

**NORTHVALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Northvale, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
**of the**  
**Northvale Board of Education**  
**Northvale, New Jersey**  
**For The Fiscal Year Ended June 30, 2013**

**Prepared by**  
**Business Office**

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## **INTRODUCTORY SECTION**

**NORTHVALE PUBLIC SCHOOL DISTRICT**  
441 Tappan Road  
Northvale, New Jersey 07647

**Mr. Michael Pinajian**  
Superintendent

**Mr. Paul Stabile**  
Business Administrator/  
Board Secretary

October 23, 2013

The Honorable President and Members  
Of the Board of Education  
Northvale Public School District  
County of Bergen, New Jersey

Dear Board Members:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Northvale Public School District for the fiscal year ended June 30, 2013. This CAFR includes the district's basic financial statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the district. To the best of our knowledge and belief, data presented in this report is accurate in all materials respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis and the Basic Financial Statements and Notes, providing an overview of the school district's financial position and operating results and supplementary schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, financial trends, and the fiscal capacity of the school district, generally presented on a multi-year basis;
- The Single Audit Section – The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Treasury Circular Letter NJOMB 04-04,

*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.* Information related to this single audit, including the independent auditor's reports on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES**

The Northvale Public School District is an independent reporting entity within the criteria adopted by the GASB in codification section 2100. All funds of the district are included in this report. The Northvale Board of Education and its schools constitute the district's reporting entity.

The school district is comprised of the Northvale Public School (Grades K-8). The district continues to provide excellent educational opportunities for its students. Northvale offers students rigorous, stimulating, and diverse academic programs, delivered by an experienced and dedicated faculty.

The Northvale Public School District provides a full range of educational services appropriate for grade levels K through 8. These services include regular, as well as special education for handicapped youngsters. The district's 2012-2013 fiscal year total enrollment of 508 students represents a decrease of 11.8% from the previous year's enrollment. The following chart details the changes in the average daily enrollment of the district over the last ten years.

**Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Average Daily Enrollment</b>	<b>Percent Change</b>
2012-2013	537	(5.8%)
2011-2012	570	(3.0%)
2010-2011	587	(4.8%)
2009-2010	617	(1.9%)
2008-2009	629	4.1%
2007-2008	604	2.9%
2006-2007	587	(2.0%)
2005-2006	599	3.5%
2004-2005	579	0.2%
2003-2004	578	4.5%

**Source: District Records**

The administrative team for the Northvale Public School District consists of a Superintendent, Principal, and the School Business Administrator/Board Secretary.

School districts in New Jersey are legally classified as Type I or Type II. The Northvale Public School District is a Type II school district and one of sixty-four districts classified by the New Jersey Department of Education as operating under an organizational structure of Kindergarten

through Eighth Grade. Northvale has an elected board of education. Trustees are elected at the annual school election for terms of three years. During its meetings, the board determines district goals and priorities and conducts the business of the board of education. Board meetings are open to the public and begin at 6:30 P.M.

The Northvale Public School houses kindergarten through eighth grade students. Since students begin kindergarten at varying stages of developmental readiness, our primary grades' curriculum stresses listening, speaking, following directions, letters, sounds, sight words and word families, hand writing, and fine and gross motor activities.

The Handwriting Without Tears Program continues to create very positive results at the kindergarten and first grade levels. We utilize the Zaner-Bloser Handwriting Program at grades two and three.

Kindergarten begins an introduction to numbers 1-20, addition, subtraction, shape recognition, money, and time: clocks and calendars. Among many other things, the first year of school is about learning to get along in a group and how to develop the necessary skills for reading, as well as written expression.

In the first grade, our Language Arts program is literature-based and focuses on comprehension, decoding skills, and daily writing. Students use manipulatives as they learn basic concepts. Reasoning, problem solving and independence are stressed in all areas. Science and Social Studies focus on the students' immediate world.

In second grade, reading comprehension is a major goal. Students learn word analysis using phonetic and structural skills as well as parts of speech, punctuation, spelling and types of sentences. In Math, students learn place value, multiplication and division facts, and liquid and linear measurement. In Social Studies, students examine neighborhoods and communities in the United States. They learn about the world around them by studying maps, globes, and culture.

In third, fourth, and fifth grade multiplication and division are the focus of Math, and in Science, students study sound, energy, the solar system, simple machines, and the community of living things. In preparation for their transition to middle school, students are called upon to develop increasingly higher organizational skills such as time management, responsibility for work, and respect for people and their community.

Throughout the elementary journey, students also develop their love for Art, Technology, Music, and Physical Education. They participate in many enriching activities and the Parent Teacher Organization sponsors a variety of assembly programs that reinforce the concepts being taught in all curricular areas.

At the sixth through eighth grade levels students travel to different classrooms for each forty-five minute period.

In Math, the students continue to work with decimals, fractions and percentages, as well as expanding on traditional mathematic operations as they prepare for Pre-Algebra and Algebra in the seventh and eighth grades. In Science, they study geology, earth, life, and physical science. Sixth grade students, parents, and teachers take a three-day trip to the Greenkill Outdoor Education Center for a hands-on approach to outdoor-environmental education.

Students in sixth grade Social Studies begin the year learning about the methods employed by archaeologists to uncover the past. From there, they travel through time examining human development, starting with early humans who were hunter and gatherers, and ending with the age of global encounters and the expansion of empires. Authentic tasks, performances, publications, interdisciplinary activities, and discussions of current events are incorporated throughout the year to extend learning beyond the classroom.

The historical focus of the seventh and eighth grade Social Studies classes is American History. Seventh grade topics include: Three Worlds Meet (Exploration), Colonization and Settlement, the American Revolution, and the Growth of the New Nation. Eighth grade topics include: Westward Expansion, the Antebellum Period, Civil War, Reconstruction, The Emerging 20<sup>th</sup> Century, Overviews of World War I, the Interwar Period, and World War II.

In seventh grade Language Arts, students work towards the mastery of skills introduced in previous years. Continued grammar practice, sophisticated vocabulary units, and study skills strategies will be utilized to enhance student communication in both the public speaking arena and written works.

Eighth grade Language Arts instruction addresses the areas of reading, writing, speaking, listening, and viewing, with an emphasis on inter-disciplinary studies. During their final year in the Northvale Public School, students acquire the skills necessary to succeed in high school and beyond. In order to accomplish these goals, students are guided through the process of choosing a topic in the area of Social Studies, gathering information from a variety of sources to support a thesis, and constructing a polished research paper in MLA format. In addition, complex grammar is introduced, reinforced, and mastered. Public speaking strategies are practiced by all, with an emphasis placed on identifying the difference between formal and informal speech.

Students in seventh and eighth grade Literature classes use short stories, novels, poetry, and mythology to identify the various elements of literature such as, setting, characters, conflict, point-of-view, theme, etc. Furthermore, students are developing and refining their reading comprehension, inferential thinking, vocabulary, and critical thinking skills.

Our Board of Education has approved an annual class trip for students in each of our grade seven and eight classes. Our seventh grade takes a one-day trip to Philadelphia where they visit the Franklin Institute and various historical sites throughout the city. At the eighth grade level, students take a three-day trip to our nation's capital, Washington D.C. where they visit many of our county's national monuments and memorials.

Both students and staff enjoy a facility that is dedicated to the unique needs of middle school students. We have one of the finest gymnasiums in the Northern Valley for Physical Education instruction, as well as both intramural and interscholastic programs. Our Media Center and Technology Lab are state of the art and the district recently purchased 75 iPads for students in kindergarten through eighth grade to use! In addition, our Art, Instrumental, and Vocal Music rooms are bright and spacious.

*Source: Michael Pinajian, Superintendent*

## NORTHERN VALLEY REGIONAL OFFICE OF CURRICULUM AND INSTRUCTION

The Regional Office of Curriculum and Instruction was established in January 1961 because of the interest of school board members and school administrators in the region in improving the articulation of instructional programs among the sending elementary districts and the receiving regional high school district. Over the years, with substantial progress made in the areas of articulation and with the emergence of state mandated Thorough and Efficient requirements, the role of the Office has become increasingly significant in the areas of curriculum improvement, staff development, grant writing, and program assessment. The Office, commonly referred to as the Curriculum Center, provides an effective vehicle for educational planning, curriculum development, in-service/staff development, information services, evaluation services, as well as the administration, coordination, and supervision of regional projects.

The regional office is supported by the following school districts: Closter, Demarest, Harrington Park, Haworth, Northvale, Norwood, Old Tappan, and the Northern Valley Regional High School District. The High School District administers the funds and supervises the Office operations. Personnel of the Office include the Director, Administrative Secretary, Associate Secretary, the Supervisor of the Staff Development Program/Staff Developer, and two part-time Staff Developers.

The eight school districts served by the regional office include fourteen school buildings, fifty-four board members, over 500 professional educators, and more than 6,500 students. These districts have been commended by the New Jersey State Department of Education for their cooperative efforts to strengthen curriculum and instruction, and by NJASCD and NJEA for their work in the area of professional development.

*Source: Northern Valley Regional Curriculum Office Website*

## PARENT/FACULTY ORGANIZATIONS

A very active Parent Teachers Organization provides an extremely valuable source of support for our students. The PTO works well with school personnel and acts as partners in motivating our students and applauding their achievements.

During the 2012-13 school year the Northvale PTO organized and implemented a number of fund-raising activities. The following is a partial list of some of the activities and programs that they sponsored:

- ✓ Cultural Arts Assemblies and Programs for all grade levels
- ✓ Health and Safety Programs
- ✓ Field Day
- ✓ Scholastic Book Fairs
- ✓ Winter and Spring Brunch
- ✓ Daily Lunch Program for all students
- ✓ Kids Holiday Shopping
- ✓ Bingo Night
- ✓ Movie Nights
- ✓ Mother's Day Plant Sale

- ✓ Ice Cream Social
- ✓ Eight Grade Graduation Awards/Bonds

Besides the aforementioned activities, the PTO membership must be acknowledged for their exemplary volunteer spirit. Each day a dedicated parent work force gathers in the “All Purpose Room” to assist in serving lunch to students. Another generous program the PTO sponsors is the presentation of a \$1,000 certificate of deposit for the in-coming kindergarten class.

*Source: District Records*

## **DISTRICT TECHNOLOGY PLAN**

The state mandatory, Three-Year District Technology Plan for the period of 2010 through 2013 was approved by the Northvale Board of Education and the Bergen County Coordinating Council. A multifaceted program continues to address the instructional goals of the District Three-Year Technology Plan by focusing on the effective use of the technology tools to enhance student learning and achievement. To that end, the district continues to implement the financial plan started in 2007, which allocates approximately \$50,000 per year for the lease and purchase of computer hardware, software, digital curricula, upgrades and other services including print media that will be needed to achieve the goals of the technology plan. Furthermore, the financial plan includes approximately \$150,000 to be expended on support personnel and consultants. It is expected that the funding for these initiatives will be through local sources and when available, federal and state funds will be sought.

The continued growth of the use of staff email and of our website contributes to our efforts to enhance communication with our community. Website pages support each instructional and non-instructional area of the school. Staff email and phone contact information is also readily available on the site, along with general descriptions of curricula and student expectations, summer reading requirements, Board of Education meeting agendas and minutes, as well as many other important district informational items. The district’s Student Information System, *Genesis*, includes a robust parent portal called *Parent Access*. This portal allows parents to login at any time to view their child’s attendance, grading, scheduling, and discipline records. The district no longer distributes the traditional report cards, but instead all parents are asked to view grading information via *Parent Access*, which also provides an easy link for parents to download a paper copy of these documents if they desire. Lastly, this parent portal includes a powerful email function allowing district and building administrators to email district parents directly with information on any building or district news and events. The Board of Education employs an approach called “*The Paperless Board Meeting*”, whereby all trustees are issued a district laptop, and the traditional mailings were no longer mailed to their homes. Instead, BOE members log in on a secure web site to retrieve all documentation needed for the upcoming meeting. These laptops are used during the meetings as well for quick access to all pertinent agenda related materials.

*Source: District Records*

## **NORTHVALE CHILD STUDY TEAM**

The Northvale School District provides the services of its Child Study Team to assist in the identification, evaluation, determination of eligibility, and development and monitoring of special education programs and placements.

The Child Study Team consists of a school psychologist, a learning disabilities teacher-consultant, a school social worker, and in some cases a speech & language specialist.

- The School Psychologist determines a child's intellectual and emotional functioning.
- The Learning Disabilities Teacher-Consultant assesses a child's academic levels, learning strengths and needs, and helps develop instructional strategies.
- The School Social Worker evaluates a child's developmental history and home environment, and acts as a liaison between the school, the home and the community.
- The Speech & Language Specialist assesses the child's communication abilities and provides services in the appropriate areas.
- Other specialists such as physicians, psychiatrists, neurologists, counselors, occupational therapists, physical therapists, and school nurses can be called upon, as needed, to assist in the evaluation and planning process.

The Child Study Team also provides preventative and support services to non-disabled students. Team members act as consultants to the general education staff regarding techniques, materials, and programs for students experiencing difficulties in learning.

A Child Study Team member is designated and serves as the case manager for each student with a disability. The case manager is knowledgeable regarding the student's educational needs and program. He/She coordinates the development, monitoring and evaluation of the effectiveness of the Individualized Education Program. The case manager helps facilitate communication between home and school and coordinates the annual review and reevaluation process.

Currently, the Northvale Child Study Team is comprised of the following professionals: Learning Disabilities Teacher-Consultant, School Psychologist, School Social Worker, and Speech-Language Specialist.

*Source: District Records*

## **NORTHERN VALLEY REGIONAL OFFICE OF SPECIAL EDUCATION REGION III**

Bergen County is comprised of 70 municipalities. Most of the districts are unable to provide all of their various students who have special needs with a comprehensive educational program.

Responding to this the Bergen County Superintendents Council almost 25 years ago, divided and reorganized the county into seven regions for special education. Bergen County Region III is

comprised of nine participating districts: Alpine, Closter, Demarest, Harrington Park, Haworth, Northern Valley Regional High School District, Northvale, Norwood, and Old Tappan.

Working jointly, the nine districts are pledged to develop and maintain high quality special education programs and classes, provide articulation among professionals, and deliver skilled consultation services through their Acting Region III Director. The Northern Valley Regional High School District serves as the legal educational agency for the Council.

Over 1000 students with various learning disabilities are provided with special education programs located within the nine participating school districts, other public school districts outside the Region, county-administered programs, and state approved private schools, both day and residential.

Each student receives a specific program as outlined in his/her Individual Education Plan (IEP). Students are placed in the least restrictive environment, which means the special education class or service that is most closely associated with the student's local, peer group.

In carrying out the functions of the Office of Special Education, Region III, the Director meets regularly with several organized groups: the Region III Superintendents Council, the Child Study Team Chairpersons, the Principals, the Region III Parent Advisory Group, and the Bergen County Regional Directors.

At these meetings common concerns, needs, regional projects, and other special education related matters are discussed and recommendations are made for approval. The Region also provides an articulated curriculum to maintain continuity in programs.

In response to state and federal laws, the Region maintains a committee whose function is to provide comprehensive personnel development for staff members who instruct and come in contact with handicapped students. The planning committee is comprised of teachers, both regular and special education, administrators, guidance counselors, parents of handicapped students, and community representatives.

*Source: Northern Valley Office of Special Education Region III Website*

## **2) ECONOMIC CONDITION AND OUTLOOK**

After recent years of mostly meager results, New Jersey's economic recovery gained considerable momentum during 2012 and the first half of 2013.

Hiring picked up, home sales and apartment leasing increased, and the state's unemployment rate fell steadily. That's according to a new Well Fargo NJ Economic Outlook report, which also suggests the recent improvement in labor market conditions may prove hard to sustain.

The state's unemployment rate has fallen 0.9 percentage points over the past year to 8.7 percent. Repairs and rebuilding efforts following Superstorm Sandy are clearly adding to recent gains, creating jobs in construction, building products and miscellaneous services. Sandy has forced residents to consume more and rebuild at a time when consumption and construction likely would have been more modest.

There is unquestionably good news in the report. New Jersey is also seeing more fundamental improvements. Vital sectors, including the state's large healthcare, life sciences and logistics industries are growing again. Manufacturing activity is also firming up, and the most recent data from the New York and Philadelphia Federal Reserve Bank surveys suggest that activity will pick up further in coming months.

Overall economic growth remains below trend in both the nation and New Jersey. Below trend growth is evident in most key economic measures, including real Gross Domestic Product (GDP) by state, which rose just 1.3 percent in New Jersey during 2012, following a 1.2 percent gain in 2011. The U.S. GDP by state rose 2.5 percent in 2012, following a 1.6 percent rise the prior year.

### **3) MAJOR INITIATIVES**

As in years past, a number of building maintenance projects was completed during the year. In general, the district buildings are well maintained. A program of preventive maintenance is in place. The comprehensive maintenance plan (CMP), which is approved by the Board each year, identifies a number of priority facility projects. Funding for these projects is included in the annual budget.

The district is very concerned about maintaining a safe and hazard free working environment for students and staff. Annual safety workshops were held for custodial and maintenance employees. This is part of the district's membership in North East Bergen Insurance Group in conjunction with Selective Insurance Co. In addition, all of the required annual and semi-annual health reports, inspections and public press releases, such as AHERA, Right to Know, Medical Waste Disposal, Fire Inspections, Life Hazard Registry, have been updated, completed and filed promptly. Arrangements have been made for administering blood borne pathogen injections to new staff in accordance with district policy. All required health and safety certificates and employee notices are on file in each building.

### **4) INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft, or misuse. In addition, district administration must 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 system 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 awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system 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 including that portion related to major federal and state financial award programs, as well as to determine that the district has complied with applicable laws and regulations, contracts and grants.

## **5) BUDGETARY CONTROLS**

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue, and the debt service funds. 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, 2013.

## **6) ACCOUNTING SYSTEMS AND REPORTS**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

## **7) CASH MANAGEMENT**

The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **8) RISK MANAGEMENT**

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

The Board is a member of the Northeast Bergen County School Board Insurance Group, ("NESBIG"). The NESBIG is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the NESBIG is included in Note 10 to the Basic Financial Statements.

## 9) OTHER INFORMATION

State of New Jersey statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board to perform the audit. 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 of 1996, as amended, and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organization* and New Jersey OMB's Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific, 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 Northvale Board of Education 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 business office staff.

Respectfully submitted,



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Mr. Michael Pinajian  
Superintendent



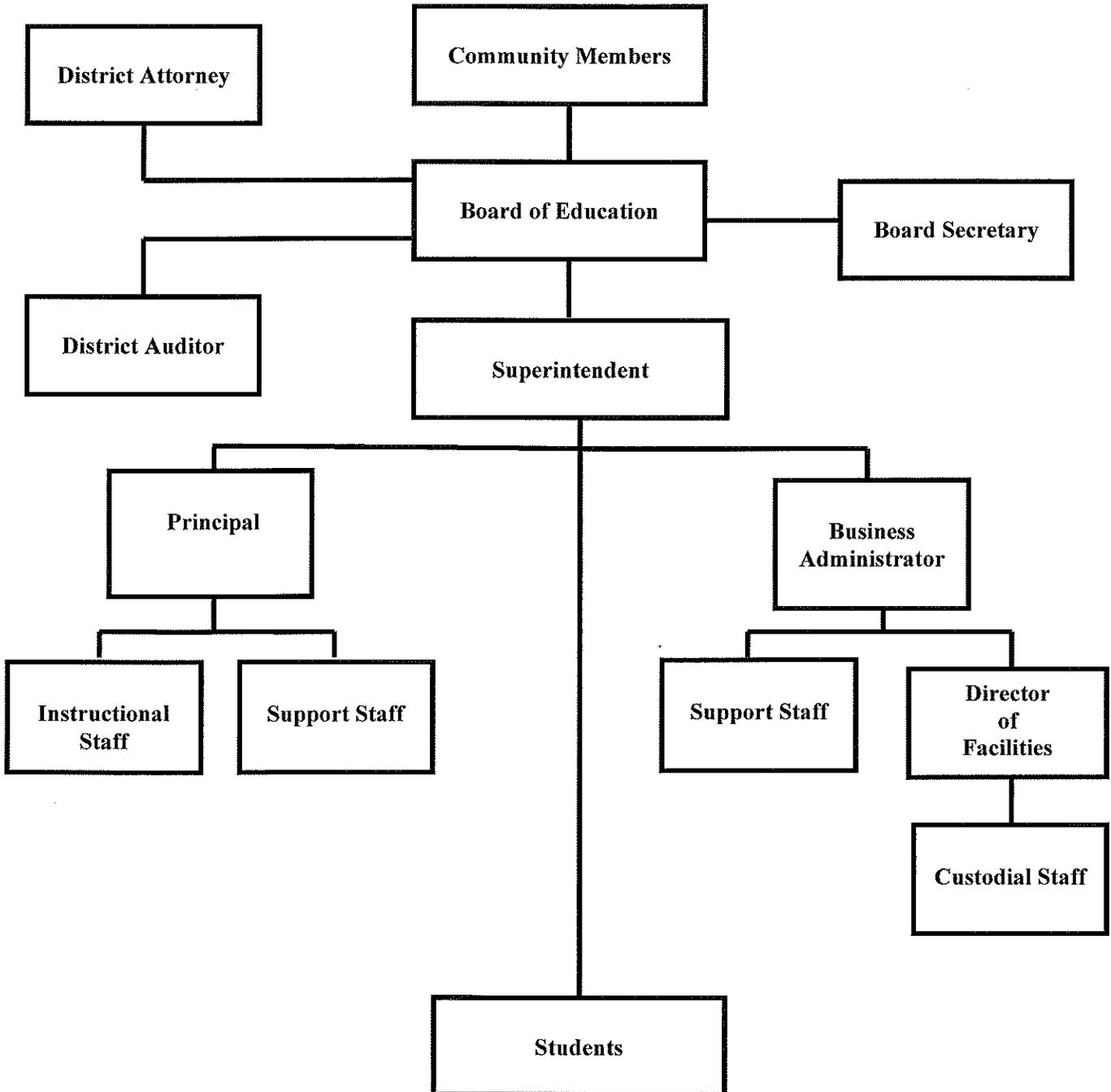
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Mr. Paul Stabile  
Business Administrator/Board Secretary

**NORTHVALE BOARD OF EDUCATION**

**ORGANIZATIONAL CHART**

**(UNIT CONTROL)**



**NORTHVALE BOARD OF EDUCATION  
NORTHVALE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2013**

	<b><u>Term Expires January</u></b>
<b><u>Members of the Board of Education</u></b>	
Mr. Joseph E. McGuire, President	2015
Mrs. Johanna Bargisen, Vice President	2016
Mr. Robert Bargna	2016
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Mrs. Frances Brogan	2014

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Mr. Paul Stabile, Business Administrator/Board Secretary

Mr. Steven Linzenbold, Principal

Mrs. Suzanne Burroughs, Treasurer of School Monies

Mr. Stephen R. Fogarty, Attorney

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**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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MARK SACO, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Northvale Board of Education  
Northvale, 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 Northvale Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to previously 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 Northvale Board of Education as of June 30, 2013, 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 and budgetary comparison 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*

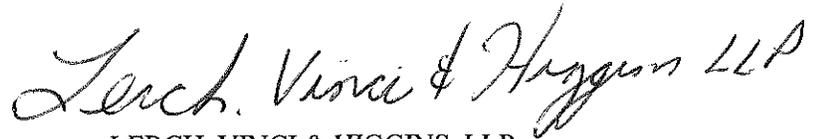
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northvale Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, 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 Northvale Board of Education.

The combining and individual nonmajor 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 and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

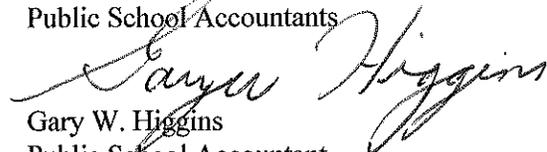
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2013 on our consideration of the Northvale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Northvale Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 13, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NORTHVALE BOARD OF EDUCATION  
NORTHVALE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The discussion and analysis of Northvale Board of Education's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the school district's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the school district's financial performance.

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. Certain comparative information between the current year (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- ◆ General revenues accounted for \$8,686,737 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,894,559 or 18% of total revenues of \$10,581,296.
- ◆ The school district had \$9,417,952 in expenses; only \$1,894,559 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,686,737 were adequate to provide for these programs.
- ◆ The General Fund had \$9,721,988 in revenues and \$9,054,694 in expenditures. The General Fund's fund balance increased \$667,577 or 27% over the fiscal year ended June 30, 2012.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Northvale Board of Education as a financial whole; an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Northvale Board of Education, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2013?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the school district's net position and changes in net position. This change in net position is important because it tells the reader that, for the school district as a whole, if the financial position of the school district has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the school district's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the school district is divided into two distinct kinds of activities:

- ◆ Governmental Activities – All of the school district's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business-type activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the school district's major funds. The school district uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the school district's most significant funds. The school district's major governmental funds are the General, Special Revenue, Capital Projects and Debt Service Funds.

### **Governmental Funds**

The school district's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Reporting the School District's Most Significant Funds (Continued)**

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the school district as a whole.

Table 1 provides a summary of the school district's net position as of June 30, 2013 and 2012.

	<b>Governmental Types</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Assets</b>						
Current and other assets	\$ 3,909,248	\$ 3,444,992	\$ 9,139	\$ 6,610	\$ 3,918,387	\$ 3,451,602
Capital assets, net	<u>8,555,301</u>	<u>8,387,580</u>	<u>2,155</u>	<u>2,462</u>	<u>8,557,456</u>	<u>8,390,042</u>
Total Assets	<u>12,464,549</u>	<u>11,832,572</u>	<u>11,294</u>	<u>9,072</u>	<u>12,475,843</u>	<u>11,841,644</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding of Debt	<u>73,775</u>	<u>94,284</u>	<u>-</u>	<u>-</u>	<u>73,775</u>	<u>94,284</u>
Total Deferred Outflows of Resources	<u>73,775</u>	<u>94,284</u>	<u>-</u>	<u>-</u>	<u>73,775</u>	<u>94,284</u>
Total Assets and Deferred Outflows of Resources	<u>12,538,324</u>	<u>11,926,856</u>	<u>11,294</u>	<u>9,072</u>	<u>12,549,618</u>	<u>11,935,928</u>
<b>Liabilities</b>						
Long-term liabilities	3,930,642	4,399,068			3,930,642	4,399,068
Other liabilities	<u>437,854</u>	<u>519,943</u>	<u>1,460</u>	<u>599</u>	<u>439,314</u>	<u>520,542</u>
Total Liabilities	<u>4,368,496</u>	<u>4,919,011</u>	<u>1,460</u>	<u>599</u>	<u>4,369,956</u>	<u>4,919,610</u>
<b>Net Position</b>						
Net Investment in Capital Assets	4,801,419	4,336,963	2,155	2,462	4,803,574	4,339,425
Restricted	801,923	542,559			801,923	542,559
Unrestricted	<u>2,566,486</u>	<u>2,128,323</u>	<u>7,679</u>	<u>6,011</u>	<u>2,574,165</u>	<u>2,134,334</u>
Total Net Position	<u>\$ 8,169,828</u>	<u>\$ 7,007,845</u>	<u>\$ 9,834</u>	<u>\$ 8,473</u>	<u>\$ 8,179,662</u>	<u>\$ 7,016,318</u>

**The School District as a Whole (Continued)**

Table 2 shows the changes in net position for fiscal years ended June 30, 2013 and 2012.

**Table 2**  
**Change in Net Position**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Types</b>		<b>Activities</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues and Transfers</b>						
Program revenues						
Charges for services	\$ 398,345	\$ 428,441	\$ 9,402	\$ 10,258	\$ 407,747	\$ 438,699
Operating grants and contributions	1,415,300	1,085,393			1,415,300	1,085,393
Capital grants and contributions	71,512	331,662			71,512	331,662
General revenues						
Property Taxes	8,436,310	8,301,269			8,436,310	8,301,269
Grants and entitlements	51,505	51,216			51,505	51,216
Other revenues	198,868	17,899	54	44	198,922	17,943
Total revenues	<u>10,571,840</u>	<u>10,215,880</u>	<u>9,456</u>	<u>10,302</u>	<u>10,581,296</u>	<u>10,226,182</u>
<b>Program Expenses</b>						
Instruction	6,218,757	5,834,238			6,218,757	5,834,238
Support services						
Student and Instruction Related Svcs.	1,207,546	1,279,373			1,207,546	1,279,373
General administration, school administration, business/central services	1,021,625	1,062,994			1,021,625	1,062,994
Plant operation and Maintenance	714,891	654,738			714,891	654,738
Pupil Transportation	95,510	64,249			95,510	64,249
Interest and Other charges	151,528	169,619			151,528	169,619
Food service	-	-	8,095	7,560	8,095	7,560
Total expenses	<u>9,409,857</u>	<u>9,065,211</u>	<u>8,095</u>	<u>7,560</u>	<u>9,417,952</u>	<u>9,072,771</u>
Change in net position	<u>\$ 1,161,983</u>	<u>\$ 1,150,669</u>	<u>\$ 1,361</u>	<u>\$ 2,742</u>	<u>\$ 1,163,344</u>	<u>\$ 1,153,411</u>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the school district operations. The district's total revenues were \$10,571,840 and \$10,215,880 for the fiscal years ended June 30, 2013 and 2012, respectively. Property taxes made up 80% and 81% of revenues for governmental activities for the Northvale School District for fiscal years ended June 30, 2013 and 2012, respectively. Federal, state and local grants and aid accounted for another 15% and 14% for fiscal years ended June 30, 2013 and 2012, respectively.

The total cost of all program and services were \$9,409,857 and \$9,065,211, respectively. Instruction comprised 66% and 64% of total district expenses for the fiscal years ended June 30, 2013 and 2012, respectively.

## The School District as a Whole (Continued)

### **Business-Type Activities**

Revenues for the district's business-type activities (food service program) were comprised of charges for services.

- ◆ Food service revenue exceeded expenses by \$1,361.
- ◆ Charges for services represent \$9,402 of revenue, which are amounts paid by patrons for daily food services.

### **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2013 and 2012. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

**Table 3**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction	\$ 6,218,757	\$ 5,834,238	\$ 4,445,515	\$ 4,023,182
Support services				
Student and Instruction Related Svcs.	1,207,546	1,279,373	1,184,147	1,247,021
General administration, school administration, business/central services	1,021,625	1,062,994	1,020,128	1,062,994
Plant operation and Maintenance	714,891	654,738	635,565	654,738
Pupil Transportation	95,510	64,249	87,817	62,161
Interest and Other charges	<u>151,528</u>	<u>169,619</u>	<u>151,528</u>	<u>169,619</u>
Total Expenses	<u>\$ 9,409,857</u>	<u>\$ 9,065,211</u>	<u>\$ 7,524,700</u>	<u>\$ 7,219,715</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business/central services include expenses associated with administrative and financial supervision of the district.

Plant operation and maintenance activities involve keeping the school grounds, buildings and equipment in an effective working condition.

## The School District as a Whole (Continued)

### Governmental Activities (Continued)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.

### The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) had total revenues of \$10,425,340 and \$10,215,880 and expenditures of \$9,817,926 and \$10,043,765 for the fiscal years ended June 30, 2013 and 2012, respectively. The net change in all fund balances for the year was an increase of 547,414. The revenue increase of \$209,460 is the result of an increase in propriety tax levy and state aid. Expenditures decreased \$165,839 due to a decrease in capital outlay.

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2013 and 2012.

	Year Ended June 30, 2013	Year Ended June 30, 2012	Amount of Decrease	Percent Increase (Decrease)
Local Sources	\$ 8,887,360	\$ 8,751,189	\$ 136,171	1.56%
State Sources	1,400,582	1,325,798	74,784	5.64%
Federal Sources	<u>137,398</u>	<u>138,893</u>	<u>(1,495)</u>	-1.08%
Total Revenues	<u>\$ 10,425,340</u>	<u>\$ 10,215,880</u>	<u>\$ 209,460</u>	2.05%

The following schedule presents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2013 and 2012.

	Year Ended June 30, 2013	Year Ended June 30, 2012	Amount of Decrease	Percent Increase (Decrease)
Current:				
Instruction	\$ 5,990,018	\$ 5,671,352	\$ 318,666	5.62%
Support Services and Undistributed Costs	2,956,537	2,975,653	(19,116)	-0.64%
Capital Outlay	333,018	800,170	(467,152)	-58.38%
Debt Service:				
Principal	433,643	422,105	11,538	2.73%
Interest and Other Charges	<u>164,710</u>	<u>174,485</u>	<u>(9,775)</u>	-5.60%
Total Expenditures	<u>\$ 9,877,926</u>	<u>\$ 10,043,765</u>	<u>\$ (165,839)</u>	-1.65%

## General Fund Budgeting Highlights

The school district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year ended June 30, 2013, the school district amended its General Fund budget as needed. The school district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

## Capital Assets

As of June 30, 2013 and 2012, the governmental activities of the school district had \$13,417,230 and \$12,937,712, respectively; invested in land, construction in progress, land improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal 2013 balances compared to 2012 net of depreciation.

**Table 4**  
**Capital Assets**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Land	\$ 474,330	\$ 474,330
Construction In Progress	56,886	863,373
Land Improvements	373,080	179,484
Buildings and Building Improvement	11,513,874	10,424,508
Machinery and Equipment	<u>999,060</u>	<u>996,017</u>
	13,417,230	12,937,712
Less Accumulated Depreciation	<u>(4,861,929)</u>	<u>(4,550,132)</u>
Total	<u>\$ 8,555,301</u>	<u>\$ 8,387,580</u>

Overall capital assets, net of depreciation increased \$167,721 from fiscal year 2012 to fiscal year 2013 as a result of current year capital acquisitions exceeding depreciation.

## Debt Administration

At June 30, 2013 and 2012, the school district had \$3,930,642 and \$4,399,068 as outstanding liabilities, respectively. Of this amount \$102,985 and \$103,008 is for compensated absences and \$3,713,799 and \$4,103,559 for bonds plus unamortized original issue premiums for school construction and \$113,858 and \$192,501 is for capital leases.

At June 30, 2013, the school district's overall legal debt margin was \$28,874,232 and the unutilized debt margin was \$25,290,232. Following is a listing of the bond issues for which the district is currently paying debt service.

**Debt Administration (Continued)**

	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Balance, June 30, 2013</u>
Renovations & Additions to Nathan Hale and Thomas Jefferson Schools	4-15-06	\$ 1,534,000	\$ 979,000
Refunding School Bonds	5-14-10	3,140,000	<u>2,605,000</u>
			<u>\$ 3,584,000</u>

**FACTORS BEARING ON THE DISTRICT'S ECONOMIC FUTURE**

The board and the administration have had discussions on how existing circumstances could affect the future financial health of the school district. The following examples may have an impact and affect the financial operation in the future:

1. The slow economic recovery in our state has generated concern in the educational community for public school funding.
2. Future challenges for the financial planning to continue the expansion and renovation of the Northvale School District to meet enrollment and curriculum demands.

**Contacting the District's Financial Management**

This financial report is designed to provide the district's 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 Northvale Board of Education Office located at 441 Tappan Road, Northvale, New Jersey.

**BASIC FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,176,093	\$ 9,139	\$ 3,185,232
Due from Other Funds	535		535
Receivables, net			
Receivables from Other Governments	730,981		730,981
Other Accounts Receivable	1,639		1,639
Capital Assets, net			
Not Being Depreciated	531,216		531,216
Being Depreciated	<u>8,024,085</u>	<u>2,155</u>	<u>8,026,240</u>
Total Assets	<u>12,464,549</u>	<u>11,294</u>	<u>12,475,843</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding of Debt	<u>73,775</u>	<u>-</u>	<u>73,775</u>
Total Deferred Outflows of Resources	<u>73,775</u>	<u>-</u>	<u>73,775</u>
Total Assets and Deferred Outflows of Resources	<u>12,538,324</u>	<u>11,294</u>	<u>12,549,618</u>
<b>LIABILITIES</b>			
Accounts Payable	163,049	1,460	164,509
Accrued Interest Payable	46,288		46,288
Unearned Revenue	228,517		228,517
Noncurrent Liabilities			
Due Within One Year	430,911		430,911
Due Beyond One Year	<u>3,499,731</u>	<u>-</u>	<u>3,499,731</u>
Total Liabilities	<u>4,368,496</u>	<u>1,460</u>	<u>4,369,956</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,801,419	2,155	4,803,574
Restricted for			
Capital Projects	701,310		701,310
Other Purposes	100,613		100,613
Unrestricted	<u>2,566,486</u>	<u>7,679</u>	<u>2,574,165</u>
Total Net Position	<u>\$ 8,169,828</u>	<u>\$ 9,834</u>	<u>\$ 8,179,662</u>

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

**NORTHVALE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Instruction							
Regular	\$ 4,310,526	\$ 398,345	\$ 661,851		\$ (3,250,330)		\$ (3,250,330)
Special Education	1,571,735		656,461		(915,274)		(915,274)
Other Instruction	237,516		42,382		(195,134)		(195,134)
School Sponsored Activities and Athletics	98,980		14,203		(84,777)		(84,777)
Support Services							
Student and Instruction Related Services	1,207,546		23,399		(1,184,147)		(1,184,147)
General Administration Services	433,586		556		(433,030)		(433,030)
School Administration Services	216,253		391		(215,862)		(215,862)
Business/Central Services	371,786		550		(371,236)		(371,236)
Plant Operations and Maintenance	714,891		7,814	\$ 71,512	(635,565)		(635,565)
Pupil Transportation	95,510		7,693		(87,817)		(87,817)
Interest and Other Charges	151,528	-	-	-	(151,528)	-	(151,528)
Total Governmental Activities	9,409,857	398,345	1,415,300	71,512	(7,524,700)	-	(7,524,700)
Business-Type Activities							
Food Service	8,095	9,402	-	-	-	\$ 1,307	1,307
Total Business-Type Activities	8,095	9,402	-	-	-	1,307	1,307
Total Primary Government	\$ 9,417,952	\$ 407,747	\$ 1,415,300	\$ 71,512	(7,524,700)	1,307	(7,523,393)
<b>General Revenues</b>							
Property Taxes:							
Levied for General Purposes					7,981,000		7,981,000
Levied for Debt Service					455,310		455,310
Investment Earnings					11,822		11,876
Debt Service Aid					51,505	54	51,505
Miscellaneous Income					40,546		40,546
Donated Capital Assets					146,500	-	146,500
Total General Revenues and Transfers					8,686,683	54	8,686,737
Change in Net Position					1,161,983	1,361	1,163,344
Net Position, Beginning of Year (Restated)					7,007,845	8,473	7,016,318
Net Position, End of Year					\$ 8,169,828	\$ 9,834	\$ 8,179,662

**FUND FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2013**

	<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	\$ 3,175,669		\$ 424	\$ -	\$ 3,176,093
Due from Other Funds	64,931				64,931
Receivables					
Intergovernmental	93,253	\$ 6,221	631,507	-	730,981
Other	1,639	-	-	-	1,639
	<u>3,335,492</u>	<u>6,221</u>	<u>631,931</u>	<u>-</u>	<u>3,973,644</u>
Total Assets	<u>\$ 3,335,492</u>	<u>\$ 6,221</u>	<u>\$ 631,931</u>	<u>\$ -</u>	<u>\$ 3,973,644</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 163,049				\$ 163,049
Due to Other Funds	-	\$ 6,037	\$ 58,359		64,396
Unearned Revenue	-	184	228,333	-	228,517
	<u>163,049</u>	<u>6,221</u>	<u>286,692</u>	<u>-</u>	<u>455,962</u>
Total Liabilities	<u>163,049</u>	<u>6,221</u>	<u>286,692</u>	<u>-</u>	<u>455,962</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve	356,071				356,071
Emergency Reserve	250,000				250,000
Maintenance Reserve	100,613				100,613
Excess Surplus	670,000				670,000
Excess Surplus - Designated for Subsequent Years Expenditures	781,834				781,834
Capital Projects			345,239		345,239
<b>Committed</b>					
Year-End Encumbrances	692,293				692,293
<b>Assigned</b>					
Year-End Encumbrances	90,548				90,548
<b>Unassigned</b>					
General Fund	231,084	-	-	-	231,084
	<u>3,172,443</u>	<u>-</u>	<u>345,239</u>	<u>-</u>	<u>3,517,682</u>
Total Fund Balances	<u>3,172,443</u>	<u>-</u>	<u>345,239</u>	<u>-</u>	<u>3,517,682</u>
Total Liabilities and Fund Balances	<u>\$ 3,335,492</u>	<u>\$ 6,221</u>	<u>\$ 631,931</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 \$13,417,230 and the accumulated depreciation is \$4,861,929.

8,555,301

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(46,288)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

73,775

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	\$ 3,713,799
Capital Leases	113,858
Compensated Absences	102,985
	<u>(3,930,642)</u>

Net Position of Governmental Activities

\$ 8,169,828

**NORTHVALE BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 7,981,000			\$ 455,310	\$ 8,436,310
Tuition	398,345				398,345
Interest	11,539		\$ 283		11,822
Miscellaneous	40,546	\$ 337	-	-	40,883
Total - Local Sources	<u>8,431,430</u>	<u>337</u>	<u>283</u>	<u>455,310</u>	<u>8,887,360</u>
State Sources	1,277,565		71,512	51,505	1,400,582
Federal Sources	12,993	124,405	-	-	137,398
Total Revenues	<u>9,721,988</u>	<u>124,742</u>	<u>71,795</u>	<u>506,815</u>	<u>10,425,340</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	4,134,093	337			4,134,430
Special Education Instruction	1,434,205	97,934			1,532,139
Other Instruction	223,042	5,021			228,063
School-Sponsored Activities and Athletics	95,386				95,386
Support Services					
Student and Instruction Related Services	1,158,307	21,450			1,179,757
General Administration Services	420,242				420,242
School Administration Services	206,858				206,858
Business/Central Services	355,385				355,385
Plant Operations and Maintenance	700,234				700,234
Pupil Transportation	94,061				94,061
Debt Service					
Principal	78,643			355,000	433,643
Interest and Other Charges				164,710	164,710
Capital Outlay	154,238	-	178,780	-	333,018
Total Expenditures	<u>9,054,694</u>	<u>124,742</u>	<u>178,780</u>	<u>519,710</u>	<u>9,877,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>667,294</u>	<u>-</u>	<u>(106,985)</u>	<u>(12,895)</u>	<u>547,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	283				283
Transfers Out	-	-	(283)	-	(283)
Total Other Financing Sources and (Uses)	<u>283</u>	<u>-</u>	<u>(283)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	667,577	-	(107,268)	(12,895)	547,414
Fund Balance, Beginning of Year	2,504,866	-	452,507	12,895	2,970,268
Fund Balance, End of Year	<u>\$ 3,172,443</u>	<u>\$ -</u>	<u>\$ 345,239</u>	<u>\$ -</u>	<u>\$ 3,517,682</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORTHVALE BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 547,414**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 333,018	
Depreciation Expense	<u>(311,797)</u>	
		21,221

Donations of capital assets increase net position in the statement of activities, however they have no affect in the government funds because they are not financial resources.		146,500
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In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences		23
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The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Additionally, governmental funds report the premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal Repayments		
Bonds Payable	355,000	
Capital Leases Paid	<u>78,643</u>	
		433,643

Governmental Funds report the effect of costs pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred Amount on Refunding		(20,509)
Original Issuance Premium		34,760

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Increase in accrued interest		<u>(1,069)</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ 1,161,983**

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2013**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ <u>9,139</u>
Total Current Assets	<u>9,139</u>
Capital Assets	
Equipment	3,078
Less: Accumulated Depreciation	<u>(923)</u>
Total Capital Assets	<u>2,155</u>
Total Assets	<u>11,294</u>
<b>LIABILITIES</b>	
Accounts Payable	<u>1,460</u>
Total Liabilities	<u>1,460</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,155
Unrestricted	<u>7,679</u>
Total Net Position	<u>\$ 9,834</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 9,402
	9,402
Total Operating Revenues	9,402
<b>OPERATING EXPENSES</b>	
Cost of Sales	7,788
Depreciation	307
	8,095
Total Operating Expenses	8,095
Operating Income	1,307
<b>NONOPERATING REVENUES</b>	
Interest Income	54
	54
Total Nonoperating Revenues	54
Excess of Revenues Over Expenditures	1,361
Change in Net Position	1,361
Net Position, Beginning of Year	8,473
Net Position, End of Year	\$ 9,834

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 9,402
Cash Payments to Suppliers for Goods and Services	<u>(6,927)</u>
Net Cash Provided by Operating Activities	<u>2,475</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Deposits	<u>54</u>
Net Cash Provided by Investing Activities	<u>54</u>
Net decrease in Cash and Cash Equivalents	2,529
Cash and Cash Equivalents, Beginning of Year	<u>6,610</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,139</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ <u>1,307</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Changes in Assets and Liabilities	
Depreciation	307
Increase in Accounts Payable	<u>861</u>
Total Adjustments	<u>1,168</u>
Net Cash Provided by Operating Activities	<u>\$ 2,475</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2013**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>151,649</u>
Total Assets	\$ <u>151,649</u>
<b>LIABILITIES</b>	
Accrued Salaries	101,484
Payroll Deductions and Withholdings	431
Due to Other Funds	535
Due to Student Groups	<u>49,199</u>
Total Liabilities	\$ <u>151,649</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Northvale 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 five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Northvale Board of Education this includes general operations, food service, and student related activities of the District.

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

**B. New Accounting Standards**

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

**C. Basis of Presentation - Financial Statements**

The basic 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.

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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**District-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

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 for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-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 milk to students.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Fund Financial Statements (continued)**

Additionally, the government reports the following fund types:

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

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

**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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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.

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

When both restricted and unrestricted resources are available for use, it is the government'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. Capital Assets***

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

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**3. Capital Assets (Continued)**

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	50
Buildings and Building Improvements	20-50
Machinery and Equipment	5-20

**4. Deferred Outflows 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 government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**5. 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. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**6. Long-Term Obligations**

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**6. Long-Term Obligations (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. 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.

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 original budget certified for taxes.

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

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

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

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.

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.

**8. Reclassifications**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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, federal and state grants for school-based budgeting 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 revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred 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 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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.

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 May 21, 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 2012/2013. During 2012/2013 the Board increased the original budget by \$433,236. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Regular Programs-Undistributed Instruction			
Other Purchased Services	\$ 77,605	\$ 94,940	\$(17,335)

The above variance was offset with other available resources.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Capital Reserve**

A capital reserve account was established by the District on January 28, 2008. 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, 2013 is as follows:

Beginning balance		\$	77,157
Increased by			
Interest Earned	\$	332	
Deposits Approved by Board Resolution		<u>278,582</u>	
Total Increases			<u>278,914</u>
Ending balance		\$	<u>356,071</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is 1,617,600. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**D. Transfers to Capital Outlay**

During the 2012/2013 school year, the district transferred \$346,039 to the non-equipment capital outlay accounts. The transfers within the 2012/13 budget of \$112,566 were approved by the County Superintendent. Additionally, \$233,473 of prior year unrestricted State aid was appropriated by resolution of the Board of Trustees.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2013 is \$1,451,834. Of this amount, \$781,834 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$670,000 will be appropriated in the 2014/2015 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$3,336,881 and bank and brokerage firm balances of the Board's deposits amounted to \$3,464,694. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>3,464,694</u>

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, 2013 none of the Board's bank balances were exposed to custodial credit risk.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Investments**

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

As of June 30, 2013, 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.

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

**B. Receivables**

Receivables as of June 30, 2013 for the district’s individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 93,253	\$ 6,221	\$ 631,507	\$ 730,981
Other	<u>1,639</u>	<u>-</u>	<u>-</u>	<u>1,639</u>
Gross Receivables	94,892	6,221	631,507	732,620
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 94,892</u>	<u>\$ 6,221</u>	<u>\$ 631,507</u>	<u>\$ 732,620</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Unearned Revenue**

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 184
Capital Projects Fund	
Unrealized School Facility Grants	<u>228,333</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 228,517</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	Balance, <u>June 30, 2013</u>
<b>Governmental activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 474,330				\$ 474,330
Construction In Progress	863,373	\$ 56,886	-	\$ (863,373)	56,886
Total Capital Assets, Not Being Depreciated	<u>1,337,703</u>	<u>56,886</u>	<u>-</u>	<u>(863,373)</u>	<u>531,216</u>
Capital Assets, Being Depreciated:					
Land Improvements	179,484	193,596			373,080
Buildings and Building Improvements	10,424,508	187,807		901,559	11,513,874
Machinery and Equipment	996,017	41,229	-	(38,186)	999,060
Total Capital Assets Being Depreciated	<u>11,600,009</u>	<u>422,632</u>	<u>-</u>	<u>863,373</u>	<u>12,886,014</u>
Less Accumulated Depreciation for:					
Land Improvements	(174,971)	(5,270)			(180,241)
Buildings and Building Improvements	(3,748,291)	(248,831)			(3,997,122)
Machinery and Equipment	(626,870)	(57,696)	-	-	(684,566)
Total Accumulated Depreciation	<u>(4,550,132)</u>	<u>(311,797)</u>	<u>-</u>	<u>-</u>	<u>(4,861,929)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,049,877</u>	<u>110,835</u>	<u>-</u>	<u>863,373</u>	<u>8,024,085</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,387,580</u>	<u>\$ 167,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,555,301</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets (Continued)**

	Balance <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
<b>Business-Type Activities:</b>				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 3,078	-	-	\$ 3,078
Total Capital Assets Being Depreciated	<u>3,078</u>	<u>-</u>	<u>-</u>	<u>3,078</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(616)	\$ (307)	-	(923)
Total Accumulated Depreciation	<u>(616)</u>	<u>(307)</u>	<u>-</u>	<u>(923)</u>
Total Capital Aassets, Being Depreciated, Net	<u>2,462</u>	<u>(307)</u>	<u>-</u>	<u>2,155</u>
Business-Type Activities Capital Assets,Net	<u>\$ 2,462</u>	<u>\$ (307)</u>	<u>\$ -</u>	<u>\$ 2,155</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets (Continued)**

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

<b>Governmental activities:</b>	
Instruction	
Regular	\$ 160,678
Special Education	39,294
Other	9,453
School Sponsored Activities and Athletics	<u>3,594</u>
Total Instruction	<u>213,019</u>
Support Services	
Student and Instruction Related Services	46,762
General Administration	13,344
School Administration	9,373
Business / Central Services	13,193
Plant Operation and Maintenance	14,657
Student Transportation	<u>1,449</u>
Total Support Services	<u>98,778</u>
Total Governmental Funds	<u>311,797</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 311,797</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 307</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 307</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Remaining Commitment</u>
Restroom Renovations	\$ 235,900
Partial Window and Floor Replacement	266,351
Security System and Replacement Cameras	<u>83,223</u>
Total	<u>\$ 585,474</u>

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

The composition of interfund balances as of June 30, 2013, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 6,037
General Fund	Capital Projects	58,359
General Fund	Agency Fund	<u>535</u>
		<u>\$ 64,931</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.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Interfund transfers**

	<u>Transfer In:</u>	
	<u>General</u>	<u>Total</u>
Transfer Out:		
Capital Projects	\$ 283	\$ 283
Total Transfers Out	<u>\$ 283</u>	<u>\$ 283</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. Leases**

**Capital Leases**

The District is leasing computers totaling \$129,314 under capital leases with no interest cost. The lease is for a term of 3 years. The District is also leasing a bus totaling \$51,342 under capital leases with an interest rate of 3.392%. The lease is for a term of 5 years. The District is leasing technology equipment totaling \$127,055 under capital leases with an interest rate of 3.0784%. The lease is for a term of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 40,503
2015	40,503
2016	<u>40,503</u>
Total Minimum Lease Payments	121,509
Less: Amount Representing Interest	<u>7,651</u>
Present Value of Minimum Lease Payments	<u>\$ 113,858</u>

**G. Long-Term Debt**

**General Obligation Bonds**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**General Obligation Bonds (Continued)**

Bonds payable at June 30, 2013 are comprised of the following issues:

\$1,534,000, 2006 Bonds, due in annual installments of \$105,000 to \$139,000 through April 15, 2021, interest at 4.25% to 4.50%	\$979,000
\$3,140,000, 2010 Bonds, due in annual installments of \$260,000 to \$310,000 through March 1, 2022, interest at 2.75% to 5.00%	<u>2,605,000</u>
	<u>\$3,584,000</u>

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 365,000	\$ 154,622	\$ 519,622
2015	380,000	141,710	521,710
2016	390,000	129,610	519,610
2017	400,000	113,723	513,723
2018	420,000	97,423	517,423
2019-2022	<u>1,629,000</u>	<u>189,400</u>	<u>1,818,400</u>
	<u>\$ 3,584,000</u>	<u>\$ 826,488</u>	<u>\$ 4,410,488</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 28,874,232
Less: Net Debt	<u>3,584,000</u>
Remaining Borrowing Power	<u>\$ 25,290,232</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 3,939,000		\$ 355,000	\$ 3,584,000	\$ 365,000
Original Issue Premium	164,559	-	34,760	129,799	29,192
	<u>4,103,559</u>	<u>-</u>	<u>389,760</u>	<u>3,713,799</u>	<u>394,192</u>
Capital Leases	192,501	-	78,643	113,858	36,719
Compensated Absences	<u>103,008</u>	<u>18,950</u>	<u>18,973</u>	<u>102,985</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,399,068</u>	<u>\$ 18,950</u>	<u>\$ 487,376</u>	<u>\$ 3,930,642</u>	<u>\$ 430,911</u>

For the governmental activities, the liabilities for compensated absences 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 Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

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

**B. Contingent Liabilities**

**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, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

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

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

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

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

**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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation (Continued)**

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 101,218	\$ 239,224	\$ 1,835
2012	91,895	119,935	38
2011	92,869	11,823	

The State contributed \$239,224 and \$119,935 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$11,823 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$295,334 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

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

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

**Basis of Accounting**

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

**Significant Legislation**

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 4 OTHER INFORMATION (Continued)**

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$270,503, \$241,101 and \$251,120, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2012, the Northvale Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Northvale Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$71,940 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$7,079,785 as originally reported to \$7,007,845 as adjusted for the effects of the change in accounting principle.

**BUDGETARY COMPARISON SCHEDULES**

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 7,981,000		\$ 7,981,000	\$ 7,981,000	
Tuition	379,964		379,964	398,345	\$ 18,381
Interest Earned on Maintenance Reserve	150		150	131	(19)
Interest Earned on Capital Reserve	200		200	332	132
Interest on Investment				11,076	11,076
Miscellaneous	4,500	-	4,500	40,546	36,046
<b>Total Local Sources</b>	<u>8,365,814</u>	<u>-</u>	<u>8,365,814</u>	<u>8,431,430</u>	<u>65,616</u>
<b>State Sources</b>					
Categorical Special Education Aid	203,041		203,041	203,041	
Transportation Aid	6,883		6,883	6,883	
Security Aid	7,943		7,943	7,943	
Extraordinary Aid				97,283	97,283
Additional Nonpublic Transportation Aid				1,392	1,392
Homeless Tuition Aid				26,470	26,470
On-behalf TPAF Pension System Payments - Normal Costs (Non-Budget)				227,267	227,267
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				11,957	11,957
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget)				270,503	270,503
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	295,334	295,334
<b>Total State Sources</b>	<u>217,867</u>	<u>-</u>	<u>217,867</u>	<u>1,148,073</u>	<u>930,206</u>
<b>Federal Sources</b>					
Education Jobs Fund	-	\$ 12,993	12,993	12,993	-
<b>Total Federal Sources</b>	<u>-</u>	<u>12,993</u>	<u>12,993</u>	<u>12,993</u>	<u>-</u>
<b>Total Revenues</b>	<u>8,583,681</u>	<u>12,993</u>	<u>8,596,674</u>	<u>9,592,496</u>	<u>995,822</u>
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool/Kindergarten	347,081	-	347,081	313,108	33,973
Grades 1-5	1,360,213	(111,000)	1,249,213	1,218,839	30,374
Grades 6-8	1,035,518	(10,121)	1,025,397	974,433	50,964
<b>Regular Program - Home Instruction</b>					
Salaries of Teachers	7,800	-	7,800	4,454	3,346
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional/Educational Services	3,000	-	3,000	2,996	4
Purchased Technical Services	31,783	(25,714)	6,069	669	5,400
Other Purchased Services	50,000	27,605	77,605	94,940	(17,335)
General Supplies	131,891	204,278	336,169	322,420	13,749
Textbooks	61,000	(31,000)	30,000	4,344	25,656
Other Objects	400	100	500	500	-
Miscellaneous Expenditures	-	400	400	130	270
<b>Total Regular Programs</b>	<u>3,028,686</u>	<u>54,548</u>	<u>3,083,234</u>	<u>2,936,833</u>	<u>146,401</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 20123**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 141,084	\$ 3,970	\$ 145,054	\$ 145,054	
Other Salaries for Instruction	74,448		74,448	74,448	
General Supplies	2,000		2,000	1,313	\$ 687
Textbooks	500	-	500	492	8
<b>Total Learning and/or Language Disabilities</b>	<u>218,032</u>	<u>3,970</u>	<u>222,002</u>	<u>221,307</u>	<u>695</u>
Multiple Disabilities					
Salaries of Teachers	97,765	10,000	107,765	99,881	7,884
Other Salaries for Instruction	37,324	-	37,324	37,324	-
General Supplies	2,000	-	2,000	1,033	967
Textbooks	300	-	300	-	300
<b>Total Multiple Disabilities</b>	<u>137,389</u>	<u>10,000</u>	<u>147,389</u>	<u>138,238</u>	<u>9,151</u>
Resource Room/Resource Center					
Salaries of Teachers	140,171	117,151	257,322	257,322	-
Other Salaries for Instruction	37,324		37,324	-	37,324
Other Purchased Services	100		100	-	100
General Supplies	2,100	-	2,100	1,084	1,016
Textbooks	600	-	600	-	600
<b>Total Resource Room/Resource Center</b>	<u>180,295</u>	<u>117,151</u>	<u>297,446</u>	<u>258,406</u>	<u>39,040</u>
Home Instruction					
Salaries of Teachers	1,000	-	1,000	-	1,000
<b>Total Home Instruction</b>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Total Special Education</b>	<u>536,716</u>	<u>131,121</u>	<u>667,837</u>	<u>617,951</u>	<u>49,886</u>
Basic Skills/Remedial					
Salaries of Teachers	82,284		82,284	81,818	466
Other Purchased Services	100		100	-	100
General Supplies	1,000		1,000	52	948
Textbooks	212	-	212	-	212
<b>Total Basic Skills/Remedial</b>	<u>83,596</u>	<u>-</u>	<u>83,596</u>	<u>81,870</u>	<u>1,726</u>
Bilingual Education					
Salaries of Teachers	65,898	-	65,898	65,898	-
General Supplies	1,500	-	1,500	931	569
Textbooks	500	-	500	173	327
<b>Total Bilingual Education</b>	<u>67,898</u>	<u>-</u>	<u>67,898</u>	<u>67,002</u>	<u>896</u>
School Sponsored Cocurricular Activities					
Salaries	39,360	100	39,460	36,528	2,932
Supplies and Materials	1,700	-	1,700	1,645	55
Other Objects	5,850	1,075	6,925	6,639	286
<b>Total School Sponsored Cocurricular Activities</b>	<u>46,910</u>	<u>1,175</u>	<u>48,085</u>	<u>44,812</u>	<u>3,273</u>

Continued

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
School Sponsored Cocurricular Act.-Athletics					
Salaries	\$ 19,766		\$ 19,766	\$ 19,628	\$ 138
Purchased Services	2,725	\$ 25	2,750	2,750	
Supplies and Materials	1,200	(1,200)	-	-	-
Total School Sponsored Cocurricular Activities	<u>23,691</u>	<u>(1,175)</u>	<u>22,516</u>	<u>22,378</u>	<u>138</u>
Total Instruction	<u>3,787,497</u>	<u>185,669</u>	<u>3,973,166</u>	<u>3,770,846</u>	<u>202,320</u>
Instruction					
Tuition to Other LEAs Within the State-Special	490,549	(147,431)	343,118	343,118	-
Tuition to Priv. Sch. for the Disabled					
Within the State	184,752	52,702	237,454	187,479	49,975
Tuition - Other	10,000	(10,000)	-	-	-
Total Instruction	<u>685,301</u>	<u>(104,729)</u>	<u>580,572</u>	<u>530,597</u>	<u>49,975</u>
Attendance and Social Work Services					
Salaries	46,755	-	46,755	46,755	-
Total Attendance and Social Work Services	<u>46,755</u>	<u>-</u>	<u>46,755</u>	<u>46,755</u>	<u>-</u>
Health Services					
Salaries	55,751	-	55,751	53,801	1,950
Purchased Professional and Technical Services	5,560	(350)	5,210	5,201	9
Other Purchased Services	-	500	500	312	188
Supplies and Materials	2,400	2,350	4,750	3,323	1,427
Total Health Services	<u>63,711</u>	<u>2,500</u>	<u>66,211</u>	<u>62,637</u>	<u>3,574</u>
Other Support Serv. Students - Related Serv.					
Salaries	85,956	(14,500)	71,456	57,785	13,671
Purchased Professional -Educational Services	87,200	5,000	92,200	91,305	895
Supplies and Materials	2,000	-	2,000	1,971	29
Other Objects	150	-	150	-	150
Total Other Support Serv. Students - Related Serv.	<u>175,306</u>	<u>(9,500)</u>	<u>165,806</u>	<u>151,061</u>	<u>14,745</u>
Other Support Serv. Students - Extra Serv.					
Salaries	124,037	11,000	135,037	71,114	63,923
Purchased Professional -Educational Services	46,000	(4,000)	42,000	22,783	19,217
Supplies	411	-	411	17	394
Other Objects	400	-	400	-	400
Total Other Support Serv. Students - Extra Serv.	<u>170,848</u>	<u>7,000</u>	<u>177,848</u>	<u>93,914</u>	<u>83,934</u>
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	89,663	-	89,663	89,663	-
Other Purchased Services	250	-	250	29	221
Supplies and Materials	16,000	(1,000)	15,000	2,626	12,374
Total Other Support Services - Students - Guidance	<u>105,913</u>	<u>(1,000)</u>	<u>104,913</u>	<u>92,318</u>	<u>12,595</u>

Continued

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services-Students-Child Study Team					
Salaries of Other Professional Staff	\$ 220,441		\$ 220,441	\$ 219,675	\$ 766
Salaries of Secretarial and Clerical Assistants	64,143		64,143	49,572	14,571
Purchased Professional -Educational Services	35,000	\$ (500)	34,500	17,405	17,095
Misc. Purchased Services	3,350	-	3,350	2,369	981
Supplies and Materials	3,100	2,581	5,681	5,633	48
	<u>326,034</u>	<u>2,081</u>	<u>328,115</u>	<u>294,654</u>	<u>33,461</u>
Total Other Support Services - Students - Special Services					
Improvement of Instructional Services					
Salaries of Facilitators, Math & Literacy Coaches	107,000	(50,012)	56,988	27,992	28,996
Purchased Professional - Educational Services	30,000	-	30,000	24,643	5,357
	<u>137,000</u>	<u>(50,012)</u>	<u>86,988</u>	<u>52,635</u>	<u>34,353</u>
Total Improvement of Instructional Services					
Educational Media Services/School Library					
Salaries	97,080	-	97,080	97,080	-
Salaries of Technology Coordinators	16,480	-	16,480	16,480	-
Other Purchased Services	500	-	500	-	500
Supplies and Materials	16,850	-	16,850	9,359	7,491
	<u>130,910</u>	<u>-</u>	<u>130,910</u>	<u>122,919</u>	<u>7,991</u>
Total Educational Media Serv./School Library					
Staff Training Services					
Salaries of Other Professional Staff	48,996	(35,500)	13,496	800	12,696
Purchased Professional/Educational Services	20,000	-	20,000	20,000	-
Other Purchased Services	1,000	1,500	2,500	1,810	690
Supplies and Materials	500	-	500	-	500
	<u>70,496</u>	<u>(34,000)</u>	<u>36,496</u>	<u>22,610</u>	<u>13,886</u>
Total Staff Training Services					
Support Services General Administration					
Salaries	163,000	46,513	209,513	208,513	1,000
Legal Services	40,000	10,000	50,000	18,926	31,074
Audit Fees	20,000	2,000	22,000	21,108	892
Architectural/Engineering Services	10,000	20,000	30,000	24,470	5,530
Other Purchased Professional Services	20,000	3,697	23,697	23,162	535
Communications/Telephone	30,000	5,451	35,451	30,157	5,294
BOE Other Purchased Services	5,250	(2,150)	3,100	1,646	1,454
Miscellaneous Purchased Services	21,432	(11,597)	9,835	4,849	4,986
General Supplies	2,250	1,532	3,782	1,383	2,399
Miscellaneous Expenditures	1,975	600	2,575	2,406	169
BOE Membership Dues and Fees	5,700	1,250	6,950	6,326	624
	<u>319,607</u>	<u>77,296</u>	<u>396,903</u>	<u>342,946</u>	<u>53,957</u>
Total Support Services General Administration					

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 99,000	\$ 200	\$ 99,200	\$ 99,200	
Salaries of Secretarial and Clerical Assistants	75,650	(27,747)	47,903	47,266	\$ 637
Other Purchased Services	8,000	3,270	11,270	6,346	4,924
Supplies and Materials	5,000	1,906	6,906	5,061	1,845
Other Objects	5,000	324	5,324	5,128	196
<b>Total Support Services School Administration</b>	<u>192,650</u>	<u>(22,047)</u>	<u>170,603</u>	<u>163,001</u>	<u>7,602</u>
Central Services					
Salaries	216,291	(4,225)	212,066	206,159	5,907
Purchased Professional Services	17,000	(1,000)	16,000	1,685	14,315
Miscellaneous Purchased Services	4,000	6,650	10,650	3,213	7,437
Supplies and Materials	3,200	1,080	4,280	3,903	377
Miscellaneous Expenditures	1,600	100	1,700	866	834
<b>Total Central Services</b>	<u>242,091</u>	<u>2,605</u>	<u>244,696</u>	<u>215,826</u>	<u>28,870</u>
Admin. Info. Tech.					
Purchased Professional Services	6,030	(805)	5,225	1,075	4,150
Purchased Technical Services	63,217	(50,767)	12,450	11,752	698
Other Purchased Services	12,450	58,572	71,022	65,000	6,022
Supplies and Materials	1,000	-	1,000	-	1,000
<b>Total Admin. Info. Tech.</b>	<u>82,697</u>	<u>7,000</u>	<u>89,697</u>	<u>77,827</u>	<u>11,870</u>
Interest Deposit to Maintenance Reserve					
	150	-	150	-	150
Required Maintenance for School Facilities					
Salaries	66,449	-	66,449	66,449	-
Cleaning, Repair and Maintenance Services	40,000	5,000	45,000	43,104	1,896
General Supplies	10,050	-	10,050	3,058	6,992
<b>Total Required Maintenance for School Fac.</b>	<u>116,499</u>	<u>5,000</u>	<u>121,499</u>	<u>112,611</u>	<u>8,888</u>
Other Operation & Maint. Of Plant (Custodial)					
Salaries	136,120	57	136,177	135,400	777
Salaries of Non-Instructional Aides	34,000	(57)	33,943	27,186	6,757
Purchased Prof. And Technical Serv.	25,000	(5,000)	20,000	6,340	13,660
Cleaning, Repair and Maint. Serv.	114,200	-	114,200	107,781	6,419
Other Purchased Property Services	14,000	-	14,000	7,536	6,464
Insurance	72,205	8,624	80,829	80,829	-
Miscellaneous Purchased Services	1,650	-	1,650	607	1,043
General Supplies	51,000	13,581	64,581	55,083	9,498
Energy (Electricity)	100,000	-	100,000	64,975	35,025
Other Objects	20,450	(4,274)	16,176	679	15,497
Energy (Natural Gas)	70,000	-	70,000	13,062	56,938
<b>Total Other Operation &amp; Maint. Of Plant</b>	<u>638,625</u>	<u>12,931</u>	<u>651,556</u>	<u>499,478</u>	<u>152,078</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final Budget To Actual</b>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 5,500	\$ 4,104	\$ 9,604	\$ 5,545	\$ 4,059
Supplies and Materials	2,200	1,170	3,370	2,284	1,086
<b>Total Care and Upkeep of Grounds</b>	<b>7,700</b>	<b>5,274</b>	<b>12,974</b>	<b>7,829</b>	<b>5,145</b>
Security					
Cleaning, Repair and Maintenance Services	16,000	(1,000)	15,000	12,770	2,230
General Supplies	125	-	125	40	85
<b>Total Care and Upkeep of Grounds</b>	<b>16,125</b>	<b>(1,000)</b>	<b>15,125</b>	<b>12,810</b>	<b>2,315</b>
Student Transportation Services					
Salaries of Non-Instructional Aides	8,000	-	8,000	4,710	3,290
Salaries for Pupil Trans. (Bet. Home & Sch.) - Reg.	17,931	-	17,931	17,931	-
Cleaning, Repair and Maintenance Services	1,000	-	1,000	688	312
Lease Purchase Payments School Buses	11,230	-	11,230	11,226	4
Contracted Services (Other Than HM/SC) - Vendors	6,000	-	6,000	4,747	1,253
Contracted Services (Home/School) -Joint Agreements	10,000	-	10,000	8,654	1,346
Contracted Services (Special Ed) -Joint Agreements	82,000	(34,307)	47,693	41,945	5,748
Misc. Purchased Serv. - Transportation	550	(110)	440	152	288
Transportation Supplies	6,500	496	6,996	6,993	3
<b>Total Student Transportation Services</b>	<b>143,211</b>	<b>(33,921)</b>	<b>109,290</b>	<b>97,046</b>	<b>12,244</b>
Unallocated Benefits - Employee Benefits					
Group Insurance	750	-	750	218	532
Social Security Contributions	120,000	-	120,000	78,762	41,238
Other Retirement Contributions - PERS	110,537	(9,319)	101,218	101,218	-
Unemployment Compensation	22,000	-	22,000	16,899	5,101
Workmen's Compensation	60,000	(16,842)	43,158	38,694	4,464
Health Benefits	1,157,491	(3,007)	1,154,484	1,045,141	109,343
Tuition Reimbursement	10,000	-	10,000	10,000	-
Other Employee Benefits	82,463	13,537	96,000	24,937	71,063
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,563,241</b>	<b>(15,631)</b>	<b>1,547,610</b>	<b>1,315,869</b>	<b>231,741</b>
On-behalf TPAF Pension System Payments -					
Normal Costs (Non-Budget)				227,267	(227,267)
On-behalf TPAF Pension System Payments -					
NCGI Premium(Non-Budget)				11,957	(11,957)
On-behalf TPAF Pension System Payments -					
Post Retirement Medical Contribution(Non-Budget)				270,503	(270,503)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	295,334	(295,334)
<b>Total Undistributed Expenditures</b>	<b>5,234,870</b>	<b>(150,153)</b>	<b>5,084,717</b>	<b>5,120,404</b>	<b>(35,687)</b>
<b>Total Current Expenditures</b>	<b>9,022,367</b>	<b>35,516</b>	<b>9,057,883</b>	<b>8,891,250</b>	<b>166,633</b>

Continued

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	\$ 200	-	\$ 200	-	\$ 200
Total Interest	200	-	200	-	200
Equipment					
Undistributed Expenditures:					
Admin. Info. Tech.	60,968	\$ (11,389)	49,579	\$ 38,079	11,500
Custodial Services	-	55,493	55,493	-	55,493
Care and Upkeep of Grounds	-	25,097	25,097	23,620	1,477
Total Equipment	60,968	69,201	130,169	61,699	68,470
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	137,000	137,000	25,868	111,132
Other Facilities Acq. And Construction Services	400,000	209,039	609,039	61,018	548,021
Assessment for Debt Service on SDA Funding	14,859	-	14,859	14,859	-
Total Facilities Acquisition and Const. Serv.	414,859	346,039	760,898	101,745	659,153
Total Capital Outlay	476,027	415,240	891,267	163,444	727,823
Total Expenditures	9,498,394	450,756	9,949,150	9,054,694	894,456
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(914,713)	(437,763)	(1,352,476)	537,802	1,890,278
Other Financing Sources (Uses)					
Transfers to Enterprise Fund - Food Service	(10,000)	-	(10,000)	-	10,000
Transfers In	-	-	-	283	283
Total Other Financing Sources (Uses)	(10,000)	-	(10,000)	283	10,283
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(924,713)	(437,763)	(1,362,476)	538,085	1,900,561
Fund Balance, Beginning of Year	2,751,949	-	2,751,949	2,751,949	-
Fund Balance, End of Year	\$ 1,827,236	\$ (437,763)	\$ 1,389,473	\$ 3,290,034	\$ 1,900,561

**Recapitulation of Fund Balance**

Restricted Fund Balance:	
Capital Reserve	\$ 356,071
Maintenance Reserve	100,613
Emergency Reserve	250,000
Excess Surplus	670,000
Excess Surplus - Designated for Subsequent Years Expenditures	781,834
Committed - Year End Encumbrances	692,293
Assigned - Year End Encumbrances	90,548
Unassigned	348,675
Reconciliation to Governmental Funds Statements (GAAP):	3,290,034
Less: Certain State Aid Payments Not Recognized on GAAP Basis	(117,591)
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 3,172,443</u>

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND - EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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					
Education Jobs Fund	-	\$ 12,993	\$ 12,993	\$ 12,993	-
Total Revenues	-	12,993	12,993	12,993	-
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
Unallocated Benefits - Employee Benefits					
Health Benefits	-	12,993	12,993	12,993	-
Total Instruction - Regular Programs	-	12,993	12,993	12,993	-
Total Unallocated Benefits - Employee Benefits	-	12,993	12,993	12,993	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Revisions</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 142,474	\$ (18,041)	\$ 124,433	\$ 124,405	\$ (28)
Local Sources					
Other	-	521	521	337	(184)
Total Revenues	<u>142,474</u>	<u>(17,520)</u>	<u>124,954</u>	<u>124,742</u>	<u>(212)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	87,555	10,379	97,934	97,934	-
General Supplies	22,567	(16,997)	5,570	5,358	212
Total Instruction	<u>110,122</u>	<u>(6,618)</u>	<u>103,504</u>	<u>103,292</u>	<u>212</u>
Support Services					
Salaries of Professional Staff	10,758	(10,758)	-	-	-
Employee Benefits	2,152	(2,152)	-	-	-
Other Purchased Services	19,442	2,008	21,450	21,450	-
Total Support Services	<u>32,352</u>	<u>(10,902)</u>	<u>21,450</u>	<u>21,450</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>142,474</u>	<u>(17,520)</u>	<u>124,954</u>	<u>124,742</u>	<u>212</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHVALE BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 Fund 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)	\$ 9,592,496	\$ 124,742
Difference - Budget to GAAP		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(117,591)	
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (prior year)	<u>247,083</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 9,721,988</u>	<u>\$ 124,742</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 9,054,694</u>	<u>\$ 124,742</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,054,694</u>	<u>\$ 124,742</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	IDEA Part B Basic	IDEA Part B Preschool	NCLB Title III	Local Grants	Total
<b>REVENUES</b>					
Intergovernmental	\$ 110,813	\$ 7,371	\$ 6,221	\$ 337	\$ 124,405
Federal	-	-	-	-	337
Other	-	-	-	-	-
<b>Total Revenues</b>	<u>\$ 110,813</u>	<u>\$ 7,371</u>	<u>\$ 6,221</u>	<u>\$ 337</u>	<u>\$ 124,742</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	\$ 90,563	\$ 7,371	\$ 5,021	\$ 337	\$ 97,934
General Supplies	-	-	-	-	5,358
<b>Total Instruction</b>	<u>90,563</u>	<u>7,371</u>	<u>5,021</u>	<u>337</u>	<u>103,292</u>
Support Services					
Salaries of Professional Staff	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Other Purchased Services	20,250	-	1,200	-	21,450
<b>Total Support Services</b>	<u>20,250</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>21,450</u>
<b>Total Expenditures</b>	<u>\$ 110,813</u>	<u>\$ 7,371</u>	<u>\$ 6,221</u>	<u>\$ 337</u>	<u>\$ 124,742</u>

**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2013</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Thomas Jefferson Boiler Replacement	\$ 477,916	\$ 332,123	\$ 1,077	\$ 144,716
Thomas Jefferson Unit Ventilator Replacement	372,980	90,358	84,647	197,975
Nathan Hale Unit Ventilator Replacement	372,787	123,644	93,056	156,087
Replacement of Interior Courtyard Windows	<u>355,085</u>	<u>283,030</u>	<u>-</u>	<u>72,055</u>
	<u>\$ 1,578,768</u>	<u>\$ 829,155</u>	<u>\$ 178,780</u>	570,833
		Add: Excess Funds - Local Share		2,739
		Less: Deferred Revenue at June 30, 2013		<u>(228,333)</u>
		Fund Balance		<u>\$ 345,239</u>

Analysis of Appropriations

Thomas Jefferson Boiler Replacement	SDA Grant	\$ 191,166
	Capital Reserve	<u>286,750</u>
		<u>\$ 477,916</u>
Thomas Jefferson Unit Ventilator Replacement	SDA Grant	\$ 149,192
	Capital Reserve	<u>223,788</u>
		<u>\$ 372,980</u>
Nathan Hale Unit Ventilator Replacement	SDA Grant	\$ 149,115
	Capital Reserve	<u>223,672</u>
		<u>\$ 372,787</u>
Nathan Hale Replacement of Interior Courtyard Windows	SDA Grant	\$ 142,034
	Capital Reserve	<u>213,051</u>
		<u>\$ 355,085</u>

**NORTHVALE 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, 2013**

<b>Revenues and Other Financing Sources</b>	
Interest Earned	\$ 283
	<u>283</u>
Total Revenues and Other Financing Sources	<u>283</u>
<b>Expenditures and Other Financing Uses</b>	
Professional Services	1,077
Construction Services	<u>177,703</u>
Total Expenditures and Other Financing Uses	<u>178,780</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(178,497)</u>
<b>Other Financing Sources (Uses)</b>	
Transfer Out	<u>(283)</u>
Total Other Financing Sources (Uses)	<u>(283)</u>
Net Changes in Fund Balance	(178,780)
Fund Balance - Beginning	<u>752,352</u>
Fund Balance- Ending	<u>\$ 573,572</u>
 <b><u>Reconciliation to GAAP</u></b>	
Fund Balance - Budgetary	\$ 573,572
Less:	
Deferred Revenue at June 30, 2013	<u>(228,333)</u>
Fund Balance - GAAP	<u>\$ 345,239</u>

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
THOMAS JEFFERSON BOILER REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant Proceeds	\$ 191,166		\$ 191,166	\$ 191,166
Local Share - Capital Reserve	286,750	-	286,750	286,750
<b>Total Revenues</b>	<u>477,916</u>	<u>-</u>	<u>477,916</u>	<u>477,916</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services	\$ 6,337	\$ 1,077	7,414	15,685
Construction Services	325,786	-	325,786	462,231
<b>Total Expenditures and Other Financing Uses</b>	<u>332,123</u>	<u>1,077</u>	<u>333,200</u>	<u>477,916</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>\$ 145,793</u>	<u>\$ (1,077)</u>	<u>\$ 144,716</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	3730-060-10-1001
Grant Date	2/23/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Grant Authorized	\$ 191,166
Local Share - Capital Reserve Authorized	286,750
Original Authorized Cost	477,916
Additional Authorized Cost	-
Revised Authorized Cost	477,916

## Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	11/12
Completion Date	N/A

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
THOMAS JEFFERSON UNIT VENTILATOR REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant Proceeds	\$ 149,192		\$ 149,192	\$ 149,192
Local Share - Capital Reserve	223,788	-	223,788	223,788
	<u>372,980</u>	<u>-</u>	<u>372,980</u>	<u>372,980</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services	15,600	\$ -	15,600	15,685
Construction Services	74,758	84,647	159,405	357,295
	<u>90,358</u>	<u>84,647</u>	<u>175,005</u>	<u>372,980</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 282,622</u>	<u>\$ (84,647)</u>	<u>\$ 197,975</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	3730-060-10-1002
Grant Date	8/10/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Grant Authorized	\$ 149,192
Local Share - Capital Reserve Authorized	223,788
Original Authorized Cost	372,980
Additional Authorized Cost	-
Revised Authorized Cost	372,980
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/13
Completion Date	N/A

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
NATHAN HALE UNIT VENTILATOR REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant Proceeds	\$ 149,115		\$ 149,115	\$ 149,115
Local Share - Capital Reserve	223,672	-	223,672	223,672
	<u>372,787</u>	<u>-</u>	<u>372,787</u>	<u>372,787</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services	15,600	\$ -	15,600	15,685
Construction Services	108,044	93,056	201,100	357,102
	<u>123,644</u>	<u>93,056</u>	<u>216,700</u>	<u>372,787</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 249,143</u>	<u>\$ (93,056)</u>	<u>\$ 156,087</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	3730-050-10-1003
Grant Date	2/23/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Grant Authorized	\$ 149,115
Local Share - Capital Reserve Authorized	223,672
Original Authorized Cost	372,787
Additional Authorized Cost	-
Revised Authorized Cost	372,787

## Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/13
Completion Date	N/A

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
NATHAN HALE REPLACEMENT OF INTERIOR COURTYARD WINDOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant Proceeds	\$ 142,034		\$ 142,034	\$ 142,034
Local Share - Capital Reserve	213,051	-	213,051	213,051
	<u>355,085</u>	<u>-</u>	<u>355,085</u>	<u>355,085</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services	13,010	\$ -	13,010	15,684
Construction Services	270,020	-	270,020	339,401
	<u>283,030</u>	<u>-</u>	<u>283,030</u>	<u>355,085</u>
Total Expenditures and Other Financing Uses	<u>283,030</u>	<u>-</u>	<u>283,030</u>	<u>355,085</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 72,055</u>	<u>\$ -</u>	<u>\$ 72,055</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	3730-050-10-1004
Grant Date	9/14/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SCC Grant Authorized	\$ 142,034
Local Share - Capital Reserve Authorized	213,051
Original Authorized Cost	355,085
Additional Authorized Cost	-
Revised Authorized Cost	355,085

## Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	
Completion Date	N/A

**ENTERPRISE FUND**

**EXHIBIT G-1**

**NORTHVALE BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 49,199	\$ 102,450	\$ 151,649
Total Assets	<u>\$ 49,199</u>	<u>\$ 102,450</u>	<u>\$ 151,649</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 101,484	\$ 101,484
Payroll Deductions and Withholdings		431	431
Due to Other Funds		535	535
Due to Student Groups	<u>\$ 49,199</u>	<u>-</u>	<u>49,199</u>
Total Liabilities	<u>\$ 49,199</u>	<u>\$ 102,450</u>	<u>\$ 151,649</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

## EXHIBIT H-3

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2013</u>
General Account	\$ 31,417	\$ 96,191	\$ 94,939	\$ 32,669
Donated Class Funds	8,581	1,021	1,168	8,434
Linda Maloof Fund	7,668	280	600	7,348
Athletic Account	<u>792</u>	<u>2,504</u>	<u>2,548</u>	<u>748</u>
Total All Schools	<u>\$ 48,458</u>	<u>\$ 99,996</u>	<u>\$ 99,255</u>	<u>\$ 49,199</u>

**NORTHVALE BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Balance, July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2013</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 1,213	\$ 2,480,778	\$ 2,481,560	\$ 431
Accrued Salaries and Wages	85,880	3,063,878	3,048,274	101,484
Due from Other Funds	<u>(96)</u>	<u>686</u>	<u>55</u>	<u>535</u>
 Total	 <u>\$ 86,997</u>	 <u>\$ 5,545,342</u>	 <u>\$ 5,529,889</u>	 <u>\$ 102,450</u>

**LONG-TERM DEBT**

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>	
Undertake Roof Replacements, Installations of Intercom System, and Drainage/Site Improvements at Thomas Jefferson and Nathan Hale Schools	4/15/2006	\$ 1,534,000	4/15/2014	\$ 105,000	4.25%				
			4/15/2015	110,000	4.25%				
			4/15/2016	115,000	4.25%				
			4/15/2017	120,000	4.25%				
			4/15/2018	125,000	4.25%				
			4/15/2019	130,000	4.25%				
			4/15/2020	135,000	4.30%				
			4/15/2021	139,000	4.50%	\$ 1,084,000	\$ 105,000	\$ 979,000	
	Refunding School Bonds	5/14/2010	3,140,000	3/1/2014	260,000	3.25%			
				3/1/2015	270,000	2.75%			
			3/1/2016	275,000	4.00%				
			3/1/2017	280,000	4.00%				
			3/1/2018	295,000	4.50%				
			3/1/2019	305,000	5.00%				
			3/1/2020	305,000	5.00%				
			3/1/2021	305,000	5.00%				
			3/1/2022	310,000	5.00%				
						2,855,000	250,000	2,605,000	
					\$ 3,939,000	\$ 355,000	\$ 3,584,000		

NORTHVALE BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
Purchase of Computers	0%	\$ 129,314	\$ 43,104		\$ 43,104	
Acquisition of a School Bus	3.392%	51,342	41,342		9,765	\$ 31,577
Purchase of Technology Equipment	3.078%	127,055	108,055	-	25,774	82,281
			<u>\$ 192,501</u>	<u>-</u>	<u>\$ 78,643</u>	<u>\$ 113,858</u>

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 455,310		\$ 455,310	\$ 455,310	
Intergovernmental					
Debt Service Aid Type II	<u>51,505</u>	<u>-</u>	<u>51,505</u>	<u>51,505</u>	<u>-</u>
Total Revenues	<u>506,815</u>	<u>-</u>	<u>506,815</u>	<u>506,815</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	355,000	-	355,000	355,000	
Interest	<u>164,710</u>	<u>-</u>	<u>164,710</u>	<u>164,710</u>	<u>-</u>
Total Expenditures	<u>519,710</u>	<u>-</u>	<u>519,710</u>	<u>519,710</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,895)</u>	<u>-</u>	<u>(12,895)</u>	<u>(12,895)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>12,895</u>	<u>-</u>	<u>12,895</u>	<u>12,895</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Northvale 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.

NORTHVALE BOARD OF EDUCATION  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,105,051	\$ 3,132,689	\$ 3,016,440	\$ 2,879,948	\$ 2,933,120	\$ 3,100,521	\$ 3,263,927	\$ 3,556,111	\$ 4,336,963	\$ 4,801,419
Restricted				1	145,001	667,421	1,022,760	904,974	542,539	801,923
Unrestricted	235,593	197,539	(45,609)	119,927	498,121	447,417	659,629	1,396,091	2,128,323	2,566,486
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,340,644</b>	<b>\$ 3,330,228</b>	<b>\$ 2,970,831</b>	<b>\$ 2,999,876</b>	<b>\$ 3,576,242</b>	<b>\$ 4,215,359</b>	<b>\$ 4,946,316</b>	<b>\$ 5,857,176</b>	<b>\$ 7,007,845</b>	<b>\$ 8,169,828</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 4,481	\$ 3,524	\$ 4,615	\$ 7,713	\$ 3,998	\$ 4,897	\$ 2,975	\$ 2,770	\$ 2,462	\$ 2,155
Unrestricted							3,328	2,961	6,011	7,679
<b>Total Business-Type Activities Net Position</b>	<b>\$ 4,481</b>	<b>\$ 3,524</b>	<b>\$ 4,615</b>	<b>\$ 7,713</b>	<b>\$ 3,998</b>	<b>\$ 4,897</b>	<b>\$ 6,303</b>	<b>\$ 5,731</b>	<b>\$ 8,473</b>	<b>\$ 9,834</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 3,105,051	\$ 3,132,689	\$ 3,016,440	\$ 2,879,948	\$ 2,933,120	\$ 3,100,521	\$ 3,266,902	\$ 3,558,881	\$ 4,339,425	\$ 4,803,574
Restricted				1	145,001	667,421	1,022,760	904,974	542,539	801,923
Unrestricted	240,074	201,063	(40,994)	127,640	502,119	452,314	662,957	1,399,052	2,134,334	2,574,165
<b>Total District Net Position</b>	<b>\$ 3,345,125</b>	<b>\$ 3,333,752</b>	<b>\$ 2,975,446</b>	<b>\$ 3,007,589</b>	<b>\$ 3,580,240</b>	<b>\$ 4,270,256</b>	<b>\$ 4,952,619</b>	<b>\$ 5,862,907</b>	<b>\$ 7,016,318</b>	<b>\$ 8,179,662</b>

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

**NORTHVALE BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 3,066,412	\$ 3,217,321	\$ 3,484,544	\$ 3,814,051	\$ 3,997,331	\$ 3,829,852	\$ 4,244,043	\$ 4,128,380	\$ 4,103,236	\$ 4,310,526
Special Education	1,096,685	1,217,705	1,242,879	1,422,131	1,278,175	1,269,841	1,144,611	1,011,215	1,412,519	1,571,735
Other Instruction	202,726	154,037	167,061	219,298	195,952	182,149	228,267	229,863	231,204	237,516
School Sponsored Activities And Athletics	64,097	72,696	64,782	82,329	83,881	87,532	92,923	88,703	87,279	98,980
Support Services:										
Student & Instruction Related Services	688,627	855,006	895,310	983,425	1,051,586	1,166,308	1,266,470	1,315,544	1,279,373	1,207,546
General Administration Services	330,480	280,240	302,685	341,787	356,166	393,963	363,430	354,354	414,776	433,586
School Administration Services	215,978	301,531	300,932	261,730	293,883	231,414	255,396	255,669	255,951	216,253
Business/ Central Services	315,775	325,539	343,168	360,697	371,035	411,382	415,262	429,188	392,267	371,786
Plant Operations And Maintenance	628,072	802,618	937,951	676,474	647,103	619,657	695,407	661,802	654,738	714,891
Pupil Transportation	85,904	115,825	81,504	55,810	65,950	44,430	75,245	46,759	64,249	95,510
Interest and Other Charges	211,075	217,423	204,682	255,766	247,622	239,752	223,385	151,333	169,619	151,528
<b>Total Governmental Activities Expenses</b>	<b>6,905,831</b>	<b>7,559,941</b>	<b>8,025,498</b>	<b>8,473,498</b>	<b>8,588,664</b>	<b>8,476,280</b>	<b>9,004,439</b>	<b>8,670,810</b>	<b>9,065,211</b>	<b>9,409,857</b>
Business-Type Activities:										
Food Service	15,173	17,200	14,607	11,805	16,933	10,816	10,707	8,574	7,560	8,095
<b>Total Business-Type Activities Expense</b>	<b>15,173</b>	<b>17,200</b>	<b>14,607</b>	<b>11,805</b>	<b>16,933</b>	<b>10,816</b>	<b>10,707</b>	<b>8,574</b>	<b>7,560</b>	<b>8,095</b>
<b>Total District Expenses</b>	<b>\$ 6,921,004</b>	<b>\$ 7,577,141</b>	<b>\$ 8,040,105</b>	<b>\$ 8,485,303</b>	<b>\$ 8,605,597</b>	<b>\$ 8,487,096</b>	<b>\$ 9,015,146</b>	<b>\$ 8,679,384</b>	<b>\$ 9,072,771</b>	<b>\$ 9,417,952</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges For Services:										
Regular Instruction	\$ 148,083	\$ 87,733	\$ 151,141	\$ 171,274	\$ 232,615	\$ 308,232	\$ 364,079	\$ 513,555	\$ 428,441	\$ 398,345
Special Education Instruction	284,370	180,604	7,071	15,014	1,298,830	1,087,748	1,313,501	879,433	1,085,393	1,415,300
Operating Grants And Contributions	857,872	919,884	1,055,577	1,316,115	1,298,830	1,087,748	1,313,501	879,433	1,085,393	1,415,300
Capital Grants And Contributions	1,090,602	117,102	8,100	2,030	831	-	-	-	331,662	71,512
<b>Total Governmental Activities Program Revenues</b>	<b>2,380,927</b>	<b>1,305,323</b>	<b>1,221,889</b>	<b>1,504,433</b>	<b>1,532,276</b>	<b>1,395,980</b>	<b>1,677,580</b>	<b>1,392,988</b>	<b>1,845,496</b>	<b>1,885,157</b>
Business-Type Activities:										
Charges For Services										
Food Service	6,546	6,962	7,117	7,007	13,585	12,165	11,666	6,425	10,258	9,402
Operating Grants And Contributions	6,872	9,281	8,581	7,896	9,299	9,430	7,354	7,113	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>13,419</b>	<b>16,243</b>	<b>15,698</b>	<b>14,903</b>	<b>22,884</b>	<b>21,595</b>	<b>19,020</b>	<b>13,538</b>	<b>10,258</b>	<b>9,402</b>
<b>Total District Program Revenues</b>	<b>\$ 2,394,346</b>	<b>\$ 1,321,566</b>	<b>\$ 1,237,587</b>	<b>\$ 1,519,336</b>	<b>\$ 1,555,160</b>	<b>\$ 1,417,575</b>	<b>\$ 1,696,600</b>	<b>\$ 1,406,526</b>	<b>\$ 1,855,754</b>	<b>\$ 1,894,559</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (4,524,904)	\$ (6,254,618)	\$ (6,803,609)	\$ (6,969,065)	\$ (7,056,388)	\$ (7,080,300)	\$ (7,326,859)	\$ (7,277,822)	\$ (7,219,715)	\$ (7,524,700)
Business-Type Activities	(1,754)	(957)	1,091	3,098	5,951	10,779	8,313	4,964	2,698	1,307
<b>Total District-Wide Net Expense</b>	<b>\$ (4,526,658)</b>	<b>\$ (6,255,575)</b>	<b>\$ (6,802,518)</b>	<b>\$ (6,965,967)</b>	<b>\$ (7,050,437)</b>	<b>\$ (7,069,521)</b>	<b>\$ (7,318,546)</b>	<b>\$ (7,272,858)</b>	<b>\$ (7,217,017)</b>	<b>\$ (7,523,393)</b>

**NORTHVALE BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,707,983	\$ 6,089,586	\$ 6,277,937	\$ 6,807,807	\$ 7,344,731	\$ 7,619,669	\$ 7,952,892	\$ 8,178,319	\$ 8,301,269	\$ 8,436,310
Unrestricted State Aid	102,864	140,434	134,665	145,547	240,063	65,117	59,215	50,808	51,216	51,505
Investment Earnings	25,026	9,507	22,675	27,540	29,822	6,874	10,677	21,451	8,794	11,822
Miscellaneous Income	56,307	4,675	8,937	17,081	8,106	9,757	28,032	4,444	9,105	40,546
Donation of Capital Assets	-	-	-	135	10,032	8,000	7,000	5,600	-	-
Transfers	-	-	-	-	-	10,000	-	-	-	-
<b>Total Governmental Activities</b>	<u>5,892,180</u>	<u>6,244,202</u>	<u>6,444,212</u>	<u>6,998,110</u>	<u>7,632,754</u>	<u>7,719,417</u>	<u>8,057,816</u>	<u>8,260,622</u>	<u>8,370,384</u>	<u>8,686,683</u>
Total Business-Type Activities	-	-	-	-	(9,666)	(9,880)	(6,907)	(5,536)	44	54
<b>Total District-Wide</b>	<u>\$ 5,892,180</u>	<u>\$ 6,244,202</u>	<u>\$ 6,444,212</u>	<u>\$ 6,998,110</u>	<u>\$ 7,623,088</u>	<u>\$ 7,709,537</u>	<u>\$ 8,050,909</u>	<u>\$ 8,255,086</u>	<u>\$ 8,370,428</u>	<u>\$ 8,686,737</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,367,276	\$ (10,416)	\$ (359,397)	\$ 29,045	\$ 576,366	\$ 639,117	\$ 730,957	\$ 982,800	\$ 1,150,669	\$ 1,161,983
Business-Type Activities	(1,754)	(957)	1,091	3,098	(3,715)	899	1,406	(572)	2,742	1,361
<b>Total District</b>	<u>\$ 1,365,522</u>	<u>\$ (11,373)</u>	<u>\$ (358,306)</u>	<u>\$ 32,143</u>	<u>\$ 572,651</u>	<u>\$ 640,016</u>	<u>\$ 732,363</u>	<u>\$ 982,228</u>	<u>\$ 1,153,411</u>	<u>\$ 1,163,344</u>

NORTHVALE BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

(Unaudited)  
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 217,771	\$ 218,885	\$ 44,285	\$ 73,638	\$ 486,778	\$ 1,254,591	\$ 1,770,227		\$ 2,064,186	\$ 2,158,518
Unreserved	162,860	141,364	108,091	283,175	383,362	84,433	125,917			692,293
Restricted										90,548
Committed										231,084
Assigned								7,000	204,290	
Unassigned								250,696	236,390	
Total General Fund	\$ 380,631	\$ 360,249	\$ 152,376	\$ 356,813	\$ 870,140	\$ 1,339,024	\$ 1,896,144	\$ 1,791,939	\$ 2,504,866	\$ 3,172,443
All Other Governmental Funds										
Reserved	\$ 98,106		\$ 632,358	\$ 1	\$ 1	\$ 1	\$ 1			
Unreserved	260,727	30,447	298,621	21,589	22,420				\$ 170,619	
Committed									294,783	
Restricted								\$ 827,817		345,239
Total All Other Governmental Funds	\$ 358,833	\$ 30,447	\$ 930,979	\$ 21,590	\$ 22,421	\$ 1	\$ 1	\$ 827,817	\$ 465,402	\$ 345,239

Note:

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

**NORTHVALE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Tax Levy	\$ 5,707,983	\$ 6,089,586	\$ 6,277,937	\$ 6,807,807	\$ 7,344,731	\$ 7,619,669	\$ 7,952,892	\$ 8,178,319	\$ 8,301,269	\$ 8,436,310
Tuition Charges	432,453	268,337	158,212	186,288	232,615	308,232	364,079	513,555	428,441	398,345
Interest Earnings	25,026	9,507	22,673	27,540	29,822	6,874	10,677	21,451	8,794	11,822
Miscellaneous	56,307	5,813	26,545	54,456	43,112	70,768	102,148	18,916	12,685	40,883
State Sources	1,930,847	1,027,102	1,038,776	1,283,089	1,365,663	960,475	1,019,179	779,727	1,325,798	1,400,582
Federal Sources	120,491	149,180	141,163	143,228	139,055	131,379	279,421	136,042	138,893	137,398
<b>Total Revenue</b>	<b>8,273,107</b>	<b>7,549,525</b>	<b>7,665,306</b>	<b>8,502,408</b>	<b>9,154,998</b>	<b>9,097,397</b>	<b>9,728,396</b>	<b>9,648,010</b>	<b>10,215,880</b>	<b>10,425,340</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,050,743	3,197,217	3,467,777	3,614,017	3,868,014	3,691,118	4,125,474	4,050,979	3,977,829	4,134,430
Special Education Instruction	1,095,611	1,217,148	1,242,395	1,368,155	1,259,174	1,234,877	1,121,252	994,943	1,385,224	1,532,139
Other Instruction	200,936	153,867	173,262	210,097	189,929	174,822	217,155	226,192	223,704	228,063
School Sponsored Activities and Athletics	64,097	72,696	64,782	79,184	81,531	84,377	90,193	86,121	84,595	95,386
<b>Support Services:</b>										
Student and Inst. Related Services	686,980	847,129	895,797	929,287	1,024,691	1,117,454	1,225,246	1,283,457	1,234,502	1,179,757
General Administration Services	327,911	277,900	293,999	335,449	348,396	381,868	355,026	346,176	405,393	420,242
School Administration Services	215,978	301,531	290,302	258,209	282,965	221,772	246,630	243,222	247,658	206,858
Business/ Central Services	315,775	325,539	343,168	342,356	357,159	394,828	400,759	415,616	380,499	355,385
Plant Operations And Maintenance	524,217	546,824	640,505	655,683	638,908	609,675	684,759	652,987	643,595	700,234
Pupil Transportation	79,466	109,387	75,066	49,114	65,597	44,181	75,092	46,532	64,006	94,061
Capital Outlay	4,228,166	454,154	601,782	920,138	46,471	140,862	112,558	151,271	800,170	333,018
<b>Debt Service:</b>										
Principal	170,000	175,000	180,000	190,000	284,714	324,695	300,000	398,105	422,105	433,643
Interest and Other Charges	213,484	219,901	238,607	255,806	247,732	240,404	224,132	163,712	174,485	164,710
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	138,803	-	-	-
Costs of Issuance of Refunding Bonds	-	-	-	-	-	-	66,454	-	-	-
<b>Total Expenditures</b>	<b>11,173,364</b>	<b>7,898,293</b>	<b>8,507,442</b>	<b>9,207,495</b>	<b>8,695,281</b>	<b>8,660,933</b>	<b>9,383,533</b>	<b>9,059,313</b>	<b>10,043,765</b>	<b>9,877,926</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(2,900,257)	(348,768)	(842,136)	(705,087)	459,717	436,464	344,863	588,697	172,115	547,414
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds			1,534,000							
Capital Lease Proceeds					\$ 44,409			\$ 129,314	\$ 178,397	\$ -
Premium on Bond Sale			795							
Payment to Refunding Bond Escrow Agent							(3,170,000)			
Refunding Bond Proceeds							3,140,000			
Premium on Issuance of Refunding Bonds							235,257			
Transfers In	25,026	7,016	16,531	14,278	10,032	32,420	7,000	958,877	1,939	283
Transfers Out	(25,026)	(7,016)	(16,531)	(14,143)	-	(22,420)	-	(953,277)	(1,939)	(283)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,534,795</b>	<b>135</b>	<b>54,441</b>	<b>10,000</b>	<b>212,257</b>	<b>134,914</b>	<b>178,397</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,900,257)</b>	<b>\$ (348,768)</b>	<b>\$ 692,659</b>	<b>\$ (704,952)</b>	<b>\$ 514,158</b>	<b>\$ 446,464</b>	<b>\$ 557,120</b>	<b>\$ 723,611</b>	<b>\$ 350,512</b>	<b>\$ 547,414</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	5.52%	5.30%	5.30%	5.38%	6.16%	6.63%	7.87%	6.31%	6.45%	6.27%

\* Noncapital expenditures are total expenditures less capital outlay.

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Tuition</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 432,453		\$ 52,638	\$ 485,091
2005	268,337	\$ 2,491	4,675	275,503
2006	158,212	6,937	8,142	173,291
2007	186,288	13,397	17,081	216,766
2008	232,615	29,822	8,106	270,543
2009	308,232	6,874	9,757	324,863
2010	364,079	10,677	28,032	402,788
2011	513,555	18,174	4,444	536,173
2012	428,441	6,855	9,105	444,401
2013	398,345	11,539	40,546	450,430

**NORTHVALE BOARD OF EDUCATION**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
(Unaudited)

Fiscal Year Ended June 30,	Total Assessed Value							Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment				
2004	\$ 5,974,200	\$ 313,629,800			\$ 42,371,100	\$ 110,899,300		\$ 473,468,790	\$ 706,387,048	\$ 1.247	
2005	5,809,500	316,692,200			42,365,600	110,541,300		475,861,687	803,165,469	1.299	
2006	7,147,200	318,371,600			42,382,700	107,078,640		475,587,069	868,881,672	1.375	
2007	14,898,400	692,867,700			75,958,300	179,633,500		963,926,829	952,930,025	0.744	
2008	15,525,157	698,971,683			76,040,600	208,074,700		998,800,048	1,025,770,221	0.748	
2009	13,857,186	702,140,418			76,958,900	202,138,500		996,507,509	1,066,218,181	0.781	
2010	14,271,786	708,040,500			77,377,000	203,705,700		1,003,594,986	1,030,676,901	0.802	
2011	10,940,800	575,722,200			75,443,800	187,824,400		851,035,901	861,608,907	0.968	
2012	10,447,800	577,248,700			76,057,200	188,365,500		853,028,003	974,575,740	0.982	
2013	10,277,900	576,719,800			77,344,700	187,827,700		852,170,100	929,610,243	1.001	

N/A - not available

Source: County Abstract of Rates

<sup>a</sup> Tax rates are per \$100

Note: The Borough undertook a revaluation of real property and reassessment which became effective in the calendar years 2007 and 2011, respectively.

**NORTHVALE BOARD OF EDUCATION  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<b>Calendar Year</b>	<b>Total Direct Tax Rate</b>	<b>Overlapping Rates</b>				<b>Total</b>
		<b>Regional High School District</b>	<b>Municipality</b>	<b>County</b>		
2004	\$ 1,247	\$ 0.726	\$ 0.839	\$ 0.308	\$ 3.120	
2005	1.299	0.787	0.863	0.321	3.270	
2006	1.375	0.812	0.900	0.333	3.420	
2007 (A)	0.744	0.408	0.462	0.176	1.790	
2008	0.748	0.402	0.460	0.191	1.801	
2009	0.781	0.425	0.491	0.205	1.902	
2010	0.802	0.454	0.513	0.201	1.970	
2011 (B)	0.968	0.582	0.229	0.665	2.444	
2012	0.982	0.594	0.251	0.662	2.489	
2013	1.001	0.600	0.663	0.251	2.515	

Note: (A) The Borough undertook a revaluation of real property which became effective in the calendar year 2007

(B) The Borough undertook a reassessment of real property which became effective in the calendar year 2011.

Source: Tax Duplicate, Borough of Northvale

**NORTHVALE BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Maxim Enterprises	\$ 26,729,600	3.13%		
1554 Union Street Assoc.	12,711,200	1.49%		
Northvale Shopping Center Assoc.	9,504,700	1.11%	\$ 6,203,900	1.32%
GEA Mechanical Equipment	7,268,700	0.85%		
Roselle Costa	6,252,400	0.73%	7,029,500	1.49%
Cho Dae Presbyterian Church	6,120,200	0.72%		
Northvale Holding CO. LLC	6,094,000	0.71%		
Northvale 1997 Assoc., LLC	5,492,306	0.64%		
Klaus Rexroth Incorporated	5,466,900	0.64%		
Northvale Technical Center	5,289,200	0.62%		
Northvale 88			6,956,800	1.47%
MEM Company			6,750,000	1.43%
273 Livingston St. Assoc.			5,240,800	1.10%
Centrico			4,003,900	0.85%
Minetto, Orland & Enes			3,728,400	0.79%
George Kessel Associates			3,707,600	0.78%
Northvale Tire Tech			3,649,100	0.77%
GVDB Ventures			3,595,900	0.76%
	<u>90,929,206</u>	<u>10.66%</u>	<u>50,865,900</u>	<u>10.76%</u>

Source: Municipal Tax Assessor

**NORTHVALE BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	5,707,983	5,707,983	100.00%	
2005	6,089,586	6,089,586	100.00%	
2006	6,277,937	6,277,937	100.00%	
2007	6,807,807	6,807,807	100.00%	
2008	7,344,731	7,344,731	100.00%	
2009	7,619,669	7,619,669	100.00%	
2010	7,952,892	7,952,892	100.00%	
2011	8,178,319	7,496,793	91.67%	\$ 681,526
2012	8,301,269	8,301,269	100.00%	
2013	8,436,310	8,436,310	100.00%	

**NORTHVALE BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2004	\$ 4,550,000		\$ 4,550,000	4,509	\$ 1,009
2005	4,375,000		4,375,000	4,490	974
2006	5,729,000		5,729,000	4,467	1,283
2007	5,539,000		5,539,000	4,501	1,231
2008	5,264,000		5,264,000	4,693	1,122
2009	4,974,000		4,974,000	4,807	1,035
2010	4,644,000		4,644,000	4,645	1,000
2011	4,289,000	\$ 86,209	4,375,209	4,669	937
2012	3,939,000	192,501	4,131,501	4,848	852
2013	3,584,000	113,858	3,697,858	4,848 (1)	763

(1) - Estimated

Source: District records

**NORTHVALE BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2004	\$ 4,550,000		\$ 4,550,000	0.96%	\$ 1,009
2005	4,375,000		4,375,000	0.92%	974
2006	5,729,000		5,729,000	1.20%	1,283
2007	5,539,000		5,539,000	0.57%	1,231
2008	5,264,000		5,264,000	0.53%	1,122
2009	4,974,000		4,974,000	0.50%	1,035
2010	4,644,000		4,644,000	0.46%	1,000
2011	4,289,000		4,289,000	0.50%	919
2012	3,939,000		3,939,000	0.46%	813
2013	3,584,000		3,584,000	0.42%	739

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

**NORTHVALE BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2012  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional High School Tax	\$ 1,731,035	\$ 1,731,035	
Borough of Northvale School District	3,939,000	3,939,000	
Borough of Northvale	<u>4,838,359</u>	<u>-</u>	<u>\$ 4,838,359</u>
	<u>\$ 10,508,394</u>	<u>\$ 5,670,035</u>	<u>4,838,359</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County (3)			4,543,984
Bergen County Utilities Authority (2)			<u>2,031,901</u>
			<u>6,575,885</u>
Total Direct and Overlapping Debt			<u>\$ 11,414,244</u>

## Sources:

- (1) Borough of Northvale Annual Debt Statement - December 31, 2012
- (2) BCUA 2012 audit.
- (3) Bergen County Annual Debt Statement - December 31, 2012

NORTHVALE BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized valuation basis										
2012										\$ 920,215,119
2011										962,004,754
2010										1,005,203,311
										<u>\$ 2,887,423,184</u>
Average equalized valuation of taxable property										\$ 962,474,395
Debt limit (3% of average equalization)										28,874,232
Total Net Debt Applicable to Limit										<u>(3,584,000)</u>
Legal debt margin										<u>\$ 25,290,232</u>
Debt limit	\$ 18,267,802	\$ 20,699,054	\$ 23,415,166	\$ 25,840,442	\$ 27,727,971	\$ 29,711,500	\$ 30,436,121	\$ 30,712,812	\$ 29,763,299	\$ 28,874,232
Total net debt applicable to limit	(4,550,716)	(4,375,716)	(5,730,216)	(5,540,216)	(5,265,216)	(4,974,000)	(4,644,000)	(4,289,000)	(3,939,000)	(3,584,000)
Legal debt margin	\$ 13,717,086	\$ 16,323,338	\$ 17,684,950	\$ 20,300,226	\$ 22,462,755	\$ 24,737,500	\$ 25,792,121	\$ 26,423,812	\$ 25,824,299	\$ 25,290,232
Total net debt applicable to the limit as a percentage of debt limit	24.91%	21.14%	24.47%	21.44%	18.99%	16.74%	15.26%	13.96%	13.23%	12.41%

Source: Annual Debt Statements

**NORTHVALE BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2004	2.3%	54,462	4,509
2005	2.3%	56,706	4,490
2006	2.5%	62,714	4,467
2007	2.5%	67,394	4,501
2008	2.9%	68,227	4,693
2009	5.2%	63,198	4,807
2010	5.4%	65,486	4,645
2011	5.3%	66,096	4,669
2012	5.4%	N/A	4,848
2013	N/A	N/A	N/A

N/A - Not Available

Source: New Jersey Department of Labor, Bergen County  
United States Bureau of Census  
School District Records

**NORTHVALE BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

	<u>2013</u>		<u>2004</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

**INFORMATION NOT AVAILABLE**

**NORTHVALE BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST EIGHT FISCAL YEARS**  
(Unaudited)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction								
Regular	43.0	41.0	43.0	40.0	42.0	43.0	46.0	46.0
Special education	9.0	9.0	9.0	11.7	10.0	10.0	10.0	10.0
Support Services:								
Student and instruction related services	7.0	7.0	7.0	6.2	6.0	6.0	6.0	6.0
General administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administration Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Plant operations and maintenance	7.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total</b>	<u>75</u>	<u>72</u>	<u>71</u>	<u>69.9</u>	<u>70.0</u>	<u>71.0</u>	<u>73.0</u>	<u>73.0</u>

Source: District Personnel Records

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

NORTHVALE 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	Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	N/A				
2004	578.0	\$ 6,564,529	\$ 11,357	4.89%	56	N/A	N/A	578.0	550.0	4.52%	95.16%	
2005	579.0	7,062,880	12,198	7.41%	59	N/A	N/A	579.0	562.5	0.17%	97.15%	
2006	599.0	7,487,053	12,499	2.47%	61	N/A	N/A	599.0	581.0	3.45%	96.99%	
2007	587.0	7,850,269	13,374	6.99%	57	N/A	N/A	587.0	560.0	-2.00%	95.40%	
2008	604.0	8,116,364	13,438	0.48%	54	N/A	N/A	604.0	587.0	2.90%	97.19%	
2009	614.0	7,954,972	12,956	-3.58%	54	N/A	N/A	629.0	587.0	4.14%	93.32%	
2010	610.0	8,541,586	14,003	8.08%	56	N/A	N/A	617.0	595.3	-1.91%	96.48%	
2011	584.0	8,346,225	14,291	2.06%	56	N/A	N/A	587.3	561.9	-4.81%	95.68%	
2012	568.0	8,647,005	15,224	6.52%	56	N/A	N/A	569.7	548.4	-3.00%	96.26%	
2013	508.0	8,946,555	17,611	15.68%	53	17.50	15.90	536.6	513.7	-5.81%	95.73%	

Sources: District records

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

N/A - Not Available

**NORTHVALE BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST EIGHT FISCAL YEARS  
(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012	2013
<b><u>District Building</u></b>								
<b><u>Elementary</u></b>								
Thomas Jefferson								
Square Feet	25,931	25,931	25,931	25,931	25,931	25,931	25,931	
Capacity (students)	316	316	316	316	316	316	316	
Enrollment	235	239	252	250	251	247	209	
<b><u>Middle School</u></b>								
Nathan Hale								
Square Feet	45,162	45,162	45,162	45,162	45,162	45,162	45,162	
Capacity (students)	532	532	532	532	532	532	532	
Enrollment	364	348	352	364	366	337	354	
<b><u>Northvale School District</u></b>								
Square Feet								71,093
Capacity (students)								848
Enrollment								548

Number of Schools at June 30, 2013  
Northvale School District = 1

Source: District Records

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

In fiscal year 2013, the two school buildings were combined into one district building, Northvale School District for reporting purposes.

NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES</b>										
School Facilities										
District Totals										
Nathan Hale	\$ 34,497	\$ 29,537	\$ 32,163	\$ 43,742	\$ 69,962	\$ 49,424	\$ 76,699	\$ 70,062	\$ 51,156	
Thomas Jefferson	6,956	6,050	6,588	8,959	44,524	50,702	44,078	31,846	58,884	
Northvale School District	-	-	-	-	-	-	-	-	-	\$ 112,611
Grand Total	<u>\$ 41,453</u>	<u>\$ 35,587</u>	<u>\$ 38,751</u>	<u>\$ 52,701</u>	<u>\$ 114,486</u>	<u>\$ 100,126</u>	<u>\$ 120,777</u>	<u>\$ 101,908</u>	<u>\$ 110,040</u>	<u>\$ 112,611</u>

Note: Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore ten years of data is not required or available.

In fiscal year 2013, the two school buildings were combined into one district building, Northvale School District for reporting purposes.

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2013  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance Company		
Property - Blanket Buildings and Contents	\$ 17,894,460	\$ 5,000
Comprehensive General Liability (General Aggregate)	2,000,000	
Public Employee Dishonesty (Per Employee/Loss)	100,000/400,000	5,000
Automobile Liability	1,000,000	
Educator's Legal Liability - Darwin	1,000,000	
Computers and Scheduled Equipment - Selectiveway Insurance Company		
Miscellaneous Equipment	250,000	
Valuable Papers and Records	5,000,000	
Computer Equipment	2,500,000	
Accounts Receivable	100,000	
Commercial Umbrella Excess (per occurrence/aggregate limit) - Selective Way Insurance Co.	9,000,000	
Commercial Umbrella Excess (per occurrence/aggregate limit) - Firemen's Fund Insurance Co.	50,000,000	

Source: School District's Records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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LORI T. MANUKIAN, CPA, PSA  
MARK SACO, 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  
Northvale Board of Education  
Northvale, 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 Northvale Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Northvale Board of Education's basic financial statements and have issued our report thereon dated November 13, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Northvale Board 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 Northvale Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northvale 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.

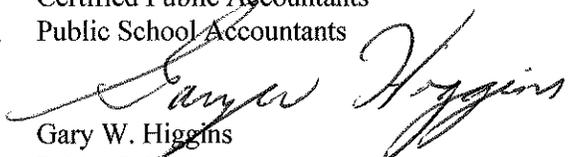
**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Northvale Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 13, 2013.

**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 Northvale 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 Northvale 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  
  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 13, 2013



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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LORI T. MANUKIAN, CPA, PSA  
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Northvale Board of Education  
Northvale, New Jersey

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

We have audited the Northvale Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Northvale Board of Education's major state programs for the fiscal year ended June 30, 2013. The Northvale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Northvale Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Northvale Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Northvale Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Northvale Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Northvale 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 Northvale Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northvale Board of Education's internal control over compliance.

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

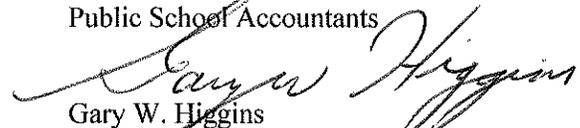
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04**

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 Northvale Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 13, 2013, 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 state financial assistance as required by New Jersey OMB Circular 04-04 is presented for purposes of additional analysis and is 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 state financial assistance is 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

  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 13, 2013

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2012	Due to Grantor	Carryover	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2013 Deferred Revenue	Due to Grantor	CAAP Receivable
<b>U.S. Department of Education Passed-Through State Department of Education</b>													
<b>General Fund Education Jobs Fund</b>	84.410A	ARRA0950-12	8/10/10-9/30/12	12,993	-	-	-	\$ 12,993	\$ 12,993	-	-	-	-
<b>Special Revenue Fund</b>													
I.D.E.A. Part B, Basic	84.027	IDEA373015	9/11/12-8/31/13	110,813	-	-	-	110,813	110,813	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	IDEA373013	9/11/12-8/31/13	7,371	-	-	-	7,371	7,371	-	-	-	-
NCLB Title III	84.365A	NCLB373013	9/11/12-8/31/13	5,885	-	-	364	-	6,221	-	-	-	\$ (5,857)
NCLB Title III	84.365A	NCLB373012	9/11/11-8/31/12	6,565	(364)	-	(364)	-	-	-	-	-	(364)
<b>Total Special Revenue Fund</b>					(364)	-	364	118,184	124,405	-	28	-	(6,221)
<b>Total Federal Financial Assistance</b>					(364)	-	364	\$ 131,177	\$ 137,398	\$ -	\$ 28	\$ -	\$ (6,221)

Note: This schedule was not subject to a Federal Single Audit in accordance with OMB-133.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are and integral Part of this Statement.

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2013		MEMO	
											(Accounts Receivable)	Deferred Revenue	GAAP Receivable	Budgetary Total Expenditures
Balance, June 30, 2012														
State Department of Education														
General Fund														
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 167,795	\$ (15,698)	\$ 15,698	\$ 184,115	\$ 203,041	\$ 203,041		\$ 184,115	\$ (18,926)	\$ 203,041	\$ 203,041	
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	203,041		184,115	7,943	7,943	7,943			(740)	7,943	7,943	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	7,943		7,203	7,203	7,943	7,943				7,943	7,943	
Extraordinary Aid	12-495-034-5120-473	7/1/11-6/30/12	231,385	(231,385)	231,385	231,385	231,385	231,385			(97,283)	97,283	97,283	
Extraordinary Aid	13-495-034-5120-473	7/1/12-6/30/13	97,283		6,241	6,241	97,283	97,283			(642)	97,283	97,283	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	6,883		2,088	2,088	6,883	6,883				6,883	6,883	
Additional Nonpublic Transportation Aid	N/A	7/1/12-6/30/12	2,088	(2,088)	2,088									
Homeless Tuition Aid	N/A	7/1/12-6/30/13	1,392		1,392		1,392	1,392			(1,392)	1,392	1,392	
TPAF Pension - NCGI Premium	13-495-034-5095-007	7/1/12-6/30/13	26,470		11,957	11,957	26,470	26,470			(26,470)	26,470	26,470	
TPAF Pension - Normal Costs	13-495-034-5095-006	7/1/12-6/30/13	227,267		11,957	11,957	227,267	227,267				227,267	227,267	
TPAF Pension PRM Contr.	13-495-034-5095-001	7/1/12-6/30/13	270,503		270,503	270,503	270,503	270,503				270,503	270,503	
TPAF Social Security Contrib.	13-495-034-5095-002	7/1/12-6/30/13	295,334		280,735	280,735	295,334	295,334			(14,601)	295,334	295,334	
<b>Total General Fund</b>			<b>(249,171)</b>		<b>1,237,190</b>	<b>(160,054)</b>	<b>1,448,073</b>	<b>1,448,073</b>			<b>(631,507)</b>	<b>1,148,073</b>	<b>1,148,073</b>	
Capital Projects Fund														
NJ Economic Development Facilities Grant Program	3730-060-10-1001	7/1/11-6/30/12	191,166	(191,166)	58,317		431	431			(191,166)	133,280	133,280	
NJ Economic Development Facilities Grant Program	3730-060-10-1002	7/1/11-6/30/12	149,192	(149,192)	113,049		33,859	33,859			(149,192)	70,002	70,002	
NJ Economic Development Facilities Grant Program	3730-060-10-1003	7/1/11-6/30/12	149,115	(149,115)	99,657		37,222	37,222			(149,115)	86,680	86,680	
NJ Economic Development Facilities Grant Program	3730-060-10-1004	7/1/11-6/30/12	142,034	(142,034)	28,822		-	-			(142,034)	113,212	113,212	
<b>Total Capital Projects</b>			<b>(631,507)</b>		<b>299,845</b>		<b>71,512</b>	<b>71,512</b>			<b>(631,507)</b>	<b>403,174</b>	<b>403,174</b>	
Debt Service Fund														
Debt Service Aid	13-495-034-5120-075	7/1/12-6/30/13	51,505		51,505		51,505	51,505				51,505	51,505	
<b>Total State Financial Assistance</b>			<b>(880,678)</b>		<b>299,845</b>		<b>1,288,695</b>	<b>1,271,090</b>			<b>(791,561)</b>	<b>1,602,752</b>	<b>1,602,752</b>	
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
TPAF Pension - NCGI Premium	13-495-034-5095-007	7/1/12-6/30/13	11,957		(11,957)		(11,957)	(11,957)				(11,957)	(11,957)	
TPAF Pension - Normal Costs	13-495-034-5095-006	7/1/12-6/30/13	227,267		(227,267)		(227,267)	(227,267)				(227,267)	(227,267)	
TPAF Pension PRM Contr.	13-495-034-5095-001	7/1/12-6/30/13	270,503		(270,503)		(270,503)	(270,503)				(270,503)	(270,503)	
<b>Total State Financial Assistance Subject to Single Audit</b>			<b>(880,678)</b>		<b>299,845</b>		<b>778,968</b>	<b>761,363</b>			<b>(791,561)</b>	<b>1,093,025</b>	<b>1,093,025</b>	

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are and integral Part of this Statement.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Northvale Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are 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 bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$129,492 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 basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 12,993	\$ 1,277,565	\$ 1,290,558
Special Revenue Fund	124,405		124,405
Capital Projects Fund		71,512	71,512
Debt Service Fund	-	51,505	51,505
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 137,398</u>	<u>\$ 1,400,582</u>	<u>\$ 1,537,980</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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**

TPAF Social Security contributions in the amount of \$295,334 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$239,224 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$270,503 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

A) Type of auditors' report issued: Unmodified

B) Internal control over financial reporting:

    1) Material weakness(es) identified?      \_\_\_\_\_ yes        X   no

    2) Were significant deficiencies identified that were  
        not considered to be material weaknesses?      \_\_\_\_\_ yes        X   no

C) Noncompliance material to the basic financial  
    statements noted?      \_\_\_\_\_ yes        X   no

**State Awards Section**

Internal Control over major programs:

    (1) Material weakness(es) identified?      \_\_\_\_\_ yes        X   no

    2) Significant deficiencies identified that  
        are not considered to be material weakness(es)?      \_\_\_\_\_ yes        X   none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular Letter 04-04?      \_\_\_\_\_ yes        X   no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
13-495-034-5120-089	Special Education Categorical Aid
13-495-034-5120-084	Security Aid
13-495-034-5095-002	TPAF Social Security Contributions

Dollar threshold used to distinguish between  
Type A and Type B programs:                   \$300,000                  

Auditee qualified as low-risk auditee?      \_\_\_\_\_ yes        X   no

**Federal Awards Section**

NOT APPLICABLE

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

*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.

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not applicable.

**CURRENT YEAR STATE AWARDS**

There are none.

**NORTHVALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2012-1:**

The audit of Reserve for Encumbrances in the Capital Projects Fund indicated that certain purchase orders which were classified as encumbrances by the District as of June 30, 2012 were determined to be accounts payable.

**Status:**

Corrective action was taken.