

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016

Prepared by

Business Office

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BOARD OF EDUCATION
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INTRODUCTORY SECTION

Passaic Valley Regional High School District #1
100 East Main Street
Little Falls, New Jersey 07424
973-890-2500

December 5, 2016

Honorable President and
Members of the Board of Education
Passaic Valley Regional High School #1
Little Falls, NJ 07424

Dear Board Members:

The comprehensive annual financial report of the Passaic Valley Regional High School District#1 for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, and 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 as follows:

- The Introductory Section includes this transmittal letter, the District's organizational chart, list of professional advisors and a list of principal officials.
- The Financial Section includes the basic financial statements and schedules, required supplementary information, management's discussion and analysis as well as the auditor's report thereon.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditor's report on the internal control structure and compliance with applicable laws and regulations and finding and recommendations. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Uniform Guidance and New Jersey State Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 2015-2016 fiscal year with an enrollment of 1,338 students. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2005-2006	1,287	
2006-2007	1,309	.02%
2007-2008	1,302	-.01%
2008-2009	1,296	-.01%
2009-2010	1,285	-.01%
2010-2011	1,350	.05%
2011-2012	1,353	.01%
2012-2013	1,395	.04%
2013-2014	1,385	-.01%
2014-2015	1,345	-.03%
2015-2016	1,338	-.005%

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.

The graduating class of 2015 and 2016 reported the following post-graduate plans:

	<u>Class of 2015</u>	<u>Class of 2016</u>
4 Year College	54%	59%
2 Year College	26%	19%
Other Schools	4%	10%
Employment	12%	10%
Military	4%	2%

Passaic Valley High School Senior Class of 2016 Scholastic Aptitude Test (SAT) scores represents 195 students or 59% of the class:

	<u>Critical Reading</u>	<u>Math</u>	<u>Writing</u>
PVHS Class of 2016	486	502	477
New Jersey	495	514	492
National	494	508	482

Class of 2016 Score Distributions

	<u>Critical Reading</u>	<u>Math</u>	<u>Writing</u>
75th Percentile	540	570	530
50th Percentile	480	490	470
25th Percentile	430	430	400

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 appropriate 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 appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at June 30, 2016.

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 the "Notes to the Basic Financial Statements".

7. DEBT ADMINISTRATION:

At June 30, 2016, the District had \$5,723,000.00 in outstanding bonds payable. Additional information regarding the District's debt is contained in the "Notes to the Financial Statements", Note 3.

8. FINANCIAL INFORMATION AT FISCAL YEAR-END:

The Board developed its 2015-2016 budgets under the State's funding formula. An analysis of the expenditures in the financial section of this report will show that the Board was prudent in presenting the community with an accurate picture of educational needs.

9. 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.

10. 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.

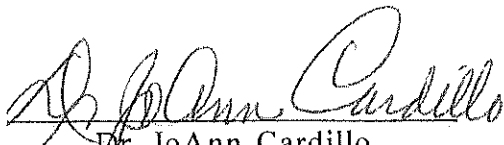
11. OTHER INFORMATION:

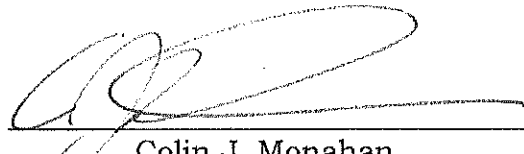
Independent Audit- State statutes require an annual audit by independent certified public accountants (CPA) or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and S t a t e Treasury Circular letter 15-08 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:

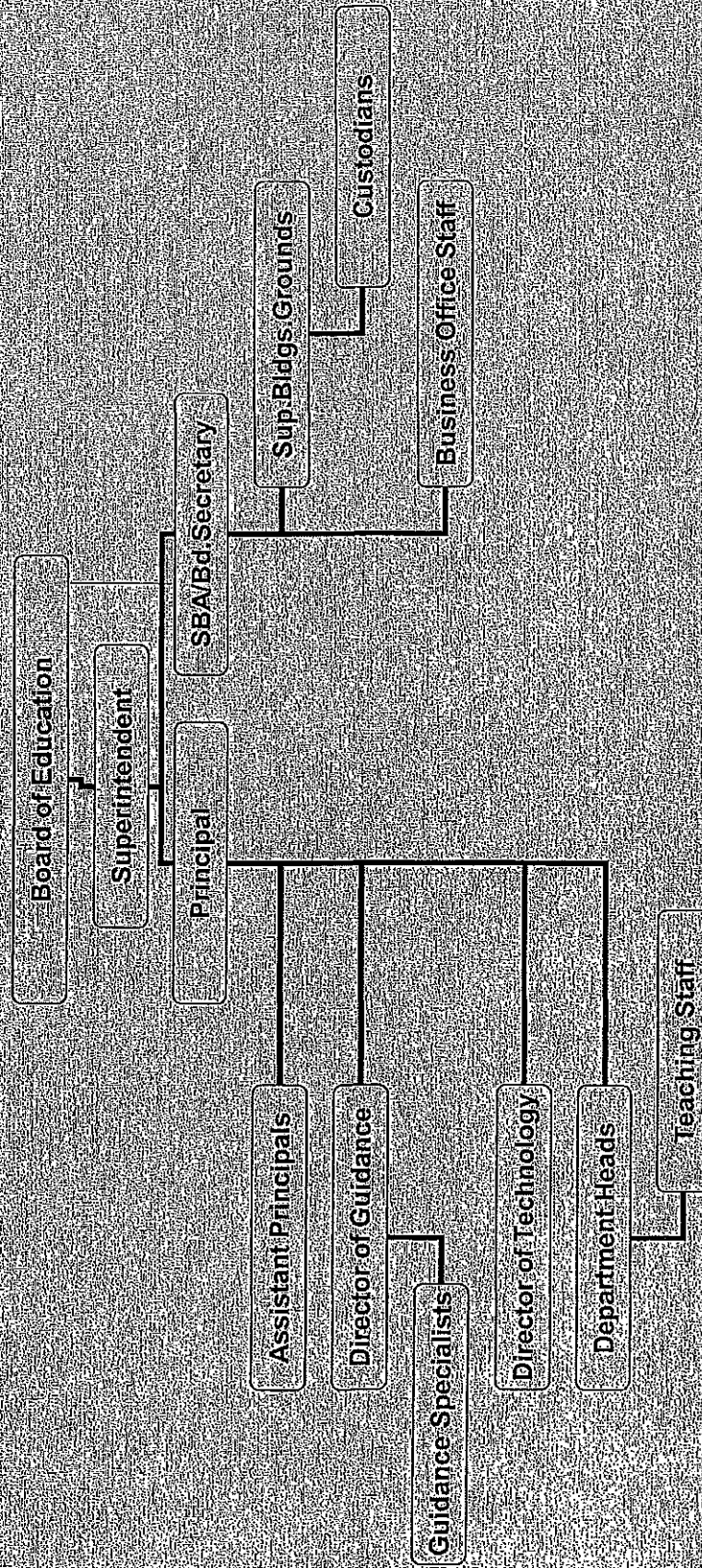
We would like to express our appreciation to the members of the Passaic Valley High School District #1 Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Office of Business Administration Staff.

Respectfully submitted,


Dr. JoAnn Cardillo
Superintendent of Schools


Colin J. Monahan
School Business
Administrator/Board Secretary

PVHS Organizational Chart



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Carlo T. Spinella, President	2017
Giovanni D'Ambrosio, Vice-President	2019
Lori Brigati	2018
Raymond Luke Damiano	2019
Richard Greco	2019
Anthony Sgobba	2018
Laura Van Winkle	2017
Dr. Vincent Varcadipane	2018
Sam Yodice	2017

Other Officials

Dr. JoAnn Cardillo, Superintendent of Schools
Colin Monahan, School Business Administrator/Board Secretary
Raymond Reddin, Board Attorney

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
485 Totowa Rd.
Totowa, N.J. 07512

Official Depository

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No.1 Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No.1 Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

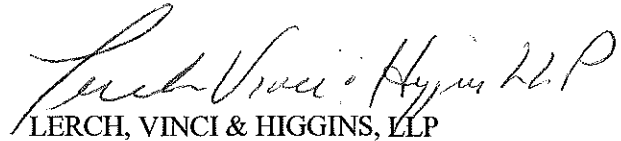
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Passaic Valley Regional High School District No.1 Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Passaic Valley Regional High School District No.1 Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Passaic Valley Regional High School District No.1 Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2016

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, 2016

This section of the Passaic Valley Regional High School District No. 1 Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year are as follows:

- The liabilities and deferred inflows of resources of the Passaic Valley Regional High School District No. 1 Board of Education exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$590,352 (net position).
- The District's total net position increased \$454,682.
- Overall district-wide revenues were \$32,925,021. General revenues accounted for \$25,069,045 or 76% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,855,976 or 24% of total revenues.
- The school district had \$31,562,411 in expenses for governmental activities; only \$7,001,746 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$25,069,045 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 \$3,185,371. Of this amount, \$449,095 is available for spending at the District's discretion (unassigned 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 Education's overall financial status.

**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, 2016**

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	Fund Financial 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 position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, and deferred outflows/inflows of resources 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, liabilities, and deferred inflows of resources 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.

**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, 2016**

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 position includes all of the district's assets, liabilities and deferred inflows/outflows of resources. 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 position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position 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).

**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, 2016**

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 position and a statement of changes in fiduciary net position. 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 position for 2016 and 2015.

Net position. The district's combined net position was \$(590,352) and \$(1,045,034), on June 30, 2016 and 2015, respectively. (See Table A-1).

**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, 2016**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u> (Restated)	<u>2016</u>	<u>2015</u> (Restated)	<u>2016</u>	<u>2015</u> (Restated)
Current Assets	\$ 3,668,331	\$ 3,519,952	\$ 91,168	\$ 123,534	\$ 3,759,499	\$ 3,643,486
Capital Assets	<u>7,400,293</u>	<u>7,707,754</u>	<u>72,526</u>	<u>68,287</u>	<u>7,472,819</u>	<u>7,776,041</u>
Total Assets	<u>11,068,624</u>	<u>11,227,706</u>	<u>163,694</u>	<u>191,821</u>	<u>11,232,318</u>	<u>11,419,527</u>
Deferred Outflows of Resources	<u>757,162</u>	<u>155,563</u>	<u>-</u>	<u>-</u>	<u>757,162</u>	<u>155,563</u>
Long-Term Liabilities	11,594,486	11,420,650			11,594,486	11,420,650
Other Liabilities	<u>569,058</u>	<u>577,527</u>	<u>34,376</u>	<u>20,844</u>	<u>603,434</u>	<u>598,371</u>
Total Liabilities	<u>12,163,544</u>	<u>11,998,177</u>	<u>34,376</u>	<u>20,844</u>	<u>12,197,920</u>	<u>12,019,021</u>
Deferred Inflows of Resources	<u>381,068</u>	<u>507,186</u>	<u>844</u>	<u>729</u>	<u>381,912</u>	<u>507,915</u>
Net Position						
Net Investment in capital assets	1,690,914	1,243,263	72,526	80,211	1,763,440	1,323,474
Restricted	1	1			1	1
Unrestricted	<u>(2,409,741)</u>	<u>(2,470,470)</u>	<u>55,948</u>	<u>101,961</u>	<u>(2,353,793)</u>	<u>(2,368,509)</u>
Total Net Position	<u>\$ (718,826)</u>	<u>\$ (1,227,206)</u>	<u>\$ 128,474</u>	<u>\$ 182,172</u>	<u>\$ (590,352)</u>	<u>\$ (1,045,034)</u>

Table A-2 on the following page shows changes in net position for fiscal year 2016 and 2015.

**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, 2016**

**Table A-2
Change in Net Position
For The Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 125,330	\$ 122,296	\$ 609,787	\$ 649,422	\$ 735,117	\$ 771,718
Operating Grants and Contributions	6,876,416	5,836,000	244,443	203,836	7,120,859	6,039,836
Capital Grants and Contributions						
General Revenues						
Property Taxes	24,717,941	24,222,059			24,717,941	24,222,059
State Aid - Formula Grants	257,105	237,329			257,105	237,329
Other	93,999	72,008	-	-	93,999	72,008
Total Revenues	<u>32,070,791</u>	<u>30,489,692</u>	<u>854,230</u>	<u>853,258</u>	<u>32,925,021</u>	<u>31,342,950</u>
Expenses						
Instruction						
Regular	15,869,208	14,890,828			15,869,208	14,890,828
Special Education	4,023,656	3,431,786			4,023,656	3,431,786
Other Instruction	48,408	47,772			48,408	47,772
School Sponsored Activities and Athletics	1,256,982	1,213,804			1,256,982	1,213,804
Support Services						
Student and Instruction Related Services	2,940,549	2,529,604			2,940,549	2,529,604
General Administrative Services	581,694	544,974			581,694	544,974
School Administrative Services	1,312,940	1,094,809			1,312,940	1,094,809
Plant Operations and Maintenance	2,876,412	3,440,555			2,876,412	3,440,555
Pupil Transportation	1,760,112	1,689,665			1,760,112	1,689,665
Business and Other Support Services	687,827	856,608			687,827	856,608
Interest on Debt	204,623	226,874			204,623	226,874
Food Services	-	-	907,928	894,750	907,928	894,750
Total Expenses	<u>31,562,411</u>	<u>29,967,279</u>	<u>907,928</u>	<u>894,750</u>	<u>32,470,339</u>	<u>30,862,029</u>
Change in Net Position	<u>\$ 508,380</u>	<u>\$ 522,413</u>	<u>\$ (53,698)</u>	<u>\$ (41,492)</u>	<u>\$ 454,682</u>	<u>\$ 480,921</u>

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, 2016

Governmental Activities. The District's total revenues were \$32,070,791. The local share of the revenues, that included property taxes, tuition, transportation, interest, and miscellaneous revenue, amounted to \$24,937,270 or 78% of total revenues. Funding from state and federal sources amounted to \$7,133,521 or 22%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$21,198,254 (67%) and student support services totaled \$10,159,534 (32%) of total expenditures interest on debt totaled \$204,623. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities
For Fiscal Year 2016

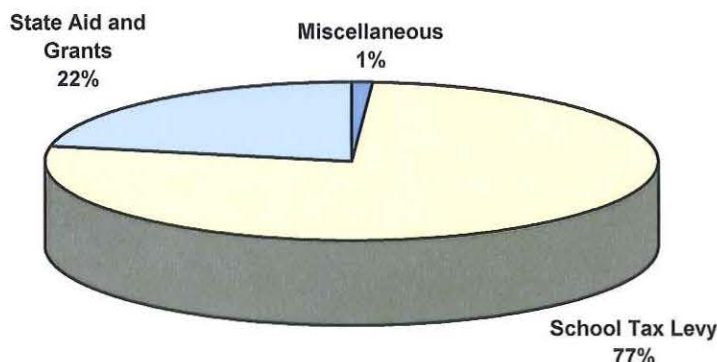
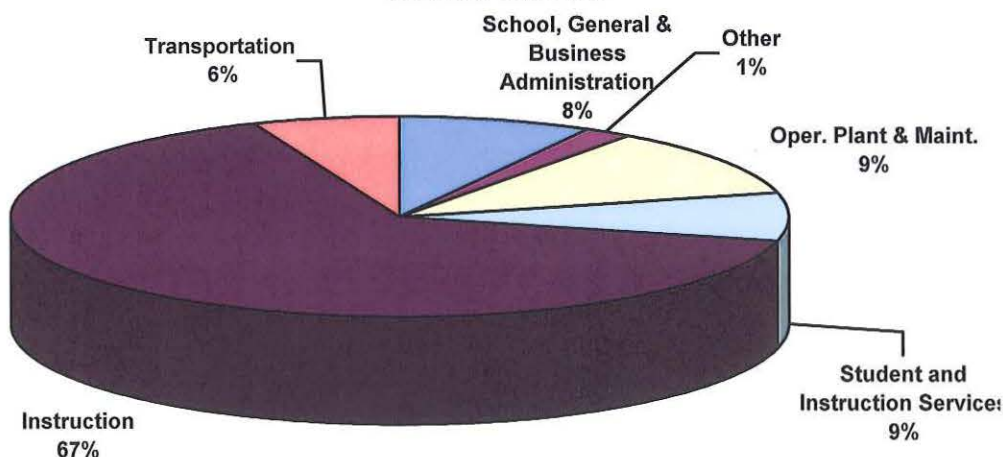


Table A-4 Expenses by Function – Governmental Activities
For Fiscal Year 2016



**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, 2016**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 15,869,208	\$ 14,890,828	\$ 11,758,302	\$ 11,591,807
Special Education	4,023,656	3,431,786	2,457,032	1,947,626
Other Instruction	48,408	47,772	48,408	38,415
School Sponsored Activities and Athletics	1,256,982	1,213,804	1,195,427	1,128,504
Support Services				
Student and Instruction Related Services	2,940,549	2,529,604	2,293,261	2,029,945
General Administrative Services	581,694	544,974	486,164	454,855
School Administrative Services	1,312,940	1,094,809	1,021,448	931,630
Plant Operations and Maintenance	2,876,412	3,440,555	2,841,566	3,405,994
Pupil Transportation	1,760,112	1,689,665	1,615,805	1,449,082
Business Services	687,827	856,608	687,827	856,608
Interest on Debt	204,623	226,874	155,425	174,517
Total	\$ 31,562,411	\$ 29,967,279	\$ 24,560,665	\$ 24,008,983

Business-Type Activities

The cost of Business-Type Activities for the fiscal years ended June 30, 2016 and 2015 were \$907,928 and \$894,750, respectively. These costs were funded by operating grants and charges for services (Detailed on Table A-2).

**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, 2016**

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 \$3,185,371. As of June 30, 2015, the fund balance was \$3,035,777.

Revenues for the District's governmental funds were \$29,170,180 while total expenditures were \$29,020,586.

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, 2016 and 2015.

General Fund Revenues

	Fiscal Year Ended		Amount of Increase (Decrease)	Change
	June 30			
	<u>2016</u>	<u>2015</u>		
Local Sources				
Property Taxes	\$ 24,047,391	\$ 23,575,874	\$ 471,517	2%
Tuition/Transportation	125,330	122,296	3,034	2%
Miscellaneous	93,998	71,981	22,017	31%
Intergovernmental				
Federal Sources	3,950	45,541	(41,591)	-91%
State Sources	<u>3,552,475</u>	<u>3,173,795</u>	<u>378,680</u>	12%
Total General Fund Revenues	<u>\$ 27,823,144</u>	<u>\$ 26,989,487</u>	<u>\$ 833,657</u>	3%

**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, 2016**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2016 and 2015.

General Fund Expenditures

	Fiscal Year Ended June 30		Amount of Increase (Decrease)	Change
	<u>2016</u>	<u>2015</u>		
Current Expense:				
Instruction	\$ 18,325,667	\$ 17,261,943	\$ 1,063,724	6%
Undistributed Expenses	9,278,331	9,488,522	(210,191)	-2%
Capital Outlay	<u>78,355</u>	<u>76,328</u>	<u>2,027</u>	3%
 Total Expenditures	 <u>\$ 27,682,353</u>	 <u>\$ 26,826,793</u>	 <u>\$ 855,560</u>	 3%

Total General Fund expenditures increased by \$855,560 or 3% from the previous year. The most significant increase can be attributable to an increase in pension contributions made by the State of New Jersey on-behalf of the District.

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 \$476,356 and \$442,596, for the years ended June 30, 2016 and 2015. Federal sources accounted for all of the Special Revenue Fund's revenue for the years ended June 30, 2016 and 2015.

Total Special Revenue Fund revenues increased \$33,760 or 8% from the previous year due to an increase of federal sources.

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.

**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, 2016**

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 and the reinstating prior year purchase orders being carried over.

Capital Assets. At the end of the fiscal year 2016, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

Table A-4

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>2016</u>	<u>2015</u> (Restated)	<u>Increase</u> (Decrease)	<u>2016</u>	<u>2015</u> (Restated)	<u>Increase</u> (Decrease)
Buildings and Building Improvements	\$ 13,107,546	\$ 13,107,546				
Improvements other than Buildings	1,312,404	1,312,404				
Machinery and Equipment	<u>833,798</u>	<u>755,443</u>	\$ 78,355	\$ 164,756	\$ 164,756	-
	15,253,748	15,175,393	78,355	164,756	164,756	-
Less Accumulated Depreciation	<u>7,853,455</u>	<u>7,572,751</u>	<u>280,704</u>	<u>92,230</u>	<u>84,545</u>	<u>\$ 7,685</u>
Total	<u>\$ 7,400,293</u>	<u>\$ 7,602,642</u>	<u>\$ (202,349)</u>	<u>\$ 72,526</u>	<u>\$ 80,211</u>	<u>\$ 7,685</u>

Debt Administration. As of June 30, 2016 and 2015 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$11,594,486 and \$11,420,650, respectively.

Long-Term Liabilities

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

	<u>2016</u>	<u>2015</u>
Serial Bonds	\$ 5,723,000	\$ 6,373,000
Net Pension Liability	5,768,924	4,947,099
Compensated Absences Payable	<u>102,562</u>	<u>100,551</u>
Total	<u>\$ 11,594,486</u>	<u>\$ 11,420,650</u>

**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, 2016**

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:

- ✓ Reappropriation of prior year encumbrances.
- ✓ Increased costs in providing extraordinary other support services.
- ✓ Costs related to the instructional programs of the District.
- ✓ Lower than initially projected health benefit costs.

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 the Business Office at the 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 POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,049,702	\$ 14,061	\$ 3,063,763
Receivables, net			
Receivables from Other Governments	625,691	31,144	656,835
Other Receivables		23,779	23,779
Internal Balances	(7,062)	7,062	
Inventory		15,122	15,122
Capital Assets			
Being Depreciated Net	<u>7,400,293</u>	<u>72,526</u>	<u>7,472,819</u>
Total Assets	<u>11,068,624</u>	<u>163,694</u>	<u>11,232,318</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>757,162</u>	-	<u>757,162</u>
Total Deferred Outflows of Resources	<u>757,162</u>	-	<u>757,162</u>
LIABILITIES			
Accounts Payable	233,903	34,376	268,279
Payable to Federal Government	221,447		221,447
Accrued Interest Payable	86,098		86,098
Unearned Revenue	27,610		27,610
Noncurrent Liabilities			
Due Within One Year	630,000		630,000
Due Beyond One Year	<u>10,964,486</u>	-	<u>10,964,486</u>
Total Liabilities	<u>12,163,544</u>	<u>34,376</u>	<u>12,197,920</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	381,068		381,068
Deferred Commodities Inventory	<u>-</u>	<u>844</u>	<u>844</u>
Total Deferred Inflows of Resources	<u>381,068</u>	<u>844</u>	<u>381,912</u>
NET POSITION			
Net Investment in Capital Assets	1,690,914	72,526	1,763,440
Restricted for:			
Capital Projects	1		1
Unrestricted	<u>(2,409,741)</u>	<u>55,948</u>	<u>(2,353,793)</u>
Total Net Position	<u>\$ (718,826)</u>	<u>\$ 128,474</u>	<u>\$ (590,352)</u>

The accompanying Notes to the 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, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 15,869,208		\$ 4,110,906		\$ (11,758,302)		\$ (11,758,302)
Special Education	4,023,656	\$ 105,605	1,461,019		(2,457,032)		(2,457,032)
Other Instruction	48,408				(48,408)		(48,408)
School Sponsored Co-Curricular Activities	1,256,982		61,555		(1,195,427)		(1,195,427)
Support Services:							
Student & Instruction Related Services	2,940,549		647,288		(2,293,261)		(2,293,261)
School Administrative Services	1,312,940		291,492		(1,021,448)		(1,021,448)
General Administrative Services	581,694		95,530		(486,164)		(486,164)
Plant Operations and Maintenance	2,876,412		34,846		(2,841,566)		(2,841,566)
Pupil Transportation	1,760,112	19,725	124,582		(1,615,805)		(1,615,805)
Business and Other Support Services	687,827				(687,827)		(687,827)
Interest on Long-Term Debt	204,623	-	49,198	-	(155,425)	-	(155,425)
Total Governmental Activities	<u>31,562,411</u>	<u>125,330</u>	<u>6,876,416</u>	<u>-</u>	<u>(24,560,665)</u>	<u>-</u>	<u>(24,560,665)</u>
Business-Type Activities:							
Food Service	907,928	609,787	244,443	-	-	\$ (53,698)	(53,698)
Total Business-Type Activities	<u>907,928</u>	<u>609,787</u>	<u>244,443</u>	<u>-</u>	<u>-</u>	<u>(53,698)</u>	<u>(53,698)</u>
Total Primary Government	<u>\$ 32,470,339</u>	<u>\$ 735,117</u>	<u>\$ 7,120,859</u>	<u>\$ -</u>	<u>(24,560,665)</u>	<u>(53,698)</u>	<u>(24,614,363)</u>

The accompanying Notes to the 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, 2016

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 24,047,391		\$ 24,047,391
Taxes Levied for Debt Service	670,550		670,550
State Aid - Restricted for Debt Service	150,931		150,931
State Aid - Unrestricted	106,174		106,174
Miscellaneous Income	93,999	-	93,999
Total General Revenues	25,069,045	-	25,069,045
Change in Net Position	508,380	\$ (53,698)	454,682
Net Position—Beginning of Year (Restated)	(1,227,206)	182,172	(1,045,034)
Net Position—End of Year	\$ (718,826)	\$ 128,474	\$ (590,352)

The accompanying Notes to the 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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,000,588		\$ 45,452	\$ 3,662	\$ 3,049,702
Receivables From Other Governments	60,063	\$ 476,356	89,272		625,691
Due from Other Funds	<u>340,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,284</u>
Total Assets	<u>\$ 3,400,935</u>	<u>\$ 476,356</u>	<u>\$ 134,724</u>	<u>\$ 3,662</u>	<u>\$ 4,015,677</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Other Payables	\$ 98,527	\$ 12,031			\$ 110,558
Due to Other Funds	130,407	242,878	\$ 93,493	\$ 3,913	470,691
Payable to Federal Government		221,447			221,447
Unearned Revenue	<u>-</u>	<u>-</u>	<u>27,610</u>	<u>-</u>	<u>27,610</u>
Total Liabilities	<u>228,934</u>	<u>476,356</u>	<u>121,103</u>	<u>3,913</u>	<u>830,306</u>
Fund Balances:					
Restricted:					
Capital Reserve	1				1
Excess Surplus	1,297,478				1,297,478
Excess Surplus - Designated for Subsequent Year's Expenditures	1,201,070				1,201,070
Capital Projects			13,621		13,621
Assigned:					
Designated for Subsequent Year's Expenditures	150,071				150,071
Year End Encumbrances	74,286				74,286
Unassigned (Deficit), Reported in:					
General Fund	449,095				449,095
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(251)</u>	<u>(251)</u>
Total Fund Balances	<u>3,172,001</u>	<u>-</u>	<u>13,621</u>	<u>(251)</u>	<u>3,185,371</u>
Total Liabilities and Fund Balances	<u>\$ 3,400,935</u>	<u>\$ 476,356</u>	<u>\$ 134,724</u>	<u>\$ 3,662</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,253,748 and the accumulated depreciation is \$7,853,455. 7,400,293

The District has financed capital assets through the issuance of long-term debt. The interest accrual at year end is: (86,098)

Deferred Inflows and Outflows related to the net pension liability are not reported in the funds. 376,094

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	\$ 5,723,000
Net Pension Liability	5,768,924
Compensated Absences	<u>102,562</u>
	<u>(11,594,486)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ (718,826)

**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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Property Tax Levy	\$ 24,047,391			\$ 670,550	\$ 24,717,941
Tuition	105,605				105,605
Transportation	19,725				19,725
Interest Earnings	1,163		\$ 1		1,164
Miscellaneous	92,835	-	-	-	92,835
Total - Local Sources	<u>24,266,719</u>	<u>-</u>	<u>1</u>	<u>670,550</u>	<u>24,937,270</u>
State Sources	3,552,475			200,129	3,752,604
Federal Sources	3,950	\$ 476,356	-	-	480,306
Total Revenues	<u>27,823,144</u>	<u>476,356</u>	<u>1</u>	<u>870,679</u>	<u>29,170,180</u>
EXPENDITURES					
Instruction					
Regular	13,533,790	125,221			13,659,011
Special Education	3,548,056	296,110			3,844,166
Other	45,601				45,601
School Sponsored Co-Curricular Activities	1,198,220				1,198,220
Support Services and Undistributed Costs					
Student & Instruction Related Services	2,525,297	55,025			2,580,322
General Administrative Services	529,979				529,979
School Administrative Services	1,146,777				1,146,777
Business & Other Support Services	669,189				669,189
Plant Operations and Maintenance	2,650,486				2,650,486
Pupil Transportation	1,756,603				1,756,603
Capital Outlay	78,355				78,355
Debt Service					
Principal				650,000	650,000
Interest and other charges	-	-	-	211,877	211,877
Total Expenditures	<u>27,682,353</u>	<u>476,356</u>	<u>-</u>	<u>861,877</u>	<u>29,020,586</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>140,791</u>	<u>-</u>	<u>1</u>	<u>8,802</u>	<u>149,594</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	1				1
Transfers Out	-	-	(1)	-	(1)
Total Other Financing Sources (Uses)	<u>1</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>140,792</u>	<u>-</u>	<u>-</u>	<u>8,802</u>	<u>149,594</u>
Fund Balance (Deficit), Beginning of Year	3,031,209	-	13,621	(9,053)	3,035,777
Fund Balance (Deficit), End of Year	<u>\$ 3,172,001</u>	<u>\$ -</u>	<u>\$ 13,621</u>	<u>\$ (251)</u>	<u>\$ 3,185,371</u>

**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, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 149,594**

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 depreciation expense exceeded capital outlays in the period.

Depreciation Expense	\$	(280,704)	
Capital Outlays		<u>78,355</u>	
			(202,349)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bond Principal			650,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest		7,254	
Compensated Absences		(2,011)	
Net Pension Liability		<u>(94,108)</u>	
			<u>(88,865)</u>

Change in Net Position of Governmental Activities **\$ 508,380**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 14,061
Intergovernmental Receivable	
State	716
Federal	30,428
Accounts Receivable	23,779
Due from Other Funds	7,062
Inventories	<u>15,122</u>
Total Current Assets	<u>91,168</u>
Capital Assets	
Furniture, Machinery and Equipment	164,756
Less: Accumulated Depreciation	<u>(92,230)</u>
Total Capital Assets, Net	<u>72,526</u>
Total Assets	<u>163,694</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>34,376</u>
Total Current Liabilities	<u>34,376</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Inventory	<u>844</u>
Total Deferred Inflows of Resources	<u>844</u>
NET POSITION	
Net Investment in Capital Assets	72,526
Unrestricted	<u>55,948</u>
Total Net Position	<u>\$ 128,474</u>

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 POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

		Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES		
Charges for Services		
Daily Sales-Reimbursable Programs	\$	108,546
Daily Sales - Nonreimbursable Programs		<u>501,241</u>
 Total Operating Revenues		 <u>609,787</u>
OPERATING EXPENSES		
Cost of Sales - Reimbursable Programs		199,215
Cost of Sales - Nonreimbursable Programs		217,598
Labor Cost		310,697
Management Fee		55,667
Supplies and Materials		34,090
Repairs and Maintenance		6,942
Other Expenses		76,034
Depreciation		<u>7,685</u>
 Total Operating Expenses		 <u>907,928</u>
 Operating Loss		 <u>(298,141)</u>
NONOPERATING REVENUES		
State Sources		
State School Lunch Program		4,558
Federal Sources		
Food Distribution Program		36,348
National School Breakfast Program		30,750
National School Lunch Program		<u>172,787</u>
 Total Nonoperating Revenues		 <u>244,443</u>
 Change in Net Position		 (53,698)
 Total Net Position - Beginning of Year (Restated)		 <u>182,172</u>
 Total Net Position - End of Year	\$	 <u><u>128,474</u></u>

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, 2016**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 610,306
Cash Payments for Employees' Salaries and Benefits	(310,697)
Cash Payments to Suppliers for Goods and Services	<u>(545,606)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(245,997)</u>
Cash Flows from Noncapital Financing Activities	
Cash Payments to Other Funds	(7,062)
Cash Received from State and Federal Subsidy Reimbursements	<u>190,497</u>
Net Cash Provided by Noncapital Financing Activities	<u>183,435</u>
Net Decrease in Cash and Cash Equivalents	(62,562)
Cash and Cash Equivalents, Beginning of Year	<u>76,623</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,061</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	\$ <u>(298,141)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	36,348
Depreciation	7,685
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	519
(Increase)/Decrease in Inventory	(6,055)
Increase/(Decrease) in Accounts Payable	15,767
Increase/(Decrease) in Deferred Revenue	(2,235)
Increase/(Decreased) in Deferred Inflows of Resources	<u>115</u>
Total Adjustments	<u>52,144</u>
Net Cash Used for Operating Activities	<u>\$ (245,997)</u>
Non-Cash Financing Activities:	
Fair Value of Food Distribution Program Commodities Received - National School Lunch Program	<u>\$ 36,463</u>

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 FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 100,405	\$ 278,160	\$ 475,859
Due from Other Funds	<u>-</u>	<u>-</u>	<u>123,345</u>
 Total Assets	 <u>100,405</u>	 <u>278,160</u>	 <u>\$ 599,204</u>
LIABILITIES			
Due to Student Groups			\$ 45,448
Accrued Salaries and Wages			26,257
Reserve for Flexible Spending Account			300
Intergovernmental Accounts Payable			169,431
Unallocated Funds			99,350
Reserve for Employee Benefit Contributions			56,745
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>-</u>	<u>201,673</u>
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>\$ 599,204</u>
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes Restricted	 <u>\$ 100,405</u>	 <u>\$ 278,160</u>	

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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose Trust Fund
ADDITIONS		
Contributions		
Employee	\$ 587	
Donations	<u>-</u>	\$ 36,366
Total Contributions	<u>587</u>	<u>36,366</u>
Investment Earnings		
Interest	<u>100</u>	<u>576</u>
Net Investment Earnings	<u>100</u>	<u>576</u>
Total Additions	<u>687</u>	<u>36,942</u>
DEDUCTIONS		
Other Expenses		13,608
Unemployment Claims		
Scholarships Awarded	<u>-</u>	<u>22,650</u>
Total Deductions	<u>-</u>	<u>36,258</u>
Change in Net Position	687	684
Net Position Beginning of the Year	<u>99,718</u>	<u>277,476</u>
Net Position End of the Year	<u>\$ 100,405</u>	<u>\$ 278,160</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The 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. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements:

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. 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 deferred inflows of resources.

4. Capital Assets

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets (Continued)*

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	40
Improvements Other Than Buildings	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

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

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

The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated 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 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.

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

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

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

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

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education and are not subject to adjustment.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$185,215. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to County Special Services District		\$76,320	\$76,320
Unallocated Benefits			
Social Security Contributions	\$277,379	305,933	28,554

The above variances were offset with other available resources.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$251 in the Debt Service Fund. The District expects to eliminate this deficit through normal operations in the 2016/2017 fiscal year.

D. Capital Reserve

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

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

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

Balance, July 1, 2015	\$ 1
Balance, June 30, 2016	<u>\$ 1</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$2,498,548. Of this amount, \$1,201,070 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$1,297,478 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$3,918,187 and bank and brokerage firm balances of the Board's deposits amounted to \$5,370,529. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 5,370,529</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balances were not exposed to custodial credit risk.

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts				\$ 23,779	\$ 23,779
Intergovernmental	\$ 60,063	\$ 476,356	\$ 89,272	31,144	656,835
Gross Receivables	60,063	476,356	89,272	54,923	680,614
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 60,063</u>	<u>\$ 476,356</u>	<u>\$ 89,272</u>	<u>\$ 54,923</u>	<u>\$ 680,614</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Capital Projects Fund	
Unrealized School Facilities Grants	\$ 27,610
Total Unearned Revenue for Governmental Funds	<u>\$ 27,610</u>

D. Capital Assets

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

	Balance, July 1, 2015 (Restated)	Increases	Decreases	Balance, June 30, 2016
Governmental Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 13,107,546			\$ 13,107,546
Improvements Other Than Buildings	1,312,404			1,312,404
Machinery and Equipment	<u>755,443</u>	<u>\$ 78,355</u>	-	<u>833,798</u>
Total Capital Assets Being Depreciated	<u>15,175,393</u>	<u>78,355</u>	-	<u>15,253,748</u>
Less Accumulated Depreciation for:				
Buildings	6,081,343	204,420		6,285,763
Improvements Other Than Buildings	842,046	35,194		877,240
Machinery and Equipment	<u>649,362</u>	<u>41,090</u>	-	<u>690,452</u>
Total Accumulated Depreciation	<u>7,572,751</u>	<u>280,704</u>	-	<u>7,853,455</u>
Total Capital Assets, Being Depreciated, Net	<u>7,602,642</u>	<u>(202,349)</u>	-	<u>7,400,293</u>
Government Activities Capital Assets, Net	<u>\$ 7,602,642</u>	<u>\$ (202,349)</u>	<u>\$ -</u>	<u>\$ 7,400,293</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2015 (Restated)	Increases	Decreases	Balance, June 30, 2016
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 164,756	\$ -	-	\$ 164,756
Total Capital Assets Being Depreciated	<u>164,756</u>	<u>-</u>	<u>-</u>	<u>164,756</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	84,545	\$ 7,685	-	92,230
Total Accumulated Depreciation	<u>84,545</u>	<u>7,685</u>	<u>-</u>	<u>92,230</u>
Total Capital Assets, Being Depreciated, Net	<u>80,211</u>	<u>(7,685)</u>	<u>-</u>	<u>72,526</u>
Business-Type Activities Capital Assets, Net	<u>\$ 80,211</u>	<u>\$ (7,685)</u>	<u>\$ -</u>	<u>\$ 72,526</u>

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

Governmental activities:	
Instruction	
Regular	\$ 50,527
Other Instruction	2,807
Total Instruction	<u>53,334</u>
Support Services	
Student and Instruction Related Services	30,877
Operations and Maintenance of Plant	196,493
Total Support Services	<u>227,370</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 280,704</u>
Business-Type Activities:	
Food Service Fund	\$ 7,685
Total Depreciation Expense-Business-Type Activities	<u>\$ 7,685</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 93,493
General Fund	Special Revenue Fund	242,878
General Fund	Debt Service Fund	3,913
Food Service Fund	General Fund	7,062
Payroll Agency Fund	General Fund	<u>123,345</u>
		<u>\$ 470,691</u>

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

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

Interfund transfers

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

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

\$2,255,000, 2003 Bonds, due in an annual installment of \$180,000 through May 1, 2018 interest at 3.75% to 4.00%	\$360,000
\$6,788,000, 2010 Bonds, due in annual installments of \$450,000 to \$650,000 through July 1, 2024 interest at 3.00% - 3.85%	<u>5,363,000</u>
Total	<u>\$5,723,000</u>

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

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 630,000	\$ 190,264	\$ 820,264
2018	630,000	169,564	799,564
2019	625,000	146,239	771,239
2020	625,000	127,098	752,098
2021	625,000	107,176	732,176
2022-2025	<u>2,588,000</u>	<u>200,633</u>	<u>2,788,633</u>
	<u>\$ 5,723,000</u>	<u>\$ 940,974</u>	<u>\$ 6,663,974</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 167,142,418
Less: Net Debt	<u>5,723,000</u>
Remaining Borrowing Power	<u>\$ 161,419,418</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, July 1, 2015	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2016	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 6,373,000		\$ 650,000	\$ 5,723,000	\$ 630,000
Net Pension Liability	4,947,099	\$ 1,042,768	220,943	5,768,924	
Compensated Absences	<u>100,551</u>	<u>2,011</u>	<u>-</u>	<u>102,562</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 11,420,650</u>	<u>\$ 1,044,779</u>	<u>\$ 870,943</u>	<u>\$ 11,594,486</u>	<u>\$ 630,000</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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.

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 insurance fund is 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:

Fiscal Year Ended <u>June 30,</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2016	\$ 587		\$ 100,405
2015	31,104	\$ 17,631	99,718
2014	30,783	13,272	86,158

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

Funding Status and Funding Progress

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 220,943	\$ 786,750	\$ 6,374
2015	217,827	516,565	2,934
2014	209,003	402,562	None

For fiscal years 2015/2016 and 2014/2015, the state contributed \$786,750 and \$516,565, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$402,562 for normal cost pension and NCGI premium.

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

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$733,919 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$5,768,924 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was 0.02569 percent, which was a decrease of .00073 percent from its proportionate share measured as of June 30, 2014 of 0.02642 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$315,051 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 137,626	
Changes of Assumptions	619,536	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 92,753
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	288,315
	<u> </u>	<u> </u>
Total	<u>\$ 757,162</u>	<u>\$ 381,068</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Fiscal Year Ending <u>June 30,</u>			
2017	\$	57,098	
2018		57,098	
2019		57,098	
2020		130,803	
2021		<u>73,997</u>	
	\$	<u>376,094</u>	

Actuarial Assumptions

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

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,170,067</u>	<u>\$ 5,768,924</u>	<u>\$ 4,594,216</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,687,361 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$60,390,129. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was 0.09554 percent, which was an increase of 0.00039 percent from its proportionate share measured as of June 30, 2014 of 0.09515 percent.

Actuarial Assumptions

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

TPAF

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

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

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(3.13%)</u>	Current Discount Rate <u>(4.13%)</u>	1% Increase <u>(5.13%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 71,771,411</u>	<u>\$ 60,390,129</u>	<u>\$ 50,584,473</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

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

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$936,803, \$820,049 and \$660,049, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

The Net Position, Beginning of Year, has been restated as a result of the District conducting an updated appraisal of its capital assets and related depreciation. The net effect of this restatement is a decrease of \$105,112 in Governmental Activities net position and an increase of \$11,924 in Business-Type Activities Net Position.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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, 2016

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES					
Local Sources					
Local Tax Levy	\$ 24,047,391		\$ 24,047,391	\$ 24,047,391	
Tuition from Other LEA's Within the State				105,605	\$ 105,605
Transportation Fees from Other LEAs				19,725	19,725
Investment Income				1,163	1,163
Miscellaneous	104,166	-	104,166	92,835	(11,331)
Total Local Sources	24,151,557	-	24,151,557	24,266,719	115,162
State Sources					
Categorical Special Education Aid	755,829		755,829	755,829	
Equalization Aid	76,492		76,492	76,492	
Categorical Security Aid	34,532		34,532	34,532	
Categorical Transportation Aid	100,005		100,005	100,005	
PARCC Readiness Aid	14,360		14,360	14,360	
Per Pupil Growth Aid	14,360		14,360	14,360	
Extraordinary Aid				180,836	180,836
Non Public Transportation Reimbursement				23,664	23,664
On-behalf TPAF Normal Costs (Non-budgeted)				749,419	749,419
On-behalf TPAF NCGI Premium (Non-budgeted)				37,331	37,331
On-behalf Post Retirement Medical Contribution (Non-budgeted)				936,803	936,803
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	733,919	733,919
Total State Sources	995,578	-	995,578	3,657,550	2,661,972
Federal Sources					
Medicaid Reimbursement	24,154	-	24,154	3,950	(20,204)
Total Federal Sources	24,154	-	24,154	3,950	(20,204)
Total Revenues	25,171,289	-	25,171,289	27,928,219	2,756,930
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers Grades 9-12	8,155,406	\$ 246,820	8,402,226	8,365,127	37,099
Regular Programs- Home Instruction					
Salaries of Teachers	30,000	9,563	39,563	39,263	300
Purchased Professional - Educational Services	45,000	960	45,960	27,711	18,249
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	3,700	(1,500)	2,200	948	1,252
Purchased Technical Services	9,000		9,000	7,199	1,801
Other Purchased Services	175,572	20,262	195,834	177,010	18,824
General Supplies	207,845	(18,368)	189,477	167,681	21,796
Textbooks	44,906	(776)	44,130	32,501	11,629
Other Objects	2,043	3,240	5,283	3,290	1,993
Total Regular Programs	8,673,472	260,201	8,933,673	8,820,730	112,943
Instruction - Special Education Programs					
Resource Room					
Salaries of Teachers	646,264	23,429	669,693	669,693	
General Supplies	1,426	2,680	4,106	237	3,869
Textbooks	2,628	-	2,628	2,564	64
Total Resource Room	650,318	26,109	676,427	672,494	3,933
Autism					
Purchased Professional-Educational Services	485,000	44,706	529,706	526,705	3,001
Total Autism	485,000	44,706	529,706	526,705	3,001
Home Instruction					
Salaries of Teachers	140,000	(90,993)	49,007	29,444	19,563
Purchased Professional-Educational Services	30,000		30,000	23,483	6,517
General Supplies	-	18,261	18,261	-	18,261
Total Home Instruction	170,000	(72,732)	97,268	52,927	44,341
Total Special Education	1,305,318	(1,917)	1,303,401	1,252,126	51,275

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Bilingual Education					
General Supplies	-	\$ 22,858	\$ 22,858	\$ 22,858	-
Total Bilingual Education	-	22,858	22,858	22,858	-
School Sponsored Co-Curricular Activities					
Salaries	\$ 145,906	(16,110)	129,796	129,796	
Purchased Services	14,925	4,210	19,135	13,916	\$ 5,219
Supplies and Materials	51,347	10,100	61,447	45,338	16,109
Other Objects	240		240	122	118
Transfers to Cover Deficit (Agency)	7,500	-	7,500	4,600	2,900
Total School Sponsored Co-Curricular Activities	219,918	(1,800)	218,118	193,772	24,346
Co-Curricular Athletics					
Salaries	498,564	885	499,449	497,368	2,081
Purchased Services	108,300	(6,901)	101,399	93,000	8,399
Supplies and Materials	124,279	(4,744)	119,535	104,093	15,442
Other Objects	-	4,640	4,640	4,640	-
Total Co-Curricular Athletics	731,143	(6,120)	725,023	699,101	25,922
Total - Instruction	10,929,851	273,222	11,203,073	10,988,587	214,486
Undistributed Expenditures					
Instruction					
Tuition to County Voc.School Dist. - Reg.	975,064	(60,529)	914,535	903,657	10,878
Tuition to County Voc.School Dist. - Special Ed.	75,316	(6,679)	68,637	64,498	4,139
Tuition to County Special Services Districts and Regional Day				76,320	(76,320)
Tuition to Priv. Sch. For the Disabilities within State	1,907,673	101,702	2,009,375	1,929,213	80,162
Tuition - State Facilities	100,077	-	100,077	100,077	
Tuition - Other	87,199	(63,899)	23,300	22,743	557
Total Undistributed Expenditures - Instruction	3,145,329	(29,405)	3,115,924	3,096,508	19,416
Health Services					
Salaries	97,090	3,411	100,501	96,561	3,940
Purchased Professional and Technical Services	20,000	21,951	41,951	41,017	934
Supplies and Materials	3,736	4,449	8,185	7,757	428
Total Health Services	120,826	29,811	150,637	145,335	5,302
Speech, OT, PT & Related Services					
Purchased Professional Educational Services	102,700	7,303	110,003	110,003	-
Total Speech, OT, PT & Related Services	102,700	7,303	110,003	110,003	-
Other Support Services - Students - Extra Services					
Purchased Professional Educational Services	67,000	111,693	178,693	178,693	-
Supplies and Materials	-	478	478	478	-
Total Other Support Services- Student- Extra Serv.	67,000	112,171	179,171	179,171	-
Guidance					
Salaries of Other Professional Staff	520,082	24,964	545,046	545,046	
Salaries of Sec. & Clerical Assts.	122,677		122,677	120,503	2,174
Purchased Professional-Educational Services	1,000		1,000		1,000
Other Purchased Professional and Technical Services	1,840		1,840	1,695	145
Other Purchased Services	105,154	(27,081)	78,073	77,387	686
Supplies and Materials	15,997	10,225	26,222	25,421	801
Other Objects	1,970	-	1,970	1,302	668
Total Guidance	768,720	8,108	776,828	771,354	5,474

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 377,533	\$ 27,633	\$ 405,166	\$ 405,166	
Salaries of Sec. & Clerical Assts.	72,148	(21,997)	50,151	50,133	\$ 18
Other Purchased Professional and Technical Services	1,700	5,480	7,180	6,966	214
Miscellaneous Purchased Services	3,800	(922)	2,878	2,877	1
Supplies and Materials	4,200	(1,530)	2,670	2,596	74
Other Objects	-	150	150	150	-
Total Child Study Teams	459,381	8,814	468,195	467,888	307
Improvement of Instructional Services					
Salaries of Other Professional Staff	92,857	(4,636)	88,221	85,000	3,221
Other Purchased Services	6,000	2,000	8,000	7,313	687
Total Improvement of Instructional Services	98,857	(2,636)	96,221	92,313	3,908
Educational Media Services/School Library					
Salaries	115,525	1,572	117,097	117,097	
Other Purchased Services	11,125		11,125	7,962	3,163
Supplies and Materials	11,050	(1,572)	9,478	3,414	6,064
Other Objects	350	-	350	319	31
Total Educational Media Services/School Library	138,050	-	138,050	128,792	9,258
Instructional Staff Training Services					
Other Purchased Professional and Technical Services	4,000		4,000	3,795	205
Other Purchased Services	2,000	-	2,000	1,282	718
Total Instructional Staff Training Services	6,000	-	6,000	5,077	923
Support Services General Administration					
Salaries	206,000		206,000	201,439	4,561
Legal Services	24,000	15,000	39,000	17,255	21,745
Audit Fees	25,500	8,043	33,543	24,700	8,843
Other Purchased Professional Services	10,500	(8,130)	2,370	1,308	1,062
Communications/Telephone	117,878	7,738	125,616	112,553	13,063
BOE Other Purchased Services	5,000	24,183	29,183	24,248	4,935
Miscellaneous Purchased Services	23,600	820	24,420	22,851	1,569
General Supplies	1,007	3,200	4,207	3,824	383
BOE In-House Training/Meeting Supplies	3,000	(100)	2,900	2,690	210
Judgments Against the School District		17,957	17,957	17,957	
Miscellaneous Expenditures	1,785	1,500	3,285	2,867	418
BOE Membership Dues and Fees	12,000	-	12,000	11,176	824
Total Support Services General Administration	430,270	70,211	500,481	442,868	57,613
Support Services School Administration					
Salaries of Principals/Asst. Principals	598,403	32,357	630,760	614,657	16,103
Salaries of Secretarial and Clerical Assistants	179,676	(1,178)	178,498	163,486	15,012
Other Purchased Services	12,275	29,500	41,775	10,850	30,925
Supplies and Materials	8,750	(995)	7,755	7,651	104
Other Objects	3,000	355	3,355	2,507	848
Total Support Services School Administration	802,104	60,039	862,143	799,151	62,992
Central Services					
Salaries	277,238		277,238	274,409	2,829
Purchased Technical Services	33,800	20,483	54,283	33,164	21,119
Miscellaneous Purchased Services	35,500	(885)	34,615	32,543	2,072
Supplies and Materials	8,850	1,385	10,235	10,152	83
Miscellaneous Expenditures	4,000	-	4,000	3,994	6
Total Central Services	359,388	20,983	380,371	354,262	26,109
Admin. Info. Technology					
Salaries	82,393	7,607	90,000	90,000	
Other Purchased Services	41,588	(6,848)	34,740	31,092	3,648
Supplies and Materials	6,350	4,950	11,300	11,223	77
Total Admin. Info. Technology	130,331	5,709	136,040	132,315	3,725
Undist. Expend. - Required Maint. For School Facilities					
Salaries	391,801		391,801	327,928	63,873
Cleaning, Repair, and Maintenance	124,773	(4,156)	120,617	95,686	24,931
General Supplies	3,581		3,581	2,860	721
Other Objects	250	-	250	-	250
Total Undist. Expend - Required Maint. For School Facilities	520,405	(4,156)	516,249	426,474	89,775

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Custodial Services					
Salaries	\$ 1,115,237	\$ (101,067)	\$ 1,014,170	\$ 967,780	\$ 46,390
Cleaning, Repair, and Maintenance Services	177,280	(32,877)	144,403	91,550	52,853
Other Purchased Property Services	24,004		24,004	23,869	135
Insurance	145,000	4,452	149,452	149,452	
Miscellaneous Purchased Services	1,500		1,500	1,262	238
General Supplies	80,325	3,077	83,402	67,668	15,734
Energy (Electricity)	303,502	(17,614)	285,888	233,905	51,983
Energy (Natural Gas)	149,612		149,612	60,142	89,470
Other Objects	-	100	100	-	100
Total Custodial Services	1,996,460	(143,929)	1,852,531	1,595,628	256,903
Care and Upkeep of Grounds					
Salaries	235,353		235,353	198,792	36,561
Purchased Professional and Technical Services	900		900	900	
Cleaning, Repair, and Maintenance Services	26,799	1,800	28,599	25,935	2,664
General Supplies	54,855	(1,800)	53,055	37,392	15,663
Total Care and Upkeep of Grounds	317,907	-	317,907	262,119	55,788
Security					
Salaries	25,000		25,000	2,350	22,650
Purchased Professional and Technical Services	163,000	(3,500)	159,500	74,583	84,917
General Supplies	1,500	-	1,500	959	541
Total Security	189,500	(3,500)	186,000	77,892	108,108
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	77,833		77,833	68,608	9,225
Management Fee - ESC & CTSA	24,000	(22,636)	1,364	-	1,364
Other Purchased Professional and Technical Services	4,000		4,000	3,671	329
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	115,000	21,437	136,437	119,287	17,150
Contracted Services (Between Home and School) - Vendors	600,347	(14,084)	586,263	585,617	646
Contracted Services (Other Than Between Home and School) - Vendors	210,446	709	211,155	150,446	60,709
Contracted Services (Reg Students) - ESC's & CTSA's	82,680	372	83,052	77,671	5,381
Contracted Services (Sp Ed Students) - ESC's & CTSA's	702,804	36,633	739,437	703,394	36,043
Miscellaneous Purchased Services - Transportation	13,463		13,463	13,228	235
Other Objects	425	-	425	300	125
Total Student Transportation Services	1,830,998	22,431	1,853,429	1,722,222	131,207
Unallocated Benefits - Employee Benefits					
Social Security Contributions	277,379		277,379	305,933	(28,554)
Other Retirement Contributions	248,323		248,323	227,317	21,006
Workmen's Compensation	121,745	380	122,125	119,487	2,638
Health Benefits	3,327,317	(394,731)	2,932,586	2,676,769	255,817
Tuition Reimbursement	8,000	11,000	19,000	19,000	
Other Employee Benefits	12,500	-	12,500	27	12,473
Total Unallocated Benefits - Employee Benefits	3,995,264	(383,351)	3,611,913	3,348,533	263,380
On-behalf TPAF Normal Costs (Non-budgeted)				749,419	(749,419)
On-behalf TPAF NCGI Premium (Non-budgeted)				37,331	(37,331)
On-behalf Post Retirement Medical Contribution (Non-budgeted)				936,803	(936,803)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				733,919	(733,919)
Total On-behalf Contributions				2,457,472	(2,457,472)
Total Undistributed Expenditures	15,479,490	(221,397)	15,258,093	16,615,377	(1,357,284)
Total Expenditures - Current Expense	26,409,341	51,825	26,461,166	27,603,964	(1,142,798)

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 9-12	\$ 37,418	(10,000)	\$ 27,418	\$ 15,666	\$ 11,752
School Sponsored and Other Instruction	4,270		4,270		4,270
Undistributed Expenditures					
Central Services	14,000	11,500	25,500	25,214	286
Administrative Information Technology		17,695	17,695	17,695	
Required Maintenance for School Facilities	15,000	19,780	34,780	19,780	15,000
Care and Upkeep of Grounds	25,600	(19,780)	5,220	-	5,220
Total Equipment	<u>95,688</u>	<u>19,195</u>	<u>114,883</u>	<u>78,355</u>	<u>36,528</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	34	-	34	34	-
Total Facilities Acquisition and Construction Services	<u>34</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>-</u>
Total Capital Outlay	<u>95,722</u>	<u>19,195</u>	<u>114,917</u>	<u>78,389</u>	<u>36,528</u>
Transfer of Funds to Charter Schools	-	-	-	-	-
Total Expenditures	<u>26,505,063</u>	<u>71,020</u>	<u>26,576,083</u>	<u>27,682,353</u>	<u>(1,106,270)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,333,774)	(71,020)	(1,404,794)	245,866	1,650,660
Other Financing Sources					
Operating Transfers In	-	-	-	1	1
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Excess to Fund Balance	<u>(1,333,774)</u>	<u>(71,020)</u>	<u>(1,404,794)</u>	<u>245,867</u>	<u>1,650,661</u>
Fund Balances, Beginning of Year	3,186,037	-	3,186,037	3,186,037	-
Fund Balances, End of Year	<u>\$ 1,852,263</u>	<u>\$ (71,020)</u>	<u>\$ 1,781,243</u>	<u>\$ 3,431,904</u>	<u>\$ 1,650,661</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,201,070	
Excess Surplus				1,297,478	
Assigned:					
Designated for Subsequent Year's Expenditures				150,071	
Year - End Encumbrances				74,286	
Unassigned Fund Balance				708,998	
				3,431,904	
Less: State Payments Not Recognized on GAAP					
Delayed State Aid				(259,903)	
Fund Balance, GAAP Basis				<u>\$ 3,172,001</u>	

**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, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources	\$ 385,423	\$ 114,195	\$ 499,618	\$ 476,356	\$ (23,262)
Total Revenues	<u>385,423</u>	<u>114,195</u>	<u>499,618</u>	<u>476,356</u>	<u>(23,262)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	108,291	(58,143)	50,148	44,252	5,896
Other Purchased Services		43,000	43,000	33,334	9,666
Tuition	241,904	54,206	296,110	296,110	
General Supplies	<u>35,228</u>	<u>1,872</u>	<u>37,100</u>	<u>36,604</u>	<u>496</u>
Total Instruction	<u>385,423</u>	<u>40,935</u>	<u>426,358</u>	<u>410,300</u>	<u>16,058</u>
Support Services					
Salaries		60,000	60,000	55,025	4,975
Employee Benefits	<u>-</u>	<u>11,031</u>	<u>11,031</u>	<u>11,031</u>	<u>-</u>
Total Support Services	<u>-</u>	<u>71,031</u>	<u>71,031</u>	<u>66,056</u>	<u>4,975</u>
Facilities Acquisition and Construction Services					
Building	<u>-</u>	<u>2,229</u>	<u>2,229</u>	<u>-</u>	<u>2,229</u>
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>2,229</u>	<u>2,229</u>	<u>-</u>	<u>2,229</u>
Total Expenditures	<u>385,423</u>	<u>114,195</u>	<u>499,618</u>	<u>476,356</u>	<u>23,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**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, 2016**

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

The accounting records of the Special Revenue 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)	\$ 27,928,219	\$ 476,356
Difference - Budget to GAAP		
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	154,828	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(259,903)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 27,823,144</u>	<u>\$ 476,356</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	<u>\$ 27,682,353</u>	<u>\$ 476,356</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 27,682,353</u>	<u>\$ 476,356</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02569%	0.02642%	0.02773%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,768,924	\$ 4,947,099	\$5,301,355
District's Covered-Employee Payroll	\$ 1,772,170	\$ 2,530,590	\$2,479,065
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	326%	195%	214%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

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

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 220,943	\$ 217,827	\$ 209,003
Contributions in Relation to the Contractually Required Contribution	<u>220,943</u>	<u>217,827</u>	<u>209,003</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,772,170	\$ 2,530,590	\$2,479,065
Contributions as a Percentage of Covered-Employee Payroll	12.5%	8.6%	8.4%

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 60,390,129</u>	<u>\$ 50,859,308</u>	<u>\$48,374,689</u>
Total	<u>\$ 60,390,129</u>	<u>\$ 50,859,308</u>	<u>\$48,374,689</u>
District's Covered-Employee Payroll	\$ 9,946,970	\$ 10,997,122	\$10,520,829
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.74%	33.64%	33.76%

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms:

None.

Change of Assumptions:

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

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, 2016**

	<u>NCLB Title I</u>	<u>NCLB Title II-A</u>	<u>NCLB Title III</u>	<u>IDEA Part B Basic</u>	<u>Total</u>
REVENUES					
Intergovernmental					
Federal	\$ 147,883	\$ 26,091	\$ 6,272	\$ 296,110	\$ 476,356
Total Revenues	<u>\$ 147,883</u>	<u>\$ 26,091</u>	<u>\$ 6,272</u>	<u>\$ 296,110</u>	<u>\$ 476,356</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 18,110	\$ 20,707	\$ 5,435		\$ 44,252
Other Purchased Services	33,334				33,334
Tuition				\$ 296,110	296,110
General Supplies	<u>36,604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,604</u>
Total Instruction	<u>88,048</u>	<u>20,707</u>	<u>5,435</u>	<u>296,110</u>	<u>410,300</u>
Support Services					
Salaries	55,025				55,025
Employee Benefits	<u>4,810</u>	<u>5,384</u>	<u>837</u>	<u>-</u>	<u>11,031</u>
Total Support Services	<u>59,835</u>	<u>5,384</u>	<u>837</u>	<u>-</u>	<u>66,056</u>
Total Expenditures	<u>\$ 147,883</u>	<u>\$ 26,091</u>	<u>\$ 6,272</u>	<u>\$ 296,110</u>	<u>\$ 476,356</u>

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, 2016

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, 2016

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2016</u>
		<u>Prior Year</u>	<u>Current Year</u>	
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	<u>6,794,590</u>	<u>6,776,626</u>	\$ -	<u>17,964</u>
	<u>\$ 9,838,133</u>	<u>\$ 9,796,096</u>	<u>\$ -</u>	<u>\$ 42,037</u>
			Unexpended Project Balance	\$ 42,037
			Less: Unearned Revenue	(27,610)
			Less: Debt Authorized But Not Issued	<u>(806)</u>
			Fund Balance	<u>\$ 13,621</u>

**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, 2016**

Revenues and Other Financing Sources

Revenues

Interest Earnings	\$ 1
Total Revenues	1

Expenditures and Other Financing Uses

Expenditures

Transfer to General Fund	1
Total Expenditures and Transfers	1

Excess (Deficiency) of Revenues Over (Under) Expenditures	-
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Fund Balance - Beginning of Year	41,231
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Fund Balance - End of Year	\$ 41,231
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Reconciliation to GAAP

Fund Balance - Budgetary Basis	\$ 41,231
Less: SDA Grant Revenue	
Not Realized on GAAP Basis	(27,610)
	\$ 13,621

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, 2016

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

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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 6,788,000		\$ 6,788,000	\$ 6,788,040
Other Local Sources	6,550	-	6,550	6,550
Total Revenues	<u>6,794,550</u>	<u>-</u>	<u>6,794,550</u>	<u>6,794,590</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Professional and Technical Services	670,421		670,421	670,421
Miscellaneous Expenditures	151		151	151
Cost of Issuance	45,206		45,206	45,206
Construction Services	6,060,848	\$ -	6,060,848	6,078,812
Total Expenditures and other Financing Sources	<u>6,776,626</u>	<u>-</u>	<u>6,776,626</u>	<u>6,794,590</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 17,924</u>	<u>\$ -</u>	<u>\$ 17,924</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Approval Date	12/08
Bond Issue Date	7/8/2010
Bonds Issued	6,788,000
Original Authorized Cost	6,788,040
Additional Authorized Cost	-
Revised Authorized Cost	6,794,590

ENTERPRISE FUNDS

EXHIBIT G-1

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4.

EXHIBIT G-2

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

EXHIBIT G-3

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

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 ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2016</u>
ASSETS			
Cash and Cash Equivalents	\$ 45,448	\$ 430,411	\$ 475,859
Due from Other Funds	<u>-</u>	<u>123,345</u>	<u>123,345</u>
Total Assets	<u>\$ 45,448</u>	<u>\$ 553,756</u>	<u>\$ 599,204</u>
LIABILITIES			
Due to Student Groups	\$ 45,448		\$ 45,448
Accrued Salaries and Wages		\$ 26,257	26,257
Reserve for Flexible Spending Account		300	300
Intergovernmental Accounts Payable		169,431	169,431
Unallocated Funds		99,350	99,350
Reserve for Employee Benefit Contributions		56,745	56,745
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>201,673</u>	<u>201,673</u>
Total Liabilities	<u>\$ 45,448</u>	<u>\$ 553,756</u>	<u>\$ 599,204</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**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, 2016**

<u>School</u>	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
HIGH SCHOOL				
Due to Other Funds				
Passaic County Regional High School	\$ 14,747	\$ 429,346	398,645	\$ 45,448
	<u>\$ 14,747</u>	<u>\$ 429,346</u>	<u>\$ 398,645</u>	<u>\$ 45,448</u>

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

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Due to(from) Other Funds		\$ 97,598	\$ 220,943	\$ (123,345)
Flex Spending		300		300
Accrued Salaries and Wages	\$ 14,784	8,618,628	8,607,155	26,257
Intergovernmental Accounts Payable		169,431		169,431
Unallocated Funds		99,350		99,350
Reserve for Employee Benefit Contributions		56,745		56,745
Payroll Deductions and Withholdings	147,969	6,787,633	6,733,929	201,673
	<u>\$ 162,753</u>	<u>\$ 15,829,685</u>	<u>\$ 15,562,027</u>	<u>\$ 430,411</u>

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, 2016

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
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			various	\$ 70,000		\$ 70,000	
Alteration and Renovation at Passaic Valley High School, and the Installation of an All Weather Track	5/1/2003	2,255,000	5/1/17-18	\$ 180,000	3.75-4.00%	540,000		180,000	\$ 360,000
Renovations and Improvements at Passaic Valley High School	7/8/2011	6,788,000	7/1/16-17	450,000	3.00%				
			7/1/18-20	625,000	3.125 - 3.400%				
			7/1/21-23	650,000	3.550 - 3.750%				
			7/1/2024	638,000	3.85%	5,763,000	-	400,000	5,363,000
						<u>\$ 6,373,000</u>	<u>\$ -</u>	<u>\$ 650,000</u>	<u>\$ 5,723,000</u>

**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, 2016**

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, 2016**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 670,550		\$ 670,550	\$ 670,550	
Intergovernmental					
Debt Service Aid Type II	200,129	-	200,129	200,129	-
	<u>870,679</u>	<u>-</u>	<u>870,679</u>	<u>870,679</u>	<u>-</u>
Total Revenues					
EXPENDITURES					
Regular Debt Service					
Interest	220,679		220,679	211,877	\$ 8,802
Principal	650,000	-	650,000	650,000	-
	<u>870,679</u>	<u>-</u>	<u>870,679</u>	<u>861,877</u>	<u>8,802</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	8,802	8,802
Fund Balance (Deficit), Beginning of Year	(9,053)	-	(9,053)	(9,053)	-
Fund Balance (Deficit), End of Year	<u>\$ (9,053)</u>	<u>\$ -</u>	<u>\$ (9,053)</u>	<u>\$ (251)</u>	<u>\$ 8,802</u>

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.

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

	2007	2008	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 1,146,859	\$ 1,272,215	\$ 1,497,868	\$ 1,643,008	\$ (329,194)	\$ 12,323	\$ 538,415	\$ 999,257	\$ 1,348,375	\$ 1,690,914
Restricted	37	96	5,900	26,994	70,432	49,598	600	1	1	1
Unrestricted	<u>514,552</u>	<u>855,526</u>	<u>929,292</u>	<u>624,025</u>	<u>660,939</u>	<u>1,083,553</u>	<u>2,038,658</u>	<u>(2,643,765)</u>	<u>(2,470,470)</u>	<u>(2,409,741)</u>
Total Governmental Activities Net Position	<u>\$ 1,661,448</u>	<u>\$ 2,127,837</u>	<u>\$ 2,433,060</u>	<u>\$ 2,294,027</u>	<u>\$ 402,177</u>	<u>\$ 1,145,474</u>	<u>\$ 2,577,673</u>	<u>\$ (1,644,507)</u>	<u>\$ (1,122,094)</u>	<u>\$ (718,826)</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 42,797	\$ 41,609	\$ 34,843	\$ 30,763	\$ 31,067	\$ 51,143	\$ 82,886	\$ 81,563	\$ 68,287	\$ 72,526
Restricted										
Unrestricted	<u>38,057</u>	<u>35,889</u>	<u>55,815</u>	<u>67,291</u>	<u>110,367</u>	<u>152,082</u>	<u>151,433</u>	<u>130,177</u>	<u>101,961</u>	<u>55,948</u>
Total Business-Type Activities Net Position	<u>\$ 80,854</u>	<u>\$ 77,498</u>	<u>\$ 90,658</u>	<u>\$ 98,054</u>	<u>\$ 141,434</u>	<u>\$ 203,225</u>	<u>\$ 234,319</u>	<u>\$ 211,740</u>	<u>\$ 170,248</u>	<u>\$ 128,474</u>
District-Wide										
Net Investment in Capital Assets	\$ 1,189,656	\$ 1,313,824	\$ 1,532,711	\$ 1,673,771	\$ (298,127)	\$ 63,466	\$ 621,301	\$ 1,080,820	\$ 1,416,662	\$ 1,763,440
Restricted	37	96	5,900	26,994	70,432	49,598	600	1	1	1
Unrestricted	<u>552,609</u>	<u>891,415</u>	<u>985,107</u>	<u>691,316</u>	<u>771,306</u>	<u>1,235,635</u>	<u>2,190,091</u>	<u>(2,513,588)</u>	<u>(2,368,509)</u>	<u>(2,353,793)</u>
Total District Net Position	<u>\$ 1,742,302</u>	<u>\$ 2,205,335</u>	<u>\$ 2,523,718</u>	<u>\$ 2,392,081</u>	<u>\$ 543,611</u>	<u>\$ 1,348,699</u>	<u>\$ 2,811,992</u>	<u>\$ (1,432,767)</u>	<u>\$ (951,846)</u>	<u>\$ (590,352)</u>

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,584,890	\$ 9,921,875	\$ 9,736,339	\$ 10,195,190	\$ 10,470,439	\$ 11,241,633	\$ 11,837,456	\$ 12,353,088	\$ 14,890,828	\$ 15,869,208
Special Education	2,583,412	2,554,008	2,450,362	2,616,384	2,402,172	2,438,282	3,228,110	3,232,387	3,431,786	4,023,656
Other Instruction	45,426	28,998	2,628	22,569	25,816	27,175	26,270	35,242	47,772	48,408
School Sponsored Activities And Athletics	1,097,938	1,137,084	1,213,689	1,206,306	1,039,671	1,097,836	1,088,063	1,102,848	1,213,804	1,256,982
Support Services:										
Student & Instruction Related Services	1,858,382	1,902,755	1,845,589	1,988,284	1,895,618	1,915,879	2,019,635	2,165,967	2,529,604	2,940,549
School Administrative Services	728,687	754,880	777,414	839,235	872,040	939,296	921,657	881,705	1,094,809	1,312,940
General Administration	637,978	637,769	657,058	616,505	599,175	573,026	613,658	631,712	544,974	581,694
Plant Operations And Maintenance	2,425,249	2,640,920	2,748,575	3,039,528	3,017,228	3,015,157	3,227,203	3,346,008	3,440,555	2,876,412
Pupil Transportation	1,399,183	1,581,681	1,590,106	1,545,406	1,459,584	1,475,776	1,599,648	1,710,771	1,689,665	1,760,112
Business and Other Support Services	843,211	987,552	1,027,202	850,321	911,878	908,870	844,702	840,623	856,608	687,827
Interest On Long-Term Debt	107,958	99,575	90,693	81,780	283,089	301,218	269,660	247,416	226,874	204,623
Total Governmental Activities Expenses	21,312,314	22,247,097	22,139,655	23,001,508	22,976,710	23,934,148	25,676,062	26,547,767	29,967,279	31,562,411
Business-Type Activities:										
Food Service	635,693	775,627	810,085	828,102	788,062	965,534	808,098	869,269	894,750	907,928
Total Business-Type Activities Expense	635,693	775,627	810,085	828,102	788,062	965,534	808,098	869,269	894,750	907,928
Total District Expenses	\$ 21,948,007	\$ 23,022,724	\$ 22,949,740	\$ 23,829,610	\$ 23,764,772	\$ 24,899,682	\$ 26,484,160	\$ 27,417,036	\$ 30,862,029	\$ 32,470,339
Program Revenues										
Governmental Activities:										
Charges For Services:										
Tuition / Pupil Transportation	\$ 189,256	\$ 214,293	\$ 196,021	\$ 184,165	\$ 189,924	\$ 178,685	\$ 165,722	\$ 163,216	\$ 122,296	\$ 125,330
Operating Grants And Contributions	3,358,493	3,404,692	2,856,060	2,535,241	2,302,525	2,845,252	3,459,094	3,269,732	5,836,000	6,876,416
Capital Grants And Contributions	215	6,406	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	3,547,964	3,625,391	3,052,081	2,719,406	2,492,449	3,023,937	3,624,816	3,432,948	5,958,296	7,001,746
Business-Type Activities:										
Charges For Services										
Food Service	620,842	728,025	771,720	769,098	742,880	896,500	677,581	656,826	649,422	609,787
Operating Grants And Contributions	33,243	44,246	51,525	66,400	88,562	130,825	161,611	189,864	203,836	244,443
Total Business Type Activities Program Revenues	654,085	772,271	823,245	835,498	831,442	1,027,325	839,192	846,690	853,258	854,230
Total District Program Revenues	\$ 4,202,049	\$ 4,397,662	\$ 3,875,326	\$ 3,554,904	\$ 3,323,891	\$ 4,051,262	\$ 4,464,008	\$ 4,279,638	\$ 6,811,554	\$ 7,855,976
Net (Expense)/Revenue										
Governmental Activities	\$ (17,764,350)	\$ (18,621,706)	\$ (19,087,574)	\$ (20,282,102)	\$ (20,484,261)	\$ (20,910,211)	\$ (22,051,246)	\$ (23,114,819)	\$ (24,008,983)	\$ (24,560,665)
Business-Type Activities	18,392	(3,356)	13,160	7,396	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)
Total District-Wide Net Expense	\$ (17,745,958)	\$ (18,625,062)	\$ (19,074,414)	\$ (20,274,706)	\$ (20,440,881)	\$ (20,848,420)	\$ (22,020,152)	\$ (23,137,398)	\$ (24,050,475)	\$ (24,614,363)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 17,262,984	\$ 18,265,821	\$ 18,854,854	\$ 19,504,048	\$ 20,204,210	\$ 20,589,474	\$ 22,375,324	\$ 23,113,602	\$ 23,575,874	\$ 24,047,391
Taxes Levied For Debt Service	311,883	323,816	320,707	335,836	358,729	524,707	631,942	675,102	646,185	670,550
Grants And Contributions	332,678	372,786	138,511	219,208	28,507	203,202	294,770	301,595	237,329	257,105
Miscellaneous Income	125,153	125,672	78,725	83,977	130,544	126,705	223,138	103,695	72,008	93,999
Loss on Disposal of Fixed Assets						(227)	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>18,032,698</u>	<u>19,088,095</u>	<u>19,392,797</u>	<u>20,143,069</u>	<u>20,721,990</u>	<u>21,443,861</u>	<u>23,525,174</u>	<u>24,193,994</u>	<u>24,531,396</u>	<u>25,069,045</u>
Business-Type Activities:										
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 18,032,698</u>	<u>\$ 19,088,095</u>	<u>\$ 19,392,797</u>	<u>\$ 20,143,069</u>	<u>\$ 20,721,990</u>	<u>\$ 21,443,861</u>	<u>\$ 23,525,174</u>	<u>\$ 24,193,994</u>	<u>\$ 24,531,396</u>	<u>\$ 25,069,045</u>
Change in Net Position										
Governmental Activities	\$ 268,348	\$ 466,389	\$ 305,223	\$ (139,033)	\$ 237,729	\$ 533,650	\$ 1,473,928	\$ 1,079,175	\$ 522,413	\$ 508,380
Business-Type Activities	18,392	(3,356)	13,160	7,396	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)
Total District	<u>\$ 286,740</u>	<u>\$ 463,033</u>	<u>\$ 318,383</u>	<u>\$ (131,637)</u>	<u>\$ 281,109</u>	<u>\$ 595,441</u>	<u>\$ 1,505,022</u>	<u>\$ 1,056,596</u>	<u>\$ 480,921</u>	<u>\$ 454,682</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					\$ 550,558	\$ 765,269	\$ 1,603,395	\$ 2,256,458	\$ 2,068,845	\$ 2,498,549
Assigned					39,373	159,945	242,321	197,946	537,020	224,357
Unassigned					403,790	377,627	392,815	414,084	425,344	449,095
Reserved	\$ 166,204	\$ 590,765	\$ 669,559	\$ 465,571						
Unreserved	<u>522,700</u>	<u>549,131</u>	<u>410,007</u>	<u>298,848</u>	-	-	-	-	-	-
Total General Fund	<u>\$ 688,904</u>	<u>\$ 1,139,896</u>	<u>\$ 1,079,566</u>	<u>\$ 764,419</u>	<u>\$ 993,721</u>	<u>\$ 1,302,841</u>	<u>\$ 2,238,531</u>	<u>\$ 2,868,488</u>	<u>\$ 3,031,209</u>	<u>\$ 3,172,001</u>
All Other Governmental Funds										
Restricted					\$ 1,131,128	\$ 260,592	\$ 75,180	\$ 55,326	\$ 13,621	\$ 13,621
Committed						669,950	95,447			
Unassigned								(8,800)	(9,053)	(251)
Reserved	\$ 100,940		\$ 1,821,709	\$ 2,583,621						
Unreserved	<u>(4,267)</u>	<u>\$ (4,208)</u>	<u>(2,406,710)</u>	<u>(5,439,990)</u>	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 96,673</u>	<u>\$ (4,208)</u>	<u>\$ (585,001)</u>	<u>\$ (2,856,369)</u>	<u>\$ 1,131,128</u>	<u>\$ 930,542</u>	<u>\$ 170,627</u>	<u>\$ 46,526</u>	<u>\$ 4,568</u>	<u>\$ 13,370</u>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 17,574,867	\$ 18,589,637	\$ 19,175,561	\$ 19,839,884	\$ 20,562,939	\$ 21,114,181	\$ 23,007,266	\$ 23,788,704	\$ 24,222,059	\$ 24,717,941
Transportation/Tuition	189,256	214,293	196,021	184,165	189,924	178,685	165,722	163,216	122,296	125,330
Miscellaneous	125,153	125,672	78,725	83,977	130,544	126,705	223,138	103,696	72,008	93,999
State Sources	3,374,871	3,455,849	2,611,164	2,266,991	1,809,456	2,581,966	3,309,885	3,132,342	3,360,749	3,752,604
Federal Sources	316,515	328,035	383,407	487,458	521,576	466,488	443,979	438,984	488,137	480,306
Total Revenue	21,580,662	22,713,486	22,444,878	22,862,475	23,214,439	24,468,025	27,149,990	27,626,942	28,265,249	29,170,180
Expenditures										
Instruction										
Regular Instruction	9,507,272	9,747,326	9,788,283	10,203,375	10,406,218	11,170,612	11,713,177	12,215,777	13,187,637	13,659,011
Special Education Instruction	2,578,856	2,554,263	2,467,379	2,611,938	2,414,832	2,438,153	3,227,900	3,232,226	3,277,723	3,844,166
Other Instruction	43,719	27,291	687	20,628	24,258	25,303	29,969	31,970	39,644	45,601
School Sponsored Activities and Athletics	1,092,564	1,137,084	1,213,689	1,200,681	1,039,563	1,097,998	1,088,063	1,102,848	1,169,535	1,198,220
Support Services:										
Student and Inst. Related Services	1,834,396	1,886,425	1,827,019	1,939,384	1,923,909	1,875,952	2,001,182	2,103,257	2,249,782	2,580,322
General Administration	622,246	637,769	657,058	616,505	599,175	573,026	613,658	631,712	500,837	529,979
School Administrative Services	727,206	754,880	777,414	839,235	872,040	939,296	921,657	881,705	1,010,122	1,146,777
Plant Operations And Maintenance	2,319,758	2,535,472	2,629,121	2,876,884	2,922,832	2,890,629	3,066,972	3,103,262	3,211,508	2,650,486
Pupil Transportation	1,399,183	1,581,681	1,590,106	1,545,406	1,459,584	1,475,776	1,599,648	1,710,771	1,689,665	1,756,603
Central Services	806,547	896,462	943,622	763,821	911,878	792,623	768,417	727,565	856,608	669,189
Operating Lease Payments						194,795	225,658	222,884	-	
Capital Outlay	180,951	280,879	871,008	2,513,777	2,847,338	222,268	850,852	282,003	118,033	78,355
Debt Service:										
Cost of issuance for Bond Sale					45,206					
Principal	212,021	222,588	228,187	233,797	244,452	256,056	590,884	620,751	600,000	650,000
Interest and Other Charges	109,566	101,255	92,428	83,559	74,355	407,004	276,178	254,355	233,392	211,877
Total Expenditures	21,434,285	22,363,375	23,086,001	25,448,990	25,785,640	24,359,491	26,974,215	27,121,086	28,144,486	29,020,586
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	146,377	350,111	(641,123)	(2,586,515)	(2,571,201)	108,534	175,775	505,856	120,763	149,594
Other Financing Sources (Uses)										
Bond Sale Proceeds					6,788,000					
Accrued Interest on Bonds										
Premium on Bond Sale										
Transfers In	9	86	5,712	2,614	3,516	1,094	315	81	27	1
Transfers Out	(9)	(86)	(5,712)	(2,614)	(3,516)	(1,094)	(315)	(81)	(27)	(1)
Total Other Financing Sources (Uses)	-	-	-	-	6,788,000	-	-	-	-	-
Net Change in Fund Balances	\$ 146,377	\$ 350,111	\$ (641,123)	\$ (2,586,515)	\$ 4,216,799	\$ 108,534	\$ 175,775	\$ 505,856	\$ 120,763	\$ 149,594
Debt Service as a Percentage of										
Noncapital Expenditures	1.51%	1.47%	1.44%	1.38%	1.39%	2.75%	3.32%	3.26%	2.97%	2.98%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Rebates/ Refunds</u>	<u>Interest on Invest.</u>	<u>Tuition Refunds</u>	<u>Book Fines</u>	<u>Tuition / Transportation Fees</u>	<u>Misc.</u>	<u>Total</u>
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
2011	9,260	10,775	19,990		189,924	87,003	316,952
2012	415	1,242	9,342		178,685	114,612	304,296
2013		1,374			165,722	221,449	388,545
2014		1,680	49,623		163,216	45,762	260,281
2015	16,503	1,525			122,296	53,953	194,277
2016	33,361	1,163			125,330	59,474	219,328

Source: District Records

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.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2011	37,838,400	1,376,785,400			303,200,600	64,602,700	120,741,600	1,903,168,700	6,429,200	1,909,597,900	1,909,597,900	0.337
2012	36,882,200	1,376,430,700			283,233,000	65,340,500	117,147,600	1,879,034,000	6,627,100	1,885,661,100	1,885,661,100	0.385
2013	26,783,060	1,066,372,000			246,005,100	54,397,400	108,646,700	1,502,204,260	5,200,700	1,507,404,960	1,623,729,535	0.506
2014	27,412,500	1,051,978,100			232,899,200	54,169,600	116,124,200	1,482,583,600	4,169,300	1,486,752,900	1,486,752,900	0.520
2015	28,120,300	1,049,623,100			231,829,500	53,267,000	115,646,700	1,478,486,600	4,260,800	1,482,747,400	1,482,747,400	0.487
2016	28,060,000	1,051,777,300			229,699,200	52,554,000	115,646,700	1,477,737,200	4,443,100	1,482,180,300	1,612,426,996	0.494

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 *
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
2011	30,317,700	1,380,731,400	900,400	2,800	655,477,800	337,383,600	N/A	2,404,813,700	2,718,721	2,407,532,421	2,356,236,463	0.372
2012	29,449,300	1,378,014,500	900,400	2,800	655,098,000	332,149,500	N/A	2,375,614,500	2,717,962	2,378,332,462	N/A	0.399
2013	27,680,700	1,375,565,900	900,400	2,800	604,639,000	330,052,800	N/A	2,338,841,600	2,405,947	2,341,247,547	2,113,230,027	0.401
2014	44,455,000	1,360,013,300	900,400	2,800	602,371,000	289,825,800	N/A	2,297,568,300	1,910,636	2,299,478,936	1,971,601,591	0.397
2015	44,758,200	1,357,951,300	900,400	2,800	612,756,900	289,562,300	N/A	2,305,931,900	2,290,124	2,308,222,024	2,156,561,331	0.404
2016	44,294,000	1,357,290,700	900,400	2,800	602,952,000	288,411,200	N/A	2,295,851,100	2,246,233	2,296,097,333	2,216,310,167	0.418

Source: County Abstract of Ratables

a Tax rates are per \$100

*Borough conducted a revaluation effective January 1, 2009

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
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	1,858,894,051	0.651
2011	49,329,600	512,375,600		1,800	158,177,000	29,217,100	14,562,900	763,664,000	1,267,698	764,931,698	1,755,452,018	0.341
2012	37,831,300	1,225,094,700		1,800	300,310,900	56,264,200	60,831,500	1,680,334,400	1,274,976	1,681,609,376	1,691,072,241	0.371
2013	29,526,300	1,243,680,100		1,800	289,689,300	54,365,100	60,840,500	1,678,103,100	1,306,748	1,679,409,848	1,628,637,140	0.404
2014	26,930,400	1,265,728,800		1,800	283,984,600	54,365,100	59,236,800	1,690,247,500	1,147,407	1,691,394,907	1,713,484,050	0.436
2015	23,857,800	1,206,336,400		1,800	297,975,400	54,483,200	60,148,600	1,642,803,200	1,171,996	1,643,975,196	1,724,271,639	0.496
2016	19,229,400	1,219,637,100		1,800	297,788,400	53,995,200	60,148,600	1,650,800,500	1,147,406	1,651,947,906	1,732,691,322	0.504

Source: County Abstract of Ratables

a Tax rates are per \$100

* - Borough underwent a revaluation effective January 1, 2009.

**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
2007	\$0.85	\$1.40	\$1.18	\$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
2011	0.337	0.653	0.58	0.57	2.145
2012	0.385	0.667	0.608	0.64	2.30
2013	0.5060	0.8510	0.7720	0.716	2.845
2014	0.5200	0.8970	0.8010	0.776	2.994
2015	0.4875	0.9222	0.8220	0.844	3.076
2016	0.4940	0.9551	0.8373	0.835	3.121

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

<u>Assessment Year</u>	<u>Passaic Valley Regional H.S. District No. 1</u>	<u>Totowa School District</u>	<u>Borough of Totowa</u>	<u>Passaic County</u>	<u>Total</u>
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
2011	0.372	0.554	0.462	0.577	1.97
2012	0.399	0.566	0.474	0.621	2.06
2013	0.401	0.588	0.512	0.602	2.10
2014	0.397	0.610	0.524	0.591	2.122
2015	0.404	0.638	0.534	0.708	2.284
2016	0.418	0.665	0.543	0.723	2.349

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

<u>Assessment Year</u>	<u>Passaic Valley Regional H.S. District No. 1</u>	<u>Woodland Park School District</u>	<u>Borough of Woodland Park</u>	<u>Passaic County</u>	<u>Total</u>
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
2011	0.341	0.817	0.669	0.606	2.43
2012	0.371	0.843	0.681	0.673	2.57
2013	0.404	0.871	0.692	0.683	2.65
2014	0.436	0.882	0.706	0.679	2.703
2015	0.496	0.929	0.765	0.773	2.964
2016	0.504	0.951	0.775	0.800	3.030

Source: Tax Duplicate, Borough of Woodland Park

* 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	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 68,500,000	4.62%		
Theta Holding Co	50,055,000	3.38%		
Park Falls Associates	13,285,000	0.90%		
PAR3 LLC	12,432,200	0.84%		
Great Notch Village	10,027,700	0.68%		
Saturn Realty	9,656,300	0.65%		
Sisco	8,965,100	0.60%		
Andrew Realty	8,500,000	0.57%		
Hilltop Manor Associates LLC	7,000,000	0.47%		
Brownstone Inc	6,898,800	0.47%		
	<u>\$ 195,320,100</u>	<u>13.18%</u>		
Inwood Owners Inc			\$ 27,000,000	3.71%
Theta Holding Co			24,601,500	3.38%
North Jersey District			5,283,500	0.73%
PAR 3 PAR 5			4,852,400	0.67%
Ward Trucking Corp			4,748,700	0.65%
AMB			4,545,000	0.62%
Great Notch Village			4,481,400	0.62%
Park Falls Associates			4,400,000	0.60%
Andrew Realty			3,750,000	0.52%
Verizon			3,378,452	0.46%
			<u>\$ 87,040,952</u>	<u>11.97%</u>

Source: Municipal Tax Assessor

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

Borough of Totowa

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Totowa VF LLC C/O Vornado Realty Trust	\$ 56,501,300	2.46%		
Fidelity Syn. C/O Slater Companies	46,000,000	2.00%		
Totowa Property Assoc. LLC	24,521,900	1.07%		
930 N. Riverview Assoc. LLC C/O ATCO	24,424,700	1.06%		
Abill Realty Corp.	22,365,000	0.97%		
50 Madison Road LLC	18,928,400	0.82%		
Norwell Land Company C/O Tax Dept	18,500,000	0.81%		
Totowa Plaza Rte 46 LLC	18,355,800	0.80%		
Totowa Plaza Rte 46 LLC	17,711,500	0.77%		
Digital Totowa LLC	16,504,800	0.72%		
	<u>\$ 263,813,400</u>	<u>11.49%</u>		
Totowa VF, LLC			\$ 32,000,000	2.73%
Fidelity Syndications			26,018,600	2.22%
Hoffman La Roche, Inc.			19,125,600	1.63%
Holiday 46 LLC			17,757,800	1.51%
Norwell Land Company			15,474,200	1.32%
Rossmore Assoc/Vons Co.			12,100,000	1.03%
Taft Associates			9,778,800	0.83%
930 N. Riverview Assoc. LLC			9,435,700	0.80%
Abill Realty Corp.			9,305,000	0.79%
515 Limon Blvd. Assoc. LLC			7,800,000	0.66%
			<u>\$ 158,795,700</u>	<u>13.54%</u>

Source: Municipal Tax Assessor

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

Borough of Woodland Park

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rose Manor Estates	\$ 58,294,100	3.53%		
Levco Route 46 Assoc, c/o NY Urban	43,091,000	2.61%		
The Bank of New York	26,591,200	1.61%		
1225 Realty LLC	19,689,600	1.19%		
G.O.P. 1, LLC	17,900,000	1.08%		
DDRM West Falls Plaza, LLC	17,182,200	1.04%		
Lenox Plaza, LLC	14,453,600	0.87%		
G.O.P. 3, LLC	13,550,000	0.82%		
G.O.P. 5, LLC	11,649,000	0.71%		
The Leeward Corporation	11,556,600	0.70%		
	<u>\$ 233,957,300</u>	<u>14.16%</u>		

Rose Manor Estates	\$ 32,320,000	3.98%
Levco Route 46 Associates	15,286,300	1.88%
G.O.P. 3, LLC	15,000,000	1.85%
Bank of New York	14,627,200	1.80%
Garrett Mountain Trust	13,275,000	1.63%
Leeward Corporation	10,773,700	1.33%
Inland Southeast Falls, LLC	8,576,100	1.06%
Best Buy	4,883,800	0.60%
Lackawanna Associates, LLC	4,150,000	0.51%
Wells Fargo Bank	3,600,000	0.44%
	<u>\$ 122,492,100</u>	<u>15.07%</u>

Source: Municipal Tax Assessor

**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	
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%	-
2011	20,562,939	20,562,939	100.00%	-
2012	21,114,181	21,114,181	100.00%	-
2013	23,007,266	23,007,266	100.00%	-
2014	23,788,704	23,788,704	100.00%	-
2015	24,222,059	24,222,059	100.00%	-
2016	24,717,941	24,717,941	100.00%	-

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Inter- governmental Loans	Capital Leases	Total District		
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	37,101	51.13
2011	8,378,000	62,691		8,440,691	37,394	225.72
2012	8,143,000	41,635		8,184,635	37,507	218.22
2013	7,573,000	20,751		7,593,751	37,724	201.30
2014	6,973,000			6,973,000	37,939	183.80
2015	6,373,000			6,373,000	38,024	167.60
2016	5,723,000			5,723,000	38,024 *	150.51

Source: District records

* Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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%	48.92
2011	8,378,000		8,378,000	0.16%	224.05
2012	8,143,000		8,143,000	0.14%	217.11
2013	7,573,000		7,573,000	0.14%	200.75
2014	6,973,000		6,973,000	0.13%	183.80
2015	6,373,000		6,373,000	0.12%	167.60
2016	5,723,000		5,723,000	0.11%	150.51

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

Direct Debt of School District as of December 31, 2015 (1)		\$ 5,913,000
Net Overlapping Debt of School District		
Township of Little Falls	\$ 29,411,386	
Borough of Totowa	3,160,875	
Borough of Woodland Park	<u>21,777,967</u>	
		<u>54,350,228</u>
		60,263,228
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	41,480,560	
Passaic County Utilities Authority (B)	6,630,711	
Passaic Valley Sewer Commission (C)	<u>5,948,201</u>	
		<u>54,059,472</u>
Total Direct and Overlapping Debt		<u>\$ 114,322,700</u>

Source:

(1) Borough's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Passaic County.

(B) The debt was computed based upon dividing each Borough's 2015 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 TEN FISCAL YEARS
 (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 158,640,232	\$ 171,550,987	\$ 182,731,965	\$ 186,570,577	\$ 188,617,486	\$ -	\$ 178,617,804	\$ 172,434,181	\$ 167,387,678	\$ 167,142,418
Total Net Debt Applicable to Limit	<u>2,582,479</u>	<u>2,359,892</u>	<u>2,130,939</u>	<u>1,897,143</u>	<u>8,440,691</u>	<u>8,185,441</u>	<u>7,593,751</u>	<u>6,973,000</u>	<u>6,373,000</u>	<u>5,723,000</u>
Legal Debt Margin	<u>\$ 156,057,753</u>	<u>\$ 169,191,095</u>	<u>\$ 180,601,026</u>	<u>\$ 184,673,434</u>	<u>\$ 180,176,795</u>	<u>\$ (8,185,441)</u>	<u>\$ 171,024,053</u>	<u>\$ 165,461,181</u>	<u>\$ 161,014,678</u>	<u>\$ 161,419,418</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.63%	1.38%	1.17%	1.02%	4.48%	#DIV/0!	4.25%	4.04%	3.81%	3.42%

Legal Debt Margin Calculation, December 31, 2015

2013	2013	\$ 5,637,140,210
2014	2014	5,499,909,664
2015	2015	<u>5,577,191,952</u>
		<u>\$ 16,714,241,826</u>
Average equalized valuation of taxable property		\$ 5,571,413,942
3% of Equalized Valuation Basis		167,142,418
Less Net Debt		<u>5,723,000</u>
Remaining Borrowing Power		<u>\$ 161,419,418</u>

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2007	4.2	\$ 38,897	11,581
2008	5.4	39,907	11,585
2009	10.5	38,932	11,646
2010	10.7	39,807	14,444
2011	10.5	41,371	14,529
2012	10.4	41,824	14,542
2013	8.9	41,857	14,561
2014	5.9	43,687	14,547
2015	5.0	Not Available	14,533
2016	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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2007	2.9	\$ 38,897	10,489
2008	3.8	39,907	10,557
2009	7.4	38,932	10,661
2010	7.6	39,807	10,817
2011	7.5	41,371	10,885
2012	7.3	41,824	10,891
2013	8.2	41,857	10,924
2014	6.8	43,687	10,960
2015	5.9	Not Available	10,973
2016	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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income*</u>	<u>School District Population</u>
2007	3.1	\$ 38,897	11,428
2008	4.0	39,907	11,813
2009	8.0	38,932	12,179
2010	8.1	39,807	11,840
2011	8.0	41,371	11,980
2012	7.8	41,824	12,074
2013	7.4	41,857	12,239
2014	7.4	43,687	12,432
2015	6.4	Not Available	12,518
2016	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)

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction										
Regular	100	100	97	97	97	99	99	100	97	97
Special Education	8	8	8	8	8	8	9	9	9	9
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	23	22	11	11	11	11	11	11	11	11
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	8	8	8	9	7	7	7	7	7	7
Other Administrative Services		-	-	-	5	5	5	5	5	5
Central Services	5	4	4	3						
Administrative Information Technology	1	1	1	1	2	1	1	1	1	1
Plant Operations And Maintenance	23	22	22	21	21	20	20	20	20	20
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	8	8	8	9	9	9	9	9	9	9
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>179</u>	<u>176</u>	<u>162</u>	<u>162</u>	<u>163</u>	<u>163</u>	<u>164</u>	<u>165</u>	<u>162</u>	<u>162</u>

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 eight 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
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		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Senior High School					
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%
2011	1,350	22,394,625	16,589	-5.75%	107	1:13		1,284	1,209	0.63%	94.16%
2012	1,353	23,474,163	17,350	4.59%	105	1:12		1,343	1,277	4.60%	95.09%
2013	1,395	25,256,301	18,105	4.35%	105	1:12		1,382	1,303	2.04%	94.28%
2014	1,385	25,963,977	18,747	3.54%	105	1:13		1,395	1,360	4.37%	97.49%
2015	1,345	27,193,061	20,218	7.85%	108	1:13		1,320	1,252	-7.94%	94.85%
2016	1,338	28,080,354	20,987	3.80%	108	1:13		1,256	1,194	-4.63%	95.06%

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 NINE FISCAL YEARS
(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>District Building</u>										
<u>Elementary</u>										
<u>High School</u>										
Square Feet	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Capacity (students)	15,000	15,000	15,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,338	1,385	1,385	1,395	1,353	1,350	1,285	1,296	1,302	1,287
Number of Schools at June 30, 2016										
Elementary =	0	0	0	0	0	0	0	0	0	0
Middle School =	0	0	0	0	0	0	0	0	0	0
Senior High School =	1	1	1	1	1	1	1	1	1	1
Other =	0	0	0	0	0	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 seven 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
 LAST TEN FISCAL YEARS
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

		<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>School Facilities</u>	<u>Project #</u>										
High School	N/A	\$ 426,474	\$ 316,415	\$ 486,117	\$ 524,649	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097	\$ 423,083
Total Required Maintenance for School Facilities		<u>\$ 426,474</u>	<u>\$ 316,415</u>	<u>\$ 486,117</u>	<u>\$ 524,649</u>	<u>\$ 458,813</u>	<u>\$ 418,175</u>	<u>\$ 408,002</u>	<u>\$ 453,697</u>	<u>\$ 481,097</u>	<u>\$ 423,083</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
INSURANCE SCHEDULE
AS OF JUNE 30, 2016**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-PIPNJ (1)		
Property Blanket Buildings & Contents	\$ 43,852,967	\$ 5,000
Comprehensive Automobile - Liability	1,000,000	
Commercial Automobile Liability	1,000,000	1,000
Boiler and Machinery	100,000,000	1,000
Employee Dishonesty	500,000	5,000
School Board Legal Liability - Hartford Fire Insurance Company		
Directors and Officers	1,000,000	15,000
Environmental Impairment Liability		
General Aggregate	2,000,000	
Each Occurrence	1,000,000	15,000
Excess Liability Policy	9,000,000	

(1) Pool coverage



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Passaic Valley Regional High School District No. 1 Board of Education's basic financial statements and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Passaic Valley Regional High School District No. 1 of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control. 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

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

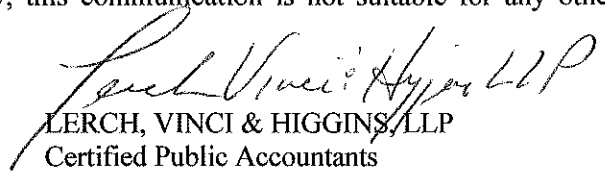
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Passaic Valley Regional High School District No. 1 Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 2016.

Passaic Valley Regional High School District No.1 Board of Education's Response to Finding

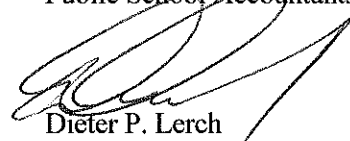
The Passaic Valley Regional High School District No. 1 Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Passaic Valley Regional High School District No. 1 Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Passaic Valley Regional High School District No. 1 Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

INDEPENDENT AUDITOR'S 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

Report on Compliance for Each Major Federal and State Program

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 New Jersey OMB Circular 15-08 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 state programs for the fiscal year ended June 30, 2016. The Passaic Valley Regional High School District No. 1 Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Passaic Valley Regional High School District No. 1 Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Passaic Valley Regional High School District No. 1 Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Passaic Valley Regional High School District No. 1 Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003. Our opinion on each major state program is not modified with respect to these matters.

The Passaic Valley Regional High School District No. 1 Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Passaic Valley Regional High School District No. 1 Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Passaic Valley Regional High School District No. 1 Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Passaic Valley Regional High School District No. 1 Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Passaic Valley Regional High School District No. 1 Board of Education's internal control over compliance.

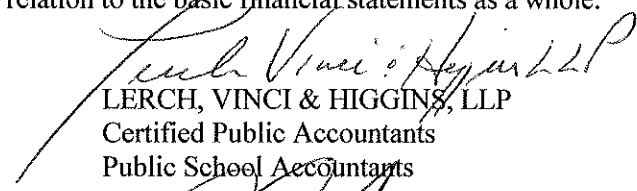
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

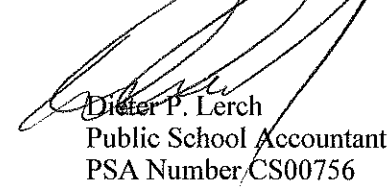
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No. 1 Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 5, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 5, 2016

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2015			Accounts Receivable Carryover Amount	Unearned Revenue Carryover Amount	Cash Receipts	Budgetary Expenditures	Accounts Receivable Adjustment	Repayment of Prior Year Balances	Balance, June 30, 2016			MEMO GAAP Receivable
					Accounts Receivable	Unearned Revenue	Due to Grantor							(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education																	
Enterprise Fund																	
National School Breakfast Program	10.553	N/A	7/1/15-6/30/16	\$ 30,750					\$ 25,809	\$ 30,750				\$ (4,941)		\$ (4,941)	
National School Breakfast Program	10.553	N/A	7/1/14-6/30/15	24,774	(1,910)				1,910								
National School Lunch Program																	
Non-Cash Assistance	10.550	N/A	7/1/15-6/30/16						36,463	35,619				\$ 844			
Non-Cash Assistance	10.550	N/A	7/1/14-6/30/15	22,742		\$ 729				729							
Cash Assistance	10.555	N/A	7/1/15-6/30/16	172,787					147,300	172,787				(25,487)		(25,487)	
Cash Assistance	10.555	N/A	7/1/14-6/30/15	149,086	(11,331)				11,331								
Total Enterprise Fund					(13,241)	729			222,813	239,885				(30,428)	844	(30,428)	
U.S. Department of Education Passed-Through State Department of Education																	
Special Revenue																	
N.C.L.B.- Title I	84.010A	NCLB-3990-16	7/1/15-6/30/16	150,984				(14,655)	14,655		147,883			(165,639)	17,756	(147,883)	
N.C.L.B.- Title I	84.010A	NCLB-3990-15	7/1/14-6/30/15	121,568	(27,556)	14,655		14,655	(14,655)	12,901							
N.C.L.B.- Title I	84.010A	NCLB-3990-14	9/1/13-6/30/14	105,360		\$ 56,859									\$ 56,859		
N.C.L.B.- Title II-A	84.168A	NCLB-3990-16	7/1/15-6/30/16	26,091						26,091				(26,091)		(26,091)	
N.C.L.B.- Title II-A	84.168A	NCLB-3990-15	7/1/14-6/30/15	26,561	(26,561)				26,561								
N.C.L.B.- Title II-A	84.168A	NCLB-3990-14	9/1/13-6/30/14	26,138			26,138								26,138		
N.C.L.B.- Title II-A	84.168A	NCLB-3990-13	9/1/12-8/31/13				484								484		
N.C.L.B.- Title III	84.365A	NCLB-3990-16	7/1/15-6/30/16	11,778						6,272				(11,778)	5,506	(6,272)	
N.C.L.B.- Title III	84.365A	NCLB-3990-15	7/1/14-6/30/15	20,717	(20,717)					20,717							
N.C.L.B.- Title III	84.365A	NCLB-3990-14	9/1/13-6/30/14	20,598			10,256								10,256		
A.R.R.A. - Title I, Carryover	84.389A	ARRA-3990-09	9/1/09-8/31/11		(789)							789					
Race to the Top	N/A	N/A	7/1/12-11/30/15		(4,473)	4,618						(145)					
I.D.E.A. Part B, Basic	84.027	IDEA-3990-16	7/1/15-6/30/16	296,110						296,110				(296,110)		(296,110)	
I.D.E.A. Part B, Basic	84.027	IDEA-3990-15	7/1/14-6/30/15	284,593	(284,593)				284,593								
I.D.E.A. Part B, Basic	84.027	IDEA-3990-14	9/1/13-6/30/14	275,832			127,710								127,710		
Total Special Revenue					(364,689)	19,273	221,447			344,772	476,356	644		(499,618)	23,262	(476,356)	
U.S. Department of Education																	
General Fund																	
Medicaid Assistance Program (Sem)	93.778		7/1/15-6/30/16	3,950						3,950	3,950						
Total General Fund										3,950	3,950						
Total Federal Financial Awards					\$ (377,930)	\$ 20,002	\$ 221,447	\$ -	\$ -	\$ 571,535	\$ 720,191	\$ 644	\$ -	\$ (530,046)	\$ 24,106	\$ (506,784)	

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, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Returned to Grantor	Adjustment	Balance, June 30, 2016			Memo Only	
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Accounts Receivable	Total Cumulative Expenditures
State Department of Education														
General Fund														
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 755,829			\$ 695,802	\$ 755,829			\$ (60,027)				\$ 755,829
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	755,829	(66,927)		66,927								
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	76,492			70,417	76,492			(6,075)				76,492
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	76,492	(6,773)		6,773								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	34,532			31,789	34,532			(2,743)				34,532
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	34,532	(3,057)		3,057								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	14,360			13,220	14,360			(1,140)				14,360
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	14,360	(1,272)		1,272								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	14,360			13,220	14,360			(1,140)				14,360
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	14,360	(1,272)		1,272								
State Aid Public Cluster Total				(79,301)		903,749	895,573			(71,125)				895,573
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	100,005			92,063	100,005			(7,942)				100,005
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	100,005	(8,855)		8,855								
Non Public Transportation Reimbursement	16-495-034-5120-014	7/1/15-6/30/16	23,664				23,664			(23,664)			\$ (23,664)	23,664
Non Public Transportation Reimbursement	15-495-034-5120-014	7/1/14-6/30/15	18,199	(18,199)		18,199								
Transportation Aid Cluster Total				(27,054)		119,117	123,669			(31,606)				(23,664)
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	180,836				180,836			(180,836)				180,836
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	66,672	(66,672)		66,672								
On-Behalf TPAF Pension System Contributions (Normal Costs)	16-100-034-5094-006	7/1/15-6/30/16	749,419			749,419	749,419							749,419
On-Behalf TPAF Pension System Contributions (NCGI Premium)	16-100-034-5094-006	7/1/15-6/30/16	37,331			37,331	37,331							37,331
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	16-100-034-5094-001	7/1/15-6/30/16	936,803			936,803	936,803							936,803
Reimbursed TPAF Social Security Contributions	16-100-034-5094-003	7/1/15-6/30/16	733,919			697,520	733,919			(36,399)			(36,399)	733,919
Total General Fund				(173,027)		3,310,611	3,657,550			(319,966)				(60,063)
Capital Projects Fund														
NJ Economic Development Authority														
Upgrade of Various Building Systems at High School	SP 202555	N/A		(61,662)						(89,272)	\$ 27,610			(89,272)
Total Capital Projects Fund				(61,662)						(89,272)	27,610			(89,272)
Debt Service Fund														
Debt Service Aid	16-495-034-5120-125	7/1/15-6/30/16	200,129			200,129	200,129							200,129
Total Debt Service Fund						200,129	200,129							200,129
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program (State Share)	16-100-010-3360-037	7/1/15-6/30/16	4,558			3,842	4,558			(716)			(716)	4,558
National School Lunch Program (State Share)	15-100-010-3360-037	7/1/14-6/30/15	3,859	(305)		305								
Total Enterprise Fund				(305)		4,147	4,558			(716)				(716)
Total State Financial Assistance Subject to Single Audit Determination				\$ (234,994)	\$ -	\$ 3,714,887	\$ 3,862,237	\$ -	\$ -	\$ (409,954)	\$ 27,610	\$ -	\$ (150,051)	\$ 3,862,237
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAF Pension System Contributions (Normal Costs)	16-100-034-5095-006	7/1/15-6/30/16				(749,419)	(749,419)							(749,419)
On-Behalf TPAF Pension System Contributions (NCGI Premium)	16-100-034-5095-006	7/1/15-6/30/16				(37,331)	(37,331)							(37,331)
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	16-100-034-5095-001	7/1/15-6/30/16				(936,803)	(936,803)							(936,803)
Total State Financial Assistance Subject to Major Program Determination				\$ (234,994)	\$ -	\$ 1,991,334	\$ 2,138,684	\$ -	\$ -	\$ (409,954)	\$ 27,610	\$ -	\$ (150,051)	\$ 2,138,684

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, 2016**

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$105,075 for the general fund. There is no adjustment 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,950	\$ 3,552,475	\$ 3,556,425
Special Revenue Fund	476,356		476,356
Debt Service		200,129	200,129
Food Service Fund	<u>239,885</u>	<u>4,558</u>	<u>244,443</u>
Total Financial Assistance	<u>\$ 720,191</u>	<u>\$ 3,757,162</u>	<u>\$ 4,477,353</u>

**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, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution 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 \$733,919 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$786,750 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$936,803 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 1 – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section - Not Applicable

**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, 2016**

Part I – Summary of Auditor’s Results

State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

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 15-08? X yes no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-089	Special Education Aid
16-495-034-5120-078	Equalization Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2016-001

Our audit indicated that certain payments for health benefit and debt service expenditures were charged directly to fund balance rather than to the appropriate budget account line item.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

Payments made for health benefit and debt service expenditures were not charged to the respective budget accounts. Payments were charged directly to fund balance.

Context

Health benefit payments totaling \$714,065, representing three monthly bills, were charged directly to fund balance rather than the budget account for health benefits. Debt service payments of \$82,463 were charged directly to general fund balance, rather than to the debt service budget for principal and interest.

Cause

Unknown.

Effect

The District's budget report did not reflect certain expenditures incurred.

Recommendation

All employee benefit and debt service payments be charged to the budget appropriation report.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

CURRENT YEAR STATE AWARDS

Finding 2016-002

Our audit indicated that expenditures for travel were not separately recorded in the Object Code "580" on the budget appropriation report.

State Program Information

Equalization Aid	16-495-034-5120-078
Special Education Aid	16-495-034-5120-089
Security Aid	16-495-034-5120-084
PARCC Readiness Aid	16-495-034-5120-098
Per Pupil Growth Aid	16-495-034-5120-097

Criteria or Specific Requirement

State of New Jersey State Aid/Grant Compliance Supplement

Condition

Payments were made for travel expenditures and reimbursements but were not charged separately to Object Code "580" in the respective budget accounts.

Questioned Costs

None.

Context

District totals for travel expenditures could not be determined.

Cause

Unknown.

Effect

The District is not in compliance with the state aid grant compliance regulations.

Recommendation

Travel expenditures be properly charged to Object Code "580" in the budget appropriation report.

Views of Responsible Officials and Planned Corrective Action

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 FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

Finding 2015-001

The required reimbursement worksheet for pension and social security due to the State of New Jersey for TPAF salaries funded by federal grant programs has not been filed.

Current Status

Corrective action has been taken.