008		0.903	1.446	1.304	1.363	5.02
2009	*	0.323	0.575	0.514	0.521	1.93
2010		0.331	0.621	0.572	0.539	2.06

Source: Tax Duplicate, Township of Little Falls

* Revaluation

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER $100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)

Borough of Totowa

Assessment Year		Passaic Valley Regional H.S. District No. 1	Totowa School District	Borough of Totowa	Passaic County	Total
2001		0.431	0.687	0.638	0.644	2.40
2002		0.476	0.743	0.635	0.726	2.58
2003		0.496	0.857	0.651	0.706	2.71
2004		0.519	0.926	0.668	0.797	2.91
2005		0.560	0.943	0.699	0.888	3.09
2006		0.578	0.978	0.729	0.925	3.21
2007		0.607	1.032	0.808	0.953	3.40
2008		0.638	1.045	0.859	0.997	3.54
2009	*	0.293	0.468	0.391	0.457	1.62
2010		0.323	0.488	0.390	0.497	1.71

Source: Tax Duplicate, Borough of Totowa

* Revaluation

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER $100 OF ASSESSED VALUATION
LAST TEN FISCAL YEARS
(Unaudited)

Borough of Woodland Park

Assessment Year		Passaic Valley Regional H.S. District No. 1	Woodland Park School District	Borough of Woodland Park	Passaic County	Total
2001		0.440	1.065	0.675	0.648	2.84
2002		0.468	1.127	0.673	0.732	3.00
2003		0.533	1.152	0.702	0.749	3.15
2004		0.559	1.229	0.793	0.839	3.42
2005		0.552	1.285	0.880	0.863	3.58
2006		0.617	1.322	0.986	0.915	3.84
2007		0.653	1.429	0.998	1.04	4.12
2008		0.622	1.472	1.046	1.095	4.24
2009	*	0.688	1.494	1.149	1.164	4.50
2010		0.651	1.573	1.251	1.112	4.59

Source: Tax Duplicate, Borough of West Paterson

* Revaluation

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Township of Little Falls

Taxpayer	2010 Taxable Assessed Value	2010 % of Total District Net Assessed Value	2001 Taxable Assessed Value	2001 % of Total District Net Assessed Value
Inwood Owners Inc	$ 79,410,000	4.14%	$ 27,000,000	3.75%
Theta Holding Co	70,658,000	3.68%	24,601,500	3.42%
PAR 3 PAR 4	14,588,800	0.76%		
Ward Trucking Corp	14,269,800	0.74%		
Park Falls Associates	13,110,000	0.68%		
Saturn Realty of Little Falls	12,492,100	0.65%		
Great Notch Village	12,001,900	0.63%		
AMB	11,420,500	0.59%		
Sisco	10,959,300	0.57%		
Montclair State University	10,016,300	0.52%		
North Jersey District			5,006,700	0.70%
PAR 3 PAR 5			4,663,400	0.65%
Ward Trucking Corp			4,454,000	0.62%
AMB			4,346,200	0.60%
Great Notch Village			4,069,400	0.57%
Park Falls Associates			3,850,000	0.54%
Andrew Realty			3,750,000	0.52%
Verizon			3,600,000	0.50%
	$ 248,926,700	12.97%	$ 85,341,200	11.36%

Source: Municipal Tax Assessor

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

Borough of Totowa

Taxpayer	2010 Taxable Assessed Value	2010 % of Total District Net Assessed Value	2001 Taxable Assessed Value	2001 % of Total District Net Assessed Value
Totowa VF, LLC	$ 75,752,200	2.81%		
Fidelity Syndications	69,059,600	2.56%		
Hoffman La Roche, Inc.	35,833,000	1.33%		
Rossmore Assoc/Vons Co.	29,577,000	1.10%	Not Available	
930 N. Riverview Assoc LLC	25,198,700	0.93%		
Abill Realty	23,000,000	0.85%		
Taft Associates	21,711,600	0.80%		
Mountainview Venture 50 Madison LLC	18,928,400	0.70%		
Totowa Plaza Rt 46 LLC	18,355,000	0.68%		
	$ 317,415,500	11.76%		

Source: Municipal Tax Assessor

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

Borough of Woodland Park

	2010		2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rose Manor Estates	$ 16,191,700	1.99%		
Levco Route 46 Associates	15,286,300	1.88%		
The Bank of New York	14,627,200	1.80%		
Rose Manor Estates	13,850,300	1.70%		
G.O.P. 3 LLC	9,999,500	1.23%	Not Available	
Leeward Corporation	7,604,000	0.94%		
Dorm Westfalls Plaza LLC	7,529,000	0.93%		
G.O.P.S. LLC c/o Mtn. Dev't	7,000,000	0.86%		
G.O.P 3LLC c/o Mtn. Dev't	7,000,000	0.86%		
Best Buy Stores, L.P.	4,883,800	0.60%		
	$ 103,971,800	12.79%		

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 14,366,491	$ 14,366,491	100.00%	-
2002	14,649,469	14,649,469	100.00%	-
2003	16,074,962	16,074,962	100.00%	-
2004	18,518,317	18,518,317	100.00%	-
2005	18,808,886	18,808,886	100.00%	-
2006	16,497,087	16,497,087	100.00%	-
2007	17,574,867	17,573,110	99.99%	-
2008	18,589,637	18,589,637	100.00%	-
2009	19,175,561	19,175,561	100.00%	-
2010	19,839,884	19,839,884	100.00%	-

EXHIBIT J-10

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			
	General Obligation Bonds	Certificates of Participation	Lease Purchase Agreements	Inter-governmental Loans	Capital Leases	Total District	Population	Per Capita
2005	$ 2,825,000			$ 170,211	$ 20,570	$ 3,015,781	33,078	$ 91.17
2006	2,640,000			153,744		2,793,744	33,054	84.52
2007	2,445,000			136,713		2,581,713	33,498	77.07
2008	2,240,000			119,126		2,359,126	33,955	69.48
2009	2,030,000			100,939		2,130,939	34,486	61.79
2010	1,815,000			82,143		1,897,143	34,486	55.01

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-11

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2005	$ 2,825,000		$ 2,825,000	0.10%	$ 84.35
2006	2,640,000		2,640,000	0.10%	78.25
2007	2,445,000		2,445,000	0.10%	72.99
2008	2,240,000		2,240,000	0.10%	65.97
2009	2,030,000		2,030,000	0.04%	58.86
2010	1,815,000		1,815,000	0.03%	52.63

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010
(Unaudited)

Net Direct Debt of School District as of June 30, 2010 (1)		
Net Overlapping Debt of School District		
Borough of Little Falls	$ 20,522,419	
Borough of Totowa	2,456,750	
Borough of West Paterson	14,470,504	
		37,449,673
		37,449,673
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	39,901,241	
Passaic County Utilities Authority (B)	6,933,401	
Passaic Valley Sewer Commission (C)	5,112,422	
		51,947,064
Total Direct and Overlapping Debt		$ 89,396,737

Source:
(1) Borough's 2009 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2009 equalized value by the total 2009 equalized value for Passaic County.
(B) The debt was computed based upon dividing each Borough's 2009 equalized value to the County total

(C) The debt was computed based upon each municipalities usage

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST SIX FISCAL YEARS
(Unaudited)

	Calendar Year					
	2004	2005	2006	2007	2008	2009
Debt Limit	$ 129,015,000	$ 141,491,895	$ 158,640,232	$ 171,550,987	$182,731,965	$ 186,570,577
Total Net Debt Applicable to Limit	2,995,211	2,793,734	2,582,479	2,359,892	2,130,939	1,897,143
Legal Debt Margin	$ 126,019,789	$ 138,698,161	$ 156,057,753	$ 169,191,095	$180,601,026	$ 184,673,434
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.32%	1.97%	1.63%	1.38%	1.17%	1.02%

Legal Debt Margin Calculation, December 31, 2009

	2007	$ 6,050,811,822
	2008	6,366,698,112
	2009	6,239,547,873
		$ 18,657,057,807
Average equalized valuation of taxable property		$ 6,219,019,269
3% of Equalized Valuation Basis		186,570,577
Less Net Debt		1,897,143
Remaining Borrowing Power		$ 184,673,434

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)

Township of Little Falls

Year Ended December 31,	Unemployment Rate	Per Capita Income*	School District Population
2001	3.1	$ 31,746	11,853
2002	4.2	32,313	11,846
2003	4.3	32,807	11,797
2004	3.3	33,721	11,722
2005	4.4	35,699	11,676
2006	4.5	38,392	11,614
2007	4.2	40,845	11,581
2008	5.4	42,354	11,585
2009	10.5	Not Available	11,646
2010	Not Available	Not Available	Not Available

Source: United States Bureau of Census, Population Division
NJ Department of Labor, Bureau of Labor Force Statistics

* Passaic County Information

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)

Borough of Totowa

Year Ended December 31,	Unemployment Rate	Per Capita Income*	School District Population
2001	3.1	$ 31,746	9,926
2002	4.1	32,313	9,935
2003	4.2	32,807	9,903
2004	3.2	33,721	10,160
2005	3.1	35,699	10,386
2006	3.1	38,392	10,431
2007	2.9	40,845	10,489
2008	3.8	42,354	10,557
2009	7.4	Not Available	10,661
2010	Not Available	Not Available	Not Available

Source: United States Bureau of Census, Population Division
NJ Department of Labor, Bureau of Labor Force Statistics

Notes: * Passaic County Information

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)

Borough of Woodland Park

Year Ended December 31,	Unemployment Rate	Per Capita Income*	School District Population
2001	3.3	$ 31,746	11,075
2002	4.4	32,313	11,110
2003	4.5	32,807	11,104
2004	3.5	33,721	11,067
2005	3.5	35,699	11,016
2006	3.4	38,392	11,009
2007	3.1	40,845	11,428
2008	4.0	42,354	11,813
2009	8.0	Not Available	12,179
2010	Not Available	Not Available	Not Available

Source: United States Bureau of Census, Population Division
NJ Department of Labor, Bureau of Labor Force Statistics

* Passaic County Information

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

	2010		2001	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST FIVE FISCAL YEARS
(Unaudited)

Function/Program	2010	2009	2008	2007	2006
Instruction					
Regular	99	100	97	97	93
Special Education	9	9	9	9	9
Other Special Education					
Vocational					
Other Instruction					
Nonpublic School Programs					
Adult/Continuing Education Programs					
Support Services:					
Student and Instruction Related Services	11	11	11	11	9
General Administration	2	2	2	2	9
School Administrative Services	7	7	7	7	5
Other Administrative Services	5	5	5	5	5
Central Services					
Administrative Information Technology	1	1	1	1	1
Plant Operations And Maintenance	20	20	20	20	20
Pupil Transportation	1	1	1	1	1
Other Support Services	9	9	9	9	9
Special Schools					
Food Service					
Child Care	-	-	-	-	-
Total	164	165	162	162	161

Source: District Personnel Records

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only five years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-17

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment [a]	Operating Expenditures [b]	Cost Per Pupil [c]	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	992	$ 13,738,009	$ 13,849	Not Available	94	1:13.1	992	940.50	0.00%	94.81%
2002	1,025	13,842,676	13,505	-2.48%	95	1:10.7	1,025	966	3.33%	94.24%
2003	1,080	15,361,462	14,224	5.32%	81	1:19	1,080	1,036	5.37%	95.93%
2004	1,227	16,636,611	13,559	-4.67%	84	1:14	1,227	1,036	13.61%	84.43%
2005	1,227	15,419,470	12,567	-7.32%	105	1:14	1,227	1,163	0.00%	94.78%
2006	1,287	19,606,994	15,235	21.23%	106	1:12	1,270	1,216	3.50%	95.75%
2007	1,309	20,736,475	15,841	3.98%	106	1:12	1,271	1,182	0.08%	93.00%
2008	1,302	21,887,242	16,810	6.11%	106	1:12	1,272	1,184	0.08%	93.08%
2009	1,296	21,894,378	16,894	0.50%	109	1:8.5	1,261	1,183	-0.86%	93.81%
2010	1,285	22,617,857	17,601	4.19%	108	1:11	1,276	1,211	1.19%	94.91%

Sources: District records

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST FIVE FISCAL YEARS
(Unaudited)

	2010	2009	2008	2007	2006
District Building					
Elementary					
High School					
Square Feet	310,000	310,000	310,000	310,000	310,000
Capacity (students)	1,500	1,500	1,500	1,500	1,500
Enrollment	1,285	1,296	1,302	1,309	1,287
Number of Schools at June 30, 2010					
Elementary =	0	0	0	0	0
Middle School =	0	0	0	0	0
Senior High School =	1	1	1	1	1
Other =	0	0	0	0	0

Source: District Records

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only five years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
FOR THE TEN NINE FISCAL YEARS ENDED JUNE 30
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES

School Facilities	Project #	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
High School	N/A	$ 408,002	$ 453,697	$ 481,097	$ 423,083	$ 1,287,170	$ 1,244,223	$ 1,156,298	$ 1,130,724	$ 1,106,677	$ 1,153,066
Total Required Maintenance for School Facilities		$ 408,002	$ 453,697	$ 481,097	$ 423,083	$ 1,287,170	$ 1,244,223	$ 1,156,298	$ 1,130,724	$ 1,106,677	$ 1,153,066

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
INSURANCE SCHEDULE
AS OF JUNE 30, 2010

	Coverage	Deductible
School Package Policy-PIPNJ (1)		
Property Buildings & Contents	$ 100,000,000	$ 1,000
Comprehensive Automobile - Liability	1,000,000	1,000
Flood/Earthquake - PIPNJ		
Property Damage	5,000,000	5%
Employee Benefits Liability	1,000,000	
Employee Dishonesty	500,000	5,000
School Board Legal Liability - Hartford Fire Insurance Company		
Directors and Officers	1,000,000	
Public Official Bonds - Hartford Fire Insurance Company		
Board Secretary/Business Administrator	50,000	
Treasurer of School Monies	220,000	
General Liability - PIPNJ		
General Aggregate	2,000,000	
Each Occurrence	1,000,000	
Commercial Umbrella - PIPNJ		
Per Occurrence	9,000,000	

(1) Pool coverage

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School District No. 1 Board of Education
Little Falls, 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 Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Passaic Valley Regional High School District No. 1 Board of Education's basic financial statements and have issued our report thereon dated November 30, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Passaic Valley Regional High School District No. 1 Board of Education'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 expressing an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Passaic Valley Regional High School District No. 1 Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2010-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Passaic Valley Regional High School District No. 1 Board of Education'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as item 2010-1.

We also noted certain matters that we reported to management of the Passaic Valley Regional High School District No. 1 Board of Education in a separate report entitled, Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 30, 2010.

Passaic Valley Regional High School District No. 1 Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Passaic Valley Regional High School District No. 1 Board of Education's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 30, 2010

LERCH, VINCI & HIGGINS, LLP

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RALPH M. PICONE, CPA, RMA, PSA

EXHIBIT K-2

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Trustees
Passaic Valley Regional High School District No. 1 Board of Education
Whatever, New Jersey

Compliance

We have audited the Passaic Valley Regional High School District No. 1 Board of Education's compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Passaic Valley Regional High School District No. 1 Board of Education's major federal and state programs for the fiscal year ended June 30, 2010. Passaic Valley Regional High School District No. 1 Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Passaic Valley Regional High School District No. 1 Board of Education's management. Our responsibility is to express an opinion on Passaic Valley Regional High School District No. 1 Board of Education'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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Passaic Valley Regional High School District No. 1 Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Passaic Valley Regional High School District No. 1 Board of Education's compliance with those requirements.

In our opinion, Passaic Valley Regional High School District No. 1 Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2010-2.

Internal Control Over Compliance

Management of Passaic Valley Regional High School District No. 1 Board of Education 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 Passaic Valley Regional High School District No. 1 Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

The Board of Educations response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Trustees, management, 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.

Lerch Vinci & Higgins LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 30, 2010

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance, June 30, 2010 (Account Receivable)	Balance, June 30, 2010 Deferred Revenue	Balance, June 30, 2010 Due to Grantor
U.S. Department of Education												
General Fund												
ARRA-SFSF-ESF (Educ. State Grants)	84.394	N/A	7/1/09-6/30/10	$ 41,212			$ 41,212	$ 41,212				
ARRA-SFSF-GSF (Government Services)	84.397	N/A	7/1/09-6/30/10	1,595	-	-	1,595	1,595	-	-	-	-
Total General Fund					-	-	42,807	42,807	-	-	-	-
U.S. Department of Agriculture Passed-Through State Department of Education												
Enterprise Fund												
National School Lunch Program												
Non-Cash Assistance (Food Distribution Program)	10.550	N/A	7/1/09-6/30/10	$ 9,323			9,323	8,158			$ 1,165	
Non-Cash Assistance (Food Distribution Program)	10.550	N/A	7/1/08-6/30/09	9,361	$ 119			119				
Cash Assistance	10.555	N/A	7/1/08-6/30/09	39,856	(3,529)		3,529					
Cash Assistance	10.555	N/A	7/1/09-6/30/10	54,086	-	-	49,453	54,086	-	$ (4,633)	-	-
Total Enterprise Fund					(3,410)	-	62,305	62,363	-	(4,633)	1,165	-
U.S. Department of Education Passed-Through State Department of Education												
Special Revenue												
A.R.R.A. - Title I	84.389A	ARRA334010C	9/1/09-8/31/11	69,727				19,207		(19,207)		
N.C.L.B. - Title I	84.010A	NCLB334010C	9/1/09-8/31/10	89,530				66,976		(66,976)		
N.C.L.B. - Title I, Carryover	84.010A	NCLB334009C	9/1/08-8/31/09	86,269	(22,563)	$ (11,375)	29,394			(4,544)		
N.C.L.B. - Title I, Carryover	84.010A	NCLB334009C	9/1/08-8/31/09	86,269		11,375					11,375	
N.C.L.B. - Title I, Carryover	84.010A	NCLB334007C	9/1/08-8/31/09	86,269	226						226	
N.C.L.B. - Title I, Carryover	84.010A	NCLB334007C	9/1/08-8/31/09	36,326	5,032							$ 5,032
N.C.L.B. - Title II-A	84.168A	NCLB334010C	9/1/09-8/31/10	31,814				23,140		(23,140)		
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334009C	9/1/08-8/31/09	30,960	(8,257)	(2,678)	9,405			(1,530)		
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334009C	9/1/08-8/31/09	30,960		2,678					2,678	
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334007C	9/1/08-8/31/09	27,242	2,697						2,697	
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334006C	9/1/08-8/31/09	27,326	7,056							7,056
N.C.L.B. - Title II-A, Carryover	84.168A	NCLB334005C	9/1/08-8/31/09	27,729	2,367							2,367
N.C.L.B. - Title II- A, Carryover	84.168A	NCLB334005C	9/1/08-8/31/09	27,174	10,889				$ 10,889			
N.C.L.B. - Title II- D	84.168A	NCLB334010C	9/1/09-8/31/10	921								
N.C.L.B. - Title II- D, Carryover	84.168A	NCLB334009C	9/1/08-8/31/09	714	(714)		714					
N.C.L.B. - Title II- D, Carryover	84.168A	NCLB334007C	9/1/08-8/31/09	162	162							162
N.C.L.B. - Title III	84.365A	NCLB334010C	9/1/09-8/31/10	12,975				12,209		(12,209)		
N.C.L.B. - Title III, Carryover	84.365A	NCLB334009C	9/1/08-8/31/09	16,669	(1,669)		521			(1,148)		
N.C.L.B. - Title III, Carryover	84.365A	NCLB334007C	9/1/08-8/31/09	27,036	1,758							1,758
N.C.L.B. - Title III, Carryover	84.365A	NCLB334006C	9/1/08-8/31/09	24,632	6,747							6,747
N.C.L.B. - Title III, Carryover	84.365A	NCLB334005C	9/1/08-8/31/09	15,882	4,768				4,768			
N.C.L.B. - Title IV	84.186A	NCLB334010C	9/1/09-8/31/10	2,782				2,103		(2,103)		
N.C.L.B. - Title IV, Carryover	84.186A	NCLB334009C	9/1/08-8/31/09	2,933	(2,933)		2,933					
N.C.L.B. - Title IV, Carryover	84.186A	NCLB334006C	9/1/08-8/31/09	2,837	86							86
N.C.L.B. - Title IV, Carryover	84.186A	NCLB334006C	9/1/08-8/31/09	3,372	760							760
N.C.L.B. - Title V, Carryover	84.186A	NCLB334007C	9/1/08-8/31/09	1,635	622							622
A.R.R.A. - IDEA Part B	84.391	ARRA399002	9/1/09-8/31/11	271,937			32,636	81,557		(48,921)		
I.D.E.I.A. - Basic	84.027	IDEA399002	9/1/09-8/31/10	249,142			248,017	239,459			8,558	
I.D.E.I.A. - Basic, Carryover	84.027	IDEA399002	9/1/08-8/31/09	253,311	(54,406)	(2,533)	56,939					
I.D.E.I.A. - Basic, Carryover	84.027	IDEA399002	9/1/08-8/31/09	253,311		2,533					2,533	
I.D.E.I.A. Part B-Basic, Carryover	84.027	IDEA399002	9/1/08-8/31/09	246,391	106						106	
I.D.E.I.A. Part B-Basic, Carryover	84.027	IDEA399002	9/1/08-8/31/09	236,460	1							1
I.D.E.I.A. Part B-Basic, Carryover	84.027	IDEA399002	9/1/08-8/31/09	230,752	3,914							3,914
I.D.E.I.A. Part B-Basic, Carryover	84.027	IDEA399002	9/1/08-8/31/09	207,769	426	-	-	-	426	-	-	-
Total Special Revenue					(42,925)	-	380,559	444,651	16,083	(179,778)	28,173	28,505
Total Federal Financial Awards					$ (46,335)	$ -	$ 485,671	$ 549,821	$ 16,083	$ (184,411)	$ 29,338	$ 28,505

* Note - This Schedule was not subject to a Federal Single Audit in accordance with OMB Circular A-133.

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of this Statement

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2010 (Accounts Receivable)	Balance, June 30, 2010 Deferred Revenue	Balance, June 30, 2010 Due to Grantor	Memo Only GAAP Accounts Receivable	Memo Only Total Cumulative Expenditures
State Department of Education												
General Fund												
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	$ 332,799	$ (9,824)		$ 9,824						
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	257,307			220,262	$ 257,307	$ (37,045)				$ 257,307
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	741,309	(21,884)		21,884						
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	492,257			421,387	492,257	(70,870)				492,257
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	104,531	(3,086)		3,086						
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	70,820			60,624	70,820	(10,196)				70,820
Adjustment Aid	09-495-034-5120-086	7/1/08-6/30/09	129,177	(3,813)		3,813						
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	127,189			108,878	127,189	(18,311)				127,189
On-Behalf TPAF Pension System Contributions (NCGI)	10-100-034-5095-006	7/1/09-6/30/10	30,303			30,303	30,303					30,303
On-Behalf TPAF Pension System Contrb. (Post Retirement Medical)	10-100-034-5095-001	7/1/09-6/30/10	569,123			569,123	569,123					569,123
Reimbursed TPAF Social Security Contributions	09-100-034-5095-002	7/1/08-6/30/09	653,146	(32,876)		32,876						
Reimbursed TPAF Social Security Contributions	10-100-034-5095-002	7/1/09-6/30/10	676,585			676,585	676,585					676,585
Extraordinary Aid	09-495-034-5120-044	7/1/08-6/30/09	126,358	(126,358)		126,358						
Non Public Transportation Reimbursement	N/A	7/1/08-6/30/09	21,924	(21,924)		21,924						
Non Public Transportation Reimbursement	N/A	7/1/09-6/30/10	14,864	-	-	-	14,864	(14,864)	-	-	$ (14,864)	14,864
Total General Fund				(219,765)	-	2,306,927	2,238,448	(151,286)	-	-	(14,864)	2,238,448
Capital Projects Fund												
NJ Economic Development Authority												
Upgrade of Various Building Systems at High School	SP 202555	N/A	787,777	(756,228)	-	-	-	(783,838)	$ 27,610	-	(783,838)	-
Total Capital Projects Fund				(756,228)	-	-	-	(783,838)	27,610	-	(783,838)	-
State Department of Agriculture												
Enterprise Fund												
National School Lunch Program (State Share)	10-100-010-3360-037	7/1/09-6/30/10	2,992			2,729	2,992	(263)			(263)	2,992
National School Lunch Program (State Share)	09-100-010-3360-037	7/1/08-6/30/09	2,308	(197)	-	197	-	-	-	-	-	-
Total Enterprise Fund				(197)	-	2,926	2,992	(263)	-	-	(263)	2,992
Total State Financial Assistance				$ (976,190)	$ -	$ 2,309,853	$ 2,241,440	$ (935,387)	$ 27,610	$ -	$ (798,965)	$ 2,241,440
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF Pension System Contributions (NCGI)	10-100-034-5095-006	7/1/09-6/30/10	30,303			(30,303)	(30,303)					(30,303)
On-Behalf TPAF Pension System Contrb. (Post Retirement Medical)	10-100-034-5095-001	7/1/09-6/30/10	569,123	-	-	(569,123)	(569,123)	-	-	-	-	(569,123)
Total State Financial Assistance Subject to Single Audit				$ (976,190)	$ -	$ 1,710,427	$ 1,642,014	$ (935,387)	$ 27,610	$ -	$ (798,965)	$ 1,642,014

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Passaic Valley Regional High School District No. 1 Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $28,543 for the general fund and $-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	Federal	State	Total
General Fund	$ 42,807	$ 2,266,991	$ 2,309,798
Special Revenue Fund	444,651		444,651
Food Service Fund	63,409	2,991	66,400
Total Financial Assistance	$ 550,867	$ 2,269,982	$ 2,820,849

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The District's federal and state loans outstanding at June 30, 2010, which are not required to be reported on the schedule of federal awards and state financial assistance, are as follows:

Loan Program	State
N.J. Economic Development Authority - Safe Program	$ 13,636
N.J. Economic Development Authority - Small Project	68,507
	$ 82,143

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of $676,585 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of $30,303 and TPAF Post-Retirement Medical Benefits Contributions in the amount of $569,123 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 1 – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
1) Material weakness(es) identified?	____ Yes	X No
2) Significant deficiencies identified that are not considered to be material weaknesses?	X Yes	____ No
Noncompliance material to basic financial statements noted?	____ Yes	X No

Federal Awards Section

Dollar threshold used to distinguish between type A and type B programs:		$300,000
Auditee qualified as low-risk auditee?	____ yes	X no
Type of auditor's report issued on compliance for major programs:		Unqualified
Internal Control over major programs:		
1) Material weakness(es) identified?	____ yes	X no
2) Significant deficiencies identified that are not considered to be material weaknesses?	____ yes	X no
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	____ yes	X no

Identification of major state programs:

84.391	ARRA - IDEA Part B
84.027	IDEA Part B, Basic

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I – Summary of Auditor's Results

State Awards

Dollar threshold used to distinguish between type A and type B programs:		$300,000
Auditee qualified as low-risk auditee?	____ yes	X no
Type of auditor's report issued on compliance for major programs:		Unqualified
Internal Control over major programs:		
1) Material weakness(es) identified?	____ yes	X no
2) Significant deficiencies identified that are not considered to be material weaknesses?	X yes	____ no
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04?	____ yes	X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-089	Special Education Aid
10-495-034-5120-084	Security Aid
10-495-034-5120-078	Equalization Aid
10-100-034-5095-002	Reimbursed TPAF Social Security Contributions

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO 1. BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2010-1

The audit revealed that the monthly Board Secretary's Report did not include the financial transactions and cash balance of the Capital Projects Fund.

Criteria or specific requirement:

N.J.S.A. 18A:17-9 Board Secretary's Report

Condition:

The Board Secretary did not include the financial transactions and cash balance of the Capital Projects Fund on the Board Secretary's Report.

Context:

Unknown.

Effect:

Unknown.

Cause:

Unknown.

Recommendation:

The Board Secretary's report be revised to include the financial transactions and cash balance of the Capital Projects Fund.

Management's Response:

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

CURRENT YEAR STATE AWARDS

Finding 2010-2

The audit of contract vendors revealed that in several instances the required Business Registration Statement was not made available for review.

Information on State Program

Special Education Aid	10-495-034-5120-089
Security Aid	10-495-034-5120-084
Equalization Aid	10-495-034-5120-078

Criteria or specific requirement:

N.J.S.A. 18A:18A Public School Contracts Law

Questioned Costs:

There are none.

Condition:

Business Registration Statements were not filed for various contracted vendors.

Context:

Unknown.

Effect:

Unknown.

Cause:

Unknown

Recommendation:

All vendors be required to file a Business Registration Statement.

Management's Response:

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2009-1 and 2009-2:

The District did not provide monthly Board Secretary reports or Treasurer reports at meetings for Board approval.

Current Status

Corrective action was taken.