

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020**

**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 20, 2021

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 ending June 30, 2020, 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 2019-2020 fiscal year with an enrollment of 1,099 students. The following details the changes in the student enrollment of the district over the last ten years.

**Average Daily Enrollment**

<b>Fiscal Year</b>		
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%
2018-2019	1,171	-.09%
2019-2020	1,099	-.07%

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 2019 reported the following post-graduate plans:

Class of 2019

4 Year College	62%
2 Year College	23%
Other	7%
Employment	6%
Military	2%

❖ Results of 2020 survey were not completed due to COVID-19.

**SAT/ACT Scores**

SAT Scores

Mean Score Distribution

ERW	528
MATH	533

Act Scores

Mean Score Distribution

Reading	23.5
English	23.9
Math	24.9
Science	23.1
STEM	24.3

❖ These scores reflect 2019 as 2020 tests were cancelled.

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

**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, 2020, the District had \$3,213,000.00 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 2019-2020 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:**

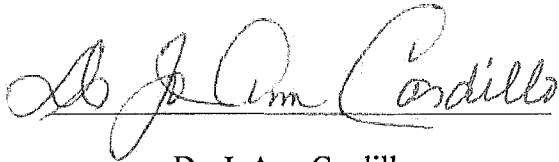
Independent Audit – State statutes require an annual audit by independent certified public accountants (CPA) or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also 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:

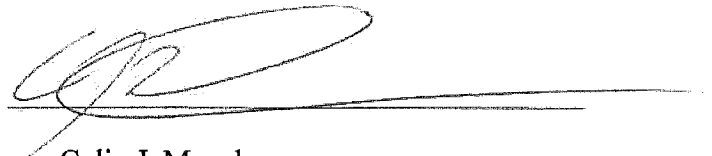
We would like to express our appreciation to the members of the Passaic Valley High School District #1 Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our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

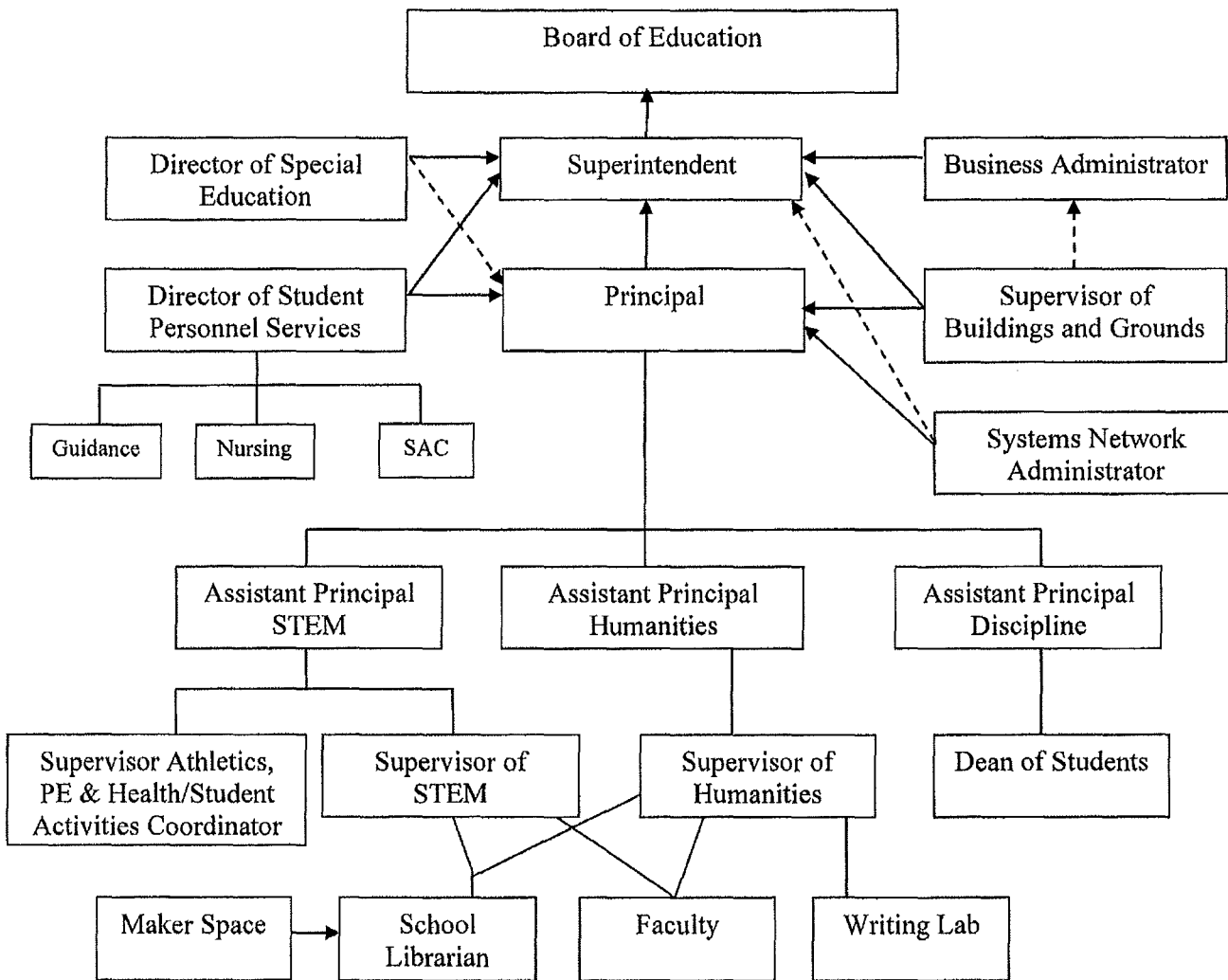
Administrator/Board Secretary

# POLICY

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

ADMINISTRATION  
1110/page 1 of 1  
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: August 21, 2018



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

ROSTER OF OFFICIALS: JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Raymond Luke Damiano - President	2022
Nicholas Doell - Vice President	2022
Dr. Vincent Varcadipane	2022
Giovanni D'Ambrosio	2021
Lori Brigati	2021
Dr. Charles Cathcart	2021
Peter D'Angelo	2023
Jaclyn Luker	2023
Sam Yodice Jr.	2023

OTHER OFFICIALS

Dr. JoAnn Cardillo - Superintendent of Schools

Colin Monahan - School Business Administrator/Board Secretary

Raymond Reddin - Board Attorney

**Passaic Valley Regional High School District #1**

**Board of Education**

**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

Raymond Reddin  
485 Totowa Rd.  
Totowa, N.J. 07512

**Official Depository**

Lakeland 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  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, 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 as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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.

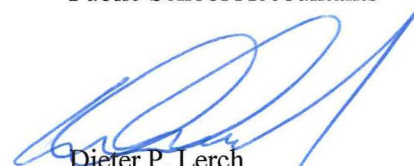
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2021 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  
February 17, 2021



## **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, 2020**

This section of the Passaic Valley Regional High School District No. 1 Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2019-2020 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 \$3,488,849 (net position).
- The District's total net position increased \$1,212,844.
- Overall district-wide revenues were \$36,516,648. General revenues accounted for \$27,272,035 or 75% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,244,613 or 25% of total revenues.
- The school district had \$34,756,881 in expenses for governmental activities; only \$8,736,171 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$27,270,856 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 \$5,154,577. Of this amount, \$265,930 is available for spending at the District's discretion (unassigned fund balance – General Fund).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Management’s Discussion and Analysis (continued)  
Year Ended June 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

- The remaining statements are fund financial statements that focus on individual parts of the Passaic Valley Regional High School District No. 1 Board of Educations’, reporting the Board’s operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

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

	District-Wide Statements	Fund Financial Statements Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses:
Required financial Statements	Statements of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Food Service Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, and deferred outflows/ inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

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

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2020**

**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, 2020**

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 2020 and 2019.

**Net position.** The district's combined net position was \$3,488,849 and \$2,276,005, on June 30, 2020 and 2019, 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, 2020**

**Table A-1  
Statement of Net Position  
As of June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current Assets	\$ 5,402,563	\$ 4,869,862	\$ 25,230	\$ 109,676	\$ 5,427,793	\$ 4,979,538
Capital Assets	7,711,966	7,749,693	59,438	66,255	7,771,404	7,815,948
<b>Total Assets</b>	<u>13,114,529</u>	<u>12,619,555</u>	<u>84,668</u>	<u>175,931</u>	<u>13,199,197</u>	<u>12,795,486</u>
<b>Deferred Outflows of Resources</b>	<u>799,353</u>	<u>1,306,778</u>	<u>-</u>	<u>-</u>	<u>799,353</u>	<u>1,306,778</u>
Long-Term Liabilities	8,191,647	9,289,356			8,191,647	9,289,356
Other Liabilities	301,762	382,839	11,464	65,425	313,226	448,264
<b>Total Liabilities</b>	<u>8,493,409</u>	<u>9,672,195</u>	<u>11,464</u>	<u>65,425</u>	<u>8,504,873</u>	<u>9,737,620</u>
<b>Deferred Inflows of Resources</b>	<u>2,004,828</u>	<u>2,088,639</u>	<u>-</u>	<u>-</u>	<u>2,004,828</u>	<u>2,088,639</u>
Net Position						
Net Investment in capital assets	4,498,966	3,911,693	59,438	66,255	4,558,404	3,977,948
Restricted	82,938	66,206			82,938	66,206
Unrestricted	(1,166,259)	(1,812,400)	13,766	44,251	(1,152,493)	(1,768,149)
<b>Total Net Position</b>	<u>\$ 3,415,645</u>	<u>\$ 2,165,499</u>	<u>\$ 73,204</u>	<u>\$ 110,506</u>	<u>\$ 3,488,849</u>	<u>\$ 2,276,005</u>

Table A-2 on the following page shows changes in net position for fiscal year 2020 and 2019.

**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, 2020**

**Table A-2  
Change in Net Position  
For The Years Ended June 30, 2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,136,782	\$ 983,026	\$ 349,503	\$ 448,527	\$ 1,486,285	\$ 1,431,553
Operating Grants and Contributions	7,599,389	8,016,105	158,939	193,987	7,758,328	8,210,092
Capital Grants and Contributions						
General Revenues						
Property Taxes	26,767,270	26,264,787			26,767,270	26,264,787
State Aid - Formula Grants	354,625	350,456			354,625	350,456
Other	148,961	283,196	1,179	195	150,140	283,391
<b>Total Revenues</b>	<u>36,007,027</u>	<u>35,897,570</u>	<u>509,621</u>	<u>642,709</u>	<u>36,516,648</u>	<u>36,540,279</u>
<b>Expenses</b>						
Instruction						
Regular	17,438,305	17,293,503			17,438,305	17,293,503
Special Education	5,293,627	4,900,118			5,293,627	4,900,118
School Sponsored Activities and Athletics	1,186,077	1,641,462			1,186,077	1,641,462
Support Services						
Student and Instruction Related Services	2,736,769	2,895,009			2,736,769	2,895,009
General Administrative Services	728,430	713,751			728,430	713,751
School Administrative Services	1,293,180	1,437,475			1,293,180	1,437,475
Plant Operations and Maintenance	3,709,467	3,760,507			3,709,467	3,760,507
Pupil Transportation	1,756,797	1,929,198			1,756,797	1,929,198
Business and Other Support Services	496,083	529,285			496,083	529,285
Interest on Debt	118,146	137,645			118,146	137,645
Food Services	-	-	546,923	644,858	546,923	644,858
<b>Total Expenses</b>	<u>34,756,881</u>	<u>35,237,953</u>	<u>546,923</u>	<u>644,858</u>	<u>35,303,804</u>	<u>35,882,811</u>
<b>Change in Net Position</b>	<u>\$ 1,250,146</u>	<u>\$ 659,617</u>	<u>\$ (37,302)</u>	<u>\$ (2,149)</u>	<u>\$ 1,212,844</u>	<u>\$ 657,468</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, 2020

**Governmental Activities.** The District's total revenues were \$36,007,027. The local share of the revenues, that included property taxes, tuition, transportation, interest, and miscellaneous revenue, amounted to \$28,053,013 or 78% of total revenues. Funding from state and federal sources amounted to \$7,954,014 or 22%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$23,918,009 (69%) and student support services totaled \$10,720,726 (30%) of total expenditures interest on debt totaled \$118,146. (See Figure A-3.)

Figure A-3 Revenues by Sources – Governmental Activities  
For Fiscal Year 2020

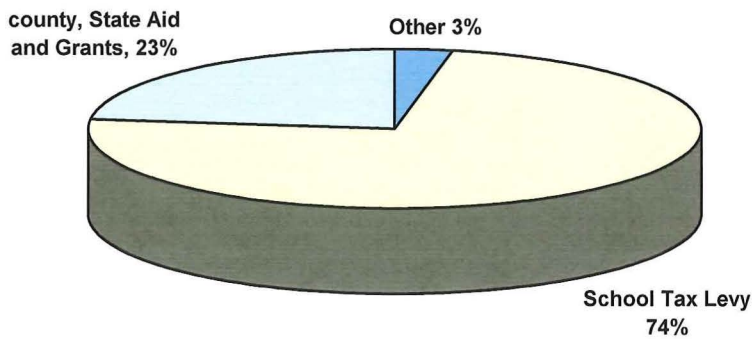
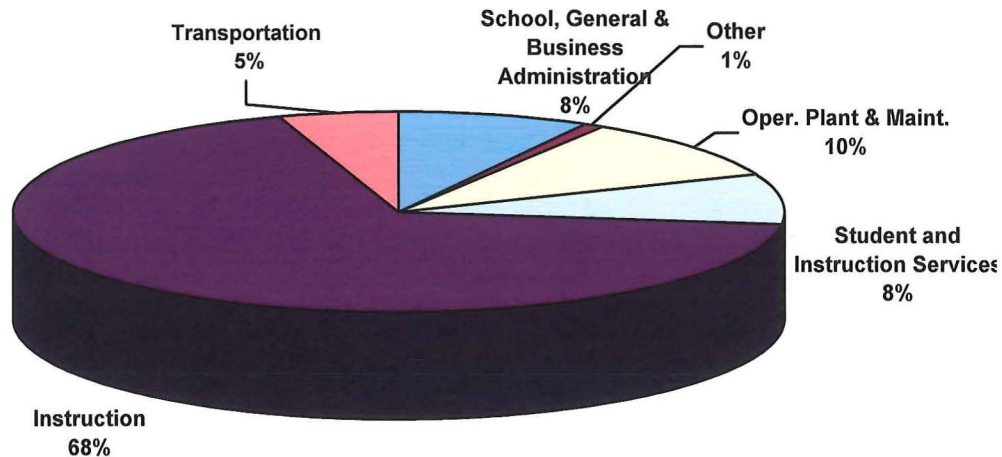


Table A-4 Expenses by Function – Governmental Activities  
For Fiscal Year 2020





**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, 2020**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 17,438,305	\$ 17,293,503	\$ 13,436,885	\$ 12,831,256
Special Education	5,293,627	4,900,118	1,953,281	2,167,106
School Sponsored Activities and Athletics	1,186,077	1,641,462	1,114,965	1,479,323
Support Services				
Student and Instruction Related Services	2,736,769	2,895,009	2,173,462	2,210,573
General Administrative Services	728,430	713,751	607,612	589,344
School Administrative Services	1,293,180	1,437,475	1,028,941	1,107,561
Plant Operations and Maintenance	3,709,467	3,760,507	3,637,627	3,616,868
Pupil Transportation	1,756,797	1,929,198	1,501,998	1,638,531
Business Services	496,083	529,285	491,006	510,336
Interest on Debt	118,146	137,645	74,933	87,924
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>\$ 34,756,881</b>	<b>\$ 35,237,953</b>	<b>\$ 26,020,710</b>	<b>\$ 26,238,822</b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal years ended June 30, 2020 and 2019 were \$546,923 and \$644,858, 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, 2020**

**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 \$5,154,577. As of June 30, 2019, the fund balance was \$4,549,751.

Revenues for the District's governmental funds were \$34,413,278 while total expenditures were \$33,808,452.

**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, 2020 and 2019.

**General Fund Revenues**

	Fiscal Year Ended		Amount of Increase (Decrease)	Change
	June 30			
	<u>2020</u>	<u>2019</u>		
Local Sources				
Property Taxes	\$ 26,270,885	\$ 25,755,770	\$ 515,115	2%
Tuition/Transportation	1,136,782	983,026	153,756	16%
Miscellaneous	148,116	283,082	(134,966)	-48%
Intergovernmental				
Federal Sources	22,667	26,777	(4,110)	-15%
State Sources	<u>5,468,744</u>	<u>5,064,496</u>	<u>404,248</u>	8%
Total General Fund Revenues	<u>\$ 33,047,194</u>	<u>\$ 32,113,151</u>	<u>\$ 934,043</u>	3%

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

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2020**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2020 and 2019.

**General Fund Expenditures**

	Fiscal Year Ended June 30		Amount of Increase (Decrease)	Change
	<u>2020</u>	<u>2019</u>		
Current Expense:				
Instruction	\$ 22,000,156	\$ 21,374,041	\$ 626,115	3%
Undistributed Expenses	10,193,554	10,403,371	(209,817)	-2%
Capital Outlay	<u>249,503</u>	<u>486,752</u>	<u>(237,249)</u>	-49%
 Total Expenditures	 <u>\$ 32,443,213</u>	 <u>\$ 32,264,164</u>	 <u>\$ 179,049</u>	 1%

Total General Fund expenditures increased by \$179,049 or 1% from the previous year.

**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 \$613,141 and \$494,301, for the years ended June 30, 2020 and 2019. Federal sources accounted for 99% and 99% of the Special Revenue Fund's revenue for the years ended June 30, 2020 and 2019.

**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, 2020**

**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 2020, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

**Table A-4**

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>2020</u>	<u>2019</u>	Increase <u>(Decrease)</u>	<u>2020</u>	<u>2019</u>	Increase <u>(Decrease)</u>
Buildings and Building Improvements	\$ 13,107,546	\$ 13,107,546	\$ -			
Improvements other than Buildings	1,851,326	1,851,326	-			
Machinery and Equipment	<u>1,988,590</u>	<u>1,739,087</u>	249,503	\$ 250,407	\$ 203,453	46,954
	16,947,462	16,697,959	249,503	250,407	203,453	46,954
Less Accumulated Depreciation	<u>9,235,496</u>	<u>8,948,266</u>	<u>287,230</u>	<u>190,969</u>	<u>137,198</u>	\$ 53,771
Total	<u>\$ 7,711,966</u>	<u>\$ 7,749,693</u>	<u>\$ (37,727)</u>	<u>\$ 59,438</u>	<u>\$ 66,255</u>	<u>\$ (6,817)</u>

**Debt Administration.** As of June 30, 2020 and 2019 the school district had long-term debt and outstanding long-term liabilities in the amounts of \$8,191,647 and \$9,289,356, respectively.

**Long-Term Liabilities**

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

	<u>2020</u>	<u>2019</u>
Serial Bonds	\$ 3,213,000	\$ 3,838,000
Net Pension Liability	4,867,631	5,342,517
Compensated Absences Payable	<u>111,016</u>	<u>108,839</u>
Total	<u>\$ 8,191,647</u>	<u>\$ 9,289,356</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, 2020**

**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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,905,984	\$ 32,270	\$ 2,938,254
Receivables, net			
Receivables from Other Governments	1,647,944	2,564	1,650,508
Other Receivables	49,386	2,483	51,869
Due from Other Funds	770,533		770,533
Internal Balances	28,716	(28,716)	
Inventory		16,629	16,629
Capital Assets			
Being Depreciated Net	<u>7,711,966</u>	<u>59,438</u>	<u>7,771,404</u>
Total Assets	<u>13,114,529</u>	<u>84,668</u>	<u>13,199,197</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>799,353</u>	<u>-</u>	<u>799,353</u>
Total Assets and Deferred Outflows of Resources	<u>13,913,882</u>	<u>84,668</u>	<u>13,998,550</u>
<b>LIABILITIES</b>			
Accounts Payable	187,790	1,590	189,380
Accrued Interest Payable	53,776		53,776
Unearned Revenue	60,196	9,874	70,070
Noncurrent Liabilities			
Due Within One Year	625,000		625,000
Due Beyond One Year	<u>7,566,647</u>	<u>-</u>	<u>7,566,647</u>
Total Liabilities	<u>8,493,409</u>	<u>11,464</u>	<u>8,504,873</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>2,004,828</u>	<u>-</u>	<u>2,004,828</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,498,237</u>	<u>11,464</u>	<u>10,509,701</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,498,966	59,438	4,558,404
Restricted for:			
Capital Projects	82,938		82,938
Unrestricted	<u>(1,166,259)</u>	<u>13,766</u>	<u>(1,152,493)</u>
Total Net Position	<u>\$ 3,415,645</u>	<u>\$ 73,204</u>	<u>\$ 3,488,849</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, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 17,438,305		\$ 4,001,420		\$ (13,436,885)		\$ (13,436,885)
Special Education	5,293,627	\$ 1,136,782	2,203,564		(1,953,281)		(1,953,281)
School Sponsored Co-Curricular Activities	1,186,077		71,112		(1,114,965)		(1,114,965)
Support Services:					-		
Student & Instruction Related Services	2,736,769		563,307		(2,173,462)		(2,173,462)
School Administrative Services	1,293,180		264,239		(1,028,941)		(1,028,941)
General Administrative Services	728,430		120,818		(607,612)		(607,612)
Plant Operations and Maintenance	3,709,467		71,840		(3,637,627)		(3,637,627)
Pupil Transportation	1,756,797		254,799		(1,501,998)		(1,501,998)
Business and Other Support Services	496,083		5,077		(491,006)		(491,006)
Interest on Long-Term Debt	118,146	-	43,213	-	(74,933)	-	(74,933)
Total Governmental Activities	<u>34,756,881</u>	<u>1,136,782</u>	<u>7,599,389</u>	<u>-</u>	<u>(26,020,710)</u>	<u>-</u>	<u>(26,020,710)</u>
Business-Type Activities:							
Food Service	546,923	349,503	158,939	-	-	\$ (38,481)	(38,481)
Total Business-Type Activities	<u>546,923</u>	<u>349,503</u>	<u>158,939</u>	<u>-</u>	<u>-</u>	<u>(38,481)</u>	<u>(38,481)</u>
Total Primary Government	<u>\$ 35,303,804</u>	<u>\$ 1,486,285</u>	<u>\$ 7,758,328</u>	<u>\$ -</u>	<u>(26,020,710)</u>	<u>(38,481)</u>	<u>(26,059,191)</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, 2020**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 26,270,885		\$ 26,270,885
Taxes Levied for Debt Service	496,385		496,385
State Aid - Restricted for Debt Service	212,500		212,500
State Aid - Unrestricted	142,125		142,125
Miscellaneous Income	148,961	\$ 1,179	150,140
Total General Revenues	27,270,856	1,179	27,272,035
Change in Net Position	1,250,146	(37,302)	1,212,844
Net Position—Beginning of Year	2,165,499	110,506	2,276,005
Net Position—End of Year	\$ 3,415,645	\$ 73,204	\$ 3,488,849

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

**FUND FINANCIAL STATEMENTS**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

	<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	\$ 2,824,413		\$ 81,571		\$ 2,905,984
Accounts Receivable	49,386				49,386
Tax Levy Receivable	1,308,605				1,308,605
Receivables From Other Governments	34,932	\$ 304,407			339,339
Due from Other Funds	<u>1,062,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,062,814</u>
<b>Total Assets</b>	<u>\$ 5,280,150</u>	<u>\$ 304,407</u>	<u>\$ 81,571</u>	<u>-</u>	<u>\$ 5,666,128</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable and Other Liabilities	\$ 165,573	\$ 22,217			\$ 187,790
Due to Other Funds		221,994	\$ 41,571		263,565
Unearned Revenue	<u>-</u>	<u>60,196</u>	<u>-</u>	<u>-</u>	<u>60,196</u>
<b>Total Liabilities</b>	<u>165,573</u>	<u>304,407</u>	<u>41,571</u>	<u>-</u>	<u>511,551</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	42,938				42,938
Excess Surplus	2,400,478				2,400,478
Excess Surplus - Designated for Subsequent Year's Expenditures	1,791,011				1,791,011
Capital Projects			40,000		40,000
<b>Assigned:</b>					
Designated for Subsequent Year's Expenditures	433,331				433,331
Year End Encumbrances	180,889				180,889
Unassigned	<u>265,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,930</u>
<b>Total Fund Balances</b>	<u>5,114,577</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>5,154,577</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 5,280,150</u>	<u>\$ 304,407</u>	<u>\$ 81,571</u>	<u>\$ -</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 \$16,947,462 and the accumulated depreciation is \$9,235,496. 7,711,966

The District has financed capital assets through the issuance of long-term debt. The interest accrual at year end is: (53,776)

Deferred Inflows and Outflows related to the net pension liability are not reported in the funds. (1,205,475)

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	\$ 3,213,000	
Net Pension Liability	4,867,631	
Compensated Absences	<u>111,016</u>	
		<u>(8,191,647)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 3,415,645

**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, 2020**

	<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	\$ 26,270,885			\$ 496,385	\$ 26,767,270
Tuition	1,136,782				1,136,782
Interest Earnings	117,170		\$ 845		118,015
Miscellaneous	30,946	\$ 5,000	-	-	35,946
	<u>27,555,783</u>	<u>5,000</u>	<u>845</u>	<u>496,385</u>	<u>28,058,013</u>
Total - Local Sources					
State Sources	5,468,744			255,713	5,724,457
Federal Sources	22,667	\$ 608,141	-	-	630,808
	<u>33,047,194</u>	<u>613,141</u>	<u>845</u>	<u>752,098</u>	<u>34,413,278</u>
Total Revenues					
<b>EXPENDITURES</b>					
Instruction					
Regular	16,052,999	200,679			16,253,678
Special Education	4,782,530	391,450			5,173,980
School Sponsored Co-Curricular Activities	1,164,627				1,164,627
Support Services and Undistributed Costs					
Student & Instruction Related Services	2,523,085	21,012			2,544,097
General Administrative Services	692,465				692,465
School Administrative Services	1,215,849				1,215,849
Business & Other Support Services	496,208				496,208
Plant Operations and Maintenance	3,509,122				3,509,122
Pupil Transportation	1,756,825				1,756,825
Capital Outlay	249,503				249,503
Debt Service					
Principal				625,000	625,000
Interest and other charges	-	-	-	127,098	127,098
	<u>32,443,213</u>	<u>613,141</u>	<u>-</u>	<u>752,098</u>	<u>33,808,452</u>
Total Expenditures					
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	603,981	-	845	-	604,826
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	845				845
Transfers Out	-	-	(845)	-	(845)
	<u>845</u>	<u>-</u>	<u>(845)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	604,826	-	-	-	604,826
Fund Balance, Beginning of Year	4,509,751	-	40,000	-	4,549,751
Fund Balance, End of Year	<u>\$ 5,114,577</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 5,154,577</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, 2020**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** **\$ 604,826**

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	\$	(287,230)	
Capital Outlays		<u>249,503</u>	
			(37,727)

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			625,000
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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		8,952	
Compensated Absences		(2,177)	
Net Pension Liability		<u>51,272</u>	
			<u>58,047</u>

**Change in Net Position of Governmental Activities** **\$ 1,250,146**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2020**

**Business-Type  
 Activities  
 Enterprise Fund  
Food Services**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 32,270
Intergovernmental Receivable	
State	25
Federal	2,539
Accounts Receivable	2,483
Inventories	<u>16,629</u>
Total Current Assets	<u>53,946</u>
Capital Assets	
Furniture, Machinery and Equipment	250,407
Less: Accumulated Depreciation	<u>(190,969)</u>
Total Capital Assets, Net	<u>59,438</u>
Total Assets	<u>113,384</u>

**LIABILITIES**

Current Liabilities	
Accounts Payable	1,590
Due to Other Funds	28,716
Unearned Revenue	<u>9,874</u>
Total Current Liabilities	<u>40,180</u>

**NET POSITION**

Net Investment in Capital Assets	59,438
Unrestricted	<u>13,766</u>
Total Net Position	<u>\$ 73,204</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, 2020

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 200,261
Daily Sales - Nonreimbursable Programs	134,480
Other Sales	<u>14,762</u>
 Total Operating Revenues	 <u>349,503</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	179,310
Cost of Sales - Nonreimbursable Programs	65,859
Cost of Sales - USDA Commodities	28,961
Labor Cost	185,602
Management Fee	31,100
Supplies and Materials	17,994
Repairs and Maintenance	2,363
Insurance	19,997
Other Expenses	4,039
Depreciation	<u>11,698</u>
 Total Operating Expenses	 <u>546,923</u>
 Operating Loss	 <u>(197,420)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	3,446
Federal Sources	
Food Distribution Program	28,961
National School Breakfast Program	16,775
National School Lunch Program	109,757
Interest Income	<u>1,179</u>
 Total Nonoperating Revenues	 <u>160,118</u>
 Change in Net Position	 (37,302)
 Total Net Position - Beginning of Year	 <u>110,506</u>
 Total Net Position - End of Year	 <u>\$ 73,204</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, 2020**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 348,820
Cash Payments for Employees' Salaries and Benefits	(185,602)
Cash Payments to Suppliers for Goods and Services	<u>(375,167)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(211,949)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Payments to/from Other Funds	29,244
Cash Received from State and Federal Subsidy Reimbursements	<u>156,484</u>
Net Cash Provided by Noncapital Financing Activities	<u>185,728</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(4,881)</u>
Net Cash (Used) for Capital and Related Financing Activities	<u>(4,881)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Income	<u>1,179</u>
Net Cash Provided by Investing Activities	<u>1,179</u>
Net Decrease in Cash and Cash Equivalents	(29,923)
Cash and Cash Equivalents, Beginning of Year	<u>62,193</u>
Cash and Cash Equivalents, End of Year	<u>\$ 32,270</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ <u>(197,420)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Non-Cash Federal Assistance - Food Distribution Program	28,961
Depreciation	11,698
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(683)
(Increase)/Decrease in Inventory	(544)
Increase/(Decrease) in Accounts Payable	(60,517)
Increase/(Decrease) in Deferred Revenue	<u>6,556</u>
Total Adjustments	<u>(14,529)</u>
Net Cash Used for Operating Activities	<u>\$ (211,949)</u>
Non-Cash Financing Activities:	
Fair Value of Food Distribution Program Commodities Received - National School Lunch Program	<u>\$ 28,961</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, 2020**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose Trust Fund</b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 96,889	\$ 903,931	\$ 577,491
Due from Other Funds	<u>22,326</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>119,215</u>	 <u>903,931</u>	 <u>\$ 577,491</u>
<b>LIABILITIES</b>			
Due to Other Funds		\$ 715,354	\$ 77,505
Due to Student Groups			243,117
Intergovernmental Accounts Payable	\$ 43,369		
Accrued Salaries and Wages			106
Reserve for Flexible Spending Account			12,719
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>-</u>	<u>244,044</u>
 Total Liabilities	 <u>43,369</u>	 <u>715,354</u>	 <u>\$ 577,491</u>
<b>NET POSITION</b>			
Held In Trust For Unemployment Claims and Other Purposes			
Restricted	<u>\$ 75,846</u>	<u>\$ 188,577</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, 2020**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employee	\$ 19,342	
Board	30,000	
Donations	<u>          -</u>	<u>\$ 13,517</u>
Total Contributions	<u>49,342</u>	<u>13,517</u>
Investment Earnings		
Interest	<u>1,382</u>	<u>3,479</u>
Net Investment Earnings	<u>1,382</u>	<u>3,479</u>
Total Additions	<u>50,724</u>	<u>16,996</u>
<b>DEDUCTIONS</b>		
Other Expenses		48
Unemployment Claims	70,447	
Scholarships Awarded	<u>          -</u>	<u>24,354</u>
Total Deductions	<u>70,447</u>	<u>24,402</u>
Change in Net Position	(19,723)	(7,406)
Net Position Beginning of the Year	<u>95,569</u>	<u>195,983</u>
Net Position End of the Year	<u>\$ 75,846</u>	<u>\$ 188,577</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, 2020**

**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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a grade nine (9) through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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.

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**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, 2020

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, 2020**

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

**C. Basis of Presentation - 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 administrators, teachers and special events.

Additionally, the District 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.

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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.

***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.



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

***4. Capital Assets (Continued)***

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.

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.

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

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).

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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, 2020

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)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year’s Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

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

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

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 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. The District has no committed fund balances at year end.

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, 2020**

**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 2018-2019 and 2019-2020 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, 2020**

**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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$899,497. The increase was funded by the additional appropriation of tuition revenue, grant awards, and the reappropriation of prior year general fund encumbrances.

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

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020 is as follows:

Balance, July 1, 2019	\$ 26,206
Increased by:	
Unspent Balance of Capital Outlay	<u>16,732</u>
Balance, June 30, 2020	<u>\$ 42,938</u>

**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, 2020 is \$4,191,489. Of this amount, \$1,791,011 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$2,400,478 will be appropriated in the 2021/2022 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$4,516,565 and bank and brokerage firm balances of the Board's deposits amounted to \$6,637,399. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>6,637,399</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, 2020 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, 2020, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**B. Receivables**

Receivables as of June 30, 2020 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts Intergovernmental	\$ 49,386		\$ 2,483	\$ 51,869
Federal		\$ 304,407	2,539	306,946
State	34,932		25	34,957
Local	<u>1,308,605</u>	<u>-</u>	<u>-</u>	<u>1,308,605</u>
Gross Receivables	1,392,923	304,407	5,047	1,702,377
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,392,923</u>	<u>\$ 304,407</u>	<u>\$ 5,047</u>	<u>\$ 1,702,377</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 Local Grant Donations	\$ <u>60,196</u>
Total Unearned Revenue for Governmental Funds	\$ <u>60,196</u>



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance, <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>	
<b>Governmental Activities:</b>					
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	\$ 13,107,546			\$ 13,107,546	
Improvements Other Than Buildings	1,851,326			1,851,326	
Machinery and Equipment	<u>1,739,087</u>	\$ 249,503	-	<u>1,988,590</u>	
Total Capital Assets Being Depreciated	<u>16,697,959</u>	<u>249,503</u>	<u>-</u>	<u>16,947,462</u>	
Less Accumulated Depreciation for:					
Buildings	6,898,819	204,352		7,103,171	
Improvements Other Than Buildings	1,067,880	36,221		1,104,101	
Machinery and Equipment	<u>981,567</u>	<u>46,657</u>	-	<u>1,028,224</u>	
Total Accumulated Depreciation	<u>8,948,266</u>	<u>287,230</u>	<u>-</u>	<u>9,235,496</u>	
Total Capital Assets, Being Depreciated, Net	<u>7,749,693</u>	<u>(37,727)</u>	<u>-</u>	<u>7,711,966</u>	
Government Activities Capital Assets, Net	<u>\$ 7,749,693</u>	<u>\$ (37,727)</u>	<u>\$ -</u>	<u>\$ 7,711,966</u>	
	Balance, <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance, <u>June 30, 2020</u>
<b>Business-Type Activities:</b>					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 203,453	-	-	\$ 46,954	\$ 250,407
Total Capital Assets Being Depreciated	<u>203,453</u>	<u>-</u>	<u>-</u>	<u>46,954</u>	<u>250,407</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	<u>137,198</u>	\$ 11,698	-	42,073	190,969
Total Accumulated Depreciation	<u>137,198</u>	<u>11,698</u>	<u>-</u>	<u>42,073</u>	<u>190,969</u>
Total Capital Assets, Being Depreciated, Net	<u>66,255</u>	<u>(11,698)</u>	<u>-</u>	<u>4,881</u>	<u>59,438</u>
Business-Type Activities Capital Assets, Net	<u>\$ 66,255</u>	<u>\$ (11,698)</u>	<u>\$ -</u>	<u>\$ 4,881</u>	<u>\$ 59,438</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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	\$ 51,702
School Sponsored Co-Curricular Activities	2,872
Total Instruction	<u>54,574</u>
Support Services	
Student and Instruction Related Services	31,595
Operations and Maintenance of Plant	201,061
Total Support Services	<u>232,656</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 287,230</u>

**Business-Type Activities:**

Food Service Fund	\$ 11,698
Total Depreciation Expense-Business-Type Activities	<u>\$ 11,698</u>

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

The composition of interfund balances as of June 30, 2020, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 221,994
General Fund	Capital Projects Fund	41,571
General Fund	Payroll Agency Fund	55,179
General Fund	Food Service Fund	28,716
General Fund	Private Purpose Fund	715,354
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>22,326</u>
		<u>\$ 1,085,140</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.

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

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

**Interfund transfers**

	<u>Transfers In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 845	\$ 845
	<u>\$ 845</u>	<u>\$ 845</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 or other purposes permitted by statute. 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, 2020 is comprised of the following issue:

\$6,788,000, 2011 Bonds, due in annual installments of \$625,000 to \$650,000 through July 1, 2024, interest at 3.400% - 3.85%	<u>\$3,213,000</u>
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**Governmental Activities**

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

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 625,000	\$ 107,176	\$ 732,176
2022	650,000	86,051	736,051
2023	650,000	63,301	713,301
2024	650,000	38,520	688,520
2025	<u>638,000</u>	<u>12,760</u>	<u>650,760</u>
	<u>\$ 3,213,000</u>	<u>\$ 307,808</u>	<u>\$ 3,520,808</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 170,329,077
Less: Net Debt	<u>3,213,000</u>
Remaining Borrowing Power	<u>\$ 167,116,077</u>

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2020</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 3,838,000		\$ 625,000	\$ 3,213,000	\$ 625,000
Compensated Absences	108,839	\$ 2,177		111,016	
Net Pension Liability	<u>5,342,517</u>	<u>-</u>	<u>474,886</u>	<u>4,867,631</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,289,356</u>	<u>\$ 2,177</u>	<u>\$ 1,099,886</u>	<u>\$ 8,191,647</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.

**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"). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

**A. Risk Management (Continued)**

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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group 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 Group 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 <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 30,000	\$ 19,342	\$ 70,447	\$ 75,846
2019	None	20,023	8,411	95,569
2018	None	20,477	52,236	83,894

**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, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

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

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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:

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 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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**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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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:

<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 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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

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

**Other Pension Funds**

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).



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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)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2020.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 262,775	\$ 2,134,410	\$ 10,514
2019	269,894	1,947,390	12,702
2018	261,585	1,455,825	8,065

In addition, for fiscal years 2020, 2019 and 2018, the District contributed \$1,100, \$858 and \$4,189, respectively, for PERS and the State contributed \$1,460, \$1,372 and \$1,484, respectively, for TPAF for long-term disability insurance premium (LTDI).

**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)**

**Employer and Employee Pension Contributions (Continued)**

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 \$714,478 during the fiscal year ended June 30, 2020 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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. 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 measurement period July 1, 2018 through June 30, 2019. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$4,867,631 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was 0.02701 percent, which was a decrease of 0.00012 percent from its proportionate share measured as of June 30, 2018 of 0.02713 percent.

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)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$211,503 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 87,368	\$ 21,503
Changes of Assumptions	486,051	1,689,539
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		76,837
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>225,934</u>	<u>216,949</u>
Total	<u>\$ 799,353</u>	<u>\$ 2,004,828</u>

At June 30, 2020, 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>
2020	\$ (209,809)
2021	(341,668)
2022	(554,282)
2023	(339,196)
2024	239,480
Thereafter	<u>-</u>
	<u>\$ (1,205,475)</u>

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

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

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

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

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

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

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equities	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Market Equities	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

***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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%



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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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,510,689 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$59,520,685. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was 0.09699 percent, which was an increase of 0.00047 percent from its proportionate share measured as of June 30, 2018 of 0.09652 percent.

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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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u><b>TPAF</b></u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55%
	Based on Years of Service
Thereafter	2.75%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.



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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equities	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Market Equities	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

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

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 70,188,062	\$ 59,520,685	\$ 50,670,131

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

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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, 2019. 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 Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, and prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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).

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**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, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>364,943</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.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$791,827, \$883,333 and \$940,287, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

**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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2018 through June 30, 2018. 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,009,297. 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, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$35,910,337. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was 0.08 percent, which was unchanged from its proportionate share measured as of June 30, 2018 of 0.08 percent.

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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)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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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)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**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 2.00% as of June 30, 2019.

**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>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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.

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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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>39,081,318</u>
Changes Recognized for the Fiscal Year:	
Service Cost	1,359,242
Interest on the Total OPEB Liability	1,544,548
Differences Between Expected and Actual Experience	(5,540,532)
Changes of Assumptions	535,426
Gross Benefit Payments	(1,102,341)
Contributions from the Member	<u>32,676</u>
<b>Net Changes</b>	<b>\$ <u>(3,170,981)</u></b>
Balance, June 30, 2019 Measurement Date	\$ <u>35,910,337</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.



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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)**

**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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<b>1% Decrease <u>(2.50%)</u></b>	<b>Current Discount Rate <u>(3.50%)</u></b>	<b>1% Increase <u>(4.50%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 42,424,299	\$ 35,910,337	\$ 30,736,003

*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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 29,588,517	\$ 35,910,337	\$ 44,279,128

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
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**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)**

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State's economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 26,270,885		\$ 26,270,885	\$ 26,270,885	
Tuition from Other LEA's Within the State	880,000	\$ 152,132	1,032,132	1,136,782	\$ 104,650
Investment Income				117,170	117,170
Miscellaneous	35,000	-	35,000	30,946	(4,054)
<b>Total Local Sources</b>	<u>27,185,885</u>	<u>152,132</u>	<u>27,338,017</u>	<u>27,555,783</u>	<u>217,766</u>
State Sources					
Categorical Special Education Aid	838,947		838,947	838,947	
Equalization Aid	140,892		140,892	140,892	
Categorical Security Aid	42,576		42,576	42,576	
Categorical Transportation Aid	251,474		251,474	251,474	
Extraordinary Aid	225,000		225,000	449,855	224,855
On-behalf TPAF Normal Costs (Non-budgeted)				2,096,827	2,096,827
On-behalf TPAF NCGI Premium (Non-budgeted)				37,583	37,583
On-behalf Post Retirement Medical Contribution (Non-budgeted)				791,827	791,827
On-behalf Long-Term Disability Insurance (Non-budgeted)				1,460	1,460
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	714,478	714,478
<b>Total State Sources</b>	<u>1,498,889</u>	<u>-</u>	<u>1,498,889</u>	<u>5,365,919</u>	<u>3,867,030</u>
Federal Sources					
Medicaid Reimbursement	19,100	-	19,100	22,667	3,567
<b>Total Federal Sources</b>	<u>19,100</u>	<u>-</u>	<u>19,100</u>	<u>22,667</u>	<u>3,567</u>
<b>Total Revenues</b>	<u>28,703,874</u>	<u>152,132</u>	<u>28,856,006</u>	<u>32,944,369</u>	<u>4,088,363</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Grades 9-12	7,816,298	\$ 65,000	7,881,298	7,666,475	214,823
Regular Programs- Home Instruction					
Salaries of Teachers	21,000	2,590	23,590	23,590	-
Other Salaries for Instruction	330,000	(58,981)	271,019	225,474	45,545
Purchased Professional - Educational Services	15,000	19,410	34,410	28,620	5,790
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	28,800	(7,500)	21,300	17,183	4,117
Purchased Technical Services	7,000	15,545	22,545	22,545	-
Other Purchased Services	304,393	(134)	304,259	281,813	22,446
General Supplies	183,800	(5,295)	178,505	141,778	36,727
Textbooks	33,450	-	33,450	15,472	17,978
Other Objects	10,600	-	10,600	1,265	9,335
<b>Total Regular Programs</b>	<u>8,750,341</u>	<u>30,635</u>	<u>8,780,976</u>	<u>8,424,215</u>	<u>356,761</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Instruction - Special Education Programs					
Multiple Disabilities					
Salaries of Teachers	\$ 57,982	\$ -	\$ 57,982	\$ 30,540	27,442
Total Multiple Disabilities	57,982	-	57,982	30,540	27,442
Resource Room					
Salaries of Teachers	681,227	-	681,227	671,316	9,911
General Supplies	2,000	-	2,000	-	2,000
Total Resource Room	683,227	-	683,227	671,316	11,911
Autism					
Other Salaries for Instruction	150,491	(4,196)	146,295	72,562	73,733
Purchased Professional-Educational Services	1,587,157	396,596	1,983,753	1,974,093	9,660
General Supplies	2,500	33,253	35,753	21,436	14,317
Total Autism	1,740,148	425,653	2,165,801	2,068,091	97,710
Home Instruction					
Salaries of Teachers	34,000	4,196	38,196	38,196	-
Purchased Professional-Educational Services	-	-	-	-	-
Total Home Instruction	34,000	4,196	38,196	38,196	-
Total Special Education	2,515,357	429,849	2,945,206	2,808,143	137,063
School Sponsored Co-Curricular Activities					
Salaries	161,327	-	161,327	127,623	33,704
Supplies and Materials	81,575	6,000	87,575	69,078	18,497
Other Objects	250	-	250	-	250
Total School Sponsored Co-Curricular Activities	243,152	6,000	249,152	196,701	52,451
Co-Curricular Athletics					
Salaries	548,357	-	548,357	503,539	44,818
Purchased Services	124,000	7,272	131,272	86,315	44,957
Supplies and Materials	149,200	(6,257)	142,943	102,035	40,908
Total Co-Curricular Athletics	821,557	1,015	822,572	691,889	130,683
Total - Instruction	12,330,407	467,499	12,797,906	12,120,948	676,958
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	286,667	(210,767)	75,900	62,100	13,800
Tuition to County Voc.School Dist. - Reg.	3,218,793	-	3,218,793	3,218,793	-
Tuition to County Voc.School Dist. - Special Ed.	97,658	-	97,658	29,964	67,694
Tuition to Priv. Sch. For the Disables within State	1,836,191	5,359	1,841,550	1,368,845	472,705
Tuition - Other	-	51,792	51,792	51,792	-
Total Undistributed Expenditures - Instruction	5,439,309	(153,616)	5,285,693	4,731,494	554,199

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Health Services					
Salaries	\$ 110,600	\$ (12,891)	\$ 97,709	\$ 96,404	\$ 1,305
Purchased Professional and Technical Services	65,000	(7,000)	58,000	44,179	13,821
Supplies and Materials	4,500	2,000	6,500	5,567	933
Total Health Services	<u>180,100</u>	<u>(17,891)</u>	<u>162,209</u>	<u>146,150</u>	<u>16,059</u>
Speech, OT, PT & Related Services					
Salaries	-	67,840	67,840	67,840	-
Purchased Professional Educational Services	79,300	31,051	110,351	110,351	-
Total Speech, OT, PT & Related Services	<u>79,300</u>	<u>98,891</u>	<u>178,191</u>	<u>178,191</u>	<u>-</u>
Other Support Services - Students - Extra Services					
Purchased Professional Educational Services	88,000	45,256	133,256	123,702	9,554
Total Other Support Services- Student- Extra Serv.	<u>88,000</u>	<u>45,256</u>	<u>133,256</u>	<u>123,702</u>	<u>9,554</u>
Guidance					
Salaries of Other Professional Staff	548,457	-	548,457	547,088	1,369
Salaries of Sec. & Clerical Assts.	70,679	(1,000)	69,679	66,430	3,249
Purchased Professional-Educational Services	5,420	(1,082)	4,338	2,373	1,965
Other Purchased Professional and Technical Services	122,105	9,812	131,917	131,917	-
Other Purchased Services	1,500	-	1,500	1,146	354
Supplies and Materials	44,750	3,270	48,020	45,968	2,052
Other Objects	1,815	-	1,815	1,689	126
Total Guidance	<u>794,726</u>	<u>11,000</u>	<u>805,726</u>	<u>796,611</u>	<u>9,115</u>
Child Study Teams					
Salaries of Other Professional Staff	324,133	-	324,133	324,133	-
Salaries of Sec. & Clerical Assts.	52,906	1,303	54,209	52,870	1,339
Supplies and Materials	3,000	(303)	2,697	976	1,721
Total Child Study Teams	<u>380,039</u>	<u>1,000</u>	<u>381,039</u>	<u>377,979</u>	<u>3,060</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	12,000	(1,000)	11,000	4,063	6,937
Other Purchased Services	25,800	42	25,842	18,665	7,177
Total Improvement of Instructional Services	<u>37,800</u>	<u>(958)</u>	<u>36,842</u>	<u>22,728</u>	<u>14,114</u>
Educational Media Services/School Library					
Salaries	61,519	(7,148)	54,371	52,054	2,317
Salaries of Technology Coordinators	97,892	(41,324)	56,568	55,524	1,044
Other Purchased Services	-	75,144	75,144	65,144	10,000
Supplies and Materials	10,000	7,148	17,148	13,838	3,310
Other Objects	350	-	350	320	30
Total Educational Media Services/School Library	<u>169,761</u>	<u>33,820</u>	<u>203,581</u>	<u>186,880</u>	<u>16,701</u>

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Support Services General Administration					
Salaries	\$ 247,484	\$ 1,462	\$ 248,946	\$ 244,451	\$ 4,495
Legal Services	58,000	(1,462)	56,538	36,760	19,778
Audit Fees	57,500	(22,000)	35,500	30,583	4,917
Architectural/Engineering Services	10,000	76,368	86,368	75,759	10,609
Other Purchased Professional Services	6,500	-	6,500	5,745	755
Miscellaneous Purchased Services	250	-	250	200	50
Communications/Telephone	117,250	-	117,250	105,153	12,097
BOE Other Purchased Services	34,900	8,000	42,900	37,609	5,291
General Supplies	8,000	831	8,831	5,862	2,969
Miscellaneous Expenditures	1,785	-	1,785	648	1,137
BOE Membership Dues and Fees	12,000	-	12,000	10,776	1,224
	<u>553,669</u>	<u>63,199</u>	<u>616,868</u>	<u>553,546</u>	<u>63,322</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	617,814	(40,000)	577,814	526,309	51,505
Salaries of Secretarial and Clerical Assistants	245,698	12,634	258,332	257,900	432
Other Purchased Services	19,000	36,366	55,366	17,995	37,371
Supplies and Materials	9,000	27,495	36,495	1,821	34,674
Other Objects	7,150	2,505	9,655	8,560	1,095
	<u>898,662</u>	<u>39,000</u>	<u>937,662</u>	<u>812,585</u>	<u>125,077</u>
Total Support Services School Administration					
Central Services					
Salaries	317,933	1,179	319,112	318,131	981
Purchased Professional Services	-	-	-	-	-
Purchased Technical Services	43,000	19,821	62,821	40,841	21,980
Miscellaneous Purchased Services	3,250	-	3,250	400	2,850
Supplies and Materials	10,000	10,000	20,000	6,624	13,376
Miscellaneous Expenditures	2,500	-	2,500	1,625	875
	<u>376,683</u>	<u>31,000</u>	<u>407,683</u>	<u>367,621</u>	<u>40,062</u>
Total Central Services					
Undist. Expend. - Required Maint. For School Facilities					
Salaries	359,956	4,000	363,956	361,556	2,400
Cleaning, Repair, and Maintenance	115,944	108,384	224,328	202,828	21,500
General Supplies	20,000	(10,000)	10,000	1,993	8,007
Other Objects	300	-	300	-	300
	<u>496,200</u>	<u>102,384</u>	<u>598,584</u>	<u>566,377</u>	<u>32,207</u>
Total Undist. Expend - Required Maint. For School Facilities					



**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services					
Salaries	\$ 1,015,731	\$ 13,528	\$ 1,029,259	\$ 1,029,159	\$ 100
Cleaning, Repair, and Maintenance Services	172,826	(97,884)	74,942	55,229	19,713
Other Purchased Property Services	37,000	-	37,000	33,756	3,244
Insurance	176,645	165	176,810	150,433	26,377
General Supplies	170,000	(50,811)	119,189	114,415	4,774
Energy (Natural Gas)	125,000	(1,282)	123,718	81,003	42,715
Energy (Electricity)	225,000	(28,527)	196,473	153,915	42,558
Total Custodial Services	<u>1,922,202</u>	<u>(164,811)</u>	<u>1,757,391</u>	<u>1,617,910</u>	<u>139,481</u>
Care and Upkeep of Grounds					
Salaries	280,503	(2,718)	277,785	273,353	4,432
Purchased Professional and Technical Services	3,000	-	3,000	-	3,000
Cleaning, Repair, and Maintenance Services	35,500	66,707	102,207	100,099	2,108
General Supplies	57,600	(2,377)	55,223	26,072	29,151
Total Care and Upkeep of Grounds	<u>376,603</u>	<u>61,612</u>	<u>438,215</u>	<u>399,524</u>	<u>38,691</u>
Security					
Salaries	125,000	21,436	146,436	146,436	-
Purchased Professional and Technical Services	90,000	(21,436)	68,564	39,198	29,366
General Supplies	4,000	5,000	9,000	7,881	1,119
Total Security	<u>219,000</u>	<u>5,000</u>	<u>224,000</u>	<u>193,515</u>	<u>30,485</u>
Student Transportation Services					
Sal. for Pupil Trans. (Btwn. Home & School) - Reg	71,716	-	71,716	70,486	1,230
Other Purchased Professional and Technical Services	12,000	6,320	18,320	13,770	4,550
Contracted Serv- Aid in Lieu Pymts- NonPub Sch	180,000	-	180,000	(7,477)	187,477
Contracted Services (Between Home and School) - Vendors	565,000	-	565,000	438,051	126,949
Contracted Services (Other Than Between Home and School) - Vendors	175,100	(6,320)	168,780	130,262	38,518
Contracted Services (Reg Students) - ESC's & CTSA's	255,000	7,036	262,036	262,036	-
Contracted Services (Sp Ed Students) - ESC's & CTSA's	619,000	285,313	904,313	805,396	98,917
Miscellaneous Purchased Services - Transportation	17,150	-	17,150	15,611	1,539
Other Objects	350	-	350	200	150
Total Student Transportation Services	<u>1,895,316</u>	<u>292,349</u>	<u>2,187,665</u>	<u>1,728,335</u>	<u>459,330</u>
Personal Services - Employee Benefits					
Social Security Contributions	330,000	628	330,628	299,896	30,732
Other Retirement Contributions	283,145	(2,048)	281,097	274,389	6,708
Unemployment Compensation	-	30,000	30,000	30,000	-
Workmen's Compensation	110,960	2,048	113,008	113,008	-
Health Benefits	3,506,481	(448,696)	3,057,785	2,866,604	191,181
Tuition Reimbursement	21,500	-	21,500	-	21,500
Other Employee Benefits	18,200	6,981	25,181	2,619	22,562
Total Unallocated Benefits - Employee Benefits	<u>4,270,286</u>	<u>(411,087)</u>	<u>3,859,199</u>	<u>3,586,516</u>	<u>272,683</u>
On-behalf TPAF Normal Costs					
(Non-budgeted)	-	-	-	2,096,827	(2,096,827)
On-behalf TPAF NCGI Premium					
(Non-budgeted)	-	-	-	37,583	(37,583)
On-behalf Post Retirement Medical Contribution					
(Non-budgeted)	-	-	-	791,827	(791,827)
On-behalf Long-Term Disability Insurance					
(Non-budgeted)	-	-	-	1,460	(1,460)
Reimbursed TPAF Social Security Contributions					
(Non-budgeted)	-	-	-	714,478	(714,478)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,642,175</u>	<u>(3,642,175)</u>
Total Undistributed Expenditures	<u>18,177,656</u>	<u>36,148</u>	<u>18,213,804</u>	<u>20,031,839</u>	<u>(1,818,035)</u>
Total Expenditures - Current Expense	<u>30,508,063</u>	<u>503,647</u>	<u>31,011,710</u>	<u>32,152,787</u>	<u>(1,141,077)</u>

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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	\$ 7,500	\$ 20,429	\$ 27,929	\$ 27,929	\$ -
Undistributed Expenditures					
School Buses - Regular	115,000	6,146	121,146	121,146	-
Care and Upkeep of Grounds	5,000	11,580	16,580	16,580	-
Total Equipment	<u>127,500</u>	<u>38,155</u>	<u>165,655</u>	<u>165,655</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Construction Services	-	65,580	65,580	65,580	-
Lease Purchase Agreement	35,000	-	35,000	18,268	16,732
Assessment for Debt Service on SDA Funding	34	-	34	34	-
Total Facilities Acquisition and Construction Services	<u>35,034</u>	<u>65,580</u>	<u>100,614</u>	<u>83,882</u>	<u>16,732</u>
Interest Deposit to Capital Reserve	<u>600</u>	<u>-</u>	<u>600</u>	<u>-</u>	<u>600</u>
Total Capital Outlay	<u>163,134</u>	<u>103,735</u>	<u>266,869</u>	<u>249,537</u>	<u>17,332</u>
Transfer of Funds to Charter Schools	<u>49,330</u>	<u>16,224</u>	<u>65,554</u>	<u>40,889</u>	<u>24,665</u>
Total Expenditures	<u>30,720,527</u>	<u>623,606</u>	<u>31,344,133</u>	<u>32,443,213</u>	<u>(1,099,080)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,016,653)	(471,474)	(2,488,127)	501,156	2,989,283
Other Financing Sources					
Operating Transfers In	-	-	-	845	845
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>845</u>	<u>845</u>
Excess to Fund Balance	(2,016,653)	(471,474)	(2,488,127)	502,001	2,990,128
Fund Balances, Beginning of Year	<u>5,147,522</u>	<u>-</u>	<u>5,147,522</u>	<u>5,147,522</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,130,869</u>	<u>\$ (471,474)</u>	<u>\$ 2,659,395</u>	<u>\$ 5,649,523</u>	<u>\$ 2,990,128</u>
<b>Recapitulation:</b>					
Restricted:					
Capital Reserve				\$ 42,938	
Excess Surplus				2,400,478	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,791,011	
Assigned:					
Designated for Subsequent Year's Expenditures				433,331	
Year - End Encumbrances				180,889	
Unassigned Fund Balance				<u>800,876</u>	
				5,649,523	
Less: State Payments Not Recognized on GAAP					
Delayed State Aid				<u>(534,946)</u>	
Fund Balance, GAAP Basis				<u>\$ 5,114,577</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, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Federal Sources	\$ 415,456	\$ 210,695	\$ 626,151	\$ 608,141	\$ (18,010)
Local Sources	-	65,196	65,196	5,000	(60,196)
<b>Total Revenues</b>	<u>415,456</u>	<u>275,891</u>	<u>691,347</u>	<u>613,141</u>	<u>(78,206)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	131,285	14,374	145,659	140,004	5,655
Purchased Professional and Technical Services		8,807	8,807	8,807	-
Tuition	223,966	167,484	391,450	391,450	-
General Supplies	1,528	36,474	38,002	29,651	8,351
<b>Total Instruction</b>	<u>356,779</u>	<u>227,139</u>	<u>583,918</u>	<u>569,912</u>	<u>14,006</u>
<b>Support Services</b>					
Employee Benefits	20,675	1,542	22,217	22,217	-
Purchased Professional and Technical Services		20,016	20,016	16,012	4,004
Supplies and Materials	-	65,196	65,196	5,000	60,196
<b>Total Support Services</b>	<u>20,675</u>	<u>86,754</u>	<u>107,429</u>	<u>43,229</u>	<u>64,200</u>
<b>Facilities Acquisition and Construction Services</b>					
Equipment	38,002	(38,002)	-	-	-
<b>Total Facilities Acquisition and Construction Services</b>	<u>38,002</u>	<u>(38,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>415,456</u>	<u>275,891</u>	<u>691,347</u>	<u>613,141</u>	<u>78,206</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
	-	-	-	-	-
<b>Fund Balances, Beginning of Year</b>					
	-	-	-	-	-
<b>Fund Balances, End of Year</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION  
GENERAL AND SPECIAL REVENUE FUNDS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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)	\$ 32,944,369	\$ 613,141
Difference - Budget to GAAP		
Certain State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	637,771	
Certain State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	<u>(534,946)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 33,047,194</u>	<u>\$ 613,141</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	<u>\$ 32,443,213</u>	<u>\$ 613,141</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 32,443,213</u>	<u>\$ 613,141</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 Seven Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02701%	0.02713%	0.02824%	0.02627%	0.02569%	0.02642%	0.02773%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 4,867,631</u>	<u>\$ 5,342,517</u>	<u>\$ 6,573,106</u>	<u>\$ 7,781,123</u>	<u>\$ 5,768,924</u>	<u>\$ 4,947,099</u>	<u>\$ 5,301,355</u>
District's Covered Payroll	<u>\$ 1,962,641</u>	<u>\$ 1,876,778</u>	<u>\$ 1,880,749</u>	<u>\$ 1,816,776</u>	<u>\$ 1,772,170</u>	<u>\$ 2,530,590</u>	<u>\$ 2,479,065</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	248%	285%	349%	428%	326%	195%	214%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	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 Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 262,775	\$ 269,894	\$ 261,585	\$ 233,400	\$ 220,943	\$ 217,827	\$ 209,003
Contributions in Relation to the Contractually Required Contribution	<u>262,775</u>	<u>269,894</u>	<u>261,585</u>	<u>233,400</u>	<u>220,943</u>	<u>217,827</u>	<u>209,003</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	<u>\$ 2,070,099</u>	<u>\$ 1,962,641</u>	<u>\$ 1,876,778</u>	<u>\$ 1,880,749</u>	<u>\$ 1,816,776</u>	<u>\$ 1,772,170</u>	<u>\$ 2,530,590</u>
Contributions as a Percentage of Covered Payroll	12.7%	13.8%	13.9%	12.4%	12.2%	12.3%	8.3%

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 Seven Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<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%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 59,520,685</u>	<u>\$ 61,401,113</u>	<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>\$ 59,520,685</u>	<u>\$ 61,401,113</u>	<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 Payroll	<u>\$ 10,400,631</u>	<u>\$ 10,123,671</u>	<u>\$ 10,055,660</u>	<u>\$ 10,064,142</u>	<u>\$ 9,946,970</u>	<u>\$ 10,997,122</u>	<u>\$ 10,520,829</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	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, 2020**

**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 Three Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 1,359,242	\$ 1,463,836	\$ 1,764,868
Interest on Total OPEB Liability	1,544,548	1,605,580	1,391,093
Differences Between Expected and Actual Experience	(5,540,532)	(2,379,193)	
Changes of Assumptions	535,426	(4,484,777)	(5,797,814)
Gross Benefit Payments	(1,102,341)	(1,045,020)	(843,153)
Contribution from the Member	<u>32,676</u>	<u>36,118</u>	<u>31,047</u>
<b>Net Change in Total OPEB Liability</b>	(3,170,981)	(4,803,456)	(3,453,959)
<b>Total OPEB Liability - Beginning</b>	<u>39,081,318</u>	<u>43,884,774</u>	<u>47,338,733</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 35,910,337</u>	<u>\$ 39,081,318</u>	<u>\$ 43,884,774</u>
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>35,910,337</u>	<u>39,081,318</u>	<u>43,884,774</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 35,910,337</u>	<u>\$ 39,081,318</u>	<u>\$ 43,884,774</u>
District's Covered Payroll	<u>\$ 12,363,272</u>	<u>\$ 12,000,449</u>	<u>\$ 11,936,409</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	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, 2020**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**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, 2020**

	<u>NCLB Title I</u>	<u>NCLB Title II-A</u>	<u>IDEA Part B Basic</u>	<u>Other Local Programs</u>	<u>Total</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 183,879	\$ 32,812	\$ 391,450		\$ 608,141
Other	-	-	-	\$ 5,000	5,000
Total Revenues	<u>\$ 183,879</u>	<u>\$ 32,812</u>	<u>\$ 391,450</u>	<u>\$ 5,000</u>	<u>\$ 613,141</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	\$ 115,499	\$ 24,505			\$ 140,004
Other Purchased Services	8,807				8,807
Tuition			\$ 391,450		391,450
General Supplies	29,651	-	-	-	29,651
Total Instruction	<u>153,957</u>	<u>24,505</u>	<u>391,450</u>	<u>-</u>	<u>569,912</u>
Support Services					
Employee Benefits	19,910	2,307			22,217
Purchased Professional and Technical Serv.	10,012	6,000			16,012
Supplies and Materials	-	-	-	\$ 5,000	5,000
Total Support Services	<u>29,922</u>	<u>8,307</u>	<u>-</u>	<u>5,000</u>	<u>43,229</u>
Total Expenditures	<u>\$ 183,879</u>	<u>\$ 32,812</u>	<u>\$ 391,450</u>	<u>\$ 5,000</u>	<u>\$ 613,141</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, 2020**

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, 2020

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Balance, June 30, 2020</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Electrical Upgrades	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</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, 2020**

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

Interest Earnings	\$ <u>845</u>
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Total Revenues	<u>845</u>
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**Expenditures and Other Financing Uses****Expenditures****Other Financing Uses**

Transfer to General Fund	<u>845</u>
--------------------------	------------

Total Expenditures and Transfers	<u>845</u>
----------------------------------	------------

Excess (Deficiency) of Revenues Over (Under) Expenditures	-
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Fund Balance - Beginning of Year	<u>40,000</u>
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Fund Balance - End of Year	<u><u>\$ 40,000</u></u>
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**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO.1 BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**ELECTRICAL UPGRADES**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 40,000	\$ -	\$ 40,000	\$ -
Total Revenues	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 40,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 40,000

**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, 2020**

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, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5.

**EXHIBIT G-3**

**COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total 2020</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 243,117	\$ 334,374	\$ 577,491
Total Assets	<u>\$ 243,117</u>	<u>\$ 334,374</u>	<u>\$ 577,491</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 243,117		\$ 243,117
Due to Other Funds		\$ 77,505	77,505
Accrued Salaries and Wages		106	106
Reserve for Flexible Spending Account		12,719	12,719
Payroll Deductions and Withholdings Payable	<u>-</u>	<u>244,044</u>	<u>244,044</u>
Total Liabilities	<u>\$ 243,117</u>	<u>\$ 334,374</u>	<u>\$ 577,491</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, 2020**

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, 2020**

<u>School</u>	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
HIGH SCHOOL				
Passaic County Regional High School	\$ 207,915	\$ 359,918	\$ 324,716	\$ 243,117
	<u>\$ 207,915</u>	<u>\$ 359,918</u>	<u>\$ 324,716</u>	<u>\$ 243,117</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
Due to Other Funds	\$ 58,162	\$ 19,343		\$ 77,505
Flex Spending	10,087	20,053	\$ 17,421	12,719
Accrued Salaries and Wages	1	8,650,067	8,649,962	106
Payroll Deductions and Withholdings	<u>180,748</u>	<u>7,776,579</u>	<u>7,713,283</u>	<u>244,044</u>
	<u>\$ 248,998</u>	<u>\$ 16,466,042</u>	<u>\$ 16,380,666</u>	<u>\$ 334,374</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, 2020

<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, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Renovations and Improvements at Passaic Valley High School	7/8/2011	\$ 6,788,000	7/1/2020	\$ 625,000	3.40%				
			7/1/21-23	650,000	3.550 - 3.750%				
			7/1/2024	638,000	3.85%	\$ 3,838,000	-	\$ 625,000	\$ 3,213,000
						<u>\$ 3,838,000</u>	<u>\$ -</u>	<u>\$ 625,000</u>	<u>\$ 3,213,000</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, 2020**

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, 2020

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 496,385		\$ 496,385	\$ 496,385	-
Intergovernmental					
Debt Service Aid Type II	<u>255,713</u>	<u>-</u>	<u>255,713</u>	<u>255,713</u>	<u>-</u>
Total Revenues	<u>752,098</u>	<u>-</u>	<u>752,098</u>	<u>752,098</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest	127,098		127,098	127,098	-
Principal	<u>625,000</u>	<u>-</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>
Total Expenditures	<u>752,098</u>	<u>-</u>	<u>752,098</u>	<u>752,098</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess to Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ (329,194)	\$ 12,323	\$ 538,415	\$ 999,257	\$ 1,348,375	\$ 1,690,914	\$ 2,136,503	\$ 3,090,355	\$ 3,911,693	\$ 4,498,966
Restricted	70,432	49,598	600	1	1	1	1,000,000	91,206	66,206	82,938
Unrestricted	660,939	1,083,553	2,038,658	(2,643,765)	(2,470,470)	(2,409,741)	(2,335,583)	(1,675,679)	(1,812,400)	(1,166,259)
<b>Total Governmental Activities Net Position</b>	<b>\$ 402,177</b>	<b>\$ 1,145,474</b>	<b>\$ 2,577,673</b>	<b>\$ (1,644,507)</b>	<b>\$ (1,122,094)</b>	<b>\$ (718,826)</b>	<b>\$ 800,920</b>	<b>\$ 1,505,882</b>	<b>\$ 2,165,499</b>	<b>\$ 3,415,645</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 31,067	\$ 51,143	\$ 82,886	\$ 81,563	\$ 68,287	\$ 72,526	\$ 86,829	\$ 76,543	\$ 66,255	\$ 59,438
Restricted										
Unrestricted	110,367	152,082	151,433	130,177	101,961	55,948	59,546	36,112	44,251	13,766
<b>Total Business-Type Activities Net Position</b>	<b>\$ 141,434</b>	<b>\$ 203,225</b>	<b>\$ 234,319</b>	<b>\$ 211,740</b>	<b>\$ 170,248</b>	<b>\$ 128,474</b>	<b>\$ 146,375</b>	<b>\$ 112,655</b>	<b>\$ 110,506</b>	<b>\$ 73,204</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ (298,127)	\$ 63,466	\$ 621,301	\$ 1,080,820	\$ 1,416,662	\$ 1,763,440	\$ 2,223,332	\$ 3,166,898	\$ 3,977,948	\$ 4,558,404
Restricted	70,432	49,598	600	1	1	1	1,000,000	91,206	66,206	82,938
Unrestricted	771,306	1,235,635	2,190,091	(2,513,588)	(2,368,509)	(2,353,793)	(2,276,037)	(1,639,567)	(1,768,149)	(1,152,493)
<b>Total District Net Position</b>	<b>\$ 543,611</b>	<b>\$ 1,348,699</b>	<b>\$ 2,811,992</b>	<b>\$ (1,432,767)</b>	<b>\$ (951,846)</b>	<b>\$ (590,352)</b>	<b>\$ 947,295</b>	<b>\$ 1,618,537</b>	<b>\$ 2,276,005</b>	<b>\$ 3,488,849</b>

Note 1 - 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)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 10,470,439	\$ 11,241,633	\$ 11,837,456	\$ 12,353,088	\$ 14,890,828	\$ 15,869,208	\$ 17,115,620	\$ 17,448,043	\$ 17,293,503	\$ 17,438,305
Special Education	2,402,172	2,438,282	3,228,110	3,232,387	3,431,786	4,023,656	4,192,108	5,071,735	4,900,118	5,293,627
Other Instruction	25,816	27,175	26,270	35,242	47,772	48,408	24,225	2,841	-	-
School Sponsored Activities And Athletics	1,039,671	1,097,836	1,088,063	1,102,848	1,213,804	1,256,982	1,348,228	1,515,902	1,641,462	1,186,077
<b>Support Services:</b>										
Student & Instruction Related Services	1,895,618	1,915,879	2,019,635	2,165,967	2,529,604	2,940,549	3,242,787	3,005,216	2,895,009	2,736,769
School Administrative Services	872,040	939,296	921,657	881,705	1,094,809	1,312,940	1,634,234	1,478,788	1,437,475	1,293,180
General Administration	599,175	573,026	613,658	631,712	544,974	581,694	691,713	693,538	713,751	728,430
Plant Operations And Maintenance	3,017,228	3,015,157	3,227,203	3,346,008	3,440,555	2,876,412	3,597,066	3,667,182	3,760,507	3,709,467
Pupil Transportation	1,459,584	1,475,776	1,599,648	1,710,771	1,689,665	1,760,112	1,614,067	1,944,707	1,929,198	1,756,797
Business and Other Support Services	911,878	908,870	844,702	840,623	856,608	687,827	578,274	549,621	529,285	496,083
Interest On Long-Term Debt	283,089	301,218	269,660	247,416	226,874	204,623	182,876	162,176	137,645	118,146
<b>Total Governmental Activities Expenses</b>	<u>22,976,710</u>	<u>23,934,148</u>	<u>25,676,062</u>	<u>26,547,767</u>	<u>29,967,279</u>	<u>31,562,411</u>	<u>34,221,198</u>	<u>35,539,749</u>	<u>35,237,953</u>	<u>34,756,881</u>
<b>Business-Type Activities:</b>										
Food Service	788,062	965,534	808,098	869,269	894,750	907,928	748,414	688,443	644,858	546,923
<b>Total Business-Type Activities Expense</b>	<u>788,062</u>	<u>965,534</u>	<u>808,098</u>	<u>869,269</u>	<u>894,750</u>	<u>907,928</u>	<u>748,414</u>	<u>688,443</u>	<u>644,858</u>	<u>546,923</u>
<b>Total District Expenses</b>	<u>\$ 23,764,772</u>	<u>\$ 24,899,682</u>	<u>\$ 26,484,160</u>	<u>\$ 27,417,036</u>	<u>\$ 30,862,029</u>	<u>\$ 32,470,339</u>	<u>\$ 34,969,612</u>	<u>\$ 36,228,192</u>	<u>\$ 35,882,811</u>	<u>\$ 35,303,804</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Tuition / Pupil Transportation	\$ 189,924	\$ 178,685	\$ 165,722	\$ 163,216	\$ 122,296	\$ 125,330	\$ 357,987	\$ 445,106	\$ 983,026	\$ 1,136,782
Operating Grants And Contributions	2,302,525	2,845,252	3,459,094	3,269,732	5,836,000	6,876,416	9,071,449	9,536,239	8,016,105	7,599,389
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<u>2,492,449</u>	<u>3,023,937</u>	<u>3,624,816</u>	<u>3,432,948</u>	<u>5,958,296</u>	<u>7,001,746</u>	<u>9,429,436</u>	<u>9,981,345</u>	<u>8,999,131</u>	<u>8,736,171</u>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	742,880	896,500	677,581	656,826	649,422	609,787	505,570	452,146	448,527	349,503
Operating Grants And Contributions	88,562	130,825	161,611	189,864	203,836	244,443	236,155	202,577	193,987	158,939
<b>Total Business Type Activities Program Revenues</b>	<u>831,442</u>	<u>1,027,325</u>	<u>839,192</u>	<u>846,690</u>	<u>853,258</u>	<u>854,230</u>	<u>741,725</u>	<u>654,723</u>	<u>642,514</u>	<u>508,442</u>
<b>Total District Program Revenues</b>	<u>\$ 3,323,891</u>	<u>\$ 4,051,262</u>	<u>\$ 4,464,008</u>	<u>\$ 4,279,638</u>	<u>\$ 6,811,554</u>	<u>\$ 7,855,976</u>	<u>\$ 10,171,161</u>	<u>\$ 10,636,068</u>	<u>\$ 9,641,645</u>	<u>\$ 9,244,613</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (20,484,261)	\$ (20,910,211)	\$ (22,051,246)	\$ (23,114,819)	\$ (24,008,983)	\$ (24,560,665)	\$ (24,791,762)	\$ (25,558,404)	\$ (26,238,822)	\$ (26,020,710)
Business-Type Activities	43,380	61,791	31,094	(22,579)	(41,492)	(53,698)	(6,689)	(33,720)	(2,344)	(38,481)
<b>Total District-Wide Net Expense</b>	<u>\$ (20,440,881)</u>	<u>\$ (20,848,420)</u>	<u>\$ (22,020,152)</u>	<u>\$ (23,137,398)</u>	<u>\$ (24,050,475)</u>	<u>\$ (24,614,363)</u>	<u>\$ (24,798,451)</u>	<u>\$ (25,592,124)</u>	<u>\$ (26,241,166)</u>	<u>\$ (26,059,191)</u>

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

	2011		2012		2013		2014		Fiscal Year Ended June 30,		2017		2018		2019		2020			
									2015	2016										
<b>General Revenues and Other Changes in Net Position</b>																				
Governmental Activities:																				
Property Taxes Levied For General Purposes, Net	\$	20,204,210	\$	20,589,474	\$	22,375,324	\$	23,113,602	\$	23,575,874	\$	24,047,391	\$	24,636,505	\$	25,250,755	\$	25,755,770	\$	26,270,885
Taxes Levied For Debt Service		358,729		524,707		631,942		675,102		646,185		670,550		607,471		573,647		509,017		496,385
Grants And Contributions		28,507		203,202		294,770		301,595		237,329		257,105		277,655		350,175		350,456		354,625
Miscellaneous Income		130,544		126,705		223,138		103,695		72,008		93,999		811,707		88,789		283,196		148,961
Loss on Disposal of Fixed Assets		-		(227)		-		-		-		-		-		-		-		-
Transfers		-		-		-		-		-		-		-		-		-		-
<b>Total Governmental Activities</b>		<u>20,721,990</u>		<u>21,443,861</u>		<u>23,525,174</u>		<u>24,193,994</u>		<u>24,531,396</u>		<u>25,069,045</u>		<u>26,333,338</u>		<u>26,263,366</u>		<u>26,898,439</u>		<u>27,270,856</u>
Business-Type Activities:																				
Miscellaneous Income		-		-		-		-		-		-		-		-		195		1,179
<b>Total Business-Type Activities</b>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>195</u>		<u>1,179</u>
<b>Total District-Wide</b>		<u>\$ 20,721,990</u>		<u>\$ 21,443,861</u>		<u>\$ 23,525,174</u>		<u>\$ 24,193,994</u>		<u>\$ 24,531,396</u>		<u>\$ 25,069,045</u>		<u>\$ 26,333,338</u>		<u>\$ 26,263,366</u>		<u>\$ 26,898,634</u>		<u>\$ 27,272,035</u>
<b>Change in Net Position</b>																				
Governmental Activities	\$	237,729	\$	533,650	\$	1,473,928	\$	1,079,175	\$	522,413	\$	508,380	\$	1,541,576	\$	704,962	\$	659,617	\$	1,250,146
Business-Type Activities		43,380		61,791		31,094		(22,579)		(41,492)		(53,698)		(6,689)		(33,720)		(2,149)		(37,302)
<b>Total District</b>		<u>\$ 281,109</u>		<u>\$ 595,441</u>		<u>\$ 1,505,022</u>		<u>\$ 1,056,596</u>		<u>\$ 480,921</u>		<u>\$ 454,682</u>		<u>\$ 1,534,887</u>		<u>\$ 671,242</u>		<u>\$ 657,468</u>		<u>\$ 1,212,844</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	\$ 3,650,737	\$ 4,234,427
Assigned	39,373	159,945	242,321	197,946	537,020	224,357	161,530	444,283	449,043	614,220
Unassigned	403,790	377,627	392,815	414,084	425,344	449,095	382,309	417,558	409,971	265,930
Total General Fund	<u>\$ 993,721</u>	<u>\$ 1,302,841</u>	<u>\$ 2,238,531</u>	<u>\$ 2,868,488</u>	<u>\$ 3,031,209</u>	<u>\$ 3,172,001</u>	<u>\$ 4,755,400</u>	<u>\$ 4,700,650</u>	<u>\$ 4,509,751</u>	<u>\$ 5,114,577</u>
All Other Governmental Funds										
Restricted	\$ 1,131,128	\$ 260,592	\$ 75,180	\$ 55,326	\$ 13,621	\$ 13,621	\$ (48,291)		\$ 40,000	\$ 40,000
Committed		669,950	95,447							
Unassigned				(8,800)	(9,053)	(251)				
Reserved										
Unreserved	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,131,128</u>	<u>\$ 930,542</u>	<u>\$ 170,627</u>	<u>\$ 46,526</u>	<u>\$ 4,568</u>	<u>\$ 13,370</u>	<u>\$ (48,291)</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>

**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)*

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	\$ 20,562,939	\$ 21,114,181	\$ 23,007,266	\$ 23,788,704	\$ 24,222,059	\$ 24,717,941	\$ 25,243,976	\$ 25,824,402	\$ 26,264,787	\$ 26,767,270
Transportation/Tuition	189,924	178,685	165,722	163,216	122,296	125,330	1,057,712	445,106	983,026	1,136,782
Miscellaneous	130,544	126,705	223,138	103,696	72,008	93,999	115,947	98,577	285,196	153,961
State Sources	1,809,456	2,581,966	3,309,885	3,132,342	3,360,749	3,752,604	4,112,182	4,734,545	5,326,718	5,724,457
Federal Sources	521,576	466,488	443,979	438,984	488,137	480,306	497,443	535,811	519,078	630,808
<b>Total Revenue</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>33,378,805</b>	<b>34,413,278</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	10,406,218	11,170,612	11,713,177	12,215,777	13,187,637	13,659,011	13,598,149	14,289,910	15,549,752	16,253,678
Special Education Instruction	2,414,832	2,438,153	3,227,900	3,232,226	3,277,723	3,844,166	3,900,205	4,747,674	4,736,820	5,173,980
Other Instruction	24,258	25,303	29,969	31,970	39,644	45,601	21,384	-	-	-
School Sponsored Activities and Athletics	1,039,563	1,097,998	1,088,063	1,102,848	1,169,535	1,198,220	1,192,884	1,336,951	1,549,466	1,164,627
<b>Support Services:</b>										
Student and Inst. Related Services	1,923,909	1,875,952	2,001,182	2,103,257	2,249,782	2,580,322	2,654,550	2,480,946	2,595,327	2,544,097
General Administration	599,175	573,026	613,658	631,712	500,837	529,979	600,912	597,306	664,631	692,465
School Administrative Services	872,040	939,296	921,657	881,705	1,010,122	1,146,777	1,304,858	1,211,102	1,297,211	1,215,849
Plant Operations And Maintenance	2,922,832	2,890,629	3,066,972	3,103,262	3,211,508	2,650,486	3,143,352	3,152,291	3,445,414	3,509,122
Pupil Transportation	1,459,584	1,475,776	1,599,648	1,710,771	1,689,665	1,756,603	1,602,492	1,930,968	1,924,479	1,756,825
Central Services	911,878	792,623	768,417	727,565	856,608	669,189	531,286	490,190	508,613	496,208
Operating Lease Payments	-	194,795	225,658	222,884	-	-	-	-	-	-
Capital Outlay	2,847,338	222,268	850,852	282,003	118,033	78,355	135,186	607,998	486,752	249,503
<b>Debt Service:</b>										
Cost of Issuance for Bond Sale	45,206	-	-	-	-	-	-	-	-	-
Principal	244,452	256,056	590,884	620,751	600,000	650,000	630,000	630,000	625,000	625,000
Interest and Other Charges	74,355	407,004	276,178	254,355	233,392	211,877	190,264	169,564	146,239	127,098
<b>Total Expenditures</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>33,529,704</b>	<b>33,808,452</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(2,571,201)	108,534	175,775	505,856	120,763	149,594	1,521,738	(6,459)	(150,899)	604,826
<b>Other Financing Sources (Uses)</b>										
Bond Sale Proceeds	6,788,000	-	-	-	-	-	-	-	-	-
Accrued Interest on Bonds	-	-	-	-	-	-	-	-	-	-
Premium on Bond Sale	-	-	-	-	-	-	-	-	-	-
Transfers In	3,516	1,094	315	81	27	1	286	66,083	40,114	845
Transfers Out	(3,516)	(1,094)	(315)	(81)	(27)	(1)	(286)	(66,083)	(40,114)	(845)
<b>Total Other Financing Sources (Uses)</b>	<b>6,788,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</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>\$ (150,899)</b>	<b>\$ 604,826</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	1.39%	2.75%	3.32%	3.26%	2.97%	2.98%	2.79%	2.58%	2.33%	2.24%

\* 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)**

<b>Fiscal Year Ended June 30,</b>	<b>Rebates/ Refunds</b>	<b>Interest on Invest.</b>	<b>Tuition Refunds</b>	<b>Land Sale Proceeds</b>	<b>Tuition / Transportation Fees</b>	<b>Misc.</b>	<b>Total</b>
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
2019		13,461			983,026	269,621	1,266,108
2020		117,170			1,136,782	30,946	1,284,898

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>
2011	\$ 37,838,400	\$ 1,376,785,400			\$ 303,200,600	\$ 64,602,700	\$ 120,741,600	\$ 1,903,168,700	\$ 6,429,200	\$ 1,909,597,900	\$ 1,909,597,900	\$ 0.337
2012	36,882,200	1,376,430,700			283,233,000	65,340,500	117,147,600	1,879,034,000	6,627,100	1,885,661,100	1,885,661,100	0.385
2013	26,783,060	1,066,372,000			246,005,100	54,397,400	108,646,700	1,502,204,260	5,200,700	1,507,404,960	1,623,729,535	0.506
2014	27,412,500	1,051,978,100			232,899,200	54,169,600	116,124,200	1,482,583,600	4,169,300	1,486,752,900	1,486,752,900	0.520
2015	28,120,300	1,049,623,100			231,829,500	53,267,000	115,646,700	1,478,486,600	4,260,800	1,482,747,400	1,482,747,400	0.487
2016	28,060,000	1,051,777,300			229,699,200	52,554,000	115,646,700	1,477,737,200	4,443,100	1,482,180,300	1,612,426,996	0.494
2017	31,827,900	1,053,630,100			238,172,400	45,285,800	115,646,700	1,484,562,900	4,415,500	1,488,978,400	1,627,535,576	0.510
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
2019	31,587,800	1,075,954,400			246,973,400	44,058,500	105,985,600	1,504,559,700	4,521,300	1,509,081,000	1,655,423,783	0.502
2020	26,087,900	1,092,644,600			233,815,500	45,395,300	105,985,600	1,503,928,900	4,522,700	1,508,451,600	1,671,623,578	0.507

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.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
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
2019	39,230,900	1,367,903,100	900,400	2,800	563,532,600	339,352,600	2,398,200	2,313,320,600	-	2,313,320,600	2,174,893,916	0.458
2020	64,653,500	1,368,634,500	900,400	2,400	589,859,500	366,153,400	6,242,400	2,396,446,100	-	2,396,446,100	2,231,120,101	0.457

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>
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
2019	14,786,500	1,259,332,400		1,800	298,199,600	54,477,400	63,923,600	1,690,721,300	939	1,690,722,239	1,808,328,203	0.508
2020	15,187,300	1,260,144,500		1,800	289,189,000	54,477,400	63,923,600	1,682,923,600	896	1,682,924,496	1,877,635,274	0.514

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**

<b>Assessment Year</b>	<b>Passaic Valley Regional H.S. District No. 1</b>	<b>Little Falls School District</b>	<b>Township of Little Falls</b>	<b>Passaic County</b>	<b>Total</b>
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
2019	0.502	0.997	0.911	0.771	3.181
2020	0.507	1.017	0.909	0.750	3.183

Source: Tax Duplicate, Township of Little Falls

**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**

<b>Assessment Year</b>	<b>Passaic Valley Regional H.S. District No. 1</b>	<b>Totowa School District</b>	<b>Borough of Totowa</b>	<b>Passaic County</b>	<b>Total</b>
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
2019	0.458	0.715	0.563	0.652	2.388
2020	0.457	0.703	0.584	0.678	2.422

Source: Tax Duplicate, Borough of Totowa

**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**

<b>Assessment Year</b>	<b>Passaic Valley Regional H.S. District No. 1</b>	<b>Woodland Park School District</b>	<b>Borough of Woodland Park</b>	<b>Passaic County</b>	<b>Total</b>
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
2019	0.508	1.014	0.842	0.751	3.115
2020	0.514	1.050	0.865	0.757	3.186

Source: Tax Duplicate, Borough of Woodland Park

**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	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 61,650,000	4.09%		
Theta Holding Co	38,500,000	2.55%		
Highview Homes	14,524,400	0.96%		
Park Falls Associates	13,000,000	0.86%		
PAR3 LLC	12,656,300	0.84%		
Great Notch Village	10,027,700	0.66%		
Saturn Realty	9,656,300	0.64%		
SL 101 East Main St LLC	8,500,000	0.56%		
Colfin Industrial Owner	8,467,200	0.56%		
Sisco	8,433,500	0.56%		
KV Realty LLC	7,404,600	0.49%		
	<u>\$ 192,820,000</u>	<u>12.78%</u>		
Inwood Owners Inc			\$ 79,410,000	4.16%
Theta Holding Co			70,658,000	3.70%
PAR 3 PAR 5			14,588,800	0.76%
Ward Trucking Corp			14,269,800	0.75%
Park Falls Associates			13,110,000	0.69%
Saturn Realty			12,492,100	0.65%
Great Notch Village			12,001,900	0.63%
AMB			11,420,500	0.60%
Sisco			10,959,300	0.57%
Montclair State University			10,016,300	0.52%
			<u>\$ 248,926,700</u>	<u>13.04%</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	2020		2011	
	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	2.25%		
JP Morgan Chase C/O Lereta	49,281,300	2.06%		
Fidelity Syn. C/O Slater Companies	46,000,000	1.92%		
CPT NJ 700 Union LLC	35,377,100	1.48%		
IPT Totowa C/O MF Poer & Co.	23,271,900	0.97%		
Abill Realty Corp.	22,365,000	0.93%		
50 Madison Road LLC	18,928,400	0.79%		
Digital Totowa LLC	16,504,800	0.69%		
Tulfra Hampshire S.S. C/O Paragram	15,600,000	0.65%		
Taft Associates	15,400,000	0.64%		
	<u>\$ 296,728,500</u>	<u>12.38%</u>		
Fidelity Syndications			\$ 56,514,800	2.35%
Totowa VF, LLC			56,501,300	2.35%
Hoffman La Roche, Inc.			32,485,800	1.35%
930 N. Riverview Assoc LLC			24,424,700	1.01%
Norwell Land Company			23,000,000	0.96%
Abill Realty			22,365,000	0.93%
Mountainview Venture 50 Madison LLC			18,928,400	0.79%
Totowa Plaza Rt 46 LLC			18,355,800	0.76%
Totowa Plaza Rt 46 LLC			17,711,500	0.74%
Taft Associates			16,920,000	0.70%
			<u>\$ 287,207,300</u>	<u>11.93%</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	2020		2011	
	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%		
DDRM West Falls Plaza, LLC	19,347,800	1.15%		
Lenox Plaza, LLC	13,750,000	0.82%		
G.O.P. 1, LLC	13,250,000	0.79%		
The Leeward Corporation	11,556,600	0.69%		
G.O.P. 5, LLC	10,350,000	0.62%		
G.O.P. 3, LLC	9,500,000	0.56%		
	<u>\$ 225,420,300</u>	<u>13.39%</u>		
			\$ 16,191,700	2.12%
			15,286,300	2.00%
			14,627,200	1.91%
			13,850,300	1.81%
			9,999,500	1.31%
			7,604,000	0.99%
			7,529,000	0.98%
			7,000,000	0.92%
			7,000,000	0.92%
			7,883,800	1.03%
			<u>\$ 106,971,800</u>	<u>13.98%</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	
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%	-
2019	26,264,787	26,264,787	100.00%	-
2020	26,767,270	25,458,665	95.11%	1,308,605

**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		
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	37,981	117.51
2019	3,838,000			3,838,000	37,847	101.41
2020	3,213,000			3,213,000	37,847 *	84.89

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,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
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%	117.51
2019	3,838,000		3,838,000	0.07%	101.41
2020	3,213,000		3,213,000	0.06%	84.89

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, 2019  
 (Unaudited)**

Direct Debt of School District as of December 31, 2019		\$ 3,213,000
Net Overlapping Debt of School District (1)		
Township of Little Falls	\$ 25,425,616	
Borough of Totowa	1,486,351	
Borough of Woodland Park	<u>21,753,902</u>	
		<u>48,665,869</u>
		51,878,869
Overlapping Debt Apportioned to the Municipality:		
Passaic County:		
County of Passaic (A)	55,638,552	
Passaic County Utilities Authority (B)	5,002,065	
Passaic Valley Sewer Commission (C)	<u>4,285,882</u>	
		<u>64,926,499</u>
Total Direct and Overlapping Debt		<u>\$ 116,805,368</u>

Source:

(1) Municipalities' 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to Passaic Valley High School by dividing the municipality's 2019 equalized value by the total 2019 equalized value for Passaic County.

(B) The debt was computed based upon dividing each municipalities 2019 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 188,617,486	\$ 184,996,104	\$ 178,617,804	\$ 172,434,181	\$ 167,387,678	\$ 167,142,418	\$ 165,907,941	\$ 166,489,363	\$ 166,244,103	\$ 170,329,077
Total Net Debt Applicable to Limit	<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>	<u>3,838,000</u>	<u>3,213,000</u>
Legal Debt Margin	<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>	<u>\$ 162,406,103</u>	<u>\$ 167,116,077</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.48%	4.42%	4.25%	4.04%	3.81%	3.42%	3.07%	2.68%	2.31%	1.89%

Legal Debt Margin Calculation, December 31, 2019

	2017	\$ 5,558,051,964
	2018	5,552,665,848
	2019	<u>5,922,189,840</u>
		<u>\$ 17,032,907,652</u>
Average equalized valuation of taxable property		\$ 5,677,635,884
3% of Equalized Valuation Basis		170,329,077
Less Net Debt		<u>3,213,000</u>
Remaining Borrowing Power		<u>\$ 167,116,077</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**

<b><u>Year Ended December 31,</u></b>	<b><u>Unemployment Rate</u></b>	<b><u>Per Capita Income*</u></b>	<b><u>School District Population</u></b>
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	48,152	14,502
2018	3.8	50,570	14,563
2019	3.2	Not Available	14,474
2020	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>
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	48,152	10,817
2018	5.0	50,570	10,804
2019	3.8	Not Available	10,792
2020	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>
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	48,152	12,834
2018	4.5	50,570	12,614
2019	3.8	Not Available	12,581
2020	Not Available	Not Available	Not Available

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

\* Passaic County Information

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

<u>Employer</u>	<u>2020</u>		<u>2011</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2020</u>	<u>2019</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>
Instruction										
Regular	90	101	103	100	100	100	97	97	97	99
Special Education	9	9	10	9	8	8	8	8	8	8
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	40	32	32	27	23	22	11	11	11	11
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	11	14	14	8	8	8	8	9	7	7
Other Administrative Services						-	-	-	5	5
Central Services	5	3	3	5	5	4	4	3		
Administrative Information Technology	1	1	1	1	1	1	1	1	2	1
Plant Operations And Maintenance	25	24	23	23	23	22	22	21	21	20
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Other Support Services	11	10	10	8	8	8	8	9	9	9
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	<u>195</u>	<u>197</u>	<u>199</u>	<u>184</u>	<u>179</u>	<u>176</u>	<u>162</u>	<u>162</u>	<u>163</u>	<u>163</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					
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%
2019	1,189	32,271,713	27,142	14.54%	113	1:12		1,183	1,117	-7.69%	94.42%
2020	1,179	32,806,851	27,826	2.52%	99	1:12		1,174	1,126	0.81%	95.91%

Sources: District records

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

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

	<u>2020</u>	<u>2019</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>
<b><u>District Building</u></b>										
<u>Elementary</u>										
<u>High School</u>										
Square Feet	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000	310,000
Capacity (students)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,043	1,099	1,171	1,276	1,338	1,385	1,385	1,395	1,353	1,350
Number of Schools at June 30, 2020										
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>2020</u>	<u>2019</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>School Facilities</u>	<u>Project #</u>										
High School	N/A	\$ 566,377	\$ 563,654	\$ 508,439	\$ 412,809	\$ 426,474	\$ 316,415	\$ 486,117	\$ 524,649	\$ 458,813	\$ 418,175
Total Required Maintenance for School Facilities		\$ 566,377	\$ 563,654	\$ 508,439	\$ 412,809	\$ 426,474	\$ 316,415	\$ 486,117	\$ 524,649	\$ 458,813	\$ 418,175

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2020**

	<u>Coverage</u>	<u>Deductible</u>
Package - American Alternative Insurance Company		
Property	\$ 49,362,263	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile Liability	1,000,000	
Blanket Employee Dishonesty	500,000	5,000
Boiler and Machinery	Included in Blanket	5,000
Excess Policy		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
Fireman's Fund Ins. Co.		
Per Occurrence	50,000,000	
Aggregate	50,000,000	
Environmental Impairment Liability - Evanston/Markel		
Site Pollution & Environmental	3,000,000	25,000
Aggregate	10,000,000	
Fungi or Legionella		50,000
School Board Legal Liability - Greenwich Insurance Company		
Errors & Omissions	1,000,000	15,000
Employment Practices	1,000,000	15,000
Travel Accident Insurance - Gerber Life Insurance Company		
Limit	100,000	
Cyber Liability - Indian Harbor Insurance Company		
Combined Policy Aggregate Limit of Liability	4,000,000	25,000

**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  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020 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 February 17, 2021.

#### **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 February 17, 2021.

## 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  
February 17, 2021





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS  
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR’S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Passaic Valley Regional High School District No. 1 Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Passaic Valley Regional High School District No. 1 Board of Education’s major federal and state programs for the fiscal year ended June 30, 2020. The Passaic Valley Regional High School District No. 1 Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and 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 federal and 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; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey 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 federal or 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 federal and 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 Federal and 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 federal and state programs for the fiscal year ended June 30, 2020.

### **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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and 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.

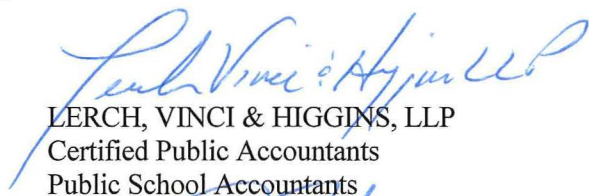
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

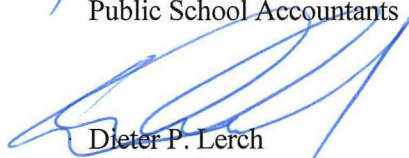
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and 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, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 17, 2021, 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 as required by the U.S. Uniform Guidance 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  
February 17, 2021

PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019			Accounts Receivable Carryover Amount	Unearned Revenue Carryover Amount	Cash Receipts	Budgetary Expenditures	Adjustment	Repayment of Prior Year Balances	Balance, June 30, 2020			MEMO GAAP Receivable
					Accounts Receivable	Unearned Revenue	Due to Grantor							(Account Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Agriculture</b>																	
<b>Passed-Through State Department of Education</b>																	
<u>Enterprise Fund</u>																	
National School Breakfast Program	10.553	N/A	7/1/19-6/30/20	\$ 16,775					\$ 15,792	\$ 16,775						\$ (983)	\$ (983)
National School Breakfast Program	10.553	N/A	7/1/18-6/30/19	19,331	(3,218)				3,218								
National School Lunch Program																	
Non-Cash Assistance	10.550	N/A	7/1/19-6/30/20	28,961					28,961	28,961							
Cash Assistance	10.555	N/A	7/1/19-6/30/20	109,757					108,201	109,757						(1,556)	(1,556)
Cash Assistance	10.555	N/A	7/1/18-6/30/19	142,407	(25,031)				25,031								
Total Enterprise Fund					(28,249)				181,203	155,493					(2,539)		(2,539)
<b>U.S. Department of Education</b>																	
<b>Passed-Through State Department of Education</b>																	
<u>Special Revenue</u>																	
ESEA - Title I	84.010A	NCLB-3990-20	7/1/19-6/30/20	174,017				\$ (18,213)	\$ 18,213	81,864	183,879				(110,366)	\$ 8,351	(102,015)
ESEA - Title I	84.010A	NCLB-3990-19	7/1/18-6/30/19	185,253	(140,322)	18,213		18,213	(18,213)	122,109							
ESEA - Title II-A	84.168A	NCLB-3990-20	7/1/19-6/30/20	33,664				(8,807)	8,807	22,620	32,812				(19,851)	9,659	(10,192)
ESEA - Title II-A	84.168A	NCLB-3990-19	7/1/18-6/30/19	49,514	(15,857)	8,807		8,807	(8,807)	7,050							
CARES	84.425D	S425D200027	3/13/20-9/30/22	132,713											(132,713)	132,713	-
I.D.E.A. Part B, Basic	84.027	IDEA-3990-19	7/1/19-6/30/20	391,450						199,250	391,450				(192,200)		(192,200)
Total Special Revenue					(156,179)	27,020			432,893	608,141					(455,130)	150,723	(304,407)
<b>U.S. Department of Education</b>																	
<u>General Fund</u>																	
Medicaid Assistance Program (Semi)	93.778		7/1/19-6/30/20	22,668						22,667	22,667						
Total General Fund									22,667	22,667							
Total Federal Financial Awards					\$ (184,428)	\$ 27,020	\$ -	\$ -	\$ -	\$ 636,763	\$ 786,301	\$ -	\$ -	\$ (457,669)	\$ 150,723	\$ -	\$ (306,946)

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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Returned to Grantor	Adjustment	Balance, June 30, 2020			Memo Only	
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Accounts Receivable	Total Cumulative Expenditures
<b>State Department of Education</b>														
<u>General Fund</u>														
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 838,947			\$ 782,908	\$ 838,947			\$ (56,039)				\$ 838,947
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	739,670	(55,880)		55,880								
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	140,892			131,481	140,892			(9,411)				140,892
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	140,892	(10,644)		10,644								
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	42,576			39,732	42,576			(2,844)				42,576
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	42,576	(3,217)	-	3,217	-	-	-	-	-	-	-	-
<b>State Aid Public Cluster Total</b>				<b>(69,741)</b>	<b>-</b>	<b>1,023,862</b>	<b>1,022,415</b>	<b>-</b>	<b>-</b>	<b>(68,294)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,022,415</b>
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	251,474			234,676	251,474			(16,798)				251,474
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	251,474	(18,998)		18,998								
Non Public Transportation Reimbursement	19-495-034-5120-014	7/1/18-6/30/19	49,010	(49,010)	-	49,010	-	-	-	-	-	-	-	-
<b>Transportation Aid Cluster Total</b>				<b>(68,008)</b>	<b>-</b>	<b>302,684</b>	<b>251,474</b>	<b>-</b>	<b>-</b>	<b>(16,798)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251,474</b>
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	449,855				449,855			(449,855)				449,855
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	549,032	(549,032)		549,032								
On-Behalf TPAF Pension System Contributions (Normal Costs)	20-100-034-5094-006	7/1/19-6/30/20	2,096,827			2,096,827	2,096,827							2,096,827
On-Behalf TPAF Pension System Contributions (NCGI Premium)	20-100-034-5094-006	7/1/19-6/30/20	37,583			37,583	37,583							37,583
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	20-100-034-5094-001	7/1/19-6/30/20	791,827			791,827	791,827							791,827
On-Behalf TPAF Pension System Contrib. (Long Term Disability Insurance)	20-100-034-5094-006	7/1/19-6/30/20	1,460			1,460	1,460							1,460
Reimbursed TPAF Social Security Contributions	20-100-034-5094-003	7/1/19-6/30/20	714,478	-	-	679,546	714,478	-	-	(34,932)	-	-	(34,932)	714,478
<b>Total General Fund</b>				<b>(686,781)</b>	<b>-</b>	<b>5,482,821</b>	<b>5,365,919</b>	<b>-</b>	<b>-</b>	<b>(569,879)</b>	<b>-</b>	<b>-</b>	<b>(34,932)</b>	<b>5,365,919</b>
<u>Debt Service Fund</u>														
Debt Service Aid	20-495-034-5120-125	7/1/19-6/30/20	255,713	-	-	255,713	255,713	-	-	-	-	-	-	255,713
<b>Total Debt Service Fund</b>				<b>-</b>	<b>-</b>	<b>255,713</b>	<b>255,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>255,713</b>
<b>State Department of Agriculture</b>														
<u>Enterprise Fund</u>														
National School Lunch Program (State Share)	20-100-010-3360-037	7/1/19-6/30/20	3,446			3,421	3,446			(25)			(25)	3,446
National School Lunch Program (State Share)	19-100-010-3360-037	7/1/18-6/30/19	4,568	(821)	-	821	-	-	-	-	-	-	-	-
<b>Total Enterprise Fund</b>				<b>(821)</b>	<b>-</b>	<b>4,242</b>	<b>3,446</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>3,446</b>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (687,602)</b>	<b>\$ -</b>	<b>\$ 5,742,776</b>	<b>\$ 5,625,078</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (569,904)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (34,957)</b>	<b>\$ 5,625,078</b>
<b>State Financial Assistance Not Subject to Major Program Determination</b>														
<u>General Fund</u>														
On-Behalf TPAF Pension System Contributions (Normal Costs)	20-100-034-5094-006	7/1/19-6/30/20	(2,096,827)			(2,096,827)	(2,096,827)							(2,096,827)
On-Behalf TPAF Pension System Contributions (NCGI Premium)	20-100-034-5094-006	7/1/19-6/30/20	(37,583)			(37,583)	(37,583)							(37,583)
On-Behalf TPAF Pension System Contrib. (Post Retirement Medical)	20-100-034-5094-001	7/1/19-6/30/20	(791,827)			(791,827)	(791,827)							(791,827)
On-Behalf TPAF Pension System Contrib. (Long Term Disability Insurance)	20-100-034-5094-006	7/1/19-6/30/20	(1,460)			(1,460)	(1,460)							(1,460)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (687,602)</b>	<b>\$ -</b>	<b>\$ 2,815,079</b>	<b>\$ 2,697,381</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (569,904)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (34,957)</b>	<b>\$ 2,697,381</b>

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

**PASSAIC VALLEY REGIONAL HIGH SCHOOL DISTRICT NO. 1 BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 an increase of \$102,825 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	\$ 22,667	\$ 5,468,744	\$ 5,491,411
Special Revenue Fund	608,141		608,141
Debt Service		255,713	255,713
Food Service Fund	155,493	3,446	158,939
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 786,301	\$ 5,727,903	\$ 6,514,204

**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, 2020**

**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 \$714,478 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$2,134,410, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$791,827 and TPAF Long-Term Disability Insurance in the amount of \$1,460 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

**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 (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

*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
20-495-034-5120-089	Special Education Aid
20-495-034-5120-078	Equalization Aid
20-495-034-5120-084	Security 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, 2020**

*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, 2020

*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**

There are none.

**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, 2020**

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.