

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2018**

**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**

January 23, 2019

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, 2018, 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 U.S. Uniform Guidance and New Jersey State Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.



1. **REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, technical, as well as, special education. The District completed the 2017-2018 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**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
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	-.01%
2016-2017	1,294	-.04%
2017-2018	1,276	-.02%

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 2017 and 2018 reported the following post-graduate plans:

	<u>Class of 2017</u>	<u>Class of 2018</u>
4 Year College	58%	63%
2 Year College	26%	21%
Other	7%	8%
Employment	7%	7%
Military	2%	1%

### **SAT/ACT Scores**

#### **SAT Scores**

#### **Mean Score Distribution**

ERW	528
MATH	533

#### **Act Scores**

#### **Mean Score Distribution**

Reading	24
English	24
Math	24
Science	23

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) The cost of a control should not exceed the benefits likely to be derived:  
and
- (2) The valuation of costs and benefits requires estimates and judgments by management.

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

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

**5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriate budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

**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, 2018, the District had \$4,643,000.00 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 2017-2018 budgets under the State's funding formula. An analysis of the expenditures in the financial section of this report will show that the Board was prudent in presenting the community with an accurate picture of educational needs.

**9. CASH MANAGEMENT:**

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

**10. RISK MANAGEMENT:**

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


**11. OTHER INFORMATION:**

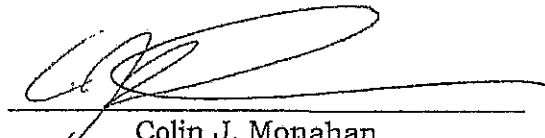
Independent Audit – State statutes require an annual audit by independent certified public accountants (CPA) or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also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

10. ACKNOWLEDGMENTS:

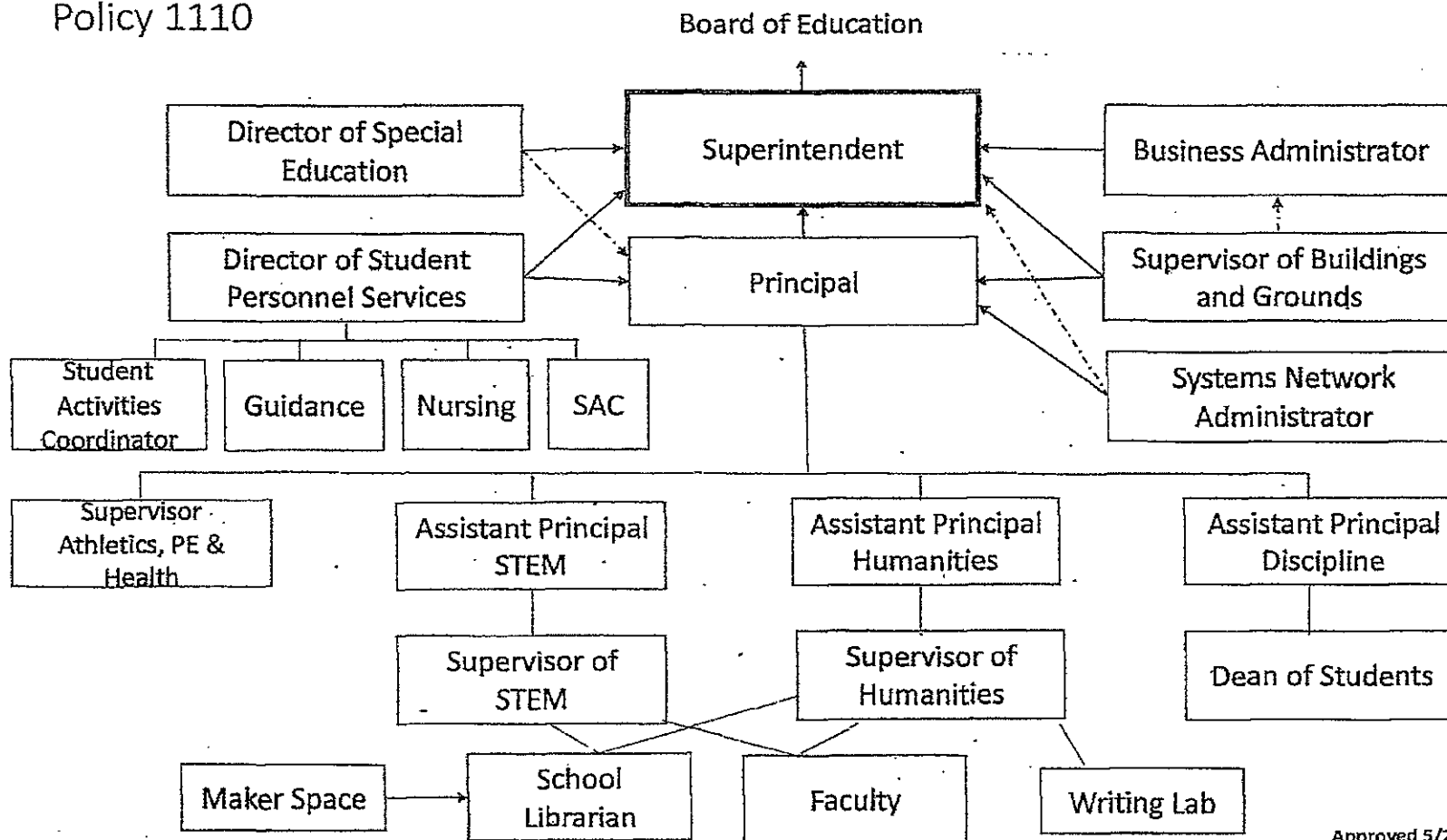
We would like to express our appreciation to the members of the Passaic Valley High School District #1 Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

  
Dr. JoAnn Cardillo  
Superintendent of Schools

  
Colin J. Monahan  
School Business  
Administrator/Board Secretary

# Organization Chart Policy 1110



Approved 5/23/17

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

ROSTER OF OFFICIALS

JUNE 30, 2018

Members of the Board

Term Expires January

Sam Yodice Jr., President	2019
Lori Brigati, Vice-President	2020
Dr. Charles Cathcart	2020
Giovanni D'Ambrosio	2020
Peter D'Angelo	2019
Raymond Luke Damiano	2018
Nicholas Doell	2018
Jaclyn Luker	2019
Dr. Vincent Varcadipane	2018

Other Officials

Dr. JoAnn Cardillo, Superintendent of Schools

Colin Monahan, 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  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Passaic Valley Regional High School District No.1 Board of Education, as of and for the fiscal year ended June 30, 2018 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, 2018, 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 January 23, 2019 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  
January 23, 2019

## **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, 2018**

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, 2018. 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 (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 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 \$1,618,537 (net position).
- The District's total net position increased \$671,242.
- Overall district-wide revenues were \$36,899,434. General revenues accounted for \$26,263,366 or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,636,068 or 29% of total revenues.
- The school district had \$35,539,749 in expenses for governmental activities; only \$9,981,345 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$26,263,366 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 \$4,700,650. Of this amount, \$417,558 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, 2018

### 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:  Food Service
Required financial Statements	Statements of net position  Statement of activities	Balance sheet  Statement of revenues, expenditures and changes in fund balances	Statement of net position  Statement of revenues, expenses, and changes in fund net position  Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, and deferred outflows/ inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon 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, 2018**

**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, 2018**

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 2018 and 2017.

**Net position.** The district's combined net position was \$1,618,537 and \$947,295, on June 30, 2018 and 2017, 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, 2018**

Table A-1  
Statement of Net Position  
As of June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current Assets	\$ 5,577,475	\$ 5,203,083	\$ 125,009	\$ 120,645	\$ 5,702,484	\$ 5,323,728
Capital Assets	<u>7,553,355</u>	<u>7,229,503</u>	<u>76,543</u>	<u>86,829</u>	<u>7,629,898</u>	<u>7,316,332</u>
<b>Total Assets</b>	<u>13,130,830</u>	<u>12,432,586</u>	<u>201,552</u>	<u>207,474</u>	<u>13,332,382</u>	<u>12,640,060</u>
<b>Deferred Outflows of Resources</b>	<u>1,946,926</u>	<u>2,146,670</u>	<u>-</u>	<u>-</u>	<u>1,946,926</u>	<u>2,146,670</u>
Long-Term Liabilities	10,517,811	12,978,736			10,517,811	12,978,736
Other Liabilities	<u>1,573,147</u>	<u>574,684</u>	<u>88,897</u>	<u>61,099</u>	<u>1,662,044</u>	<u>635,783</u>
<b>Total Liabilities</b>	<u>12,090,958</u>	<u>13,553,420</u>	<u>88,897</u>	<u>61,099</u>	<u>12,179,855</u>	<u>13,614,519</u>
<b>Deferred Inflows of Resources</b>	<u>1,480,916</u>	<u>224,916</u>	<u>-</u>	<u>-</u>	<u>1,480,916</u>	<u>224,916</u>
Net Position						
Net Investment in capital assets	3,090,355	2,136,503	76,543	86,829	3,166,898	2,223,332
Restricted	91,206	1,000,000			91,206	1,000,000
Unrestricted	<u>(1,675,679)</u>	<u>(2,335,583)</u>	<u>36,112</u>	<u>59,546</u>	<u>(1,639,567)</u>	<u>(2,276,037)</u>
<b>Total Net Position</b>	<u>\$ 1,505,882</u>	<u>\$ 800,920</u>	<u>\$ 112,655</u>	<u>\$ 146,375</u>	<u>\$ 1,618,537</u>	<u>\$ 947,295</u>

Table A-2 on the following page shows changes in net position for fiscal year 2018 and 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, 2018**

Table A-2  
Change in Net Position  
For The Years Ended June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 445,106	\$ 357,987	\$ 452,146	\$ 505,570	\$ 897,252	\$ 863,557
Operating Grants and Contributions	9,536,239	9,071,449	202,577	236,155	9,738,816	9,307,604
Capital Grants and Contributions						
General Revenues						
Property Taxes	25,824,402	25,243,976			25,824,402	25,243,976
State Aid - Formula Grants	350,175	277,655			350,175	277,655
Other	88,789	811,707	-	-	88,789	811,707
<b>Total Revenues</b>	<u>36,244,711</u>	<u>35,762,774</u>	<u>654,723</u>	<u>741,725</u>	<u>36,899,434</u>	<u>36,504,499</u>
<b>Expenses</b>						
Instruction						
Regular	17,448,043	17,115,620			17,448,043	17,115,620
Special Education	5,071,735	4,192,108			5,071,735	4,192,108
Other Instruction	2,841	24,225			2,841	24,225
School Sponsored Activities and Athletics	1,515,902	1,348,228			1,515,902	1,348,228
Support Services						
Student and Instruction Related Services	3,005,216	3,242,787			3,005,216	3,242,787
General Administrative Services	693,538	691,713			693,538	691,713
School Administrative Services	1,478,788	1,634,234			1,478,788	1,634,234
Plant Operations and Maintenance	3,667,182	3,597,066			3,667,182	3,597,066
Pupil Transportation	1,944,707	1,614,067			1,944,707	1,614,067
Business and Other Support Services	549,621	578,274			549,621	578,274
Interest on Debt	162,176	182,876			162,176	182,876
Food Services	-	-	688,443	748,414	688,443	748,414
<b>Total Expenses</b>	<u>35,539,749</u>	<u>34,221,198</u>	<u>688,443</u>	<u>748,414</u>	<u>36,228,192</u>	<u>34,969,612</u>
<b>Change in Net Position</b>	<u>\$ 704,962</u>	<u>\$ 1,541,576</u>	<u>\$ (33,720)</u>	<u>\$ (6,689)</u>	<u>\$ 671,242</u>	<u>\$ 1,534,887</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, 2018

**Governmental Activities.** The District's total revenues were \$36,244,711. The local share of the revenues, that included property taxes, tuition, transportation, interest, and miscellaneous revenue, amounted to \$26,358,297 or 72% of total revenues. Funding from state and federal sources amounted to \$9,886,414 or 28%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$24,038,521 (68%) and student support services totaled \$11,339,052 (32%) of total expenditures interest on debt totaled \$162,176. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities  
For Fiscal Year 2018

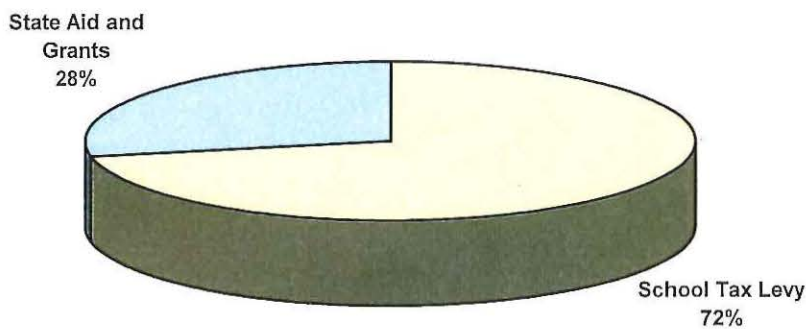
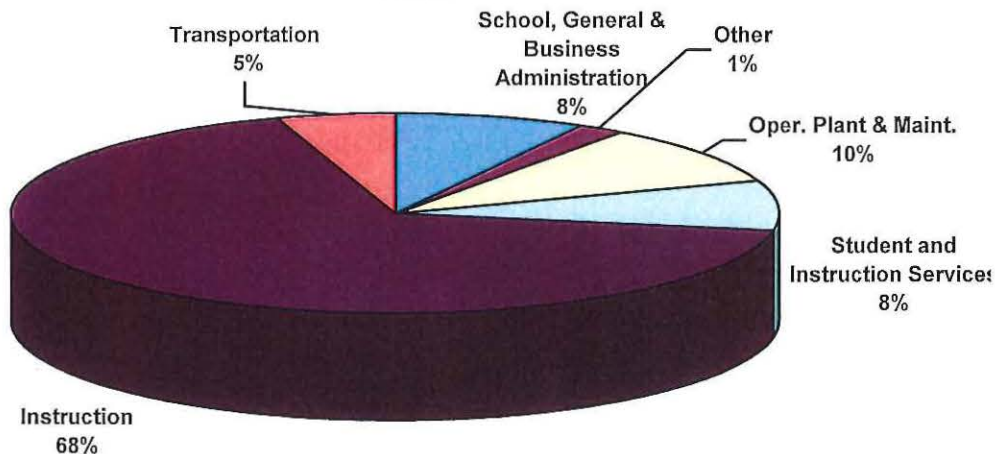


Table A-4 Expenses by Function – Governmental Activities  
For Fiscal Year 2018



**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, 2018**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 17,448,043	\$ 17,115,620	\$ 11,850,376	\$ 11,538,177
Special Education	5,071,735	4,192,108	2,762,454	2,159,919
Other Instruction	2,841	24,225	2,841	24,225
School Sponsored Activities and Athletics	1,515,902	1,348,228	1,337,294	1,216,396
Support Services				
Student and Instruction Related Services	3,005,216	3,242,787	2,178,031	2,399,458
General Administrative Services	693,538	691,713	526,797	549,375
School Administrative Services	1,478,788	1,634,234	1,053,368	1,162,396
Plant Operations and Maintenance	3,667,182	3,597,066	3,440,458	3,555,446
Pupil Transportation	1,944,707	1,614,067	1,773,418	1,474,579
Business Services	549,621	578,274	515,345	578,274
Interest on Debt	162,176	182,876	118,022	133,517
<b>Total</b>	<b>\$ 35,539,749</b>	<b>\$ 34,221,198</b>	<b>\$ 25,558,404</b>	<b>\$ 24,791,762</b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal years ended June 30, 2018 and 2017 were \$688,443 and \$748,414, 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, 2018**

**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 \$4,700,650. As of June 30, 2017, the fund balance was \$4,707,109.

Revenues for the District's governmental funds were \$31,638,441 while total expenditures were \$31,644,900.

**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, 2018 and 2017.

**General Fund Revenues**

	Fiscal Year Ended		Amount of Increase (Decrease)	Change
	June 30			
	<u>2018</u>	<u>2017</u>		
Local Sources				
Property Taxes	\$ 25,250,755	\$ 24,636,505	\$ 614,250	2%
Tuition/Transportation	445,106	357,987	87,119	24%
Miscellaneous	88,710	811,671	(722,961)	-89%
Intergovernmental				
Federal Sources	19,025	19,019	6	0%
State Sources	<u>4,526,341</u>	<u>3,899,388</u>	<u>626,953</u>	16%
Total General Fund Revenues	<u>\$ 30,329,937</u>	<u>\$ 29,724,570</u>	<u>\$ 605,367</u>	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, 2018**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2018 and 2017.

**General Fund Expenditures**

	Fiscal Year Ended June 30		Amount of Increase (Decrease)	Change
	<u>2018</u>	<u>2017</u>		
Current Expense:				
Instruction	\$ 19,877,749	\$ 18,284,380	\$ 1,593,369	9%
Undistributed Expenses	9,833,015	9,721,641	111,374	1%
Capital Outlay	<u>607,998</u>	<u>135,186</u>	<u>472,812</u>	350%
 Total Expenditures	 <u>\$ 30,318,762</u>	 <u>\$ 28,141,207</u>	 <u>\$ 2,177,555</u>	 8%

Total General Fund expenditures increased by \$2,177,555 or 8% from the previous year. The most significant increase can be attributable to an increase in capital outlay expenditures due to emergency repairs.

**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 \$526,574 and \$482,389, for the years ended June 30, 2018 and 2017. Federal sources accounted for 98% and 99% of the Special Revenue Fund's revenue for the years ended June 30, 2018 and 2017.

Total Special Revenue Fund revenues increased \$44,185 or 9% 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, 2018**

**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 2018, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

Table A-4

	Governmental Activities			Business-Type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Buildings and Building Improvements	\$ 13,107,546	\$ 13,107,546				
Improvements other than Buildings	1,851,326	1,419,357	\$ 431,969			
Machinery and Equipment	1,252,335	1,076,306	176,029	\$ 203,453	\$ 203,453	-
	16,211,207	15,603,209	607,998	203,453	203,453	-
Less Accumulated Depreciation	8,657,852	8,373,706	284,146	126,911	116,624	\$ 10,287
Total	\$ 7,553,355	\$ 7,229,503	\$ 323,852	\$ 76,542	\$ 86,829	\$ (10,287)

**Debt Administration.** As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$11,142,811 and \$12,978,736, respectively.

**Long-Term Liabilities**

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

	2018	2017
Serial Bonds	\$ 4,463,000	\$ 5,093,000
Net Pension Liability	6,573,106	7,781,123
Compensated Absences Payable	106,705	104,613
Total	\$ 11,142,811	\$ 12,978,736



**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, 2018**

**General Fund Budgetary Highlights**

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at the Passaic Valley Regional High School District No. 1 Board of Education, East Main Street, Little Falls, New Jersey 07424.

**BASIC FINANCIAL STATEMENTS**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,402,129	\$ 53,840	\$ 5,455,969
Receivables, net			
Receivables from Other Governments	136,704	14,155	150,859
Other Receivables	84,394		84,394
Internal Balances	(45,752)	45,752	
Inventory		11,262	11,262
Capital Assets			
Being Depreciated Net	<u>7,553,355</u>	<u>76,543</u>	<u>7,629,898</u>
Total Assets	<u>13,130,830</u>	<u>201,552</u>	<u>13,332,382</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>1,946,926</u>	<u>-</u>	<u>1,946,926</u>
Total Assets and Deferred Outflows of Resources	<u>15,077,756</u>	<u>201,552</u>	<u>15,279,308</u>
<b>LIABILITIES</b>			
Accounts Payable	825,629	88,897	914,526
Accrued Interest Payable	71,322		71,322
Unearned Revenue	51,196		51,196
Noncurrent Liabilities			
Due Within One Year	625,000		625,000
Due Beyond One Year	<u>10,517,811</u>	<u>-</u>	<u>10,517,811</u>
Total Liabilities	<u>12,090,958</u>	<u>88,897</u>	<u>12,179,855</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>1,480,916</u>	<u>-</u>	<u>1,480,916</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,571,874</u>	<u>88,897</u>	<u>13,660,771</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,090,355	76,543	3,166,898
Restricted for:			
Capital Projects	91,206		91,206
Unrestricted	<u>(1,675,679)</u>	<u>36,112</u>	<u>(1,639,567)</u>
Total Net Position	<u>\$ 1,505,882</u>	<u>\$ 112,655</u>	<u>\$ 1,618,537</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 17,448,043		\$ 5,597,667		\$ (11,850,376)		\$ (11,850,376)
Special Education	5,071,735	\$ 445,106	1,864,175		(2,762,454)		(2,762,454)
Other Instruction	2,841		-		(2,841)		(2,841)
School Sponsored Co-Curricular Activities	1,515,902		178,608		(1,337,294)		(1,337,294)
Support Services:							
Student & Instruction Related Services	3,005,216		827,185		(2,178,031)		(2,178,031)
School Administrative Services	1,478,788		425,420		(1,053,368)		(1,053,368)
General Administrative Services	693,538		166,741		(526,797)		(526,797)
Plant Operations and Maintenance	3,667,182		226,724		(3,440,458)		(3,440,458)
Pupil Transportation	1,944,707		171,289		(1,773,418)		(1,773,418)
Business and Other Support Services	549,621		34,276		(515,345)		(515,345)
Interest on Long-Term Debt	162,176	-	44,154	-	(118,022)	-	(118,022)
Total Governmental Activities	35,539,749	445,106	9,536,239	-	(25,558,404)	-	(25,558,404)
Business-Type Activities:							
Food Service	688,443	452,146	202,577	-	-	\$ (33,720)	(33,720)
Total Business-Type Activities	688,443	452,146	202,577	-	-	(33,720)	(33,720)
Total Primary Government	\$ 36,228,192	\$ 897,252	\$ 9,738,816	\$ -	(25,558,404)	(33,720)	(25,592,124)

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

Continued

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 25,250,755		\$ 25,250,755
Taxes Levied for Debt Service	573,647		573,647
State Aid - Restricted for Debt Service	164,050		164,050
State Aid - Unrestricted	186,125		186,125
Miscellaneous Income	88,789	-	88,789
Total General Revenues	26,263,366	-	26,263,366
Change in Net Position	704,962	\$ (33,720)	671,242
Net Position—Beginning of Year	800,920	146,375	947,295
Net Position—End of Year	\$ 1,505,882	\$ 112,655	\$ 1,618,537

**FUND FINANCIAL STATEMENTS**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

	<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	\$ 5,352,900		\$ 45,566	\$ 3,663	\$ 5,402,129
Accounts Receivable		\$ 1,050			1,050
Receivables From Other Governments	42,920	93,784			136,704
Due from Other Funds	<u>176,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,211</u>
Total Assets	<u>\$ 5,572,031</u>	<u>\$ 94,834</u>	<u>\$ 45,566</u>	<u>\$ 3,663</u>	<u>\$ 5,716,094</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Other Payables	\$ 825,629				\$ 825,629
Due to Other Funds	45,752	\$ 43,638	\$ 45,566	\$ 3,663	138,619
Unearned Revenue	<u>-</u>	<u>51,196</u>	<u>-</u>	<u>-</u>	<u>51,196</u>
Total Liabilities	<u>871,381</u>	<u>94,834</u>	<u>45,566</u>	<u>3,663</u>	<u>1,015,444</u>
Fund Balances:					
Restricted:					
Capital Reserve	66,206				66,206
Capital Reserve - Designated for Subsequent Year's Expenditures	25,000				25,000
Excess Surplus	1,833,520				1,833,520
Excess Surplus - Designated for Subsequent Year's Expenditures	1,914,083				1,914,083
Assigned:					
Designated for Subsequent Year's Expenditures	159,988				159,988
Year End Encumbrances	284,295				284,295
Unassigned (Deficit), Reported in: General Fund	<u>417,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,558</u>
Total Fund Balances	<u>4,700,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700,650</u>
Total Liabilities and Fund Balances	<u>\$ 5,572,031</u>	<u>\$ 94,834</u>	<u>\$ 45,566</u>	<u>\$ 3,663</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 \$16,211,207 and the accumulated depreciation is \$8,657,852.

7,553,355

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

(71,323)

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

466,010

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	\$ 4,463,000
Net Pension Liability	6,573,106
Compensated Absences	<u>106,704</u>

(11,142,810)

Net Position of Governmental Activities (Exhibit A-1)

\$ 1,505,882

**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, 2018**

	<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	\$ 25,250,755			\$ 573,647	\$ 25,824,402
Tuition	445,106				445,106
Interest Earnings	9,810		\$ 79		9,889
Miscellaneous	78,900	\$ 9,788	-	-	88,688
Total - Local Sources	<u>25,784,571</u>	<u>9,788</u>	<u>79</u>	<u>573,647</u>	<u>26,368,085</u>
State Sources	4,526,341			208,204	4,734,545
Federal Sources	19,025	\$ 516,786	-	-	535,811
Total Revenues	<u>30,329,937</u>	<u>526,574</u>	<u>79</u>	<u>781,851</u>	<u>31,638,441</u>
<b>EXPENDITURES</b>					
Instruction					
Regular	14,072,087	217,823			14,289,910
Special Education	4,468,711	278,963			4,747,674
Other					-
School Sponsored Co-Curricular Activities	1,336,951				1,336,951
Support Services and Undistributed Costs					
Student & Instruction Related Services	2,451,158	29,788			2,480,946
General Administrative Services	597,306				597,306
School Administrative Services	1,211,102				1,211,102
Business & Other Support Services	490,190				490,190
Plant Operations and Maintenance	3,152,291				3,152,291
Pupil Transportation	1,930,968				1,930,968
Capital Outlay	607,998				607,998
Debt Service					
Principal				630,000	630,000
Interest and other charges	-	-	-	169,564	169,564
Total Expenditures	<u>30,318,762</u>	<u>526,574</u>	<u>-</u>	<u>799,564</u>	<u>31,644,900</u>
Excess of Revenues Over Expenditures					
	<u>11,175</u>	<u>-</u>	<u>79</u>	<u>(17,713)</u>	<u>(6,459)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	79		48,291	17,713	66,083
Transfers Out	(66,004)	-	(79)	-	(66,083)
Total Other Financing Sources (Uses)	<u>(65,925)</u>	<u>-</u>	<u>48,212</u>	<u>17,713</u>	<u>-</u>
Net Change in Fund Balances	(54,750)	-	48,291	-	(6,459)
Fund Balance (Deficit), Beginning of Year	<u>4,755,400</u>	<u>-</u>	<u>(48,291)</u>	<u>-</u>	<u>4,707,109</u>
Fund Balance, End of Year	<u>\$ 4,700,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,700,650</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, 2018**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (6,459)

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>607,998</u>	323,852

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		(2,092)	
Net Pension Liability		<u>(247,727)</u>	<u>(242,431)</u>

<b>Change in Net Position of Governmental Activities</b>			<u><u>\$ 704,962</u></u>
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**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

	<b>Business-Type            Activities            Enterprise Fund  <u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 53,840
Intergovernmental Receivable	
State	356
Federal	13,799
Due from Other Funds	45,752
Inventories	<u>11,262</u>
Total Current Assets	<u>125,009</u>
Capital Assets	
Furniture, Machinery and Equipment	203,453
Less: Accumulated Depreciation	<u>(126,910)</u>
Total Capital Assets, Net	<u>76,543</u>
Total Assets	<u>201,552</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>88,897</u>
Total Current Liabilities	<u>88,897</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	76,543
Unrestricted	<u>36,112</u>
Total Net Position	<u>\$ 112,655</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, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 145,550
Daily Sales - Nonreimbursable Programs	<u>306,596</u>
 Total Operating Revenues	 <u>452,146</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	191,005
Cost of Sales - Nonreimbursable Programs	80,362
Cost of Sales - USDA Commodities	13,725
Labor Cost	257,325
Management Fee	30,703
Supplies and Materials	23,105
Other Expenses	62,919
Depreciation	10,287
Disallowed Reimbursements	<u>19,012</u>
 Total Operating Expenses	 <u>688,443</u>
 Operating Loss	 <u>(236,297)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	5,000
Federal Sources	
Food Distribution Program	13,725
National School Breakfast Program	22,188
National School Lunch Program	161,528
Interest Revenue	<u>136</u>
 Total Nonoperating Revenues	 <u>202,577</u>
 Change in Net Position	 <u>(33,720)</u>
Total Net Position - Beginning of Year	<u>146,375</u>
Total Net Position - End of Year	<u>\$ 112,655</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, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 452,146
Cash Payments for Employees' Salaries and Benefits	(257,325)
Cash Payments to Suppliers for Goods and Services	<u>(373,525)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(178,704)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Payments to Other Funds	(63,410)
Cash Received from State and Federal Subsidy Reimbursements	<u>187,957</u>
Net Cash Provided by Noncapital Financing Activities	<u>124,547</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>136</u>
Net Cash Used for Noncapital Financing Activities	<u>136</u>
Net Decrease in Cash and Cash Equivalents	(54,021)
Cash and Cash Equivalents, Beginning of Year	<u>107,861</u>
Cash and Cash Equivalents, End of Year	<u>\$ 53,840</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ <u>(236,297)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	13,725
Depreciation	10,287
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	
(Increase)/Decrease in Inventory	5,783
Increase/(Decrease) in Accounts Payable	27,798
Increase/(Decrease) in Deferred Inflows of Resources	<u>-</u>
Total Adjustments	<u>57,593</u>
Net Cash Used for Operating Activities	<u>\$ (178,704)</u>
Non-Cash Financing Activities:	
Fair Value of Food Distribution Program Commodities Received - National School Lunch Program	<u>\$ 13,725</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, 2018**

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 95,989	\$ 192,079	\$ 343,188
Due from Other Funds	<u>-</u>	<u>-</u>	<u>10,941</u>
Total Assets	<u>95,989</u>	<u>192,079</u>	<u>\$ 354,129</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ 10,941		\$ 83,344
Due to Student Groups			108,710
Intergovernmental Accounts Payable	1,154		
Accrued Salaries and Wages			-
Reserve for Flexible Spending Account			9,349
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>-</u>	<u>152,726</u>
Total Liabilities	<u>12,095</u>	<u>-</u>	<u>\$ 354,129</u>
<b>NET POSITION</b>			
Held In Trust For Unemployment Claims and Other Purposes			
Restricted	<u>\$ 83,894</u>	<u>\$ 192,079</u>	

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employee	\$ 20,477	
Donations	<u>          -</u>	\$ 20,010
Total Contributions	<u>20,477</u>	<u>20,010</u>
Investment Earnings		
Interest	<u>          13</u>	<u>          150</u>
Net Investment Earnings	<u>          13</u>	<u>          150</u>
Total Additions	<u>20,490</u>	<u>20,160</u>
<b>DEDUCTIONS</b>		
Other Expenses		28
Unemployment Claims	52,236	
Scholarships Awarded	<u>          -</u>	<u>37,720</u>
Total Deductions	<u>52,236</u>	<u>37,748</u>
Change in Net Position	(31,746)	(17,588)
Net Position Beginning of the Year	<u>115,640</u>	<u>209,667</u>
Net Position End of the Year	<u>\$ 83,894</u>	<u>\$ 192,079</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, 2018**

**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 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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*. 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.



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**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, 2018**

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

**Fund Financial Statements (Continued)**

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

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

Property taxes, tuition, 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 inventory at year-end, if any, is reported as deferred inflows of resources.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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***

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.

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

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

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

***5. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one 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; (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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

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

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused 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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 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, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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 2018/2019 District budget certified for taxes.

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 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 based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On 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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$718,755. The increase was funded by additional grant awards and capital reserve withdrawals.

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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. 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, 2018 is as follows:

Balance, July 1, 2017	\$ 1,000,000
Decreased by:	
Budget Withdrawal	(484,000)
Approved by Board Resolution	<u>(424,794)</u>
Balance, June 30, 2018	<u>\$ 91,206</u>

As of June 30, 2018 \$25,000 of the capital reserve balance was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**C. 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, 2018 is \$3,747,603. Of this amount, \$1,914,083 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,833,520 will be appropriated in the 2019/2020 original budget certified for taxes.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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 and NCUSIF.

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, 2018, the book value of the Board's deposits were \$6,087,225 and bank and brokerage firm balances of the Board's deposits amounted to \$7,317,561. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 7,317,561</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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. Receivables**

Receivables as of June 30, 2018 for the district's individual major funds, nonmajor, internal service, and fiduciary 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		\$ 93,784	\$ 13,799	\$ 107,583
State	\$ 42,920		356	43,276
Local	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	42,920	93,784	14,155	150,859
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 42,920</u>	<u>\$ 93,784</u>	<u>\$ 14,155</u>	<u>\$ 150,859</u>

**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>\$ 51,196</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 51,196</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 13,107,546			\$ 13,107,546
Improvements Other Than Buildings	1,419,357	\$ 431,969		1,851,326
Machinery and Equipment	<u>1,076,306</u>	<u>176,029</u>	<u>-</u>	<u>1,252,335</u>
Total Capital Assets Being Depreciated	<u>15,603,209</u>	<u>607,998</u>	<u>-</u>	<u>16,211,207</u>
Less Accumulated Depreciation for:				
Buildings	6,490,115	204,352		6,694,467
Improvements Other Than Buildings	995,440	36,220		1,031,660
Machinery and Equipment	<u>888,151</u>	<u>43,574</u>	<u>-</u>	<u>931,725</u>
Total Accumulated Depreciation	<u>8,373,706</u>	<u>284,146</u>	<u>-</u>	<u>8,657,852</u>
Total Capital Assets, Being Depreciated, Net	<u>7,229,503</u>	<u>323,852</u>	<u>-</u>	<u>7,553,355</u>
Government Activities Capital Assets, Net	<u>\$ 7,229,503</u>	<u>\$ 323,852</u>	<u>\$ -</u>	<u>\$ 7,553,355</u>
	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Business-Type Activities:</b>				
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	116,624	10,287	-	126,911
Total Accumulated Depreciation	<u>116,624</u>	<u>10,287</u>	<u>-</u>	<u>126,911</u>
Total Capital Assets, Being Depreciated, Net	<u>86,829</u>	<u>(10,287)</u>	<u>-</u>	<u>76,542</u>
Business-Type Activities Capital Assets, Net	<u>\$ 86,829</u>	<u>\$ (10,287)</u>	<u>\$ -</u>	<u>\$ 76,542</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**D. Capital Assets (Continued)**

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

**Governmental activities:**

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>

**Business-Type Activities:**

Food Service Fund	\$ 10,287
Total Depreciation Expense-Business-Type Activities	<u>\$ 10,287</u>

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

The composition of interfund balances as of June 30, 2018, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 43,638
General Fund	Capital Projects Fund	45,566
General Fund	Debt Service Fund	3,663
General Fund	Payroll Agency Fund	82,344
Food Service Fund	General Fund	45,752
Payroll Agency Fund	Unemployment Fund	<u>10,941</u>
		<u>\$ 231,904</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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	Transfers In:			Total
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Proj Fund</u>	
<u>Transfer Out:</u>				
General Fund		\$ 17,713	\$ 48,291	\$ 66,004
Capital Projects Fund	79	-	-	79
	<u>\$ 79</u>	<u>\$ 17,713</u>	<u>\$ 48,291</u>	<u>\$ 66,083</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.

**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, 2018 are comprised of the following issues:

\$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>\$4,463,000</u>
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**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 5,093,000		\$ 630,000	\$ 4,463,000	\$ 625,000
Net Pension Liability	7,781,123	\$ 509,312	1,717,329	6,573,106	
Compensated Absences	104,613	2,092	-	106,705	-
Governmental Activity Long-Term Liabilities	<u>\$ 12,978,736</u>	<u>\$ 511,404</u>	<u>\$ 2,347,329</u>	<u>\$ 11,142,811</u>	<u>\$ 625,000</u>

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



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

**A. Risk Management**

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

The District is a member of the Pooled Insurance Group (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 are on file with the School's Business Administrator.

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

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

Fiscal Year Ended June 30,	Employee Contributions	Amount Reimbursed	Ending Balance
2018	\$ 20,477	\$ 52,236	\$ 83,894
2017	20,258	4,936	115,640
2016	587		100,405

**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, 2018, 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.

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 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

**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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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.

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

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

**Other Pension Funds**

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits ("Division"), 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).

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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).

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

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

**Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016 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 7.00 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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**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)**

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 261,585	\$ 1,455,825	\$ 8,065
2017	233,400	1,072,640	8,254
2016	220,943	786,750	6,374

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 Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$730,086 during the fiscal year ended June 30, 2018 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. 85.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

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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, 2018, the District reported in the statement of net position (accrual basis) a liability of \$6,573,106 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was 0.02824 percent, which was an increase of 0.00197 percent from its proportionate share measured as of June 30, 2016 of 0.02627 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$509,312 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, 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	\$ 154,774	
Changes of Assumptions	1,324,254	\$ 1,319,399
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	44,758	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>423,140</u>	<u>161,517</u>
Total	<u>\$ 1,946,926</u>	<u>\$ 1,480,916</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, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 211,347
2020	211,346
2021	206,719
2022	(74,501)
2023	(88,901)
Thereafter	<u>-</u>
	<u>\$ 466,010</u>

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.



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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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%



**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)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,454,158 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$64,296,813. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was 0.09536 percent, which was a decrease of 0.00289 percent from its proportionate share measured as of June 30, 2016 of 0.09825 percent.

**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)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
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, 2036

Municipal Bond Rate \* From July 1, 2036 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 76,386,631</u>	<u>\$ 64,296,813</u>	<u>\$ 54,337,169</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**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)**

***Pension Plan Fiduciary Net Position***

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>366,078</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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, 2016, 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.

**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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$940,287, \$893,754 and \$936,803, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,548,224. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$43,884,774. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was 0.08181 percent, which was a decrease of 0.0005 percent from its proportionate share measured as of June 30, 2016 of 0.08186 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**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)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>47,338,733</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,764,868
Interest on the Total OPEB Liability	1,391,093
Changes of Assumptions	(5,797,814)
Gross Benefit Payments	(843,153)
Contributions from the Member	<u>31,047</u>
<b>Net Changes</b>	<b>\$ <u>(3,453,959)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>43,884,774</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>52,094,393</u>	\$ <u>43,884,774</u>	\$ <u>37,372,826</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<b>Healthcare Cost Trend Rates</b>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>36,090,984</u>	\$ <u>43,884,774</u>	\$ <u>54,234,835</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

**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, 2018**

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 25,250,755		\$ 25,250,755	\$ 25,250,755	
Tuition from Other LEA's Within the State	325,000		325,000	445,106	\$ 120,106
Investment Income	700		700	9,810	9,110
Miscellaneous	35,000	-	35,000	78,900	43,900
<b>Total Local Sources</b>	<b>25,611,455</b>	<b>-</b>	<b>25,611,455</b>	<b>25,784,571</b>	<b>173,116</b>
State Sources					
Categorical Special Education Aid	739,670		739,670	739,670	
Equalization Aid	73,815		73,815	140,892	67,077
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	125,000		125,000	314,956	189,956
Non Public Transportation Reimbursement				42,920	42,920
Lead Testing for School Aid				750	750
On-behalf TPAF Normal Costs (Non-budgeted)				1,421,333	1,421,333
On-behalf TPAF NCGI Premium (Non-budgeted)				34,492	34,492
On-behalf Post Retirement Medical Contribution (Non-budgeted)				940,287	940,287
On-behalf Long-Term Disability Insurance (Non-budgeted)				1,484	1,484
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	730,086	730,086
<b>Total State Sources</b>	<b>1,138,467</b>	<b>-</b>	<b>1,138,467</b>	<b>4,566,852</b>	<b>3,428,385</b>
Federal Sources					
Medicaid Reimbursement	26,013	-	26,013	19,025	(6,988)
<b>Total Federal Sources</b>	<b>26,013</b>	<b>-</b>	<b>26,013</b>	<b>19,025</b>	<b>(6,988)</b>
<b>Total Revenues</b>	<b>26,775,935</b>	<b>-</b>	<b>26,775,935</b>	<b>30,370,448</b>	<b>3,594,513</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	7,762,978	\$ 381,521	8,144,499	8,028,845	115,654
Regular Programs- Home Instruction					
Salaries of Teachers		32,047	32,047	32,047	
Other Salaries for Instruction	304,000	(304,000)			
Purchased Professional - Educational Services	42,000	(20,122)	21,878	12,201	9,677
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	10,500	4,500	15,000	11,296	3,704
Purchased Technical Services	6,000	15,000	21,000	19,734	1,266
Other Purchased Services	269,578	3,031	272,609	260,661	11,948
General Supplies	270,506	212	270,718	253,027	17,691
Textbooks	32,502	4,919	37,421	29,592	7,829
Other Objects	7,325	1,500	8,825	5,030	3,795
<b>Total Regular Programs</b>	<b>8,705,389</b>	<b>118,608</b>	<b>8,823,997</b>	<b>8,652,433</b>	<b>171,564</b>



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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>Multiple Disabilities</b>					
Salaries of Teachers	\$ 56,181	\$ 1,690	\$ 57,871	\$ 57,871	-
<b>Total Multiple Disabilities</b>	<u>56,181</u>	<u>1,690</u>	<u>57,871</u>	<u>57,871</u>	<u>-</u>
<b>Resource Room</b>					
Salaries of Teachers	653,944	65,101	719,045	719,045	
General Supplies	1,000	369	1,369	207	\$ 1,162
Textbooks	2,000	-	2,000	-	2,000
<b>Total Resource Room</b>	<u>656,944</u>	<u>65,470</u>	<u>722,414</u>	<u>719,252</u>	<u>3,162</u>
<b>Autism</b>					
Other Salaries for Instruction	96,000	(37,790)	58,210	58,210	
Purchased Professional-Educational Services	825,000	185,537	1,010,537	1,010,537	-
<b>Total Autism</b>	<u>921,000</u>	<u>147,747</u>	<u>1,068,747</u>	<u>1,068,747</u>	<u>-</u>
<b>Home Instruction</b>					
Salaries of Teachers	40,000	(15,293)	24,707	6,197	18,510
Purchased Professional-Educational Services	-	55,844	55,844	55,844	-
<b>Total Home Instruction</b>	<u>40,000</u>	<u>40,551</u>	<u>80,551</u>	<u>62,041</u>	<u>18,510</u>
<b>Total Special Education</b>	<u>1,674,125</u>	<u>255,458</u>	<u>1,929,583</u>	<u>1,907,911</u>	<u>21,672</u>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	226,900	(55,020)	171,880	169,343	2,537
Supplies and Materials	89,022	(1,200)	87,822	61,085	26,737
Other Objects	250	-	250	-	250
<b>Total School Sponsored Co-Curricular Activities</b>	<u>316,172</u>	<u>(56,220)</u>	<u>259,952</u>	<u>230,428</u>	<u>29,524</u>
<b>Co-Curricular Athletics</b>					
Salaries	626,819	2,068	628,887	572,169	56,718
Purchased Services	120,000	7,295	127,295	91,211	36,084
Supplies and Materials	151,000	12,412	163,412	123,054	40,358
<b>Total Co-Curricular Athletics</b>	<u>897,819</u>	<u>21,775</u>	<u>919,594</u>	<u>786,434</u>	<u>133,160</u>
<b>Total - Instruction</b>	<u>11,593,505</u>	<u>339,621</u>	<u>11,933,126</u>	<u>11,577,206</u>	<u>355,920</u>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State - Special	218,941	(27,501)	191,440	190,851	589
Tuition to County Voc.School Dist. - Reg.	1,376,259	(23,228)	1,353,031	1,353,031	
Tuition to County Voc.School Dist. - Special Ed.	109,658	(9,339)	100,319	100,319	
Tuition to Priv. Sch. For the Disabilities within State	1,959,928	(113,334)	1,846,594	1,845,193	1,401
Tuition - State Facilities					
Tuition - Other	-	-	-	-	-
<b>Total Undistributed Expenditures - Instruction</b>	<u>3,664,786</u>	<u>(173,402)</u>	<u>3,491,384</u>	<u>3,489,394</u>	<u>1,990</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>Health Services</b>					
Salaries	\$ 117,873	\$ (4,965)	\$ 112,908	\$ 106,577	\$ 6,331
Purchased Professional and Technical Services	75,000	(227)	74,773	56,485	18,288
Supplies and Materials	7,000	(2,150)	4,850	4,044	806
<b>Total Health Services</b>	<b>199,873</b>	<b>(7,342)</b>	<b>192,531</b>	<b>167,106</b>	<b>25,425</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	133,300	(47,958)	85,342	85,342	
Purchased Professional Educational Services	-	72,424	72,424	65,076	7,348
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>133,300</b>	<b>24,466</b>	<b>157,766</b>	<b>150,418</b>	<b>7,348</b>
<b>Other Support Services - Students - Extra Services</b>					
Purchased Professional Educational Services	64,500	(5,124)	59,376	47,711	11,665
<b>Total Other Support Services- Student- Extra Serv.</b>	<b>64,500</b>	<b>(5,124)</b>	<b>59,376</b>	<b>47,711</b>	<b>11,665</b>
<b>Guidance</b>					
Salaries of Other Professional Staff	487,161	11,425	498,586	498,586	
Salaries of Sec. & Clerical Assts.	113,854	2,670	116,524	106,926	9,598
Purchased Professional-Educational Services	1,500	7,540	9,040	9,040	
Other Purchased Professional and Technical Services	1,923	(1,000)	923	270	653
Other Purchased Services	107,675	2,239	109,914	109,050	864
Supplies and Materials	22,695	10,195	32,890	27,372	5,518
Other Objects	1,815	-	1,815	629	1,186
<b>Total Guidance</b>	<b>736,623</b>	<b>33,069</b>	<b>769,692</b>	<b>751,873</b>	<b>17,819</b>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	310,625		310,625	294,670	15,955
Salaries of Sec. & Clerical Assts.	51,535	60	51,595	50,001	1,594
Supplies and Materials	8,028	(5,078)	2,950	2,613	337
<b>Total Child Study Teams</b>	<b>370,188</b>	<b>(5,018)</b>	<b>365,170</b>	<b>347,284</b>	<b>17,886</b>
<b>Improvement of Instructional Services</b>					
Salaries of Other Professional Staff	9,000	5,018	14,018	14,018	
Other Purchased Services	19,500	-	19,500	18,107	1,393
<b>Total Improvement of Instructional Services</b>	<b>28,500</b>	<b>5,018</b>	<b>33,518</b>	<b>32,125</b>	<b>1,393</b>
<b>Educational Media Services/School Library</b>					
Salaries	227,803		227,803	153,089	74,714
Salaries of Technology Coordinators	93,177		93,177	90,495	2,682
Other Purchased Services		160	160	160	
Supplies and Materials	20,000	9,000	29,000	28,112	888
Other Objects	350	(160)	190	-	190
<b>Total Educational Media Services/School Library</b>	<b>341,330</b>	<b>9,000</b>	<b>350,330</b>	<b>271,856</b>	<b>78,474</b>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Support Services General Administration</b>					
Salaries	\$ 228,537	\$ 25,642	\$ 254,179	\$ 249,836	\$ 4,343
Legal Services	30,000	4,794	34,794	30,995	3,799
Audit Fees	29,000	5,000	34,000	32,975	1,025
Architectural/Engineering Services	8,000	(2,299)	5,701	5,701	
Other Purchased Professional Services	12,580	(7,308)	5,272	4,926	346
Communications/Telephone	105,200	(15,679)	89,521	88,405	1,116
BOE Other Purchased Services	2,000	1,000	3,000	2,140	860
Other Purchased Services	11,500	30,350	41,850	40,567	1,283
General Supplies	5,000	(1,000)	4,000	2,380	1,620
BOE In-House Training/Meeting Supplies	2,750	3,000	5,750	2,093	3,657
Miscellaneous Expenditures	1,785		1,785	439	1,346
BOE Membership Dues and Fees	12,000	-	12,000	10,776	1,224
<b>Total Support Services General Administration</b>	<u>448,352</u>	<u>43,500</u>	<u>491,852</u>	<u>471,233</u>	<u>20,619</u>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	766,286	(6,000)	760,286	608,724	151,562
Salaries of Secretarial and Clerical Assistants	164,758	10,000	174,758	167,123	7,635
Other Purchased Services	18,000	31,700	49,700	45,135	4,565
Supplies and Materials	9,621	16,300	25,921	7,158	18,763
Other Objects	11,800	-	11,800	7,328	4,472
<b>Total Support Services School Administration</b>	<u>970,465</u>	<u>52,000</u>	<u>1,022,465</u>	<u>835,468</u>	<u>186,997</u>
<b>Central Services</b>					
Salaries	293,533	7,294	300,827	299,012	1,815
Purchased Technical Services	35,000	24,706	59,706	49,354	10,352
Miscellaneous Purchased Services	7,550	(2,000)	5,550	3,201	2,349
Supplies and Materials	9,263	3,000	12,263	10,971	1,292
Other Objects	4,200	-	4,200	1,810	2,390
<b>Total Central Services</b>	<u>349,546</u>	<u>33,000</u>	<u>382,546</u>	<u>364,348</u>	<u>18,198</u>
<b>Admin. Info. Technology</b>					
Other Purchased Services	1,750		1,750	1,445	305
Supplies and Materials	2,000	-	2,000	1,766	234
<b>Total Admin. Info. Technology</b>	<u>3,750</u>	<u>-</u>	<u>3,750</u>	<u>3,211</u>	<u>539</u>
<b>Undist. Expend. - Required Maint. For School Facilities</b>					
Salaries	369,432	4,894	374,326	329,148	45,178
Cleaning, Repair, and Maintenance	131,500	30,000	161,500	154,387	7,113
General Supplies	4,000	25,000	29,000	24,904	4,096
Other Objects	300	-	300	-	300
<b>Total Undist. Expend - Required Maint. For School Facilities</b>	<u>505,232</u>	<u>59,894</u>	<u>565,126</u>	<u>508,439</u>	<u>56,687</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>Custodial Services</b>					
Salaries	\$ 1,093,594	\$ (50,894)	\$ 1,042,700	\$ 1,019,839	\$ 22,861
Cleaning, Repair, and Maintenance Services	195,700	(120,500)	75,200	53,086	22,114
Other Purchased Property Services	25,000	9,099	34,099	33,722	377
Insurance	168,000		168,000	118,671	49,329
General Supplies	167,000	(47,811)	119,189	82,077	37,112
Energy (Electricity)	275,000	(86,231)	188,769	138,215	50,554
Energy (Natural Gas)	90,000	50,000	140,000	120,142	19,858
<b>Total Custodial Services</b>	<u>2,014,294</u>	<u>(246,337)</u>	<u>1,767,957</u>	<u>1,565,752</u>	<u>202,205</u>
<b>Care and Upkeep of Grounds</b>					
Salaries	191,104	46,000	237,104	236,773	331
Purchased Professional and Technical Services	3,000		3,000	1,013	1,987
Cleaning, Repair, and Maintenance Services	34,500	23,000	57,500	53,696	3,804
General Supplies	56,500	(13,395)	43,105	40,623	2,482
<b>Total Care and Upkeep of Grounds</b>	<u>285,104</u>	<u>55,605</u>	<u>340,709</u>	<u>332,105</u>	<u>8,604</u>
<b>Security</b>					
Salaries	25,000		25,000	4,052	20,948
Purchased Professional and Technical Services	135,000	(2,000)	133,000	84,598	48,402
General Supplies	4,000	2,000	6,000	5,332	668
<b>Total Security</b>	<u>164,000</u>	<u>-</u>	<u>164,000</u>	<u>93,982</u>	<u>70,018</u>
<b>Student Transportation Services</b>					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	69,818		69,818	69,127	691
Other Purchased Professional and Technical Services	4,100		4,100	3,975	125
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	131,383	71,855	203,238	202,855	383
Contracted Services (Between Home and School) - Vendors	544,000	9,577	553,577	548,057	5,520
Contracted Services (Other Than Between Home and School) - Vendors	175,000	(19,157)	155,843	155,843	
Contracted Services (Reg Students) - ESC's & CTSA's	110,000	(59,942)	50,058	50,058	
Contracted Services (Sp Ed Students) - ESC's & CTSA's	783,000	74,203	857,203	857,203	
Miscellaneous Purchased Services - Transportation	14,750	3,500	18,250	15,300	2,950
Other Objects	350	50	400	200	200
<b>Total Student Transportation Services</b>	<u>1,832,401</u>	<u>80,086</u>	<u>1,912,487</u>	<u>1,902,618</u>	<u>9,869</u>
<b>Personal Services - Employee Benefits</b>					
Social Security Contributions	325,000	(1,047)	323,953	293,032	30,921
Other Retirement Contributions	254,845	27,047	281,892	261,585	20,307
Workmen's Compensation	143,000		143,000	103,413	39,587
Health Benefits	3,580,000	(439,796)	3,140,204	2,985,824	154,380
Tuition Reimbursement	19,000		19,000	19,000	
Other Employee Benefits	50,325	-	50,325	8,065	42,260
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>4,372,170</u>	<u>(413,796)</u>	<u>3,958,374</u>	<u>3,670,919</u>	<u>287,455</u>
<b>On-behalf TPAF Normal Costs (Non-budgeted)</b>				1,421,333	(1,421,333)
<b>On-behalf TPAF NCGI Premium (Non-budgeted)</b>				34,492	(34,492)
<b>On-behalf Post Retirement Medical Contribution (Non-budgeted)</b>				940,287	(940,287)
<b>On-behalf Long-Term Disability Insurance (Non-budgeted)</b>				1,484	(1,484)
<b>Reimbursed TPAF Social Security Contributions (Non-budgeted)</b>	-	-	-	730,086	(730,086)
<b>Total On-behalf Contributions</b>	-	-	-	<u>3,127,682</u>	<u>(3,127,682)</u>
<b>Total Undistributed Expenditures</b>	<u>16,484,414</u>	<u>(455,381)</u>	<u>16,029,033</u>	<u>18,133,524</u>	<u>(2,104,491)</u>
<b>Total Expenditures - Current Expense</b>	<u>28,077,919</u>	<u>(115,760)</u>	<u>27,962,159</u>	<u>29,710,730</u>	<u>(1,748,571)</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 65,000	\$ 71,479	\$ 136,479	\$ 125,259	\$ 11,220
Undistributed Expenditures					
Central Services	5,500		5,500		5,500
School Buses - Regular	60,000		60,000	50,770	9,230
Care and Upkeep of Grounds	8,000	-	8,000	-	8,000
<b>Total Equipment</b>	<u>138,500</u>	<u>71,479</u>	<u>209,979</u>	<u>176,029</u>	<u>33,950</u>
Facilities Acquisition and Construction Services					
Architectural/ Engineering Services	64,800		64,800	6,162	58,638
Construction Services	322,200	407,081	729,281	410,502	318,779
Supplies and Materials	97,000		97,000	15,305	81,695
Assessment for Debt Service on SDA Funding	34	-	34	34	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>484,034</u>	<u>407,081</u>	<u>891,115</u>	<u>432,003</u>	<u>459,112</u>
Interest Deposit to Capital Reserve	700	-	700	-	700
<b>Total Capital Outlay</b>	<u>623,234</u>	<u>478,560</u>	<u>1,101,794</u>	<u>608,032</u>	<u>493,762</u>
Transfer of Funds to Charter Schools	17,790	-	17,790	-	17,790
<b>Total Expenditures</b>	<u>28,718,943</u>	<u>362,800</u>	<u>29,081,743</u>	<u>30,318,762</u>	<u>(1,237,019)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,943,008)	(362,800)	(2,305,808)	51,686	2,357,494
Other Financing Sources					
Operating Transfers In				79	79
Capital Outlay Transfer to Capital Projects		(48,291)	(48,291)	(48,291)	
Capital Reserve Transfer to Debt Service	-	(17,713)	(17,713)	(17,713)	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>(66,004)</u>	<u>(66,004)</u>	<u>(65,925)</u>	<u>79</u>
Excess to Fund Balance	(1,943,008)	(428,804)	(2,371,812)	(14,239)	2,357,573
Fund Balances, Beginning of Year	5,075,349	-	5,075,349	5,075,349	-
<b>Fund Balances, End of Year</b>	<u>\$ 3,132,341</u>	<u>\$ (428,804)</u>	<u>\$ 2,703,537</u>	<u>\$ 5,061,110</u>	<u>\$ 2,357,573</u>
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 66,206	
Capital Reserve - Designated for Subsequent Year's Expenditures				25,000	
Excess Surplus				1,833,520	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,914,083	
Assigned:					
Designated for Subsequent Year's Expenditures				159,988	
Year - End Encumbrances				284,295	
Unassigned Fund Balance				<u>778,018</u>	
				5,061,110	
Less: State Payments Not Recognized on GAAP					
Delayed State Aid				<u>(360,460)</u>	
<b>Fund Balance, GAAP Basis</b>				<u>\$ 4,700,650</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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Federal Sources	\$ 404,201	\$ 228,967	\$ 633,168	\$ 516,786	\$ (116,382)
Local Sources	-	60,984	60,984	9,788	(51,196)
<b>Total Revenues</b>	<b>404,201</b>	<b>289,951</b>	<b>694,152</b>	<b>526,574</b>	<b>(167,578)</b>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	22,177	103,148	125,325	125,325	-
Tuition	251,693	92,775	344,468	278,963	65,505
General Supplies	130,331	(64,916)	65,415	21,378	44,037
<b>Total Instruction</b>	<b>404,201</b>	<b>131,007</b>	<b>535,208</b>	<b>425,666</b>	<b>109,542</b>
<b>Support Services</b>					
Salaries		45,850	45,850	45,850	-
Employee Benefits		25,270	25,270	25,270	-
Other Purchased Services		26,840	26,840	20,000	6,840
Supplies	-	60,984	60,984	9,788	51,196
<b>Total Support Services</b>	<b>-</b>	<b>158,944</b>	<b>158,944</b>	<b>100,908</b>	<b>58,036</b>
<b>Facilities Acquisition and Construction Services</b>					
Building	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>404,201</b>	<b>289,951</b>	<b>694,152</b>	<b>526,574</b>	<b>167,578</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2018**

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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 30,370,448	\$ 526,574
Difference - Budget to GAAP		
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	319,949	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(360,460)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,329,937</u>	<u>\$ 526,574</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	<u>\$ 30,318,762</u>	<u>\$ 526,574</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 30,318,762</u>	<u>\$ 526,574</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION INFORMATION**  
**AND**  
**OTHER POST-EMPLOYMENT BENEFITS 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 Five Fiscal Years\*

	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.02824%	0.02627%	0.02569%	0.02642%	0.02773%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,573,106	\$ 7,781,123	\$ 5,768,924	\$ 4,947,099	\$ 5,301,355
District's Covered-Employee Payroll	\$ 1,880,749	\$ 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	349%	428%	326%	195%	214%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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 Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 261,585	\$ 233,400	\$ 220,943	\$ 217,827	\$ 209,003
Contributions in Relation to the Contractually Required Contribution	<u>261,585</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,880,749	\$ 1,816,776	\$ 1,772,170	\$ 2,530,590	\$ 2,479,065
Contributions as a Percentage of Covered-Employee Payroll	13.9%	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 Five Fiscal Years\*

	<u>2018</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 64,296,813</u>	<u>\$ 77,301,786</u>	<u>\$ 60,390,129</u>	<u>\$50,859,308</u>	<u>\$ 48,374,689</u>
Total	<u>\$ 64,296,813</u>	<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	\$ 10,055,660	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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, 2018**

**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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,764,868
Interest on Total OPEB Liability	1,391,093
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes of Assumptions	(5,797,814)
Gross Benefit Payments	(843,153)
Contribution from the Member	<u>31,047</u>
<b>Net Change in Total OPEB Liability</b>	<b>(3,453,959)</b>
<b>Total OPEB Liability - Beginning</b>	<u><b>47,338,733</b></u>
<b>Total OPEB Liability - Ending</b>	<u><b>43,884,774</b></u>
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	<u>43,884,774</u>
Total OPEB Liability - Ending	<u>43,884,774</u>
District's Covered-Employee Payroll	<u>\$11,936,409</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4.

**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, 2018**

	<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	\$ 188,465	\$ 34,448	\$ 14,910	\$ 278,963		\$ 516,786
Other	-	-	-	-	\$ 9,788	9,788
Total Revenues	<u>\$ 188,465</u>	<u>\$ 34,448</u>	<u>\$ 14,910</u>	<u>\$ 278,963</u>	<u>\$ 9,788</u>	<u>\$ 526,574</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries of Teachers	\$ 125,325					\$ 125,325
Tuition				\$ 278,963		278,963
General Supplies	21,378	-	-	-	-	21,378
Total Instruction	<u>146,703</u>	<u>-</u>	<u>-</u>	<u>278,963</u>	<u>-</u>	<u>425,666</u>
Support Services						
Salaries		32,000	13,850			45,850
Employee Benefits	21,762	2,448	1,060			25,270
Other Purchased Services	20,000					20,000
General Supplies	-	-	-	-	\$ 9,788	9,788
Total Support Services	<u>41,762</u>	<u>34,448</u>	<u>14,910</u>	<u>-</u>	<u>9,788</u>	<u>100,908</u>
Facilities Acquisition and Construction						
Building	-	-	-	-	-	-
Total Facilities Acquisition and Cons.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 188,465</u>	<u>\$ 34,448</u>	<u>\$ 14,910</u>	<u>\$ 278,963</u>	<u>\$ 9,788</u>	<u>\$ 526,574</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, 2018

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, 2018

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2018</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Alterations and Renovations at Passaic Valley High School and (G) the Installation of an All Weather Track.	\$ 3,043,543	\$ 3,019,470		\$ 24,073	
Renovations and Improvements at Passaic Valley High School	<u>6,794,590</u>	<u>6,776,626</u>	\$ -	<u>17,964</u>	<u>-</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, 2018**

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

Interest Earnings	\$	79
Transfer from General Fund		<u>48,291</u>
 Total Revenues		 <u>48,370</u>

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

Transfer to General Fund		<u>79</u>
 Total Expenditures and Transfers		 <u>79</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures		48,291
Fund Balance (Deficit) - Beginning of Year		<u>(48,291)</u>
Fund Balance (Deficit) - End of Year	\$	<u><u>-</u></u>

**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, 2018**

	<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	
Bond Proceeds	2,255,000	-	2,255,000	-
Total Revenues	<u>3,042,777</u>	<u>-</u>	<u>3,042,777</u>	<u>-</u>
 <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Construction Services	3,019,470		3,019,470	
Cancelled	23,307	\$ -	23,307	-
Total Expenditures and other Financing Sources	<u>3,042,777</u>	<u>-</u>	<u>3,042,777</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**RENOVATIONS AND IMPROVEMENTS TO PASSAIC VALLEY REGIONAL HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	
Other Local Sources	6,550	-	6,550	-
	<u>6,794,550</u>	<u>-</u>	<u>6,794,550</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional and Technical Services	670,421		670,421	
Miscellaneous Expenditures	151		151	
Cost of Issuance	45,206		45,206	
Construction Services	6,060,848		6,060,848	
Cancelled	17,924	\$ -	17,924	-
	<u>6,794,550</u>	<u>-</u>	<u>6,794,550</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</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, 2018**

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, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

**EXHIBIT G-3**

**COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2018</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 108,710	\$ 234,478	\$ 343,188
Due from Other Funds	-	10,941	10,941
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 108,710</u>	<u>\$ 245,419</u>	<u>\$ 354,129</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 108,710		\$ 108,710
Due to Other Funds		\$ 83,344	83,344
Accrued Salaries and Wages		-	-
Reserve for Flexible Spending Account		9,349	9,349
Payroll Deductions and Withholdings Payable	-	152,726	152,726
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 108,710</u>	<u>\$ 245,419</u>	<u>\$ 354,129</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, 2018**

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, 2018**

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
HIGH SCHOOL				
Passaic County Regional High School	\$ 82,828	\$ 461,092	435,210	\$ 108,710
	<u>\$ 82,828</u>	<u>\$ 461,092</u>	<u>\$ 435,210</u>	<u>\$ 108,710</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Due to(from) Other Funds	\$ 18,160	\$ 54,243		\$ 72,403
Flex Spending	12,504	21,791	24,946	9,349
Accrued Salaries and Wages	7,905	8,701,604	8,709,509	-
Intergovernmental Accounts Payable				
Unallocated Funds	15,287		15,287	-
Reserve for Employee Benefit Contributions				
Payroll Deductions and Withholdings	<u>113,706</u>	<u>6,845,808</u>	<u>6,806,788</u>	<u>152,726</u>
	<u>\$ 167,562</u>	<u>\$ 15,623,446</u>	<u>\$ 15,556,530</u>	<u>\$ 234,478</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, 2018

<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, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Alteration and Renovation at Passaic Valley High School, and the Installation of an All Weather Track	5/1/2003	2,255,000				\$ 180,000		\$ 180,000	\$ -
Renovations and Improvements at Passaic Valley High School	7/8/2011	6,788,000	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%	4,913,000	-	450,000	4,463,000
						<u>\$ 5,093,000</u>	<u>\$ -</u>	<u>\$ 630,000</u>	<u>\$ 4,463,000</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, 2018**

**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, 2018**

	<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	\$ 573,647		\$ 573,647	\$ 573,647	-
Intergovernmental					
Debt Service Aid Type II	208,204	-	208,204	208,204	-
	<u>781,851</u>	<u>-</u>	<u>781,851</u>	<u>781,851</u>	<u>-</u>
Total Revenues					
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest	169,564		169,564	169,564	\$ -
Principal	630,000	-	630,000	630,000	-
	<u>799,564</u>	<u>-</u>	<u>799,564</u>	<u>799,564</u>	<u>-</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(17,713)</u>	<u>-</u>	<u>(17,713)</u>	<u>(17,713)</u>	<u>-</u>
Other Financing Sources					
Operating Transfer In	-	-	-	17,713	17,713
Excess to Fund Balance	<u>(17,713)</u>	<u>-</u>	<u>(17,713)</u>	<u>-</u>	<u>17,713</u>
Fund Balance (Deficit), Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (17,713)</u>	<u>\$ -</u>	<u>\$ (17,713)</u>	<u>\$ -</u>	<u>\$ 17,713</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)

	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 1,497,868	\$ 1,643,008	\$ (329,194)	\$ 12,323	\$ 538,415	\$ 999,257	\$ 1,348,375	\$ 1,690,914	\$ 2,136,503	\$ 3,090,355
Restricted	5,900	26,994	70,432	49,598	600	1	1	1	1,000,000	91,206
Unrestricted	<u>929,292</u>	<u>624,025</u>	<u>660,939</u>	<u>1,083,553</u>	<u>2,038,658</u>	<u>(2,643,763)</u>	<u>(2,470,470)</u>	<u>(2,409,741)</u>	<u>(2,335,583)</u>	<u>(1,675,679)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 2,433,060</u>	<u>\$ 2,294,027</u>	<u>\$ 402,177</u>	<u>\$ 1,145,474</u>	<u>\$ 2,577,673</u>	<u>\$ (1,644,507)</u>	<u>\$ (1,122,094)</u>	<u>\$ (718,826)</u>	<u>\$ 800,920</u>	<u>\$ 1,505,882</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 34,843	\$ 30,763	\$ 31,067	\$ 51,143	\$ 82,886	\$ 81,563	\$ 68,287	\$ 72,526	\$ 86,829	\$ 76,543
Restricted										
Unrestricted	<u>55,815</u>	<u>67,291</u>	<u>110,367</u>	<u>152,082</u>	<u>151,433</u>	<u>130,177</u>	<u>101,961</u>	<u>55,948</u>	<u>59,546</u>	<u>36,112</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 90,658</u>	<u>\$ 98,054</u>	<u>\$ 141,434</u>	<u>\$ 203,225</u>	<u>\$ 234,319</u>	<u>\$ 211,740</u>	<u>\$ 170,248</u>	<u>\$ 128,474</u>	<u>\$ 146,375</u>	<u>\$ 112,655</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 1,532,711	\$ 1,673,771	\$ (298,127)	\$ 63,466	\$ 621,301	\$ 1,080,820	\$ 1,416,662	\$ 1,763,440	\$ 2,223,332	\$ 3,166,898
Restricted	5,900	26,994	70,432	49,598	600	1	1	1	1,000,000	91,206
Unrestricted	<u>985,107</u>	<u>691,316</u>	<u>771,306</u>	<u>1,235,635</u>	<u>2,190,091</u>	<u>(2,513,588)</u>	<u>(2,368,509)</u>	<u>(2,353,793)</u>	<u>(2,276,037)</u>	<u>(1,639,567)</u>
<b>Total District Net Position</b>	<u>\$ 2,523,718</u>	<u>\$ 2,392,081</u>	<u>\$ 543,611</u>	<u>\$ 1,348,699</u>	<u>\$ 2,811,992</u>	<u>\$ (1,432,767)</u>	<u>\$ (951,846)</u>	<u>\$ (590,352)</u>	<u>\$ 947,295</u>	<u>\$ 1,618,537</u>

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 17,448,043
Special Education	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	5,071,735
Other Instruction	2,628	22,569	25,816	27,175	26,270	35,242	47,772	48,408	24,225	2,841
School Sponsored Activities And Athletics	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	1,515,902
<b>Support Services:</b>										
Student & Instruction Related Services	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	3,005,216
School Administrative Services	777,414	839,235	872,040	939,296	921,657	881,705	1,094,809	1,312,940	1,634,234	1,478,788
General Administration	657,058	616,505	599,175	573,026	613,658	631,712	544,974	581,694	691,713	693,538
Plant Operations And Maintenance	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	3,667,182
Pupil Transportation	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	1,944,707
Business and Other Support Services	1,027,202	850,321	911,878	908,870	844,702	840,623	856,608	687,827	578,274	549,621
Interest On Long-Term Debt	90,693	81,780	283,089	301,218	269,660	247,416	226,874	204,623	182,876	162,176
<b>Total Governmental Activities Expenses</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>35,539,749</b>
<b>Business-Type Activities:</b>										
Food Service	810,085	828,102	788,062	965,534	808,098	869,269	894,750	907,928	748,414	688,443
<b>Total Business-Type Activities Expense</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>688,443</b>
<b>Total District Expenses</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>\$ 36,228,192</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Tuition / Pupil Transportation	\$ 196,021	\$ 184,165	\$ 189,924	\$ 178,685	\$ 165,722	\$ 163,216	\$ 122,296	\$ 125,330	\$ 357,987	\$ 445,106
Operating Grants And Contributions	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	9,536,239
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</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>9,981,345</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services:</b>										
Food Service	771,720	769,098	742,880	896,500	677,581	656,826	649,422	609,787	505,570	452,146
Operating Grants And Contributions	51,525	66,400	88,562	130,825	161,611	189,864	203,836	244,443	236,155	202,577
<b>Total Business Type Activities Program Revenues</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>654,723</b>
<b>Total District Program Revenues</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>\$ 10,636,068</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (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)	\$ (25,558,404)
<b>Business-Type Activities</b>	13,160	7,396	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)	(6,689)	(33,720)
<b>Total District-Wide Net Expense</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>	<b>\$ (25,592,124)</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 25,250,755
Taxes Levied For Debt Service	320,707	335,836	358,729	524,707	631,942	675,102	646,185	670,550	607,471	573,647
Grants And Contributions	138,511	219,208	28,507	203,202	294,770	301,595	237,329	257,105	277,655	350,175
Miscellaneous Income	78,725	83,977	130,544	126,705	223,138	103,695	72,008	93,999	811,707	88,789
Loss on Disposal of Fixed Assets				(227)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</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>26,263,366</b>
Business-Type Activities:										
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>\$ 19,392,797</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>\$ 26,263,366</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 305,223	\$ (139,033)	\$ 237,729	\$ 533,650	\$ 1,473,928	\$ 1,079,175	\$ 522,413	\$ 508,380	\$ 1,541,576	\$ 704,962
Business-Type Activities	13,160	7,396	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)	(6,689)	(33,720)
<b>Total District</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>	<b>\$ 671,242</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted			\$ 550,558	\$ 765,269	\$ 1,603,395	\$ 2,256,458	\$ 2,068,845	\$ 2,498,549	\$ 4,211,561	\$ 3,838,809
Assigned			39,373	159,945	242,321	197,946	537,020	224,357	161,530	444,283
Unassigned			403,790	377,627	392,815	414,084	425,344	449,095	382,309	417,558
Reserved	\$ 669,559	\$ 465,571								
Unreserved	410,007	298,848	-	-	-	-	-	-	-	-
Total General Fund	\$ 1,079,566	\$ 764,419	\$ 993,721	\$ 1,302,841	\$ 2,238,531	\$ 2,868,488	\$ 3,031,209	\$ 3,172,001	\$ 4,755,400	\$ 4,700,650
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	(2,406,710)	(5,439,990)	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ (585,001)	\$ (2,856,369)	\$ 1,131,128	\$ 930,542	\$ 170,627	\$ 46,526	\$ 4,568	\$ 13,370	\$ (48,291)	\$ -

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 25,824,402
Transportation/Tuition	196,021	184,165	189,924	178,685	165,722	163,216	122,296	125,330	1,057,712	445,106
Miscellaneous	78,725	83,977	130,544	126,705	223,138	103,696	72,008	93,999	115,947	98,577
State Sources	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	4,734,545
Federal Sources	383,407	487,458	521,576	466,488	443,979	438,984	488,137	480,306	497,443	535,811
<b>Total Revenue</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>31,638,441</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	14,289,910
Special Education Instruction	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	4,747,674
Other Instruction	687	20,628	24,258	25,303	29,969	31,970	39,644	45,601	21,384	-
School Sponsored Activities and Athletics	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	1,336,951
<b>Support Services:</b>										
Student and Inst. Related Services	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	2,480,946
General Administration	657,058	616,505	599,175	573,026	613,658	631,712	500,837	529,979	600,912	597,306
School Administrative Services	777,414	839,235	872,040	939,296	921,657	881,705	1,010,122	1,146,777	1,304,858	1,211,102
Plant Operations And Maintenance	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	3,152,291
Pupil Transportation	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	1,930,968
Central Services	943,622	763,821	911,878	792,623	768,417	727,565	856,608	669,189	531,286	490,190
Operating Lease Payments				194,795	225,658	222,884	-	-	-	-
Capital Outlay	871,008	2,513,777	2,847,338	222,268	850,852	282,003	118,033	78,355	135,186	607,998
<b>Debt Service:</b>										
Cost of Issuance for Bond Sale			45,206							
Principal	228,187	233,797	244,452	256,056	590,884	620,751	600,000	650,000	630,000	630,000
Interest and Other Charges	92,428	83,559	74,355	407,004	276,178	254,355	233,392	211,877	190,264	169,564
<b>Total Expenditures</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>31,644,900</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(641,123)	(2,586,515)	(2,571,201)	108,534	175,775	505,856	120,763	149,594	1,521,738	(6,459)
<b>Other Financing Sources (Uses)</b>										
Bond Sale Proceeds			6,788,000							
Accrued Interest on Bonds										
Premium on Bond Sale										
Transfers In	5,712	2,614	3,516	1,094	315	81	27	1	286	66,083
Transfers Out	(5,712)	(2,614)	(3,516)	(1,094)	(315)	(81)	(27)	(1)	(286)	(66,083)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>6,788,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</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>\$ (6,459)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	1.44%	1.38%	1.39%	2.75%	3.32%	3.26%	2.97%	2.98%	2.79%	2.58%

\* 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>
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
2018		9,810			445,106	78,900	533,816

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>
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	53,267,900	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
2018	29,477,900	1,063,941,800			247,834,300	44,985,800	106,501,600	1,492,741,400	4,515,700	1,497,257,100	1,625,631,202	0.490

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>a</sup>
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	731,105,100	368,661,200	N/A	2,678,059,900	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
2018	41,158,100	1,360,295,200	900,400	2,800	546,783,500	325,748,700	\$ 356,700	2,275,245,400	-	2,275,245,400	2,118,280,793	0.438

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>
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
2018	16,391,500	1,257,732,600		1,800	296,629,900	53,255,700	60,148,600	1,684,160,100	1,109,824	1,685,269,924	1,839,011,266	0.532

Source: County Abstract of Ratables

<sup>a</sup> 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>
2009	*	\$ 0.323	\$ 0.575	\$ 0.514	\$ 0.521	\$ 1.933
2010		0.331	0.621	0.572	0.539	2.063
2011		0.337	0.653	0.580	0.570	2.140
2012		0.385	0.667	0.608	0.640	2.300
2013		0.506	0.851	0.772	0.716	2.845
2014		0.520	0.897	0.801	0.776	2.994
2015		0.487	0.922	0.822	0.844	3.076
2016		0.494	0.955	0.837	0.835	3.121
2017		0.510	0.974	0.869	0.810	3.163
2018		0.490	0.985	0.887	0.798	3.160

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>
2009	*	\$ 0.293	\$ 0.468	\$ 0.391	\$ 0.457	\$ 1.609
2010		0.323	0.488	0.390	0.497	1.698
2011		0.372	0.554	0.462	0.577	1.965
2012		0.399	0.566	0.474	0.621	2.060
2013		0.401	0.588	0.512	0.602	2.103
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
2018		0.438	0.710	0.553	0.682	2.383

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>
2009	*	\$ 0.688	\$ 1.494	\$ 1.149	\$ 1.164	\$ 4.495
2010		0.651	1.573	1.251	1.112	4.587
2011		0.341	0.817	0.669	0.606	2.433
2012		0.371	0.843	0.681	0.673	2.568
2013		0.404	0.871	0.692	0.683	2.650
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
2018		0.532	0.998	0.822	0.809	3.161

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	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 68,500,000	0.045750326		
Theta Holding Co	50,055,000	0.033431132		
Park Falls Associates	13,285,000	0.008872892		
PAR3 LLC	12,432,200	0.008303317		
Great Notch Village	10,027,700	0.00669738		
Saturn Realty	9,656,300	0.006449327		
Sisco	8,965,100	0.005987682		
Andrew Realty	8,500,000	0.005677048		
Hilltop Manor Associates LLC	7,000,000	0.004675216		
Brownstone Inc	6,898,800	0.004607626		
	<u>\$ 195,320,100</u>	<u>13.05%</u>		
Inwood Owners Inc			\$ 27,000,000	1.40%
Theta Holding Co			24,489,000	1.27%
North Jersey District			4,567,100	0.24%
PAR 3 PAR 5			4,852,400	0.25%
Ward Trucking Corp			4,748,700	0.25%
AMB			3,300,000	0.17%
Great Notch Village			4,296,200	0.22%
Park Falls Associates			3,750,000	0.19%
Andrew Realty			3,750,000	0.19%
St. Hilltop Mnr			3,596,100	0.19%
			<u>\$ 84,349,500</u>	<u>4.39%</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	2018		2009	
	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	2.37%		
Fidelity Syn. C/O Slater Companies	46,000,000	2.02%		
IPT Totowa C/O MF Poer & Co.	23,271,900	1.02%		
Abill Realty Corp.	22,365,000	0.98%		
50 Madison Road LLC	18,928,400	0.83%		
Ratan Totowa LLC	18,355,800	0.81%		
Digital Totowa LLC	16,504,800	0.73%		
HPFVIII 700 Union LLC C/O Ryan	15,862,200	0.70%		
Taft Associates	15,400,000	0.68%		
Totowa Plaza Rte 46 LLC	15,400,000	0.68%		
	<u>\$ 246,088,100</u>	<u>10.82%</u>		
Totowa VF, LLC			\$ 75,752,200	2.80%
Fidelity Syndications			69,059,600	2.55%
Totowa Plaza Rt 46 LLC			39,992,000	1.48%
Hoffman La Roche, Inc.			35,833,000	1.33%
Rossmore Assoc/Vons Co.			29,577,000	1.09%
930 N. Riverview Assoc. LLC			25,198,700	0.93%
Abill Realty Corp.			23,000,000	0.85%
Norwell Land Company			23,000,000	0.85%
Taft Associates			21,711,600	0.80%
Vital Signs Inc. C/O T Reuters			17,874,200	0.66%
			<u>\$ 360,998,300</u>	<u>13.35%</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	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rose Manor Estates	\$ 58,294,100	3.46%		
Levco Route 46 Associates	43,091,000	2.56%		
Bank of New York	26,591,200	1.58%		
1225 Realty, LLC	19,689,600	1.17%		
G.O.P. 1, LLC	17,900,000	1.06%		
DDRM West Falls Plaza, LLC	17,182,200	1.02%		
Lenox Plaza, LLC	13,750,000	0.82%		
G.O.P. 3, LLC	13,550,000	0.80%		
G.O.P. 5, LLC	11,649,000	0.69%		
The Leeward Corporation	11,556,600	0.69%		
	<u>\$ 233,253,700</u>	<u>13.84%</u>		

Rose Manor Estates	\$ 17,228,000	2.12%
Levco Route 46 Associates	15,286,300	1.88%
Bank of New York	14,627,200	1.80%
G.O.P. 3, LLC	10,618,300	1.31%
Leeward Corporation	9,500,000	1.17%
Rose Manor Estates	7,592,000	0.93%
Dorm Westfalls Plaza, LLC	7,529,000	0.93%
G.O.P.S. LLC c/o Mtn Dev't	7,000,000	0.86%
G.O.P.S. 3LLC c/o Mtn Dev't	7,000,000	0.86%
Best Buy Stores, L.P.	4,883,800	0.60%
	<u>\$ 101,264,600</u>	<u>12.46%</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	
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
2018	25,824,402	25,824,402	100.00%	-

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Inter- governmental Loans	Capital Leases	Total District		
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
2018	4,463,000			4,463,000	37,972 *	117.53

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			
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
2018	4,463,000		4,463,000	0.08%	117.53

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, 2017  
(Unaudited)**

Direct Debt of School District as of December 31, 2017		\$ 4,463,000
Net Overlapping Debt of School District (1)		
Township of Little Falls	\$ 3,057,743	
Borough of Totowa	2,000,482	
Borough of Woodland Park	<u>-</u>	
		<u>5,058,225</u>
		9,521,225
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	41,990,114	
Passaic County Utilities Authority (B)	6,013,811	
Passaic Valley Sewer Commission (C)	<u>5,400,749</u>	
		<u>53,404,674</u>
Total Direct and Overlapping Debt		<u>\$ 62,925,899</u>

## Source:

(1) Municipalities' 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Passaic County.

(B) The debt was computed based upon dividing each Borough's 2017 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 182,731,965	\$ 186,570,577	\$ 188,617,486	\$ 184,996,104	\$ 178,617,804	\$ 172,434,181	\$ 167,387,678	\$ 167,142,418	\$ 165,907,941	\$ 166,489,363
Total Net Debt Applicable to Limit	<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>	<u>4,463,000</u>
Legal Debt Margin	<u>\$ 180,601,026</u>	<u>\$ 184,673,434</u>	<u>\$ 180,176,795</u>	<u>\$ 176,810,663</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>	<u>\$ 162,026,363</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.17%	1.02%	4.48%	4.42%	4.25%	4.04%	3.81%	3.42%	3.07%	2.68%

Legal Debt Margin Calculation, December 31, 2017

2015	\$ 5,577,191,952
2016	5,513,692,438
2017	<u>5,558,051,964</u>
	<u>\$ 16,648,936,354</u>

Average equalized valuation of taxable pr	\$ 5,549,645,451
3% of Equalized Valuation Basis	166,489,363
Less Net Debt	<u>4,463,000</u>
Remaining Borrowing Power	<u>\$ 162,026,363</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>
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	47,547	14,423
2017	4.1	Not Available	14,502
2018	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>
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	47,547	10,904
2017	5.2	Not Available	10,817
2018	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>
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	47,547	12,645
2017	5.4	Not Available	12,834
2018	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)

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2018</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>
Instruction										
Regular	103	100	100	100	97	97	97	99	99	100
Special Education	10	9	8	8	8	8	8	8	9	9
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	32	27	23	22	11	11	11	11	11	11
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	14	8	8	8	8	9	7	7	7	7
Other Administrative Services				-	-	-	5	5	5	5
Central Services	3	5	5	4	4	3				
Administrative Information Technology	1	1	1	1	1	1	2	1	1	1
Plant Operations And Maintenance	23	23	23	22	22	21	21	20	20	20
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	10	8	8	8	8	9	9	9	9	9
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>199</u>	<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>

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					
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	1,294	28,550,072	22,063	5.13%	108	1:13		1,252	1,181	-1.09%	94.33%
2018	1,276	30,237,338	23,697	7.40%	113	1:12		1,281	1,210	2.46%	94.46%

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>2018</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>
<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)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,171	1,276	1,338	1,385	1,385	1,395	1,353	1,350	1,285	1,296
127 Number of Schools at June 30, 2018										
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>2018</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>School Facilities</u>										
<u>Project #</u>										
High School	N/A									
	\$ 508,439	\$ 412,809	\$ 426,474	\$ 316,415	\$ 486,117	\$ 524,649	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697
Total Required Maintenance for School Facilities	\$ 508,439	\$ 412,809	\$ 426,474	\$ 316,415	\$ 486,117	\$ 524,649	\$ 458,813	\$ 418,175	\$ 408,002	\$ 453,697

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2018**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-PIPNJ (1)		
Property Blanket Buildings & Contents	\$ 49,999,087	\$ 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
Fireman's Fund Ins. Co.	50,000,000	
School Board Legal Liability - Greenwich Insurance Company		
Directors and Officers	1,000,000	15,000
Environmental Impairment Liability		
General Aggregate	10,000,000	
Each Occurrence	1,000,000	25,000
Excess Liability Policy	9,000,000	
Travel Accident Insurance - Gerber Life Insurance Company	100,000	
Cyber Liability - Indian Harbor Insurance Company	4,000,000	25,000
Surety Bonds		
Board Secretary/Business Administrator	205,000	

(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  
GARY W. HIGGINS, CPA, RMA, PSA  
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CHRIS SOHN, CPA

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

### INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
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, 2018 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 January 23, 2019.

#### **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

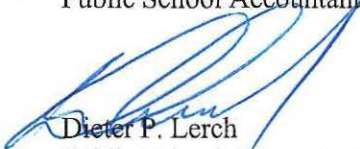
As part of obtaining reasonable assurance about whether the Passaic Valley Regional High School District No. 1 Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 January 23, 2019.

## 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  
January 23, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED  
BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major 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, 2018. 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, 2018.

### **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, 2018 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 January 23, 2019, 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  
January 23, 2019

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2017			Accounts Receivable Carryover Amount	Unearned Revenue Carryover Amount	Cash Residuals	Budgetary Expenditures	Accounts Receivable Adjustment	Repayment of Prior Year Balances	Balance, June 30, 2018			MEMO GAAP Receivable
					Accounts Receivable	Unearned Revenue	Due to Grantor							(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education																	
<b>Enterprise Fund</b>																	
National School Breakfast Program	10.553	N/A	7/1/17-6/30/18	\$ 22,188					\$ 20,423	\$ 22,188						\$ (1,765)	\$ (1,765)
National School Breakfast Program	10.553	N/A	7/1/16-6/30/17	24,115	(1,641)				1,641								
National School Lunch Program																	
Non-Cash Assistance	10.550	N/A	7/1/17-6/30/18	13,725					13,725	13,725							
Cash Assistance	10.555	N/A	7/1/17-6/30/18	161,528					149,494	161,528						(12,034)	(12,034)
Cash Assistance	10.555	N/A	7/1/16-6/30/17	163,832	(11,436)				11,436								
<b>Total Enterprise Fund</b>					<b>(13,077)</b>					<b>196,719</b>	<b>197,441</b>				<b>(13,799)</b>		<b>(13,799)</b>
U.S. Department of Education Passed-Through State Department of Education																	
<b>Special Revenue</b>																	
ESEA - Title I	84.010A	NCLB-3990-18	7/1/17-6/30/18	175,317			\$ (16,953)	\$ 16,953	114,830	188,465					(77,440)	\$ 3,805	(75,635)
ESEA - Title I	84.010A	NCLB-3990-17	7/1/16-6/30/17	157,894	(44,932)	16,953		16,953	28,079			(900)					
ESEA - Title I	84.010A	NCLB-3990-14	9/1/13-6/30/14	105,360		\$ 56,859						\$ 56,859					
ESEA - Title II-A	84.168A	NCLB-3990-18	7/1/17-6/30/18	35,239					32,000	34,448					(3,239)	\$ 791	(3,239)
ESEA - Title II-A	84.168A	NCLB-3990-17	7/1/16-6/30/17	23,792													
ESEA - Title II-A	84.168A	NCLB-3990-14	9/1/13-6/30/14	26,138			26,138						26,138				
ESEA - Title II-A	84.168A	NCLB-3990-13	9/1/12-8/31/13				484						484				
ESEA - Title III	84.365A	NCLB-3990-18	7/1/17-6/30/18	15,154			(10,568)	10,568		14,910	\$ 6,658			(19,064)	10,812		(8,252)
ESEA - Title III	84.365A	NCLB-3990-17	7/1/16-6/30/17	19,317	(16,058)	10,568		10,568	7,190								
ESEA - Title III	84.365A	NCLB-3990-14	9/1/13-6/30/14	20,598			10,256						10,256				
ESEA Title IV	84.424A	NCLB-3990-18	7/1/17-6/30/18	2,000							(6,658)			(8,658)	2,000		(8,658)
I.D.E.A. Part B, Basic	84.027	IDEA-3990-18	7/1/17-6/30/18	278,963					278,963	278,963							
I.D.E.A. Part B, Basic	84.027	IDEA-3990-17	7/1/16-6/30/17	281,320	(65,505)				65,505								
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>(126,495)</b>	<b>27,521</b>	<b>221,447</b>			<b>526,567</b>	<b>516,786</b>	<b>(900)</b>	<b>221,447</b>	<b>(108,401)</b>	<b>17,408</b>		<b>(93,784)</b>
U.S. Department of Education																	
<b>General Fund</b>																	
Medicaid Assistance Program (Semi)	95.778		7/1/17-6/30/18	19,025					19,025	19,025							
<b>Total General Fund</b>										<b>19,025</b>	<b>19,025</b>						
<b>Total Federal Financial Awards</b>					<b>\$ (139,572)</b>	<b>\$ 27,521</b>	<b>\$ 221,447</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 742,311</b>	<b>\$ 733,252</b>	<b>\$ (900)</b>	<b>\$ 221,447</b>	<b>\$ (122,200)</b>	<b>\$ 17,408</b>	<b>\$ -</b>	<b>\$ (107,583)</b>

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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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Returned to Grantor	Adjustment	Balance, June 30, 2018			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	18-495-034-5120-089	7/1/17-6/30/18	\$ 739,670			\$ 708,521	\$ 739,670			\$ (31,149)				\$ 739,670
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	739,670	\$ (64,251)		64,251								
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	140,892			134,959	140,892			(5,933)				140,892
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	73,815	(6,412)		6,412								
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	42,576			40,783	42,576			(1,793)				42,576
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	42,576	(3,699)		3,699								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	14,360			13,755	14,360			(605)				14,360
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	14,360	(1,247)		1,247								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	14,360			13,755	14,360			(605)				14,360
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	14,360	(1,247)		1,247								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	13,400			12,836	13,400			(564)				13,400
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	13,400	(1,164)		1,164								
<b>State Aid Public Cluster Total</b>				<b>(78,020)</b>	<b>-</b>	<b>1,002,629</b>	<b>965,258</b>	<b>-</b>	<b>-</b>	<b>(40,649)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>965,258</b>
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	115,286			110,431	115,286			(4,855)				115,286
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	115,286	(10,014)		10,014								
Non Public Transportation Reimbursement	18-495-034-5120-014	7/1/17-6/30/18	42,920				42,920			(42,920)			\$ (42,920)	42,920
Non Public Transportation Reimbursement	17-495-034-5120-014	7/1/16-6/30/17	26,274	(26,274)		26,274								
<b>Transportation Aid Cluster Total</b>				<b>(36,288)</b>	<b>-</b>	<b>146,719</b>	<b>158,206</b>	<b>-</b>	<b>-</b>	<b>(47,775)</b>	<b>-</b>	<b>-</b>	<b>(42,920)</b>	<b>158,206</b>
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	314,956				314,956			(314,956)				314,956
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	231,915	(231,915)		231,915								
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	750			750	750							750
On-Behalf TPAF Pension System Contributions (Normal Costs)	18-100-034-5094-006	7/1/17-6/30/18	1,421,333			1,421,333	1,421,333							1,421,333
On-Behalf TPAF Pension System Contributions (NCGI Premium)	18-100-034-5094-006	7/1/17-6/30/18	34,492			34,492	34,492							34,492
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	18-100-034-5094-001	7/1/17-6/30/18	940,287			940,287	940,287							940,287
On-Behalf TPAF Pension System Contrib. (Long Term Disability Insurance)	18-100-034-5094-006	7/1/17-6/30/18	1,484			1,484	1,484							1,484
Reimbursed TPAF Social Security Contributions	18-100-034-5094-003	7/1/17-6/30/18	730,086			730,086	730,086							730,086
Reimbursed TPAF Social Security Contributions	17-100-034-5094-003	7/1/16-6/30/17	719,646	(35,156)		35,156								
<b>Total General Fund</b>				<b>(381,379)</b>	<b>-</b>	<b>4,544,851</b>	<b>4,566,852</b>	<b>-</b>	<b>-</b>	<b>(403,380)</b>	<b>-</b>	<b>-</b>	<b>(42,920)</b>	<b>4,566,852</b>
<b>Capital Projects Fund</b>														
NI Economic Development Authority														
Upgrade of Various Building Systems at High School	SP 202555	N/A							\$ -					
<b>Total Capital Projects Fund</b>														
<b>Debt Service Fund</b>														
Debt Service Aid	18-495-034-5120-125	7/1/17-6/30/18	208,204			208,204	208,204							208,204
<b>Total Debt Service Fund</b>						<b>208,204</b>	<b>208,204</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,204</b>
<b>State Department of Agriculture</b>														
<b>Enterprise Fund</b>														
National School Lunch Program (State Share)	18-100-010-3360-037	7/1/17-6/30/18	5,000			4,644	5,000			(356)			(356)	5,000
National School Lunch Program (State Share)	17-100-010-3360-037	7/1/16-6/30/17	4,622	(319)		319								
<b>Total Enterprise Fund</b>				<b>(319)</b>	<b>-</b>	<b>4,963</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>(356)</b>	<b>-</b>	<b>-</b>	<b>(356)</b>	<b>5,000</b>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (381,698)</b>	<b>\$ -</b>	<b>\$ 4,758,018</b>	<b>\$ 4,780,056</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (403,736)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (43,276)</b>	<b>\$ 4,780,056</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	7/1/17-6/30/18				(1,421,333)	(1,421,333)							(1,421,333)
On-Behalf TPAF Pension System Contributions (NCGI Premium)	17-100-034-5094-006	7/1/17-6/30/18				(34,492)	(34,492)							(34,492)
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	17-100-034-5094-001	7/1/17-6/30/18				(940,287)	(940,287)							(940,287)
On-Behalf TPAF Pension System Contrib. (Long Term Disability Insurance)	17-100-034-5094-006	7/1/17-6/30/18				(1,484)	(1,484)							(1,484)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (381,698)</b>	<b>\$ -</b>	<b>\$ 2,360,422</b>	<b>\$ 2,382,460</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (403,736)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (43,276)</b>	<b>\$ 2,382,460</b>

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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, 2018**

**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 \$40,511 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,025	\$ 4,526,341	\$ 4,545,366
Special Revenue Fund	516,786		516,786
Debt Service		208,204	208,204
Food Service Fund	<u>197,441</u>	<u>5,000</u>	<u>202,441</u>
Total Financial Assistance	<u>\$ 733,252</u>	<u>\$ 4,739,545</u>	<u>\$ 5,472,797</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, 2018**

**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. TPAF Social Security contributions in the amount of \$730,086 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,455,825, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$940,287 and TPAF Long-Term Disability Insurance in the amount of \$1,484 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

**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 payments 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, 2018

Part 1 – Summary of Auditor’s Results

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?            Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses?            Yes   X   No

Noncompliance material to basic financial statements noted?            Yes   X   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, 2018

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
18-495-034-5120-089	Special Education Aid
18-495-034-5120-078	Equalization Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	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, 2018**

*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, 2018

*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, 2018**

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.

There were none.