

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

**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**

November 24, 2017

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, 2017, 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 Title 2 U.S. Code of Federal Regulations, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance) and New Jersey OMB 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 2016-2017 fiscal year with an enrollment of 1,276 students. The following details the changes in the student enrollment of the district over the last ten years.

**Average Daily Enrollment**

Fiscal Year	Student Enrollment	Percent Change
2007-2008	1,302	
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%
2016-2017	1,276	-.05%

**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 2016 and 2017 reported the following post-graduate plans:

	Class of 2016	<u>Class of 2017</u>
4 Year College	59%	58%
2 Year College	19%	26%
Other Schools	10%	7%
Employment	10%	7%
Military	2%	2%

Passaic Valley High School Senior Class of 2017 Scholastic Aptitude Test (SAT) scores represents 234 students or 75% of the class:

SAT	Mean Score	Distribution
Passaic Valley High School	1036	
New Jersey	1076	
National	1070	

Mean	EBWR	Math
Passaic Valley High School	522	515
New Jersey	539	537
National	538	533

**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 appropriations budget developed by the Board and approved by the County. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

**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, 2017, the District had \$5,093,000.00 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 2016-2017 budget 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, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the single audit requirements of U.S. Uniform Guidance and State of New Jersey OMB Circular 15-08. 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.

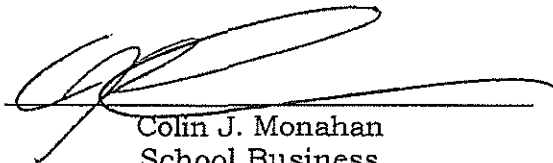
**10. ACKNOWLEDGMENTS:**

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,

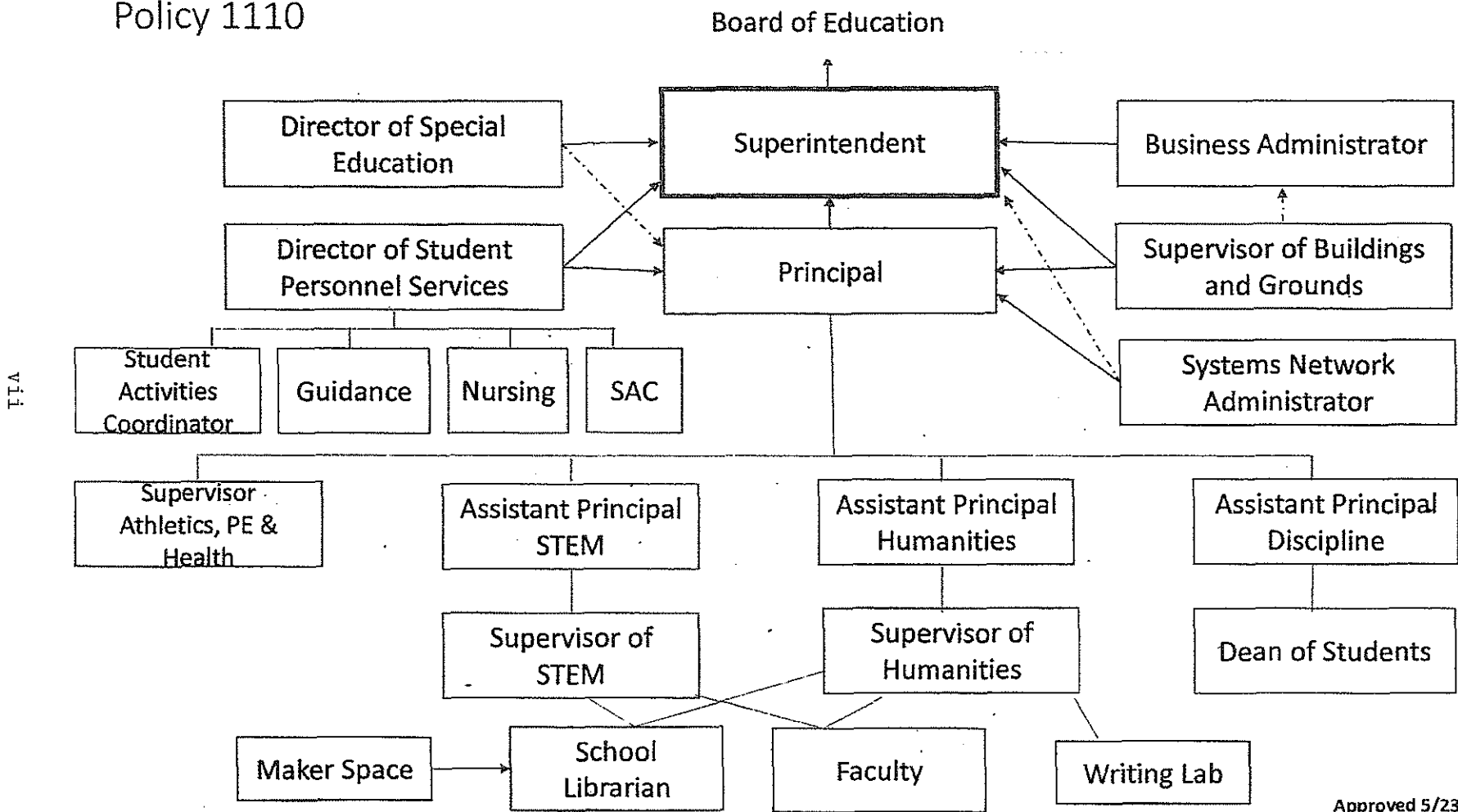


Dr. JoAnn Cardillo  
Superintendent of Schools



Colin J. Monahan  
School Business  
Administrator/Board Secretary

# Organization Chart Policy 1110



Approved 5/23/17

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

ROSTER OF OFFICIALS  
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Raymond Luke Damiano, President	2019
Richard Greco, Vice-President	2019
Lori Brigati	2018
Dr. Charles Cathcart	2018
Giovanni D'Ambrosio	2018
Peter D'Angelo	2020
Jaclyn Luker	2020
Dr. Vincent Varcadipane	2019
Sam Yodice, Jr.	2020

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, PSA

## 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, 2017 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 from 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, 2017, 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*

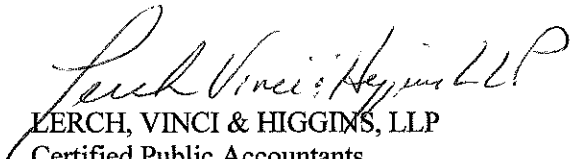
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Passaic Valley Regional High School District No.1 Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, 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 November 24, 2017 on our consideration of the Passaic Valley Regional High School District No.1 Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Passaic Valley Regional High School District No.1 Board of Education's 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  
November 24, 2017

**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, 2017**

This section of the Passaic Valley Regional High School District No. 1 Board of Educations' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2016-2017 fiscal year are as follows:

- The assets and deferred outflows of resources of the Passaic Valley Regional High School District No. 1 Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$947,295 (net position).
- The District's total net position increased \$1,534,887.
- Overall district-wide revenues were \$36,504,499. General revenues accounted for \$26,333,338 or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,171,161 or 28% of total revenues.
- The school district had \$34,221,198 in expenses for governmental activities; only \$9,429,436 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$26,333,338 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 \$4,707,109. Of this amount, \$382,309 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 Educations' 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, 2017**

**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 Education's, 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:
Required financial Statements	Statements of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Food Service 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 thereafter; 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, 2017**

**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, 2017**

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 2017 and 2016.

**Net position.** The district's combined net position was \$947,295 and \$(587,592), on June 30, 2017 and 2016, 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, 2017**

**Table A-1  
Statement of Net Position  
As of June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u> (Restated)	<u>2017</u>	<u>2016</u> (Restated)	<u>2017</u>	<u>2016</u> (Restated)
Current Assets	\$ 5,203,083	\$ 3,668,331	\$ 120,645	\$ 91,168	\$ 5,323,728	\$ 3,759,499
Capital Assets	7,229,503	7,378,463	86,829	97,116	7,316,332	7,475,579
<b>Total Assets</b>	<u>12,432,586</u>	<u>11,046,794</u>	<u>207,474</u>	<u>188,284</u>	<u>12,640,060</u>	<u>11,235,078</u>
<b>Deferred Outflows of Resources</b>	<u>2,146,670</u>	<u>757,162</u>	<u>-</u>	<u>-</u>	<u>2,146,670</u>	<u>757,162</u>
Long-Term Liabilities	12,978,736	11,594,486			12,978,736	11,594,486
Other Liabilities	574,684	569,058	61,099	34,376	635,783	603,434
<b>Total Liabilities</b>	<u>13,553,420</u>	<u>12,163,544</u>	<u>61,099</u>	<u>34,376</u>	<u>13,614,519</u>	<u>12,197,920</u>
<b>Deferred Inflows of Resources</b>	<u>224,916</u>	<u>381,068</u>	<u>-</u>	<u>844</u>	<u>224,916</u>	<u>381,912</u>
Net Position						
Net Investment in capital assets	2,136,503	1,669,084	86,829	97,116	2,223,332	1,766,200
Restricted	1,000,000	1			1,000,000	1
Unrestricted	(2,335,583)	(2,409,741)	59,546	55,948	(2,276,037)	(2,353,793)
<b>Total Net Position</b>	<u>\$ 800,920</u>	<u>\$ (740,656)</u>	<u>\$ 146,375</u>	<u>\$ 153,064</u>	<u>\$ 947,295</u>	<u>\$ (587,592)</u>

Table A-2 on the following page shows changes in net position for fiscal year 2017 and 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, 2017**

**Table A-2  
Change in Net Position  
For The Years Ended June 30, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 357,987	\$ 125,330	\$ 505,570	\$ 609,787	\$ 863,557	\$ 735,117
Operating Grants and Contributions	9,071,449	6,876,416	236,155	244,443	9,307,604	7,120,859
Capital Grants and Contributions						
General Revenues						
Property Taxes	25,243,976	24,717,941			25,243,976	24,717,941
State Aid - Formula Grants	277,655	257,105			277,655	257,105
Other	811,707	93,999	-	-	811,707	93,999
<b>Total Revenues</b>	<u>35,762,774</u>	<u>32,070,791</u>	<u>741,725</u>	<u>854,230</u>	<u>36,504,499</u>	<u>32,925,021</u>
<b>Expenses</b>						
Instruction						
Regular	17,115,620	15,869,208			17,115,620	15,869,208
Special Education	4,192,108	4,023,656			4,192,108	4,023,656
Other Instruction	24,225	48,408			24,225	48,408
School Sponsored Activities and Athletics	1,348,228	1,256,982			1,348,228	1,256,982
Support Services						
Student and Instruction Related Services	3,242,787	2,940,549			3,242,787	2,940,549
General Administrative Services	691,713	581,694			691,713	581,694
School Administrative Services	1,634,234	1,312,940			1,634,234	1,312,940
Plant Operations and Maintenance	3,597,066	2,876,412			3,597,066	2,876,412
Pupil Transportation	1,614,067	1,760,112			1,614,067	1,760,112
Business and Other Support Services	578,274	687,827			578,274	687,827
Interest on Debt	182,876	204,623			182,876	204,623
Food Services	-	-	748,414	907,928	748,414	907,928
<b>Total Expenses</b>	<u>34,221,198</u>	<u>31,562,411</u>	<u>748,414</u>	<u>907,928</u>	<u>34,969,612</u>	<u>32,470,339</u>
<b>Change in Net Position</b>	<u>\$ 1,541,576</u>	<u>\$ 508,380</u>	<u>\$ (6,689)</u>	<u>\$ (53,698)</u>	<u>\$ 1,534,887</u>	<u>\$ 454,682</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, 2017

**Governmental Activities.** The District's total revenues were \$35,762,774. The local share of the revenues, that included property taxes, tuition, transportation, interest, and miscellaneous revenue, amounted to \$26,413,670, or 72% of total revenues. Funding from state and federal sources amounted to \$9,349,104 or 28%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$22,680,181 (66%) and student support services totaled \$11,358,141(33%) of total expenditures interest on debt totaled \$182,876. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities  
For Fiscal Year 2017

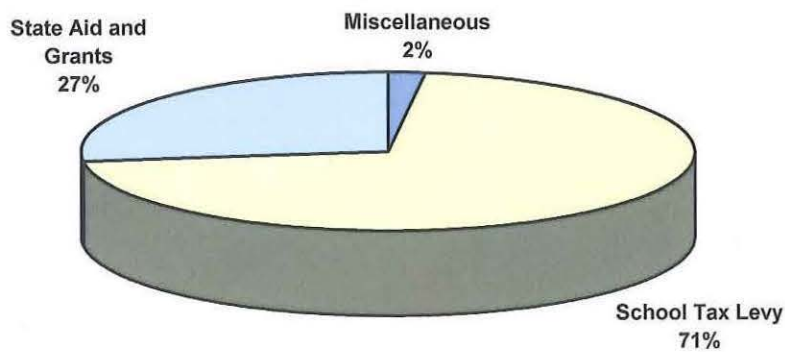
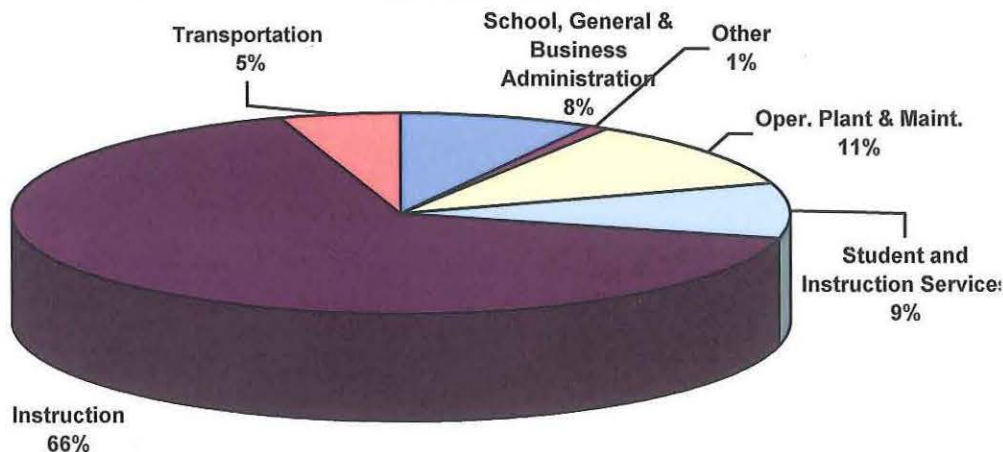


Table A-4 Expenses by Function – Governmental Activities  
For Fiscal Year 2017



**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, 2017**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	\$ 17,115,620	\$ 15,869,208	\$ 11,538,177	\$ 11,758,302
Special Education	4,192,108	4,023,656	2,159,919	2,457,032
Other Instruction	24,225	48,408	24,225	48,408
School Sponsored Activities and Athletics	1,348,228	1,256,982	1,216,396	1,195,427
Support Services				
Student and Instruction Related Services	3,242,787	2,940,549	2,399,458	2,293,261
General Administrative Services	691,713	581,694	549,375	486,164
School Administrative Services	1,634,234	1,312,940	1,162,396	1,021,448
Plant Operations and Maintenance	3,597,066	2,876,412	3,555,446	2,841,566
Pupil Transportation	1,614,067	1,760,112	1,474,579	1,615,805
Business Services	578,274	687,827	578,274	687,827
Interest on Debt	182,876	204,623	133,517	155,425
<b>Total</b>	<b>\$ 34,221,198</b>	<b>\$ 31,562,411</b>	<b>\$ 24,791,762</b>	<b>\$ 24,560,665</b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal years ended June 30, 2017 and 2016 were \$748,414 and \$907,928, 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, 2017**

**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 \$4,707,109. As of June 30, 2016, the fund balance was \$3,185,371.

Revenues for the District's governmental funds were \$31,027,260 while total expenditures were \$29,505,522.

**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, 2017 and 2016.

**General Fund Revenues**

	Fiscal Year Ended June 30		Amount of Increase (Decrease)	Change
	<u>2017</u>	<u>2016</u>		
Local Sources				
Property Taxes	\$ 24,636,505	\$ 24,047,391	\$ 589,114	2%
Tuition/Transportation	357,987	125,330	232,657	186%
Miscellaneous	811,671	93,998	717,673	763%
Intergovernmental				
Federal Sources	19,019	3,950	15,069	-91%
State Sources	<u>3,899,388</u>	<u>3,552,475</u>	<u>346,913</u>	10%
Total General Fund Revenues	<u>\$ 29,724,570</u>	<u>\$ 27,823,144</u>	<u>\$ 1,901,426</u>	7%

**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, 2017**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2017 and 2016.

**General Fund Expenditures**

	Fiscal Year Ended June 30		Amount of Increase (Decrease)	Change
	<u>2017</u>	<u>2016</u>		
Current Expense:				
Instruction	\$ 18,284,380	\$ 18,325,667	\$ (41,287)	0%
Undistributed Expenses	9,721,641	9,278,331	443,310	5%
Capital Outlay	<u>135,186</u>	<u>78,355</u>	<u>56,831</u>	73%
 Total Expenditures	 <u>\$ 28,141,207</u>	 <u>\$ 27,682,353</u>	 <u>\$ 458,854</u>	 2%

Total General Fund expenditures increased by \$458,854 or 2% 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 \$482,389 and \$476,356, for the years ended June 30, 2017 and 2016. Federal sources accounted for 99% and 100% of the Special Revenue Fund's revenue for the years ended June 30, 2017 and 2016.

Total Special Revenue Fund revenues increased \$6,033 or 1% 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, 2017**

**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 2017, 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>2017</u>	<u>2016</u> (Restated)	Increase (Decrease)	<u>2017</u>	<u>2016</u> (Restated)	Increase (Decrease)
Buildings and Building Improvements	\$ 13,107,546	\$ 13,107,546				
Improvements other than Buildings	1,419,357	1,401,057	\$ 18,300			
Machinery and Equipment	<u>1,076,306</u>	<u>959,420</u>	<u>116,886</u>	<u>\$ 203,453</u>	<u>\$ 203,453</u>	<u>-</u>
	15,603,209	15,468,023	135,186	203,453	203,453	-
Less Accumulated Depreciation	<u>8,373,706</u>	<u>8,089,560</u>	<u>284,146</u>	<u>116,624</u>	<u>106,337</u>	<u>\$ 10,287</u>
<b>Total</b>	<u>\$ 7,229,503</u>	<u>\$ 7,378,463</u>	<u>\$ (148,960)</u>	<u>\$ 86,829</u>	<u>\$ 97,116</u>	<u>\$ (10,287)</u>

**Debt Administration.** As of June 30, 2017 and 2016 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$12,978,736 and \$11,594,486, respectively.

**Long-Term Liabilities**

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

	<u>2017</u>	<u>2016</u>
Serial Bonds	\$ 5,093,000	\$ 5,723,000
Net Pension Liability	7,781,123	5,768,924
Compensated Absences Payable	<u>104,613</u>	<u>102,562</u>
<b>Total</b>	<u>\$ 12,978,736</u>	<u>\$ 11,594,486</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, 2017**

**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.

In addition, the District received \$699,725 during fiscal year 2016/2017 for the sale of District owned land.

**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, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,298,813	\$ 107,861	\$ 4,406,674
Receivables, net			
Receivables from Other Governments	837,035	13,396	850,431
Other Receivables	49,578		49,578
Internal Balances	17,657	(17,657)	
Inventory		17,045	17,045
Capital Assets			
Being Depreciated Net	<u>7,229,503</u>	<u>86,829</u>	<u>7,316,332</u>
Total Assets	<u>12,432,586</u>	<u>207,474</u>	<u>12,640,060</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>2,146,670</u>	<u>-</u>	<u>2,146,670</u>
Total Assets and Deferred Outflows of Resources	<u>14,579,256</u>	<u>207,474</u>	<u>14,786,730</u>
<b>LIABILITIES</b>			
Accounts Payable	214,593	61,099	275,692
Payable to Federal Government	221,447		221,447
Accrued Interest Payable	78,710		78,710
Unearned Revenue	59,934		59,934
Noncurrent Liabilities			
Due Within One Year	630,000		630,000
Due Beyond One Year	<u>12,348,736</u>	<u>-</u>	<u>12,348,736</u>
Total Liabilities	<u>13,553,420</u>	<u>61,099</u>	<u>13,614,519</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>224,916</u>	<u>-</u>	<u>224,916</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,778,336</u>	<u>61,099</u>	<u>13,839,435</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,136,503	86,829	2,223,332
Restricted for:			
Capital Projects	1,000,000		1,000,000
Unrestricted	<u>(2,335,583)</u>	<u>59,546</u>	<u>(2,276,037)</u>
Total Net Position	<u>\$ 800,920</u>	<u>\$ 146,375</u>	<u>\$ 947,295</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, 2017**

<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	\$ 17,115,620		\$ 5,577,443		\$ (11,538,177)		\$ (11,538,177)
Special Education	4,192,108	\$ 357,987	1,674,202		(2,159,919)		(2,159,919)
Other Instruction	24,225				(24,225)		(24,225)
School Sponsored Co-Curricular Activities	1,348,228		131,832		(1,216,396)		(1,216,396)
Support Services:							
Student & Instruction Related Services	3,242,787		843,329		(2,399,458)		(2,399,458)
School Administrative Services	1,634,234		471,838		(1,162,396)		(1,162,396)
General Administrative Services	691,713		142,338		(549,375)		(549,375)
Plant Operations and Maintenance	3,597,066		41,620		(3,555,446)		(3,555,446)
Pupil Transportation	1,614,067		139,488		(1,474,579)		(1,474,579)
Business and Other Support Services	578,274				(578,274)		(578,274)
Interest on Long-Term Debt	182,876	-	49,359	-	(133,517)	-	(133,517)
<b>Total Governmental Activities</b>	<b>34,221,198</b>	<b>357,987</b>	<b>9,071,449</b>	<b>-</b>	<b>(24,791,762)</b>	<b>-</b>	<b>(24,791,762)</b>
Business-Type Activities:							
Food Service	748,414	505,570	236,155	-	-	\$ (6,689)	(6,689)
Total Business-Type Activities	748,414	505,570	236,155	-	-	(6,689)	(6,689)
<b>Total Primary Government</b>	<b>\$ 34,969,612</b>	<b>\$ 863,557</b>	<b>\$ 9,307,604</b>	<b>\$ -</b>	<b>(24,791,762)</b>	<b>(6,689)</b>	<b>(24,798,451)</b>

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, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 24,636,505		\$ 24,636,505
Taxes Levied for Debt Service	607,471		607,471
State Aid - Restricted for Debt Service	163,435		163,435
State Aid - Unrestricted	114,220		114,220
Land Sale Proceeds	699,725		699,725
Miscellaneous Income	111,982	-	111,982
Total General Revenues	26,333,338	-	26,333,338
Change in Net Position	1,541,576	\$ (6,689)	1,534,887
Net Position—Beginning of Year (Restated)	(740,656)	153,064	(587,592)
Net Position—End of Year	\$ 800,920	\$ 146,375	\$ 947,295

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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,043,968	\$ 205,694	\$ 45,488	\$ 3,663	\$ 4,298,813
Receivables From Other Governments	738,062	98,973			837,035
Due from Other Funds	<u>164,677</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>164,927</u>
Total Assets	<u>\$ 4,946,707</u>	<u>\$ 304,667</u>	<u>\$ 45,488</u>	<u>\$ 3,913</u>	<u>\$ 5,300,775</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Other Payables	\$ 191,307	\$ 23,286			\$ 214,593
Due to Other Funds			93,779	\$ 3,913	97,692
Payable to Federal Government		221,447			221,447
Unearned Revenue	<u>-</u>	<u>59,934</u>	<u>-</u>	<u>-</u>	<u>59,934</u>
Total Liabilities	<u>191,307</u>	<u>304,667</u>	<u>93,779</u>	<u>3,913</u>	<u>593,666</u>
Fund Balances:					
Restricted:					
Capital Reserve	516,000				516,000
Capital Reserve - Designated for Subsequent Year's Expenditures	484,000				484,000
Excess Surplus	1,914,083				1,914,083
Excess Surplus - Designated for Subsequent Year's Expenditures	1,297,478				1,297,478
Capital Projects			(48,291)		(48,291)
Assigned:					
Designated for Subsequent Year's Expenditures	161,530				161,530
Unassigned (Deficit), Reported in: General Fund	<u>382,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,309</u>
Total Fund Balances	<u>4,755,400</u>	<u>-</u>	<u>(48,291)</u>	<u>-</u>	<u>4,707,109</u>
Total Liabilities and Fund Balances	<u>\$ 4,946,707</u>	<u>\$ 304,667</u>	<u>\$ 45,488</u>	<u>\$ 3,913</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 15,603,209 and the accumulated depreciation is 8,373,706. 7,229,503

The District has financed capital assets through the issuance of long-term debt. The interest accrual at year end is: (78,710)

Deferred Inflows and Outflows related to the net pension liability are not reported in the funds. 1,921,754

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	\$ 5,093,000
Net Pension Liability	7,781,123
Compensated Absences	<u>104,613</u>
	<u>(12,978,736)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 800,920

**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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Tax Levy	\$ 24,636,505			\$ 607,471	\$ 25,243,976
Tuition	357,987				357,987
Land Sale Proceeds	699,725				699,725
Interest Earnings	2,926		\$ 36		2,962
Miscellaneous	109,020	\$ 3,965	-	-	112,985
<b>Total - Local Sources</b>	<u>25,806,163</u>	<u>3,965</u>	<u>36</u>	<u>607,471</u>	<u>26,417,635</u>
State Sources	3,899,388			212,794	4,112,182
Federal Sources	19,019	\$ 478,424	-	-	497,443
<b>Total Revenues</b>	<u>29,724,570</u>	<u>482,389</u>	<u>36</u>	<u>820,265</u>	<u>31,027,260</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	13,451,227	146,922			13,598,149
Special Education	3,618,885	281,320			3,900,205
Other	21,384				21,384
School Sponsored Co-Curricular Activities	1,192,884				1,192,884
Support Services and Undistributed Costs					
Student & Instruction Related Services	2,600,403	54,147			2,654,550
General Administrative Services	539,250		61,662		600,912
School Administrative Services	1,304,858				1,304,858
Business & Other Support Services	531,286				531,286
Plant Operations and Maintenance	3,143,352				3,143,352
Pupil Transportation	1,602,492				1,602,492
Capital Outlay	135,186				135,186
Debt Service					
Principal				630,000	630,000
Interest and other charges	-	-	-	190,264	190,264
<b>Total Expenditures</b>	<u>28,141,207</u>	<u>482,389</u>	<u>61,662</u>	<u>820,264</u>	<u>29,505,522</u>
Excess of Revenues					
Over Expenditures	1,583,363	-	(61,626)	1	1,521,738
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	36			250	286
Transfers Out	-	-	(286)	-	(286)
<b>Total Other Financing Sources (Uses)</b>	<u>36</u>	<u>-</u>	<u>(286)</u>	<u>250</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>1,583,399</u>	<u>-</u>	<u>(61,912)</u>	<u>251</u>	<u>1,521,738</u>
Fund Balance (Deficit), Beginning of Year	3,172,001	-	13,621	(251)	3,185,371
<b>Fund Balance, End of Year</b>	<u>\$ 4,755,400</u>	<u>\$ -</u>	<u>\$ (48,291)</u>	<u>\$ -</u>	<u>\$ 4,707,109</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, 2017**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 1,521,738

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	\$ (284,146)	
Capital Outlays	<u>135,186</u>	(148,960)

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		630,000
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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	7,388	
Compensated Absences	(2,051)	
Net Pension Liability	<u>(466,539)</u>	<u>(461,202)</u>

**Change in Net Position of Governmental Activities** \$ 1,541,576

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

		<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	107,861
Intergovernmental Receivable		
State		319
Federal		13,077
Inventories		<u>17,045</u>
Total Current Assets		<u>138,302</u>
Capital Assets		
Furniture, Machinery and Equipment		203,453
Less: Accumulated Depreciation		<u>(116,624)</u>
Total Capital Assets, Net		<u>86,829</u>
Total Assets		<u>225,131</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		61,099
Due to Other Funds		<u>17,657</u>
Total Current Liabilities		<u>78,756</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		86,829
Unrestricted		<u>59,546</u>
Total Net Position	\$	<u>146,375</u>

**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, 2017**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 176,281
Daily Sales - Nonreimbursable Programs	<u>329,289</u>
 Total Operating Revenues	 <u>505,570</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	212,082
Cost of Sales - Nonreimbursable Programs	107,166
Cost of Sales - USDA Commodities	43,595
Labor Cost	261,357
Management Fee	37,733
Supplies and Materials	31,596
Repairs and Maintenance	3,494
Other Expenses	41,104
Depreciation	<u>10,287</u>
 Total Operating Expenses	 <u>748,414</u>
 Operating Loss	 <u>(242,844)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	4,622
Federal Sources	
Food Distribution Program	43,595
National School Breakfast Program	24,115
National School Lunch Program	<u>163,823</u>
 Total Nonoperating Revenues	 <u>236,155</u>
 Change in Net Position	 (6,689)
 Total Net Position - Beginning of Year (Restated)	 <u>153,064</u>
 Total Net Position - End of Year	 <u>\$ 146,375</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 529,349
Cash Payments for Employees' Salaries and Benefits	(261,357)
Cash Payments to Suppliers for Goods and Services	<u>(409,219)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(141,227)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Payments to Other Funds	24,719
Cash Received from State and Federal Subsidy Reimbursements	<u>210,308</u>
Net Cash Provided by Noncapital Financing Activities	<u>235,027</u>
Net Increase in Cash and Cash Equivalents	93,800
Cash and Cash Equivalents, Beginning of Year	<u>14,061</u>
Cash and Cash Equivalents, End of Year	<u>\$ 107,861</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ <u>(242,844)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	43,595
Depreciation	10,287
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	23,779
(Increase)/Decrease in Inventory	(1,923)
Increase/(Decrease) in Accounts Payable	26,723
Increase/(Decrease) in Deferred Inflows of Resources	<u>(844)</u>
Total Adjustments	<u>101,617</u>
Net Cash Used for Operating Activities	<u>\$ (141,227)</u>
Non-Cash Financing Activities:	
Fair Value of Food Distribution Program Commodities Received - National School Lunch Program	<u>\$ 42,751</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, 2017**

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 147,514	\$ 209,667	\$ 250,390
Due from Other Funds	<u>-</u>	<u>-</u>	<u>31,418</u>
 Total Assets	 <u>147,514</u>	 <u>209,667</u>	 <u>\$ 281,808</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 31,418		\$ 49,578
Due to Student Groups			82,828
Intergovernmental Accounts Payable	456		
Accrued Salaries and Wages			7,905
Reserve for Flexible Spending Account			12,504
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>-</u>	<u>128,993</u>
 Total Liabilities	 <u>31,874</u>	 <u>-</u>	 <u>281,808</u>
<b>NET POSITION</b>			
Held In Trust For Unemployment Claims and Other Purposes Restricted	 <u>\$ 115,640</u>	 <u>\$ 209,667</u>	

**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, 2017**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employee	\$ 20,258	
Donations	<u>          -</u>	\$ 27,387
Total Contributions	<u>20,258</u>	<u>27,387</u>
Investment Earnings		
Interest	<u>          79</u>	<u>          136</u>
Net Investment Earnings	<u>          79</u>	<u>          136</u>
Total Additions	<u>20,337</u>	<u>27,523</u>
<b>DEDUCTIONS</b>		
Other Expenses	166	
Unemployment Claims	4,936	
Scholarships Awarded	<u>          -</u>	<u>96,016</u>
Total Deductions	<u>5,102</u>	<u>96,016</u>
Change in Net Position	15,235	(68,493)
Net Position Beginning of the Year	<u>100,405</u>	<u>278,160</u>
Net Position End of the Year	<u>\$ 115,640</u>	<u>\$ 209,667</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, 2017**

**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 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

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.

**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, 2017**

**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, 2017**

**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 acquisition 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, 2017**

**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 future periods 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the 2017/2018 original budget certified for taxes

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 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, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

**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 2017/2018 District budget certified for taxes.

**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, 2017**

**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 1<sup>st</sup> 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 2015-2016 and 2016-2017 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, 2017**

**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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$441,945. The increase was funded by additional revenue appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year, the Board authorized and approved an additional revenue appropriation of \$150,000 in the general fund on March 28, 2017.

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			
Tuition to County Special Services District		\$ 82,460	\$ (82,460)

The above variance was the result of an audit adjustment and was 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, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 1
Increased by:	
Deposits Approved by Board Resolution	<u>999,999</u>
Balance, June 30, 2017	<u>\$ 1,000,000</u>

At June 30, 2017, \$484,000 of the capital reserve balance was designated and appropriated in the 2017/2018 original budget certified for taxes.

**D. 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, 2017 is \$3,211,561. Of this amount, \$1,297,478 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$1,914,083 will be appropriated in the 2018/2019 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), National Credit Union Share Insurance Fund (NCUSIF), 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, 2017**

**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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits was \$5,014,245 and bank and brokerage firm balances of the Board's deposits amounted to \$6,177,433. 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>6,177,433</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, 2017 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, 2017, 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, 2017 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>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 98,973	\$ 13,077	\$ 112,050
State	\$ 61,430		319	61,749
Local	<u>676,632</u>	-	-	<u>676,632</u>
Gross Receivables	738,062	98,973	13,396	850,431
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 738,062</u>	<u>\$ 98,973</u>	<u>\$ 13,396</u>	<u>\$ 850,431</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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:

Special Revenue Fund	
Unencumbered Grant Drawdowns	\$ <u>59,934</u>
Total Unearned Revenue for Governmental Funds	\$ <u>59,934</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, <u>July 1, 2016</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 13,107,546			\$ 13,107,546
Improvements Other Than Buildings	1,401,057	\$ 18,300		1,419,357
Machinery and Equipment	<u>959,420</u>	<u>116,886</u>	-	<u>1,076,306</u>
Total Capital Assets Being Depreciated	<u>15,468,023</u>	<u>135,186</u>	-	<u>15,603,209</u>
Less Accumulated Depreciation for:				
Buildings	6,285,763	204,352		6,490,115
Improvements Other Than Buildings	959,220	36,220		995,440
Machinery and Equipment	<u>844,577</u>	<u>43,574</u>	-	<u>888,151</u>
Total Accumulated Depreciation	<u>8,089,560</u>	<u>284,146</u>	-	<u>8,373,706</u>
Total Capital Assets, Being Depreciated, Net	<u>7,378,463</u>	<u>(148,960)</u>	-	<u>7,229,503</u>
Government Activities Capital Assets, Net	<u>\$ 7,378,463</u>	<u>\$ (148,960)</u>	<u>\$ -</u>	<u>\$ 7,229,503</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
<b>Business-Type Activities:</b>	(Restated)			
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 203,453	\$ -	-	\$ 203,453
Total Capital Assets Being Depreciated	<u>203,453</u>	<u>-</u>	<u>-</u>	<u>203,453</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	106,337	10,287	-	116,624
Total Accumulated Depreciation	<u>106,337</u>	<u>10,287</u>	<u>-</u>	<u>116,624</u>
Total Capital Assets, Being Depreciated, Net	<u>97,116</u>	<u>(10,287)</u>	<u>-</u>	<u>86,829</u>
Business-Type Activities Capital Assets, Net	<u>\$ 97,116</u>	<u>\$ (10,287)</u>	<u>\$ -</u>	<u>\$ 86,829</u>

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

<b>Governmental activities:</b>		
Instruction		
Regular		\$ 51,147
Other Instruction		2,841
Total Instruction		<u>53,988</u>
Support Services		
Student and Instruction Related Services		31,256
Operations and Maintenance of Plant		198,902
Total Support Services		<u>230,158</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 284,146</u>
<b>Business-Type Activities:</b>		
Food Service Fund		\$ 10,287
Total Depreciation Expense-Business-Type Activities		<u>\$ 10,287</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 93,529
General Fund	Debt Service Fund	3,913
General Fund	Payroll Agency Fund	49,578
General Fund	Food Service Fund	17,657
Debt Service Fund	Capital Projects Fund	250
Payroll Agency Fund	Unemployment Fund	31,418
		<u>\$ 196,345</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>Debt Service Fund</u>	<u>Total</u>
<u>Transfer Out:</u>			
Capital Projects Fund	\$ 36	\$ 250	\$ 286
	<u>\$ 36</u>	<u>\$ 250</u>	<u>\$ 286</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, 2017**

**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, 2017 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%	\$180,000
\$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>4,913,000</u>
Total	<u>\$5,093,000</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>	
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	650,000	86,051	736,051
2023-2025	<u>1,938,000</u>	<u>114,581</u>	<u>2,052,581</u>
	<u>\$ 5,093,000</u>	<u>\$ 750,709</u>	<u>\$ 5,843,709</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 165,907,941
Less: Net Debt	<u>5,093,000</u>
Remaining Borrowing Power	<u>\$ 160,814,941</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2017	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 5,723,000		\$ 630,000	\$ 5,093,000	\$ 630,000
Net Pension Liability	5,768,924	\$ 2,245,599	233,400	7,781,123	
Compensated Absences	<u>102,562</u>	<u>12,401</u>	<u>10,350</u>	<u>104,613</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 11,594,486</u>	<u>\$ 2,258,000</u>	<u>\$ 873,750</u>	<u>\$ 12,978,736</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  
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**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>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 20,258	\$ 4,936	\$ 115,640
2016	587		100,405
2015	31,104	17,631	99,718

**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, 2017, 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  
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**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, 2017, 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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](http://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.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 233,400	\$ 1,072,640	\$ 8,254
2016	220,943	786,750	6,374
2015	217,827	516,565	2,934

In addition for fiscal year 2016/2017 the District contributed \$917 for PERS and the State contributed \$1,738 for TPAF for Long Term Disability Insurance Premium (LTDI).

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 \$719,646 during the fiscal year ended June 30, 2017 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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$7,781,123 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, 2016, the District's proportionate share was 0.02627 percent, which was an increase of .00058 percent from its proportionate share measured as of June 30, 2015 of 0.02569 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$699,939 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 144,705	
Changes of Assumptions	1,611,833	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	296,701	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>93,431</u>	<u>\$ 224,916</u>
Total	<u>\$ 2,146,670</u>	<u>\$ 224,916</u>

**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)**

**Public Employees Retirement System (PERS) (Continued)**

At June 30, 2017, the 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>	<u>Total</u>
2018	\$ 418,657
2019	418,657
2020	492,362
2021	435,556
2022	156,522
Thereafter	<u>-</u>
	<u>\$ 1,921,754</u>

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**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)**

**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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>9,534,858</u>	\$ <u>7,781,123</u>	\$ <u>6,333,263</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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](http://www.state.nj.us/treasury/pensions).



**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)**

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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,808,154 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$77,301,786. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was 0.09826 percent, which was an increase of 0.00272 percent from its proportionate share measured as of June 30, 2015 of 0.09554 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<u>1% Decrease (2.22%)</u>	<u>Current Discount Rate (3.22%)</u>	<u>1% Increase (4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 92,315,608	\$ 77,301,786	\$ 65,041,063

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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](http://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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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](http://www.state.nj.us/treasury/pensions).

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 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, 2017**

**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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$893,754, \$936,803 and \$820,049, 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 \$21,830 in Governmental Activities net position and an increase of \$24,590 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, 2017**

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 24,636,505		\$ 24,636,505	\$ 24,636,505	
Tuition from Other LEA's Within the State	240,000		240,000	357,987	\$ 117,987
Land Sale Proceeds		\$ 150,000	150,000	699,725	549,725
Investment Income			-	2,926	2,926
Miscellaneous	35,465	-	35,465	109,020	73,555
<b>Total Local Sources</b>	<b>24,911,970</b>	<b>150,000</b>	<b>25,061,970</b>	<b>25,806,163</b>	<b>744,193</b>
<b>State Sources</b>					
Categorical Special Education Aid	739,670		739,670	739,670	
Equalization Aid	73,815		73,815	73,815	
Categorical Security Aid	42,576		42,576	42,576	
Categorical Transportation Aid	115,286		115,286	115,286	
PARCC Readiness Aid	14,360		14,360	14,360	
Per Pupil Growth Aid	14,360		14,360	14,360	
Professional Learning Community Aid	13,400		13,400	13,400	
Extraordinary Aid	65,000		65,000	231,915	166,915
Non Public Transportation Reimbursement				26,274	26,274
On-behalf TPAF Normal Costs (Non-budgeted)				1,035,135	1,035,135
On-behalf TPAF NCGI Premium (Non-budgeted)				37,505	37,505
On-behalf Post Retirement Medical Contribution (Non-budgeted)				893,754	893,754
On-behalf Long-Term Disability Insurance (Non-budgeted)				1,738	1,738
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	719,646	719,646
<b>Total State Sources</b>	<b>1,078,467</b>	<b>-</b>	<b>1,078,467</b>	<b>3,959,434</b>	<b>2,880,967</b>
<b>Federal Sources</b>					
Medicaid Reimbursement	31,840	-	31,840	19,019	(12,821)
<b>Total Federal Sources</b>	<b>31,840</b>	<b>-</b>	<b>31,840</b>	<b>19,019</b>	<b>(12,821)</b>
<b>Total Revenues</b>	<b>26,022,277</b>	<b>150,000</b>	<b>26,172,277</b>	<b>29,784,616</b>	<b>3,612,339</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
<b>Instruction - Regular Programs</b>					
Salaries of Teachers					
Grades 9-12	8,214,722	61,376	8,276,098	8,099,913	176,185
<b>Regular Programs- Home Instruction</b>					
Salaries of Teachers		56,785	56,785	56,785	
Purchased Professional - Educational Services	45,000		45,000	26,466	18,534
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	19,500	(4,500)	15,000	5,176	9,824
Purchased Technical Services	6,000	2,000	8,000	7,363	637
Other Purchased Services	195,967	12,500	208,467	202,788	5,679
General Supplies	223,916	20,370	244,286	209,290	34,996
Textbooks	24,031	16,636	40,667	24,534	16,133
Other Objects	4,275	1,559	5,834	4,079	1,755
<b>Total Regular Programs</b>	<b>8,733,411</b>	<b>166,726</b>	<b>8,900,137</b>	<b>8,636,394</b>	<b>263,743</b>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Instruction - Special Education Programs</b>					
<b>Resource Room</b>					
Salaries of Teachers	\$ 674,726		\$ 674,726	\$ 674,726	
General Supplies	1,500		1,500		\$ 1,500
Textbooks	2,000	-	2,000	921	1,079
<b>Total Resource Room</b>	<u>678,226</u>	<u>-</u>	<u>678,226</u>	<u>675,647</u>	<u>2,579</u>
<b>Autism</b>					
Purchased Professional-Educational Services	725,000	-	725,000	720,991	4,009
<b>Total Autism</b>	<u>725,000</u>	<u>-</u>	<u>725,000</u>	<u>720,991</u>	<u>4,009</u>
<b>Home Instruction</b>					
Salaries of Teachers	85,000	\$ (52,106)	32,894	12,565	20,329
Purchased Professional-Educational Services	20,000		20,000	5,951	14,049
General Supplies	-	18,261	18,261	-	18,261
<b>Total Home Instruction</b>	<u>105,000</u>	<u>(33,845)</u>	<u>71,155</u>	<u>18,516</u>	<u>52,639</u>
<b>Total Special Education</b>	<u>1,508,226</u>	<u>(33,845)</u>	<u>1,474,381</u>	<u>1,415,154</u>	<u>59,227</u>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	145,906	52,106	198,012	198,012	
Supplies and Materials	76,500	15,000	91,500	82,238	9,262
Other Objects	240	-	240	125	115
<b>Total School Sponsored Co-Curricular Activities</b>	<u>222,646</u>	<u>67,106</u>	<u>289,752</u>	<u>280,375</u>	<u>9,377</u>
<b>Co-Curricular Athletics</b>					
Salaries	519,706	(157)	519,549	436,079	83,470
Purchased Services	123,000	2,465	125,465	104,487	20,978
Supplies and Materials	122,650	(10,619)	112,031	105,686	6,345
<b>Total Co-Curricular Athletics</b>	<u>765,356</u>	<u>(8,311)</u>	<u>757,045</u>	<u>646,252</u>	<u>110,793</u>
<b>Total - Instruction</b>	<u>11,229,639</u>	<u>191,676</u>	<u>11,421,315</u>	<u>10,978,175</u>	<u>443,140</u>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State - Special	231,848	(20,478)	211,370	190,752	20,618
Tuition to County Voc.School Dist. - Reg.	1,005,783	(12,574)	993,209	993,209	
Tuition to County Voc.School Dist. - Special Ed.	164,000	(426)	163,574	117,050	46,524
Tuition to County Special Services Districts and Regional Day				82,460	(82,460)
Tuition to Priv. Sch. For the Disables within State	1,908,332	2,120	1,910,452	1,583,852	326,600
Tuition - State Facilities	35,465		35,465	35,465	
Tuition - Other	23,519	-	23,519	21,384	2,135
<b>Total Undistributed Expenditures - Instruction</b>	<u>3,368,947</u>	<u>(31,358)</u>	<u>3,337,589</u>	<u>3,024,172</u>	<u>313,417</u>
<b>Health Services</b>					
Salaries	111,753		111,753	111,753	
Purchased Professional and Technical Services	15,000	73,200	88,200	63,304	24,896
Supplies and Materials	5,000	2,000	7,000	5,934	1,066
<b>Total Health Services</b>	<u>131,753</u>	<u>75,200</u>	<u>206,953</u>	<u>180,991</u>	<u>25,962</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Speech, OT, PT & Related Services					
Purchased Professional Educational Services	\$ 88,300	\$ 29,164	\$ 117,464	\$ 117,464	-
Total Speech, OT, PT & Related Services	<u>88,300</u>	<u>29,164</u>	<u>117,464</u>	<u>117,464</u>	<u>-</u>
Other Support Services - Students - Extra Services					
Purchased Professional Educational Services	68,500	13,170	81,670	81,670	-
Total Other Support Services- Student- Extra Serv.	<u>68,500</u>	<u>13,170</u>	<u>81,670</u>	<u>81,670</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	618,065		618,065	590,056	\$ 28,009
Salaries of Sec. & Clerical Assts.	113,837	6,025	119,862	119,862	
Purchased Professional-Educational Services	1,000	1,000	2,000	1,415	585
Other Purchased Professional and Technical Services	1,923		1,923	480	1,443
Other Purchased Services	104,200	8,000	112,200	111,365	835
Supplies and Materials	20,000	(2,250)	17,750	4,809	12,941
Other Objects	1,815	455	2,270	1,890	380
Total Guidance	<u>860,840</u>	<u>13,230</u>	<u>874,070</u>	<u>829,877</u>	<u>44,193</u>
Child Study Teams					
Salaries of Other Professional Staff	479,453		479,453	333,231	146,222
Salaries of Sec. & Clerical Assts.	53,054	(3,655)	49,399	49,399	
Other Purchased Professional and Technical Services		2,825	2,825	2,531	294
Supplies and Materials	4,500	-	4,500	1,242	3,258
Total Child Study Teams	<u>537,007</u>	<u>(830)</u>	<u>536,177</u>	<u>386,403</u>	<u>149,774</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	9,000	107,210	116,210	31,269	84,941
Other Purchased Services	12,000	-	12,000	10,393	1,607
Total Improvement of Instructional Services	<u>21,000</u>	<u>107,210</u>	<u>128,210</u>	<u>41,662</u>	<u>86,548</u>
Educational Media Services/School Library					
Salaries	119,049		119,049	119,049	
Salaries of Technology Coordinators	162,000		162,000	158,450	3,550
Other Purchased Services	10,100		10,100	5,759	4,341
Supplies and Materials	11,500		11,500	5,284	6,216
Other Objects	350	-	350	-	350
Total Educational Media Services/School Library	<u>302,999</u>	<u>-</u>	<u>302,999</u>	<u>288,542</u>	<u>14,457</u>
Instructional Staff Training Services					
Other Purchased Professional and Technical Services		2,975	2,975	2,975	
Other Purchased Services	-	300	300	63	237
Total Instructional Staff Training Services	<u>-</u>	<u>3,275</u>	<u>3,275</u>	<u>3,038</u>	<u>237</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Support Services General Administration					
Salaries	\$ 226,284	\$ (1,738)	\$ 224,546	\$ 213,792	\$ 10,754
Legal Services	37,000	10,000	47,000	41,426	5,574
Audit Fees	30,500	15,500	46,000	41,735	4,265
Architectural/Engineering Services		19,500	19,500	900	18,600
Other Purchased Professional Services	12,000	10,620	22,620	20,108	2,512
Communications/Telephone	115,800	(33,620)	82,180	75,122	7,058
BOE Other Purchased Services	7,500	12,700	20,200	20,027	173
Miscellaneous Purchased Services	1,900	7,990	9,890	8,973	917
General Supplies	1,600	373	1,973	1,773	200
BOE In-House Training/Meeting Supplies	2,750	3,000	5,750	5,346	404
Judgments Against the School District				(426)	426
Miscellaneous Expenditures	1,785		1,785	1,749	36
BOE Membership Dues and Fees	12,000	-	12,000	11,615	385
<b>Total Support Services General Administration</b>	<b>449,119</b>	<b>44,325</b>	<b>493,444</b>	<b>442,140</b>	<b>51,304</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	666,911	41,796	708,707	708,707	
Salaries of Secretarial and Clerical Assistants	162,305	11,390	173,695	173,695	
Other Purchased Services	21,450	8,440	29,890	11,452	18,438
Supplies and Materials	10,400	19,000	29,400	13,905	15,495
Other Objects	7,675	1,544	9,219	5,057	4,162
<b>Total Support Services School Administration</b>	<b>868,741</b>	<b>82,170</b>	<b>950,911</b>	<b>912,816</b>	<b>38,095</b>
Central Services					
Salaries	291,966		291,966	287,600	4,366
Purchased Technical Services	37,800	29,147	66,947	64,121	2,826
Miscellaneous Purchased Services	22,750	(16,073)	6,677	6,119	558
Supplies and Materials	10,000	2,517	12,517	11,616	901
Miscellaneous Expenditures	4,200	(3,591)	609	75	534
<b>Total Central Services</b>	<b>366,716</b>	<b>12,000</b>	<b>378,716</b>	<b>369,531</b>	<b>9,185</b>
Admin. Info. Technology					
Other Purchased Services	17,527	30,000	47,527	45,453	2,074
<b>Total Admin. Info. Technology</b>	<b>17,527</b>	<b>30,000</b>	<b>47,527</b>	<b>45,453</b>	<b>2,074</b>
Undist. Expend. - Required Maint. For School Facilities					
Salaries	253,974	22,410	276,384	276,384	
Cleaning, Repair, and Maintenance	132,000	8,600	140,600	123,854	16,746
General Supplies	4,000	4,267	8,267	8,217	50
Other Objects	300	4,920	5,220	4,354	866
<b>Total Undist. Expend - Required Maint. For School Facilities</b>	<b>390,274</b>	<b>40,197</b>	<b>430,471</b>	<b>412,809</b>	<b>17,662</b>
Custodial Services					
Salaries	1,157,783	(80,000)	1,077,783	1,051,712	26,071
Cleaning, Repair, and Maintenance Services	195,380	(89,652)	105,728	96,842	8,886
Other Purchased Property Services	25,000	10,000	35,000	31,866	3,134
Insurance	160,000	(3,958)	156,042	156,042	
General Supplies	108,595	(31,880)	76,715	62,060	14,655
Energy (Electricity)	275,000	(37,652)	237,348	197,902	39,446
Energy (Natural Gas)	110,000	(8,000)	102,000	91,787	10,213
Other Objects	-	100	100	-	100
<b>Total Custodial Services</b>	<b>2,031,758</b>	<b>(241,042)</b>	<b>1,790,716</b>	<b>1,688,211</b>	<b>102,505</b>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Care and Upkeep of Grounds					
Salaries	\$ 255,625	\$ 18,720	\$ 274,345	\$ 224,940	\$ 49,405
Purchased Professional and Technical Services	1,000	30	1,030	1,030	
Cleaning, Repair, and Maintenance Services	34,500	10,479	44,979	42,219	2,760
General Supplies	54,500	10,423	64,923	64,923	-
<b>Total Care and Upkeep of Grounds</b>	<u>345,625</u>	<u>39,652</u>	<u>385,277</u>	<u>333,112</u>	<u>52,165</u>
Security					
Salaries	25,000	(9,902)	15,098	6,607	8,491
Purchased Professional and Technical Services	155,000	(10,000)	145,000	70,858	74,142
General Supplies	2,000	-	2,000	1,052	948
<b>Total Security</b>	<u>182,000</u>	<u>(19,902)</u>	<u>162,098</u>	<u>78,517</u>	<u>83,581</u>
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg Management Fee - ESC & CTSA	69,127	1,723	70,850	70,850	
Other Purchased Professional and Technical Services	4,100		4,100	3,975	125
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	120,000	65,000	185,000	132,722	52,278
Contracted Services (Between Home and School) - Vendors	586,526	200	586,726	585,529	1,197
Contracted Services (Other Than Between Home and School) - Vendors	200,000		200,000	127,543	72,457
Contracted Services (Reg Students) - ESC's & CTSA's	83,000	3,572	86,572	6,958	79,614
Contracted Services (Sp Ed Students) - ESC's & CTSA's	843,000	(1,723)	841,277	632,312	208,965
Miscellaneous Purchased Services - Transportation	14,650		14,650	13,663	987
Other Objects	350	-	350	289	61
<b>Total Student Transportation Services</b>	<u>1,920,753</u>	<u>68,772</u>	<u>1,989,525</u>	<u>1,573,841</u>	<u>415,684</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	325,000		325,000	303,930	21,070
Other Retirement Contributions	234,000	11,716	245,716	242,571	3,145
Workmen's Compensation	130,000		130,000	103,973	26,027
Health Benefits	3,394,000	(350,409)	3,043,591	2,849,961	193,630
Tuition Reimbursement	8,000	11,000	19,000	19,000	
Other Employee Benefits	46,800	-	46,800	10,350	36,450
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>4,137,800</u>	<u>(327,693)</u>	<u>3,810,107</u>	<u>3,529,785</u>	<u>280,322</u>
On-behalf TPAF Normal Costs (Non-budgeted)				1,035,135	(1,035,135)
On-behalf TPAF NCGI Premium (Non-budgeted)				37,505	(37,505)
On-behalf Post Retirement Medical Contribution (Non-budgeted)				893,754	(893,754)
On-behalf Long-Term Disability Insurance (Non-budgeted)				1,738	(1,738)
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	719,646	(719,646)
<b>Total On-behalf Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,687,778</u>	<u>(2,687,778)</u>
<b>Total Undistributed Expenditures</b>	<u>16,089,659</u>	<u>(62,460)</u>	<u>16,027,199</u>	<u>17,027,812</u>	<u>(1,000,613)</u>
<b>Total Expenditures - Current Expense</b>	<u>27,319,298</u>	<u>129,216</u>	<u>27,448,514</u>	<u>28,005,987</u>	<u>(557,473)</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Programs - Instruction					
Grades 9-12	\$ 34,566	(5,696)	\$ 28,870	\$ 1,997	\$ 26,873
Undistributed Expenditures					
Administrative Information Technology		102,193	102,193	102,193	
Required Maintenance for School Facilities		18,300	18,300	18,300	
Care and Upkeep of Grounds	7,000	5,696	12,696	12,696	-
Total Equipment	41,566	120,493	162,059	135,186	26,873
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	34	-	34	34	-
Total Facilities Acquisition and Construction Services	34	-	34	34	-
Total Capital Outlay	41,600	120,493	162,093	135,220	26,873
Transfer of Funds to Charter Schools	12,520	-	12,520	-	12,520
Total Expenditures	27,373,418	249,709	27,623,127	28,141,207	(518,080)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,351,141)	(99,709)	(1,450,850)	1,643,409	3,094,259
Other Financing Sources					
Operating Transfers In	-	-	-	36	36
Total Other Financing Sources	-	-	-	36	36
Excess to Fund Balance	(1,351,141)	(99,709)	(1,450,850)	1,643,445	3,094,295
Fund Balances, Beginning of Year	3,431,904	-	3,431,904	3,431,904	-
Fund Balances, End of Year	<u>\$ 2,080,763</u>	<u>\$ (99,709)</u>	<u>\$ 1,981,054</u>	<u>\$ 5,075,349</u>	<u>\$ 3,094,295</u>
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 516,000	
Capital Reserve - Designated for Subsequent Year's Expenditures				484,000	
Excess Surplus				1,914,083	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,297,478	
Assigned:					
Designated for Subsequent Year's Expenditures				161,530	
Unassigned Fund Balance				702,258	
				5,075,349	
Less: State Payments Not Recognized on GAAP					
Delayed State Aid				(319,949)	
Fund Balance, GAAP Basis				<u>\$ 4,755,400</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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 327,609	\$ 178,337	\$ 505,946	\$ 478,424	\$ (27,522)
Local Sources	-	13,899	13,899	3,965	(9,934)
Total Revenues	<u>327,609</u>	<u>192,236</u>	<u>519,845</u>	<u>482,389</u>	<u>(37,456)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	34,158	87,875	122,033	116,325	5,708
Tuition	205,618	75,702	281,320	281,320	
General Supplies	<u>87,833</u>	<u>(66,543)</u>	<u>21,290</u>	<u>17,286</u>	<u>4,004</u>
Total Instruction	<u>327,609</u>	<u>97,034</u>	<u>424,643</u>	<u>414,931</u>	<u>9,712</u>
Support Services					
Employee Benefits		14,167	14,167	13,311	856
Other Purchased Services		28,380	28,380	15,000	13,380
Supplies	-	<u>31,651</u>	<u>31,651</u>	<u>20,516</u>	<u>11,135</u>
Total Support Services	<u>-</u>	<u>74,198</u>	<u>74,198</u>	<u>48,827</u>	<u>25,371</u>
Facilities Acquisition and Construction Services					
Building	-	<u>21,004</u>	<u>21,004</u>	<u>18,631</u>	<u>2,373</u>
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>21,004</u>	<u>21,004</u>	<u>18,631</u>	<u>2,373</u>
Total Expenditures	<u>327,609</u>	<u>192,236</u>	<u>519,845</u>	<u>482,389</u>	<u>37,456</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, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 29,784,616	\$ 482,389
Difference - Budget to GAAP		
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	259,903	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(319,949)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 29,724,570</u>	<u>\$ 482,389</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	<u>\$ 28,141,207</u>	<u>\$ 482,389</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 28,141,207</u>	<u>\$ 482,389</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 Four Fiscal Years\*

	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.02627%	0.02569%	0.02642%	0.02773%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,781,123	\$ 5,768,924	\$ 4,947,099	\$ 5,301,355
District's Covered-Employee Payroll	\$ 1,816,776	\$ 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	428%	326%	195%	214%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 233,400	\$ 220,943	\$ 217,827	\$ 209,003
Contributions in Relation to the Contractually Required Contribution	<u>233,400</u>	<u>220,943</u>	<u>217,827</u>	<u>209,003</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,816,776	\$ 1,772,170	\$ 2,530,590	\$ 2,479,065
Contributions as a Percentage of Covered-Employee Payroll	12.8%	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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 77,301,786</u>	<u>\$ 60,390,129</u>	<u>\$ 50,859,308</u>	<u>\$48,374,689</u>
Total	<u>\$ 77,301,786</u>	<u>\$ 60,390,129</u>	<u>\$ 50,859,308</u>	<u>\$48,374,689</u>
District's Covered-Employee Payroll	\$ 10,064,142	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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, 2017**

**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, 2017**

	<u>NCLB Title I</u>	<u>NCLB Title II-A</u>	<u>NCLB Title III</u>	<u>IDEA Part B Basic</u>	<u>Other Local Programs</u>	<u>Total</u>
<b>REVENUES</b>						
Intergovernmental						
Federal	\$ 158,696	\$ 23,732	\$ 14,676	\$ 281,320		\$ 478,424
Other	-	-	-	-	\$ 3,965	3,965
Total Revenues	<u>\$ 158,696</u>	<u>\$ 23,732</u>	<u>\$ 14,676</u>	<u>\$ 281,320</u>	<u>\$ 3,965</u>	<u>\$ 482,389</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries of Teachers	\$ 92,000	\$ 18,835	\$ 5,490			\$ 116,325
Tuition				\$ 281,320		281,320
General Supplies	8,100	-	9,186	-	-	17,286
Total Instruction	<u>100,100</u>	<u>18,835</u>	<u>14,676</u>	<u>281,320</u>	<u>-</u>	<u>414,931</u>
Support Services						
Employee Benefits	8,414	4,897				13,311
Other Purchased Services	15,000	-				15,000
General Supplies	16,551	-	-	-	\$ 3,965	20,516
Total Support Services	<u>39,965</u>	<u>4,897</u>	<u>-</u>	<u>-</u>	<u>3,965</u>	<u>48,827</u>
Facilities Acquisition and Construction						
Building	18,631	-	-	-	-	18,631
Total Facilities Acquisition and Cons.	<u>18,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,631</u>
Total Expenditures	<u>\$ 158,696</u>	<u>\$ 23,732</u>	<u>\$ 14,676</u>	<u>\$ 281,320</u>	<u>\$ 3,965</u>	<u>\$ 482,389</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, 2017**

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, 2017

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2017</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>\$ -</u>	<u>17,964</u>	<u>-</u>
	<u>\$ 9,838,133</u>	<u>\$ 9,796,096</u>	<u>\$ -</u>	<u>\$ 42,037</u>	<u>\$ -</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, 2017**

**Revenues and Other Financing Sources****Revenues**

Interest Earnings	\$ 36
Total Revenues	36

**Expenditures and Other Financing Uses****Expenditures**

Bad Debt Expense	
Cancellation of Grants Receivable - Budgetary	61,662
Cancellation of Grants Receivable - GAAP	27,610

**Other Financing Uses**

Transfer to General Fund	36
Transfer to Debt Service Fund	250

Total Expenditures and Transfers	89,558
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Excess (Deficiency) of Revenues Over (Under) Expenditures	(89,522)
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Fund Balance - Beginning of Year	41,231
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Fund Balance (Deficit) - End of Year	\$ (48,291)
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**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, 2017**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources- EDA Grant	\$ 787,777		\$ 787,777	787,777
Bond Proceeds	2,255,000	-	2,255,000	2,255,766
 Total Revenues	 3,042,777	 -	 3,042,777	 3,043,543
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Construction Services	3,019,470		3,019,470	3,020,236
Cancelled	-	\$ 23,307	23,307	23,307
 Total Expenditures and other Financing Sources	 3,019,470	 23,307	 3,042,777	 3,043,543
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ 23,307	 (23,307)	 \$ -	 \$ -

Additional Project Information:

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 RENOVATIONS AND IMPROVEMENTS TO PASSAIC VALLEY REGIONAL HIGH SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Bond Proceeds	\$ 6,788,000		\$ 6,788,000	\$ 6,788,040
Other Local Sources	6,550	-	6,550	6,550
	<u>6,794,550</u>	<u>-</u>	<u>6,794,550</u>	<u>6,794,590</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
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
Cancelled	-	\$ 17,924	17,924	17,924
	<u>6,776,626</u>	<u>17,924</u>	<u>6,794,550</u>	<u>6,794,590</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 17,924</u>	<u>\$ (17,924)</u>	<u>\$ -</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, 2017**

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, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

**EXHIBIT G-3**

**COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2017</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 82,828	\$ 167,562	\$ 250,390
Due from Other Funds	<u>-</u>	<u>31,418</u>	<u>31,418</u>
Total Assets	<u>\$ 82,828</u>	<u>\$ 198,980</u>	<u>\$ 281,808</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 82,828		\$ 82,828
Due to Other Funds		\$ 49,578	49,578
Accrued Salaries and Wages		7,905	7,905
Reserve for Flexible Spending Account		12,504	12,504
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>128,993</u>	<u>128,993</u>
Total Liabilities	<u>\$ 82,828</u>	<u>\$ 198,980</u>	<u>\$ 281,808</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, 2017**

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, 2017**

<u>School</u>	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
<b>HIGH SCHOOL</b>				
Passaic County Regional High School	\$ 45,448	\$ 439,013	401,633	\$ 82,828
	<u>\$ 45,448</u>	<u>\$ 439,013</u>	<u>\$ 401,633</u>	<u>\$ 82,828</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Due to(from) Other Funds	\$ (123,345)	\$ 242,978	\$ 101,473	\$ 18,160
Flex Spending	300	21,652	9,448	12,504
Accrued Salaries and Wages	26,257	8,559,911	8,578,263	7,905
Intergovernmental Accounts Payable	169,431		169,431	
Unallocated Funds	99,350		84,063	15,287
Reserve for Employee Benefit Contributions	56,745		56,745	
Payroll Deductions and Withholdings	<u>201,673</u>	<u>6,977,739</u>	<u>7,065,706</u>	<u>113,706</u>
	<u>\$ 430,411</u>	<u>\$ 15,802,280</u>	<u>\$ 16,065,129</u>	<u>\$ 167,562</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, 2017**

<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, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Alteration and Renovation at Passaic Valley High School, and the Installation of an All Weather Track	5/1/2003	2,255,000	5/1/2018	\$ 180,000	3.75-4.00%	360,000		180,000	\$ 180,000
Renovations and Improvements at Passaic Valley High School	7/8/2011	6,788,000	7/1/2017	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%	5,363,000	-	450,000	4,913,000
						<u>\$ 5,723,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 5,093,000</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, 2017**

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, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 607,470		\$ 607,470	\$ 607,471	1
Intergovernmental					
Debt Service Aid Type II	<u>212,794</u>	<u>-</u>	<u>212,794</u>	<u>212,794</u>	<u>-</u>
Total Revenues	<u>820,264</u>	<u>-</u>	<u>820,264</u>	<u>820,265</u>	<u>1</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	190,264		190,264	190,264	\$ -
Principal	<u>630,000</u>	<u>-</u>	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Total Expenditures	<u>820,264</u>	<u>-</u>	<u>820,264</u>	<u>820,264</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Other Financing Sources					
Operating Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Excess to Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>251</u>	<u>251</u>
Fund Balance (Deficit), Beginning of Year	<u>(251)</u>	<u>-</u>	<u>(251)</u>	<u>(251)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (251)</u>	<u>\$ -</u>	<u>\$ (251)</u>	<u>\$ -</u>	<u>\$ 251</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)*

	2008	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,272,215	\$ 1,497,868	\$ 1,643,008	\$ (329,194)	\$ 12,323	\$ 538,415	\$ 999,257	\$ 1,348,375	\$ 1,690,914	\$ 2,136,503
Restricted	96	5,900	26,994	70,432	49,598	600	1	1	1	1,000,000
Unrestricted	855,526	929,292	624,025	660,939	1,083,553	2,038,658	(2,643,765)	(2,470,470)	(2,409,741)	(2,335,583)
<b>Total Governmental Activities Net Position</b>	<b>\$ 2,127,837</b>	<b>\$ 2,433,060</b>	<b>\$ 2,294,027</b>	<b>\$ 402,177</b>	<b>\$ 1,145,474</b>	<b>\$ 2,577,673</b>	<b>\$ (1,644,507)</b>	<b>\$ (1,122,094)</b>	<b>\$ (718,826)</b>	<b>\$ 800,920</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 41,609	\$ 34,843	\$ 30,763	\$ 31,067	\$ 51,143	\$ 82,886	\$ 81,563	\$ 68,287	\$ 72,526	\$ 86,829
Restricted										
Unrestricted	35,889	55,815	67,291	110,367	152,082	151,433	130,177	101,961	55,948	59,546
<b>Total Business-Type Activities Net Position</b>	<b>\$ 77,498</b>	<b>\$ 90,658</b>	<b>\$ 98,054</b>	<b>\$ 141,434</b>	<b>\$ 203,225</b>	<b>\$ 234,319</b>	<b>\$ 211,740</b>	<b>\$ 170,248</b>	<b>\$ 128,474</b>	<b>\$ 146,375</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 1,313,824	\$ 1,532,711	\$ 1,673,771	\$ (298,127)	\$ 63,466	\$ 621,301	\$ 1,080,820	\$ 1,416,662	\$ 1,763,440	\$ 2,223,332
Restricted	96	5,900	26,994	70,432	49,598	600	1	1	1	1,000,000
Unrestricted	891,415	985,107	691,316	771,306	1,235,635	2,190,091	(2,513,588)	(2,368,509)	(2,353,793)	(2,276,037)
<b>Total District Net Position</b>	<b>\$ 2,205,335</b>	<b>\$ 2,523,718</b>	<b>\$ 2,392,081</b>	<b>\$ 543,611</b>	<b>\$ 1,348,699</b>	<b>\$ 2,811,992</b>	<b>\$ (1,432,767)</b>	<b>\$ (951,846)</b>	<b>\$ (590,352)</b>	<b>\$ 947,295</b>

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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 17,115,620
Special Education	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	4,192,108
Other Instruction	28,998	2,628	22,569	25,816	27,175	26,270	35,242	47,772	48,408	24,225
School Sponsored Activities And Athletics	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	1,348,228
<b>Support Services:</b>										
Student & Instruction Related Services	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	3,242,787
School Administrative Services	754,880	777,414	839,235	872,040	939,296	921,657	881,705	1,094,809	1,312,940	1,634,234
General Administration	637,769	657,058	616,505	599,175	573,026	613,658	631,712	544,974	581,694	691,713
Plant Operations And Maintenance	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	3,597,066
Pupil Transportation	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	1,614,067
Business and Other Support Services	987,552	1,027,202	850,321	911,878	908,870	844,702	840,623	856,608	687,827	578,274
Interest On Long-Term Debt	99,575	90,693	81,780	283,089	301,218	269,660	247,416	226,874	204,623	182,876
<b>Total Governmental Activities Expenses</b>	<b>22,247,097</b>	<b>22,139,655</b>	<b>23,001,508</b>	<b>22,976,710</b>	<b>23,934,148</b>	<b>25,676,062</b>	<b>26,547,767</b>	<b>29,967,279</b>	<b>31,562,411</b>	<b>34,221,198</b>
<b>Business-Type Activities:</b>										
Food Service	775,627	810,085	828,102	788,062	965,534	808,098	869,269	894,750	907,928	748,414
<b>Total Business-Type Activities Expense</b>	<b>775,627</b>	<b>810,085</b>	<b>828,102</b>	<b>788,062</b>	<b>965,534</b>	<b>808,098</b>	<b>869,269</b>	<b>894,750</b>	<b>907,928</b>	<b>748,414</b>
<b>Total District Expenses</b>	<b>\$ 23,022,724</b>	<b>\$ 22,949,740</b>	<b>\$ 23,829,610</b>	<b>\$ 23,764,772</b>	<b>\$ 24,899,682</b>	<b>\$ 26,484,160</b>	<b>\$ 27,417,036</b>	<b>\$ 30,862,029</b>	<b>\$ 32,470,339</b>	<b>\$ 34,969,612</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Tuition / Pupil Transportation	\$ 214,293	\$ 196,021	\$ 184,165	\$ 189,924	\$ 178,685	\$ 165,722	\$ 163,216	\$ 122,296	\$ 125,330	\$ 357,987
Operating Grants And Contributions	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	9,071,449
Capital Grants And Contributions	6,406	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>3,625,391</b>	<b>3,052,081</b>	<b>2,719,406</b>	<b>2,492,449</b>	<b>3,023,937</b>	<b>3,624,816</b>	<b>3,432,948</b>	<b>5,958,296</b>	<b>7,001,746</b>	<b>9,429,436</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services:</b>										
Food Service	728,025	771,720	769,098	742,880	896,500	677,581	656,826	649,422	609,787	505,570
Operating Grants And Contributions	44,246	51,525	66,400	88,562	130,825	161,611	189,864	203,836	244,443	236,155
<b>Total Business Type Activities Program Revenues</b>	<b>772,271</b>	<b>823,245</b>	<b>835,498</b>	<b>831,442</b>	<b>1,027,325</b>	<b>839,192</b>	<b>846,690</b>	<b>853,258</b>	<b>854,230</b>	<b>741,725</b>
<b>Total District Program Revenues</b>	<b>\$ 4,397,662</b>	<b>\$ 3,875,326</b>	<b>\$ 3,554,904</b>	<b>\$ 3,323,891</b>	<b>\$ 4,051,262</b>	<b>\$ 4,464,008</b>	<b>\$ 4,279,638</b>	<b>\$ 6,811,554</b>	<b>\$ 7,855,976</b>	<b>\$ 10,171,161</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (24,791,762)
Business-Type Activities	(3,356)	13,160	7,396	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)	(6,689)
<b>Total District-Wide Net Expense</b>	<b>\$ (18,625,062)</b>	<b>\$ (19,074,414)</b>	<b>\$ (20,274,706)</b>	<b>\$ (20,440,881)</b>	<b>\$ (20,848,420)</b>	<b>\$ (22,020,152)</b>	<b>\$ (23,137,398)</b>	<b>\$ (24,050,475)</b>	<b>\$ (24,614,363)</b>	<b>\$ (24,798,451)</b>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 24,636,505
Taxes Levied For Debt Service	323,816	320,707	335,836	358,729	524,707	631,942	675,102	646,185	670,550	697,471
Grants And Contributions	372,786	138,511	219,208	28,507	203,202	294,770	301,595	237,329	257,105	277,655
Miscellaneous Income	125,672	78,725	83,977	130,544	126,705	223,138	103,695	72,008	93,999	811,707
Loss on Disposal of Fixed Assets	-	-	-	-	(227)	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>19,088,095</b>	<b>19,392,797</b>	<b>20,143,069</b>	<b>20,721,990</b>	<b>21,443,861</b>	<b>23,525,174</b>	<b>24,193,994</b>	<b>24,531,396</b>	<b>25,069,045</b>	<b>26,333,338</b>
<b>Business-Type Activities:</b>										
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 19,088,095</b>	<b>\$ 19,392,797</b>	<b>\$ 20,143,069</b>	<b>\$ 20,721,990</b>	<b>\$ 21,443,861</b>	<b>\$ 23,525,174</b>	<b>\$ 24,193,994</b>	<b>\$ 24,531,396</b>	<b>\$ 25,069,045</b>	<b>\$ 26,333,338</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 466,389	\$ 305,223	\$ (139,033)	\$ 237,729	\$ 533,650	\$ 1,473,928	\$ 1,079,175	\$ 522,413	\$ 508,380	\$ 1,541,576
Business-Type Activities	(3,356)	13,160	7,396	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)	(6,689)
<b>Total District</b>	<b>\$ 463,033</b>	<b>\$ 318,383</b>	<b>\$ (131,637)</b>	<b>\$ 281,109</b>	<b>\$ 595,441</b>	<b>\$ 1,505,022</b>	<b>\$ 1,056,596</b>	<b>\$ 480,921</b>	<b>\$ 454,682</b>	<b>\$ 1,534,887</b>

**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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted				\$ 550,558	\$ 765,269	\$ 1,603,395	\$ 2,256,458	\$ 2,068,845	\$ 2,498,549	\$ 4,211,561
Assigned				39,373	159,945	242,321	197,946	537,020	224,357	161,530
Unassigned				403,790	377,627	392,815	414,084	425,344	449,095	382,309
Reserved	\$ 590,765	\$ 669,559	\$ 465,571							
Unreserved	549,131	410,007	298,848	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 1,139,896</b>	<b>\$ 1,079,566</b>	<b>\$ 764,419</b>	<b>\$ 993,721</b>	<b>\$ 1,302,841</b>	<b>\$ 2,238,531</b>	<b>\$ 2,868,488</b>	<b>\$ 3,031,209</b>	<b>\$ 3,172,001</b>	<b>\$ 4,755,400</b>
All Other Governmental Funds										
Restricted				\$ 1,131,128	\$ 260,592	\$ 75,180	\$ 55,326	\$ 13,621	\$ 13,621	\$ (48,291)
Committed					669,950	95,447				
Unassigned							(8,800)	(9,053)	(251)	
Reserved		\$ 1,821,709	\$ 2,583,621							
Unreserved	\$ (4,208)	(2,406,710)	(5,439,990)	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ (4,208)</b>	<b>\$ (585,001)</b>	<b>\$ (2,856,369)</b>	<b>\$ 1,131,128</b>	<b>\$ 930,542</b>	<b>\$ 170,627</b>	<b>\$ 46,526</b>	<b>\$ 4,568</b>	<b>\$ 13,370</b>	<b>\$ (48,291)</b>

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	2017
<b>Revenues</b>											
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	\$ 25,243,976
Transportation/Tuition	189,256	214,293	196,021	184,165	189,924	178,685	165,722	163,216	122,296	125,330	1,057,712
Miscellaneous	125,153	125,672	78,725	83,977	130,544	126,705	223,138	103,696	72,008	93,999	115,947
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	4,112,182
Federal Sources	316,515	328,035	383,407	487,458	521,576	466,488	443,979	438,984	488,137	480,306	497,443
<b>Total Revenue</b>	<b>21,580,662</b>	<b>22,713,486</b>	<b>22,444,878</b>	<b>22,862,475</b>	<b>23,214,439</b>	<b>24,468,025</b>	<b>27,149,990</b>	<b>27,626,942</b>	<b>28,265,249</b>	<b>29,170,180</b>	<b>31,027,260</b>
<b>Expenditures</b>											
<b>Instruction</b>											
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	13,598,149
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	3,900,205
Other Instruction	43,719	27,291	687	20,628	24,258	25,303	29,969	31,970	39,644	45,601	21,384
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	1,192,884
<b>Support Services:</b>											
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	2,654,550
General Administration	622,246	637,769	657,058	616,505	599,175	573,026	613,658	631,712	500,837	529,979	600,912
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	1,304,858
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	3,143,352
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	1,602,492
Central Services	806,547	896,462	943,622	763,821	911,878	792,623	768,417	727,565	856,608	669,189	531,286
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	135,186
<b>Debt Service:</b>											
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	630,000
Interest and Other Charges	109,566	101,255	92,428	83,559	74,355	407,004	276,178	254,355	233,392	211,877	190,264
<b>Total Expenditures</b>	<b>21,434,285</b>	<b>22,363,375</b>	<b>23,086,001</b>	<b>25,448,990</b>	<b>25,785,640</b>	<b>24,359,491</b>	<b>26,974,215</b>	<b>27,121,086</b>	<b>28,144,486</b>	<b>29,020,586</b>	<b>29,505,522</b>
<b>Excess (Deficiency) of Revenues</b>											
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	1,521,738
<b>Other Financing Sources (Uses)</b>											
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	286
Transfers Out	(9)	(86)	(5,712)	(2,614)	(3,516)	(1,094)	(315)	(81)	(27)	(1)	(286)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,788,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 146,377</b>	<b>\$ 350,111</b>	<b>\$ (641,123)</b>	<b>\$ (2,586,515)</b>	<b>\$ 4,216,799</b>	<b>\$ 108,534</b>	<b>\$ 175,775</b>	<b>\$ 505,856</b>	<b>\$ 120,763</b>	<b>\$ 149,594</b>	<b>\$ 1,521,738</b>
<b>Debt Service as a Percentage of</b>											
Noncapital Expenditures	1.51%	1.47%	1.44%	1.38%	1.39%	2.75%	3.32%	3.26%	2.97%	2.98%	2.79%

\* 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)**

<u>Fiscal Year Ended June 30.</u>	<u>Rebates/ Refunds</u>	<u>Interest on Invest.</u>	<u>Tuition Refunds</u>	<u>Land Sale Proceeds</u>	<u>Tuition / Transportation Fees</u>	<u>Misc.</u>	<u>Total</u>
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
2017		2,926		\$ 699,725	357,987	109,020	1,169,658

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.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
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
2017	31,827,900	1,053,630,100			238,172,400	45,285,800	115,646,700	1,484,562,900	4,415,500	1,488,978,400	1,627,535,576	0.510

Source: County Abstract of Ratables

N/A Not Available

<sup>a</sup> 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 <sup>2</sup>
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	635,098,000	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	2,293,851,100	2,246,233	2,296,097,333	2,216,310,167	0.418
2017	40,939,100	1,356,147,900	900,400	2,800	598,416,900	274,566,700	N/A	2,270,973,800	2,380,814	2,273,354,614	2,128,007,043	0.426

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 <sup>a</sup>
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
2017	17,355,200	1,245,548,400		1,800	296,629,900	53,295,700	60,148,600	1,672,979,600	1,100,480	1,674,080,080	1,802,509,345	0.510

Source: County Abstract of Razables

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**

<u>Assessment Year</u>	<u>Passaic Valley Regional H.S. District No. 1</u>	<u>Little Falls School District</u>	<u>Township of Little Falls</u>	<u>Passaic County</u>	<u>Total</u>
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	0.506	0.8510	0.7720	0.716	2.845
2014	0.520	0.8970	0.8010	0.776	2.994
2015	0.487	0.9222	0.8220	0.844	3.076
2016	0.494	0.9551	0.8373	0.835	3.121
2017	0.510	0.9740	0.8690	0.810	3.163

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>
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
2017	0.426	0.691	0.554	0.688	2.359

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>
2008	0.622	1.472	1.046	1.095	4.24
2009	*	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
2017	0.510	0.971	0.804	0.794	3.079

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	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 68,500,000	4.60%		
Theta Holding Co	50,055,000	3.36%		
Park Falls Associates	13,285,000	0.89%		
PAR3 LLC	12,432,200	0.83%		
Great Notch Village	10,027,700	0.67%		
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	0.46%		
	<u>\$ 195,320,100</u>	<u>13.12%</u>		
Inwood Owners Inc			\$ 27,000,000	3.71%
Theta Holding Co			24,489,000	3.37%
North Jersey District			4,567,100	0.63%
PAR 3 PAR 5			4,852,400	0.67%
Ward Trucking Corp			4,748,700	0.65%
AMB			3,300,000	0.45%
Great Notch Village			4,296,200	0.59%
Park Falls Associates			3,750,000	0.52%
Andrew Realty			3,750,000	0.52%
St. Hilltop Mnr			3,596,100	0.49%
			<u>\$ 84,349,500</u>	<u>11.60%</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	2017		2008	
	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	54,000,000	2.38%		
Fidelity Syn. C/O Slater Companies	46,000,000	2.02%		
IPT Totowa C/O MF Poer & Co.	24,521,900	1.08%		
Abill Realty Corp.	22,365,000	0.98%		
50 Madison Road LLC	18,928,400	0.83%		
HPFVIII 700 Union LLC C/O Ryan	18,500,000	0.81%		
Ratan Totowa LLC	18,355,800	0.81%		
Digital Totowa LLC	16,504,800	0.73%		
Taft Associates	15,400,000	0.68%		
Totowa Plaza Rte 46 LLC	15,400,000	0.68%		
	<u>\$ 249,975,900</u>	<u>11.00%</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%
Totowa Plaza Rt 46 LLC			17,257,800	1.47%
Norwell Land Company			15,974,200	1.36%
Rossmore Assoc/Vons Co.			12,100,000	1.03%
Taft Associates			9,778,800	0.83%
930 N. Riverview Assoc. LLC			9,435,700	0.81%
Abill Realty Corp.			9,305,000	0.79%
515 Union Blvd. Assoc. LLC			7,800,000	0.67%
			<u>\$ 158,795,700</u>	<u>13.55%</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	2017		2008	
	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 Associates	43,091,000	2.61%		
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	13,750,000	0.83%		
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>\$ 233,253,700</u>	<u>14.12%</u>		

Rose Manor Estates	\$ 17,228,000	2.08%
Levco Route 46 Associates	15,286,300	1.85%
Bank of New York	14,627,200	1.77%
G.O.P. 3, LLC	10,618,300	1.28%
Leeward Corporation	9,500,000	1.15%
Rose Manor Estates	7,592,000	0.92%
Dorm Westfalls Plaza, LLC	7,529,000	0.91%
G.O.P.S. LLC c/o Mtn Dev't	7,000,000	0.85%
G.O.P.S. 3LLC c/o Mtn Dev't	7,000,000	0.85%
Best Buy Stores, L.P.	4,883,800	0.59%
	<u>\$ 101,264,600</u>	<u>12.24%</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	
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%	-
2017	25,243,976	24,567,344	97.32%	\$ 676,632

**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		
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	37,972	150.72
2017	5,093,000			5,093,000	37,972 *	134.13

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2008	2,240,000		2,240,000	0.08%	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%	150.72
2017	5,093,000		5,093,000	0.09%	134.13

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, 2016 (1)		\$ 5,273,000
Net Overlapping Debt of School District		
Township of Little Falls	\$ 24,648,560	
Borough of Totowa	2,221,016	
Borough of Woodland Park	<u>20,578,098</u>	
		<u>47,447,674</u>
		52,720,674
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	43,494,546	
Passaic County Utilities Authority (B)	6,398,529	
Passaic Valley Sewer Commission (C)	<u>7,807,332</u>	
		<u>57,700,407</u>
Total Direct and Overlapping Debt		<u>\$ 110,421,081</u>

## Source:

(1) Borough's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Passaic County.

(B) The debt was computed based upon dividing each Borough's 2016 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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 171,550,987	\$ 182,731,965	\$ 186,570,577	\$ 188,617,486	\$ -	\$ 178,617,804	\$ 172,434,181	\$ 167,387,678	\$ 167,142,418	\$ 165,907,941
Total Net Debt Applicable to Limit	<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>	<u>5,093,000</u>
Legal Debt Margin	<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>	<u>\$ 160,814,941</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.38%	1.17%	1.02%	4.48%	#DIV/0!	4.25%	4.04%	3.81%	3.42%	3.07%

Legal Debt Margin Calculation, December 31, 2016

2014	\$ 5,499,909,664
2015	5,577,191,952
2016	<u>5,513,692,438</u>
	<u>\$ 16,590,794,054</u>

Average equalized valuation of taxable pr \$ 5,530,264,685

3% of Equalized Valuation Basis	165,907,941
Less Net Debt	<u>5,093,000</u>
Remaining Borrowing Power	<u>\$ 160,814,941</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>
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	47,189	14,533
2016	4.4	Not Available	14,423
2017	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>
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	47,189	10,973
2016	5.3	Not Available	10,904
2017	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>
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	47,189	12,518
2016	5.7	Not Available	12,645
2017	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>2017</u>		<u>2008</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>2017</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>
Instruction										
Regular	100	100	100	97	97	97	99	99	100	97
Special Education	9	8	8	8	8	8	8	9	9	9
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	27	23	22	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	8	9	7	7	7	7	7
Other Administrative Services			-	-	-	5	5	5	5	5
Central Services	5	5	4	4	3					
Administrative Information Technology	1	1	1	1	1	2	1	1	1	1
Plant Operations And Maintenance	23	23	22	22	21	21	20	20	20	20
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	8	8	8	8	9	9	9	9	9	9
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>184</u>	<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>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	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					
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%
2017	1,276	28,550,072	22,375	6.61%	108	1:13		1,252	1,181	-1.09%	94.33%

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>2017</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>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b><u>High School</u></b>										
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	15,000	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,276	1,338	1,385	1,385	1,395	1,353	1,350	1,285	1,296	1,302
Number of Schools at June 30, 2017										
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

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>2017</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>School Facilities</u>	<u>Project #</u>										
High School	N/A	\$ 412,809	\$ 426,474	\$ 316,415	\$ 486,117	\$ 524,649	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697	\$ 481,097
Total Required Maintenance for School Facilities		<u>\$ 412,809</u>	<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>

**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

**SINGLE AUDIT SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
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MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

## 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, 2017 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 November 24, 2017.

#### **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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

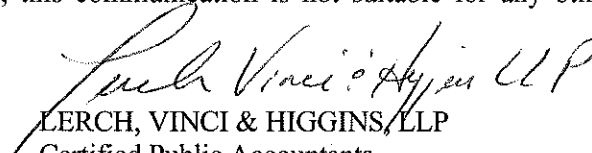
## Compliance and Other Matters

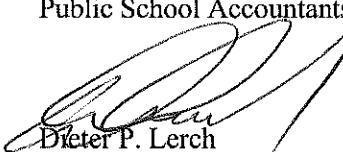
As part of obtaining reasonable assurance about whether the Passaic Valley Regional High School District No. 1 Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

However, we 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 November 24, 2017.

## 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  
November 24, 2017



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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SHERYL M. NICOLosi, CPA, PSA

**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 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, 2017. 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, 2017.

### **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.

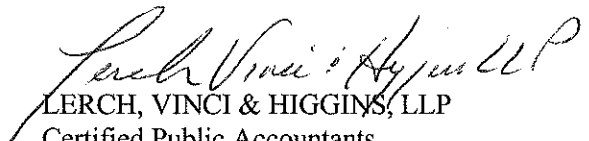
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

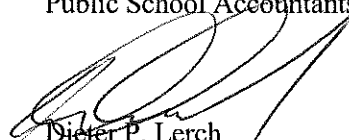
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 24, 2017, 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  
November 24, 2017

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2016			Accounts Receivable Carryover Amount	Unearned Revenue Carryover Amount	Cash Receipts	Budgetary Expenditures	Accounts Receivable Adjustment	Repayment of Prior Year Balances	Balance, June 30, 2017			MEMO GAAP Receivable
					Accounts Receivable	Unearned Revenue	Due to Grantor							(Account Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Agriculture Passed-Through State Department of Education</b>																	
<b>Enterprise Fund</b>																	
National School Breakfast Program	10.553	N/A	7/1/16-6/30/17	\$ 24,115					\$ 22,474	\$ 24,115			\$ (1,641)			\$ (1,641)	
National School Breakfast Program	10.553	N/A	7/1/15-6/30/16	30,750	(4,941)				4,941								
National School Lunch Program																	
Non-Cash Assistance	10.550	N/A	7/1/16-6/30/17	42,751					42,751	42,751							
Non-Cash Assistance	10.550	N/A	7/1/15-6/30/16	36,463		844				844							
Cash Assistance	10.555	N/A	7/1/16-6/30/17	163,832					152,396	163,832						(11,456)	
Cash Assistance	10.555	N/A	7/1/15-6/30/16	172,787	(25,487)				25,487								
<b>Total Enterprise Fund</b>					<b>(30,428)</b>	<b>844</b>			<b>248,049</b>	<b>231,542</b>				<b>(13,077)</b>		<b>(13,077)</b>	
<b>U.S. Department of Education Passed-Through State Department of Education</b>																	
<b>Special Revenue</b>																	
N.C.L.B.- Title I	84.010A	NCLB-3990-17	7/1/16-6/30/17	157,894			\$ (17,756)	\$ 17,756	130,718	158,697				(44,932)	\$ 16,953	(27,979)	
N.C.L.B.- Title I	84.010A	NCLB-3990-16	7/1/15-6/30/16	150,984	(165,639)	17,756		17,756	147,883								
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-3990-17	7/1/16-6/30/17	23,732					23,732	23,732							
N.C.L.B.- Title II-A	84.168A	NCLB-3990-16	7/1/15-6/30/16	26,091	(26,091)				26,091								
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-3990-17	7/1/16-6/30/17	19,317			(5,927)	5,927	7,486	14,676	\$ 1,700		(16,058)	10,568		(5,490)	
N.C.L.B.- Title III	84.365A	NCLB-3990-16	7/1/15-6/30/16	11,778	(11,778)	5,506		5,927	7,551				(1,279)				
N.C.L.B.- Title III	84.365A	NCLB-3990-14	9/1/13-6/30/14	20,598											10,256		
A.R.R.A. - Title I, Carryover	84.389A	ARRA-3990-09	9/1/09-8/31/11														
Race to the Top		N/A	7/1/12-11/30/15														
I.D.E.A. Part B, Basic	84.027	IDEA-3990-17	7/1/16-6/30/17	281,320					215,815	281,320				(65,505)		(65,505)	
I.D.E.A. Part B, Basic	84.027	IDEA-3990-16	7/1/15-6/30/16	296,110	(296,110)				296,110								
I.D.E.A. Part B, Basic	84.027	IDEA-3990-14	9/1/13-6/30/14	275,832		127,710									127,710		
<b>Total Special Revenue</b>					<b>(499,618)</b>	<b>23,262</b>	<b>221,447</b>		<b>855,386</b>	<b>478,425</b>	<b>421</b>			<b>(126,495)</b>	<b>27,521</b>	<b>221,447</b>	<b>(98,974)</b>
<b>U.S. Department of Education</b>																	
<b>General Fund</b>																	
Medicaid Assistance Program (Semi)	93.778		7/1/16-6/30/17	19,019					19,019	19,019							
<b>Total General Fund</b>									<b>19,019</b>	<b>19,019</b>							
<b>Total Federal Financial Awards</b>					<b>\$ (530,046)</b>	<b>\$ 24,106</b>	<b>\$ 221,447</b>	<b>\$ -</b>	<b>\$ 1,122,454</b>	<b>\$ 728,986</b>	<b>\$ 421</b>	<b>\$ -</b>	<b>\$ (139,572)</b>	<b>\$ 27,521</b>	<b>\$ 221,447</b>	<b>\$ (112,051)</b>	

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, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Returned to Grantor	Adjustment	Balance, June 30, 2017			Memo Only	
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Accounts Receivable	Total Cumulative Expenditures
<b>State Department of Education</b>														
<b>General Fund</b>														
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 739,670			\$ 675,419	\$ 739,670			\$ (64,251)				\$ 739,670
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	755,829	\$ (60,027)		60,027								
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	73,815			67,403	73,815			(6,412)				73,815
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	76,492	(6,075)		6,075								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	42,576			38,877	42,576			(3,699)				42,576
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	34,532	(2,743)		2,743								
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	14,360			13,113	14,360			(1,247)				14,360
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	14,360	(1,140)		1,140								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	14,360			13,113	14,360			(1,247)				14,360
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	14,360	(1,140)		1,140								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	13,400			12,236	13,400			(1,164)				13,400
<b>State Aid Public Cluster Total</b>				<b>(71,125)</b>		<b>891,286</b>	<b>898,181</b>			<b>(78,020)</b>				<b>898,181</b>
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	115,286			105,272	115,286			(10,014)				115,286
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	100,005	(7,942)		7,942								
Non Public Transportation Reimbursement	17-495-034-5120-014	7/1/16-6/30/17	26,274				26,274			(26,274)			\$ (26,274)	26,274
Non Public Transportation Reimbursement	16-495-034-5120-014	7/1/15-6/30/16	23,664	(23,664)		23,664								
<b>Transportation Aid Cluster Total</b>				<b>(31,606)</b>		<b>136,878</b>	<b>141,560</b>			<b>(36,288)</b>			<b>(26,274)</b>	<b>141,560</b>
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	231,915				231,915			(231,915)				231,915
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	180,836	(180,836)		180,836								
On-Behalf TPAF Pension System Contributions (Normal Costs)	17-100-034-5094-006	7/1/16-6/30/17	1,035,135			1,035,135	1,035,135							1,035,135
On-Behalf TPAF Pension System Contributions (NCGI Premium)	17-100-034-5094-006	7/1/16-6/30/17	37,505			37,505	37,505							37,505
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	17-100-034-5094-001	7/1/16-6/30/17	893,754			893,754	893,754							893,754
On-Behalf TPAF Pension System Contrib. (Long Term Disability Insurance)	17-100-034-5094-006	7/1/16-6/30/17	1,738			1,738	1,738							1,738
Reimbursed TPAF Social Security Contributions	17-100-034-5094-003	7/1/16-6/30/17	719,646			684,490	719,646			(35,156)			(35,156)	719,646
Reimbursed TPAF Social Security Contributions	16-100-034-5094-003	7/1/15-6/30/16	733,919	(36,399)		36,399								
<b>Total General Fund</b>				<b>(319,966)</b>		<b>3,898,021</b>	<b>3,959,434</b>			<b>(381,379)</b>			<b>(61,430)</b>	<b>3,959,434</b>
<b>Capital Projects Fund</b>														
NJ Economic Development Authority														
Upgrade of Various Building Systems at High School	SP 202555	N/A		(61,662)					\$ 61,662					
<b>Total Capital Projects Fund</b>				<b>(61,662)</b>										
<b>Debt Service Fund</b>														
Debt Service Aid	17-495-034-5120-125	7/1/16-6/30/17	212,794			212,794	212,794							212,794
<b>Total Debt Service Fund</b>						<b>212,794</b>	<b>212,794</b>							<b>212,794</b>
<b>State Department of Agriculture</b>														
<b>Enterprise Fund</b>														
National School Lunch Program (State Share)	17-100-010-3360-037	7/1/16-6/30/17	4,622			4,303	4,622			(319)			(319)	4,622
National School Lunch Program (State Share)	16-100-010-3360-037	7/1/15-6/30/16	4,558	(716)		716								
<b>Total Enterprise Fund</b>				<b>(716)</b>		<b>5,019</b>	<b>4,622</b>			<b>(319)</b>			<b>(319)</b>	<b>4,622</b>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (382,344)</b>	<b>\$ -</b>	<b>\$ 4,115,834</b>	<b>\$ 4,176,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (381,698)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (61,749)</b>	<b>\$ 4,176,850</b>
<b>State Financial Assistance Not Subject to Major Program Determination</b>														
<b>General Fund</b>														
On-Behalf TPAF Pension System Contributions (Normal Costs)	17-100-034-5094-006	7/1/16-6/30/17				(1,035,135)	(1,035,135)							(1,035,135)
On-Behalf TPAF Pension System Contributions (NCGI Premium)	17-100-034-5094-006	7/1/16-6/30/17				(37,505)	(37,505)							(37,505)
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	17-100-034-5094-001	7/1/16-6/30/17				(893,754)	(893,754)							(893,754)
On-Behalf TPAF Pension System Contrib. (Long Term Disability Insurance)	17-100-034-5094-006	7/1/16-6/30/17				(1,738)	(1,738)							(1,738)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (382,344)</b>	<b>\$ -</b>	<b>\$ 2,147,702</b>	<b>\$ 2,208,718</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (381,698)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (61,749)</b>	<b>\$ 2,210,456</b>

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, 2017**

**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 Title 2 U.S. Code of Federal Regulations Part 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 \$60,046 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	\$ 19,019	\$ 3,899,388	\$ 3,918,407
Special Revenue Fund	478,434		478,434
Debt Service		212,794	212,794
Food Service Fund	<u>231,533</u>	<u>4,622</u>	<u>236,155</u>
Total Financial Assistance	<u>\$ 728,986</u>	<u>\$ 4,116,804</u>	<u>\$ 4,845,790</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, 2017**

**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 \$719,646 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,072,640, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$893,754 and TPAF Long-Term Disability Insurance in the amount of \$1,738 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long Term Disability Insurance 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, 2017**

**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>          </u> Yes	<u>  X  </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, 2017**

*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?        yes          X   no

Identification of major state programs:

GMIS Number(s)	Name of State Program
17-495-034-5120-089	Special Education Aid
17-495-034-5120-078	Equalization Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-101	Professional Learning Community Aid

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

Auditee qualified as low-risk auditee?   X   yes        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, 2017**

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*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

**CURRENT YEAR STATE AWARDS**

There are none.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 2016-001**

Certain payments for health benefit and debt service expenditures were charged directly to fund balance rather than to the appropriate budget account line item.

**Current Status**

Corrective action has been taken.

**Finding 2016-002**

Expenditures for travel were not separately recorded in the object code "580" on the budget appropriation report.

**Current Status**

Corrective action has been taken.