

**NORTHVALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Northvale, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Northvale Board of Education  
Northvale, New Jersey  
For The Fiscal Year Ended June 30, 2011**

**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 of Schools/Principal

Dr. Vincent J. Occhino, RSBA  
Interim Business Administrator/  
Board Secretary

October 4, 2011

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, 2011. 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 was not 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, however this section is included as required by the New Jersey State Department of Education.

## 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 Public School District is comprised of the Thomas Jefferson Elementary School ( Grades K-5) and the Nathan Hale Middle School (Grades 6-8). The district continues to provide excellent educational opportunities for its students. Northvale schools offer 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. As of June 30, 2011 Thomas Jefferson School reported a student enrollment of 247 and Nathan Hale School had 337 students on roll. The district completed the 2010-2011 fiscal year with a total enrollment of 584 students, which represents a decrease of 4.2% 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>
2010-2011	587	(4.9%)
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%
2002-2003	553	1.7%
2001-2002	544	7.9%

**Source: District Records**

The administrative team for the Northvale Public School District consists of a District Superintendent/Principal, Assistant Principal, and an Interim 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. Meetings of the Northvale Public School District are held on the first and third Monday of each month. 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.

To maintain effective communications, the District provides a website, which the community and staff have access. Although the district is working towards being "paperless", a newsletter is sent, as needed, to update the public on construction projects, school budget and other happenings in the district.

### **THOMAS JEFFERSON ELEMENTARY SCHOOL**

The Thomas Jefferson Elementary School houses kindergarten through fifth grade students. Because 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.

Third grade students are introduced to cursive writing and the writing process. 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 the fourth grade, 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.

*Source: Michael Pinajian, Superintendent/Principal*

### **NATHAN HALE MIDDLE SCHOOL**

At the sixth through eighth grade levels, our students attend the Nathan Hale Middle School. 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 Fairview Lake YMCA Camp 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 Schools, 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 our Art, Instrumental and Vocal Music rooms are bright and spacious!

*Source: Michael Pinajian, Superintendent/Principal*

## **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 2010-11 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 Thomas Jefferson Elementary School "All Purpose Room" to assist in serving lunch to 247 elementary students and 337 middle school students. This past year the PTO's annual "Wish List Fund Raiser" presented the school district with a check in the amount of \$13,000 to be applied to the purchase of a computer cart and musical instruments. 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 progress report or report card, 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.

Occupational therapy is a health profession in which therapists and therapy assistants help individuals to do and engage in the specific activities that make up daily life. A common manifestation of difficulties in school involves handwriting, in many cases because this is a key "occupation" that students must master to succeed in school. A teacher might notice that a student cannot write legibly or has serious problems in other motor tasks. The occupational therapy practitioner can work with the teacher to evaluate the child to identify the underlying problems that may be contributing to handwriting difficulty. The occupational therapy practitioner looks at the child's skills and other problems (including behavior), in addition to his or her visual, sensory, and physical capabilities.

*Source: District Records*

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

Bergen County is comprised of more than 70 small 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**

Wells Fargo Securities, LLC in their December 23, 2010 publication stated, "New Jersey's economy is finally beginning to see some tangible signs of improvement. Hiring has picked up. The unemployment rate has fallen and tax revenues have increased. While the gains so far have been very tentative and pale in comparison to the losses suffered during the recession, there is reason to be optimistic about the coming year." Statistical economic indicators show that the mature suburban communities within Bergen County continue to grow. Property valuations have stabilized and in some cases increased. Because of these economic indicators there is a feeling

among the educational leaders that many Bergen County residents will continue to support the goals of their public school district.

### **3) MAJOR INITIATIVES**

As in years past, a number of building maintenance projects were 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.

Several major projects were planned for during the 2010-11 school year, including new boilers at the Thomas Jefferson Elementary School, installation of new uni-ventilators for the Thomas Jefferson Elementary School and the Nathan Hale Middle School, as well as new courtyard windows and asbestos abatement.

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 fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

## **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".

## **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 Statement". 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 District was not subject to federal and state single audit.

**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,

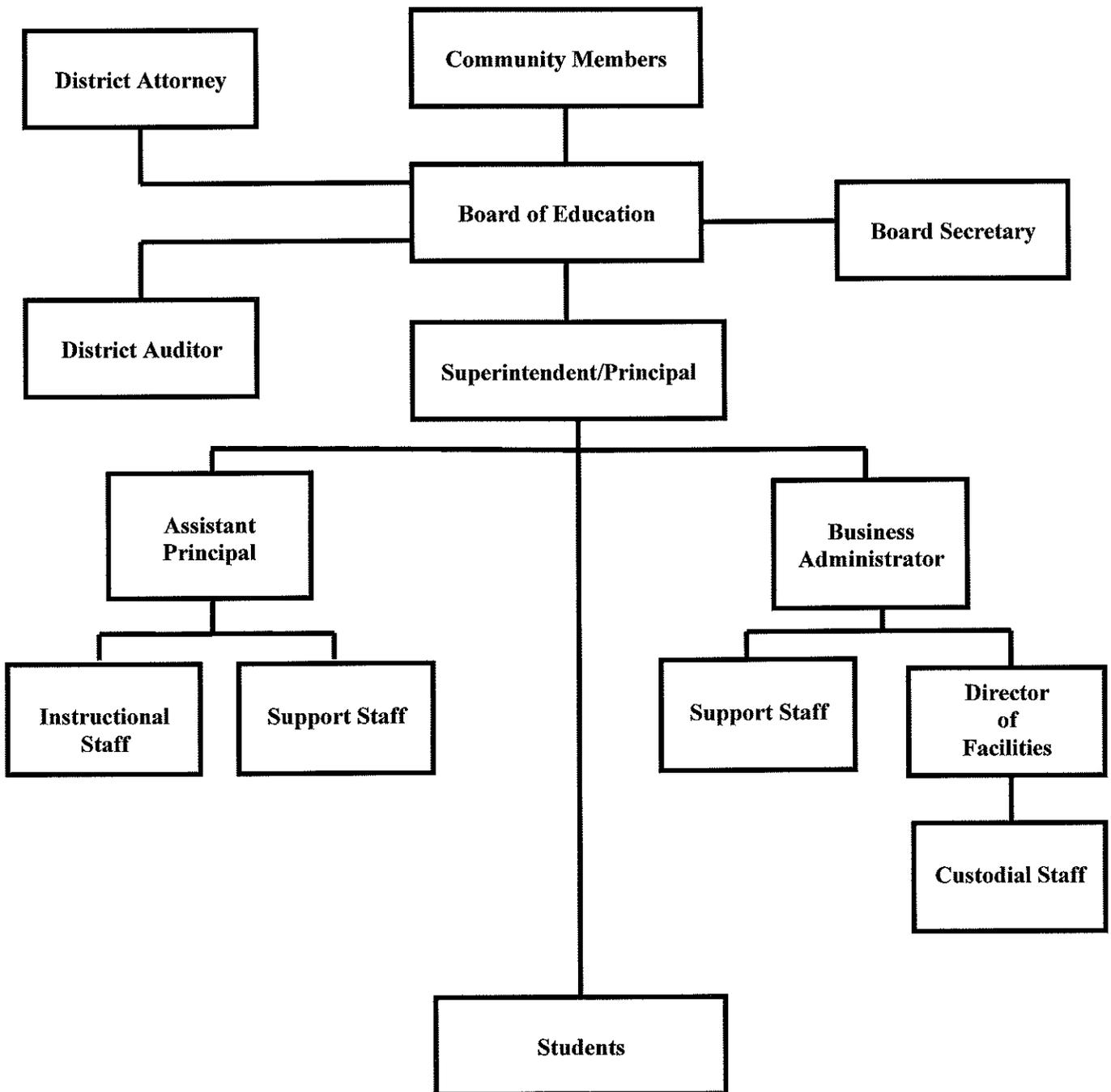
  
\_\_\_\_\_  
Mr. Michael Pinajian  
Superintendent/Principal

  
\_\_\_\_\_  
Dr. Vincent J. Occhino  
Interim Business Administrator/Board Secretary

**NORTHVALE BOARD OF EDUCATION**

**ORGANIZATIONAL CHART**

**(UNIT CONTROL)**



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

**ROSTER OF OFFICIALS  
AT JUNE 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Mrs. Frances Brogan, President	2013
Mrs. Johanna Bargisen, Vice President	2012
Mr. Robert Bargna	2012
Mrs. Gina Corrodo	2014
Mr. Joseph E. McGuire	2013

**Other Officials**

Bert Ammerman, Interim Superintendent of Schools (July 1, 2010 through June 30, 2011)

Dr. Vincent J. Occhino, Interim Business Administrator/Board Secretary

Mr. Steven Linzenbold, Assistant Principal

Mrs. Suzanne Burroughs, Treasurer of School Monies

Mr. Stephen R. Fogarty, Solicitor

**NORTHVALE BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Lerch, Vinci and Higgins, LLP  
17-17 Route 208 North  
Fair Lawn, NJ 07410

**Attorney**

Stephen R. Fogarty and Rodney T. Hara  
Fogarty and Hara Counselors at Law  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

TD Bank  
1100 Lake Street  
Ramsey NJ 07446

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITORS' REPORT

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

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, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. 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 Division of Finance and Regulatory Compliance, 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northvale Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

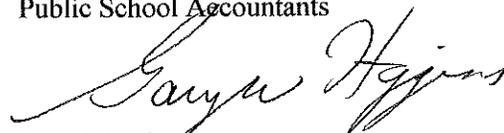
In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2011 on our consideration of the Northvale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

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 as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and 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. The 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 information is 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.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
October 4, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011. 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 (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ◆ General revenues accounted for \$8,255,086 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,406,526 or 14% of total revenues of \$9,661,612.
- ◆ The school district had \$8,679,384 in expenses; only \$1,406,526 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,255,086 were adequate to provide for these programs.
- ◆ The General Fund had \$8,962,613 in revenues and \$8,255,009 in expenditures. The General Fund's fund balance decreased \$104,205 or 5.4% over the fiscal year ended June 30, 2010.

**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 Assets* 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 Assets 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, 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities 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 assets and changes in those assets. This change in net assets 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 Assets 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 Assets 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 Assets provides the perspective of the school district as a whole.

Table 1 provides a summary of the school district's net assets as of June 30, 2011 and 2010.

**Table 1  
Net Assets**

	<b>Governmental Types</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>						
Current and other assets	\$ 3,441,208	\$ 1,995,304	\$ 3,614	\$ 4,115	\$ 3,444,822	\$ 1,999,419
Capital assets, net	<u>7,831,050</u>	<u>7,909,082</u>	<u>2,770</u>	<u>2,975</u>	<u>7,833,820</u>	<u>7,912,057</u>
Total assets	<u>11,272,258</u>	<u>9,904,386</u>	<u>6,384</u>	<u>7,090</u>	<u>11,278,642</u>	<u>9,911,476</u>
<b>Liabilities</b>						
Long-term liabilities	4,560,079	4,894,566			4,560,079	4,894,566
Other liabilities	<u>783,063</u>	<u>63,504</u>	<u>653</u>	<u>787</u>	<u>783,716</u>	<u>64,291</u>
Total liabilities	<u>5,343,142</u>	<u>4,958,070</u>	<u>653</u>	<u>787</u>	<u>5,343,795</u>	<u>4,958,857</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	3,628,051	3,263,927	2,770	2,975	3,630,821	3,266,902
Restricted	904,974	1,022,760			904,974	1,022,760
Unrestricted	<u>1,396,091</u>	<u>659,629</u>	<u>2,961</u>	<u>3,328</u>	<u>1,399,052</u>	<u>662,957</u>
Total net assets	<u>\$ 5,929,116</u>	<u>\$ 4,946,316</u>	<u>\$ 5,731</u>	<u>\$ 6,303</u>	<u>\$ 5,934,847</u>	<u>\$ 4,952,619</u>

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

Table 2 shows the changes in net assets for fiscal years ended June 30, 2011 and 2010.

**Table 2**  
**Change in Net Assets**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues and Transfers</b>						
Program revenues						
Charges for services	\$ 513,555	\$ 364,079	\$ 6,425	\$ 11,666	\$ 519,980	\$ 375,745
Operating grants and contributions	879,433	1,313,501	7,113	7,354	886,546	1,320,855
General revenues						
Property Taxes	8,178,319	7,952,892			8,178,319	7,952,892
Grants and entitlements	50,808	59,215			50,808	59,215
Other revenues	25,895	38,709	64	93	25,959	38,802
Total revenues	<u>9,648,010</u>	<u>9,728,396</u>	<u>13,602</u>	<u>19,113</u>	<u>9,661,612</u>	<u>9,747,509</u>
<b>Program Expenses</b>						
Instruction	5,458,161	5,709,844			5,458,161	5,709,844
Support services						
Student and Instruction Related Svcs.	1,313,544	1,266,470			1,313,544	1,266,470
General administration, school						
administration, business/central services	1,039,211	1,034,088			1,039,211	1,034,088
Plant operation and Maintenance	661,802	695,407			661,802	695,407
Pupil Transportation	46,759	75,245			46,759	75,245
Interest and Other charges	151,333	223,385			151,333	223,385
Food service	-	-	8,574	10,707	8,574	10,707
Total expenses	<u>8,670,810</u>	<u>9,004,439</u>	<u>8,574</u>	<u>10,707</u>	<u>8,679,384</u>	<u>9,015,146</u>
Change in net assets before transfers	<u>977,200</u>	<u>723,957</u>	<u>5,028</u>	<u>8,406</u>	<u>982,228</u>	<u>732,363</u>
Transfers	<u>5,600</u>	<u>7,000</u>	<u>(5,600)</u>	<u>(7,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 982,800</u>	<u>\$ 730,957</u>	<u>\$ (572)</u>	<u>\$ 1,406</u>	<u>\$ 982,228</u>	<u>\$ 732,363</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 \$9,648,010 and \$9,728,396 for the fiscal years ended June 30, 2011 and 2010, respectively. Property taxes made up 85% and 82% of revenues for governmental activities for the Northvale School District for fiscal years ended June 30, 2011 and 2010, respectively. Federal, state and local grants and aid accounted for another 10% and 14% for fiscal years ended June 30, 2011 and 2010, respectively.

The total cost of all program and services were \$8,670,810 and \$9,004,439, respectively. Instruction comprised 63% and 63% of total district expenses for the fiscal years ended June 30, 2011 and 2010, 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 and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$572.
- ◆ Charges for services represent \$6,425 of revenue, which are amounts paid by patrons for daily food services.
- ◆ Federal reimbursements for milk were \$7,113.

**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, 2011 and 2010. 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</u> <u>Services</u>		<u>Net Cost of</u> <u>Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction	\$ 5,458,161	\$ 5,709,844	\$ 4,091,771	\$ 4,182,747
Support services				
Student and Instruction Related Svcs.	1,313,544	1,266,470	1,293,829	1,169,319
General administration, school administration, business/central services	1,039,211	1,034,088	1,039,211	992,209
Plant operation and Maintenance	661,802	695,407	657,291	683,954
Pupil Transportation	46,759	75,245	44,387	75,245
Interest and Other charges	<u>151,333</u>	<u>223,385</u>	<u>151,333</u>	<u>223,385</u>
 Total Expenses	 <u>\$ 8,670,810</u>	 <u>\$ 9,004,439</u>	 <u>\$ 7,277,822</u>	 <u>\$ 7,326,859</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 \$9,648,010 and \$9,728,396 and expenditures of \$9,059,313 and \$9,383,533 for the fiscal years ended June 30, 2011 and 2010, respectively. The net change in all fund balances for the year was an increase of \$723,611. The revenue decrease of \$80,386 is the result of a decrease in state and federal aid. Expenditures decreased \$324,220 due to budget cuts.

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, 2011 and 2010.

	Year Ended June 30, 2011	Year Ended June 30, 2010	Amount of Decrease	Percent Increase
Local Sources	\$ 8,732,241	\$ 8,429,796	\$ 302,445	3.59%
State Sources	779,727	1,019,179	(239,452)	-23.49%
Federal Sources	<u>136,042</u>	<u>279,421</u>	<u>(143,379)</u>	-51.31%
<b>Total Revenues</b>	<b><u>\$ 9,648,010</u></b>	<b><u>\$ 9,728,396</u></b>	<b><u>\$ (80,386)</u></b>	<b>-0.83%</b>

The following schedule presents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2011 and 2010.

	Year Ended June 30, 2011	Year Ended June 30, 2010	Amount of Decrease	Percent Increase
<b>Current:</b>				
Instruction	\$ 5,358,235	\$ 5,554,074	\$ (195,839)	-3.53%
Support Services and Undistributed Costs	2,987,990	2,987,512	478	0.02%
Capital Outlay	151,271	112,558	38,713	34.39%
<b>Debt Service:</b>				
Principal	398,105	300,000	98,105	32.70%
Interest and Other Charges	163,712	224,132	(60,420)	-26.96%
Payment to Refunded Bond Escrow Agent		138,803	(138,803)	
Costs of Issuance a Refunding Bonds	<u>-</u>	<u>66,454</u>	<u>(66,454)</u>	
<b>Total Expenditures</b>	<b><u>\$ 9,059,313</u></b>	<b><u>\$ 9,383,533</u></b>	<b><u>\$ (324,220)</u></b>	<b>-3.46%</b>

## 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, 2011, 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, 2011 and 2010, the governmental activities of the school district had \$12,140,342 and \$11,997,398, respectively; invested in land, construction in progress, land improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal 2011 balances compared to 2010 net of depreciation.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 474,330	\$ 474,330
Construction In Progress	169,296	34,218
Land Improvements	179,484	179,484
Buildings and Building Improvement	10,424,508	10,424,508
Machinery and Equipment	<u>892,724</u>	<u>884,858</u>
	12,140,342	11,997,398
Less Accumulated Depreciation	<u>(4,309,292)</u>	<u>(4,088,316)</u>
Total	<u>\$ 7,831,050</u>	<u>\$ 7,909,082</u>

Overall capital assets, net of depreciation decreased \$78,032 from fiscal year 2010 to fiscal year 2011 as a result of current year depreciation exceeding capital acquisitions.

## Debt Administration

At June 30, 2011 and 2010, the school district had \$4,473,270 and \$4,798,112 as outstanding liabilities, respectively. Of this amount \$98,061 and \$154,112 is for compensated absences and \$4,289,000 and \$4,644,000 for bonds for school construction and \$86,209 and \$-0- is for capital leases.

At June 30, 2011, the school district's overall legal debt margin was \$30,712,812 and the unutilized debt margin was \$26,423,812. 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, 2011</u>
Renovations & Additions to Nathan Hale and Thomas Jefferson Schools	4-15-06	\$ 1,534,000	\$ 1,184,000
Refunding School Bonds	5-14-10	3,140,000	<u>3,105,000</u>
			<u>\$ 4,289,000</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:

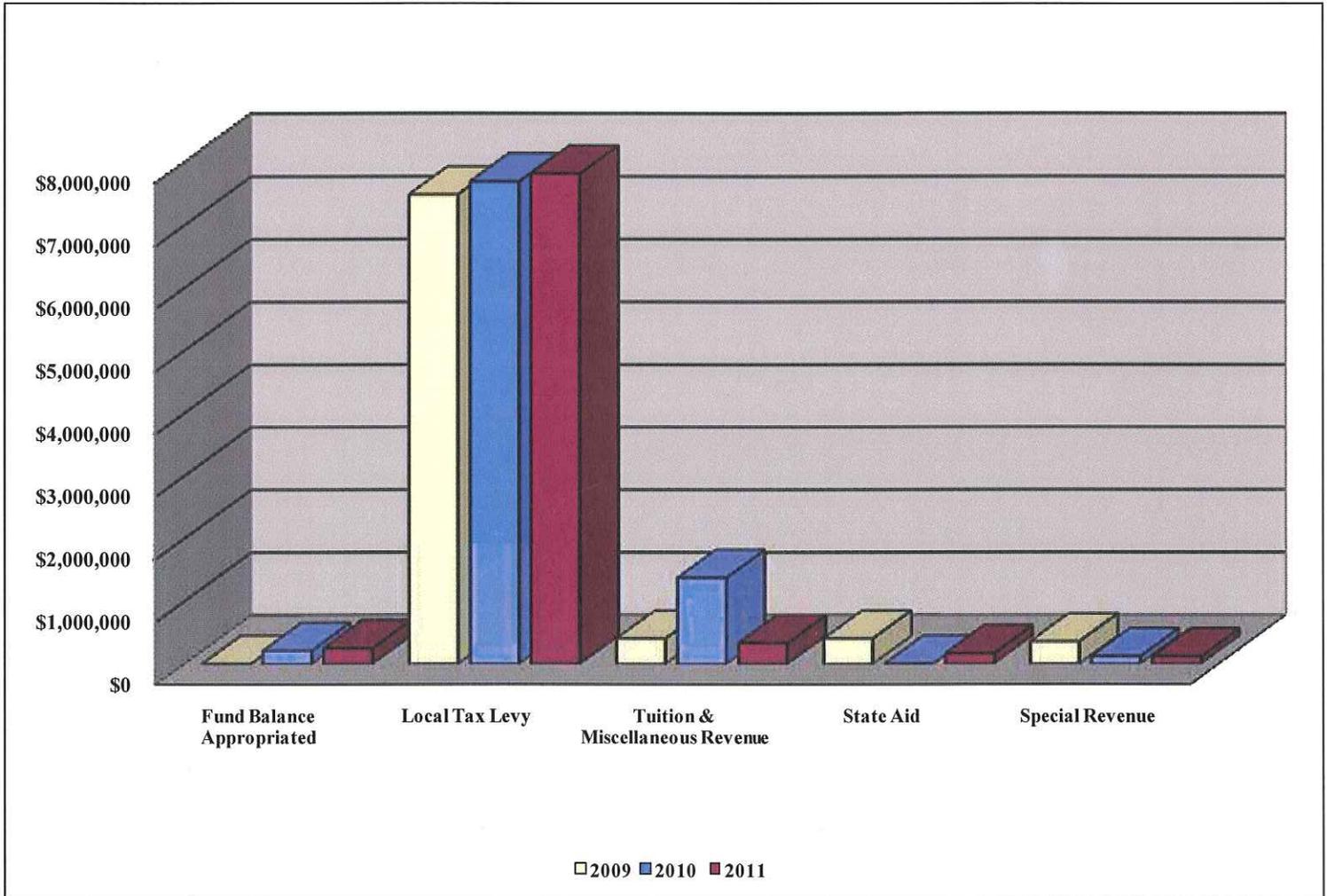
1. The slow economic recovery in our state has generated concern in the educational community for public school funding.
2. Future challenges for the financial planning to continue the expansion and renovation of both the Thomas Jefferson Elementary School and the Nathan Hale Middle School to meet enrollment and curriculum demands.

### SLOW ECONOMIC RECOVERY

Schools around the country were impacted by the worst recession in decades. The response was to impose such measures as larger class sizes, cuts of jobs and textbook budgets, reduced school bus service, and fewer resources for state education departments. New Jersey did not have to implement such severe steps. However, Governor Christie implemented a number of changes in order to help address his current year budget deficit.

The economic crisis, and the uncertainty that state legislation could impose greater constraints on public school districts, has had an effect on suburban public school districts recognized for providing innovative and cutting edge programs to their students to place a hold on expanding their academic offerings. The Northvale Public School District, which is mostly residential, is concerned that if the state continues to cut aid to education, municipalities will experience even more dramatic increases in property taxes. Chart 1, Comparison of Revenues 2009, 2010 and 2011 on the following page provides a brief historical view of revenues applied to support the school budget.

**Chart #1**  
**Comparison of Revenues 2009, 2010 and 2011**



The discussion about the constant increases in local property taxes in the media has polarized many communities, and in the center of this discontent is the cost of education. The state legislatures have embraced this opportunity to shift the problems of inefficiency and accountability from state bureaucracy to the cost of funding public schools.

**FUTURE CHALLENGES FOR FINANCIAL PLANNING**

It is reasonable to say that many public school districts across the country are, or will be, facing fiscal difficulties and will need to raise additional revenue or limit expenditures. Prior to 2003, school districts in New Jersey were allowed to maintain a maximum unreserved general fund balances equal to 6% of the districts’ total general fund expenditure. Adding to the financial stress was the passage of S 1701. Adopted by the State of New Jersey on June 17, 2004, this law forced school districts to decrease their allowable undesignated general fund balance and to either give it back to the local tax payers or apply the excess surplus to fund the subsequent fiscal year budget.

Undesignated general fund balance can best be described as a “rainy-day” savings account. The funds would be available for any unplanned emergency, such as repairs to an aging boiler, or implementing the individual educational plan of a special needs student arriving in the district mid-year. This new legislation required districts to decrease their allowable surplus from six percent to three percent by the end of the 2003-04 school year. The following year districts had to cut even further. Beginning in 2004-05 school year districts could only maintain an undesignated general fund balance of two percent.

Proponents of education vigorously opposed S1701, not only because it made districts vulnerable in the event of costly emergencies, but also placed restrictions on adjusting a financial plan that was created 12 months prior to its implementation. Specifically, the law places limits on the district’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year severely impacts on the ability to maintain and improve facilities.

The table below traces the impact of S1701 on the undesignated general fund balance for operating school districts in New Jersey for the fiscal years 2003-04 and 2004-05 when the maximum unreserved general fund balances went from 6% to 3% with the 2010-11 when districts were only allowed to maintain a maximum unreserved general fund balances of two percent. The apparent effect of this new legislation is the decreasing trend in total fund balance being available for districts to save for that emergency. The law requires excess fund balances to be applied to the subsequent fiscal year for tax relief, using its fund balance as a financing source. In the past the operating surplus or deficit for each year was added to or subtracted from fund balance. A positive fund balance can be used to address revenue shortfalls or expenditure overruns. However, continuous use of the fund balance will ultimately result in a negative balance. A negative fund balance is the accumulation of spending more than was received in revenue.

**Allocated Undesignated General Fund Balances  
Beginning in 2003-04 Compared to 2010-11**

Year Ending June 30,	Allowable Percent	Total NJ School Districts	Actual Excess Unreserved Fund Balance
2004	6.00%	583	295
2005	3.00%	583	501
2011	2.00%	581	561

**Source:** NJ Department of Education – Taxpayers Spending Guide for Education

The Northvale Public School District is aware of the signs of fiscal stress and has taken the necessary action to ensure fiscal stability. Some of the steps taken are as follows:

- carefully develop balanced budgets for revenues and expenditures for all fund groups.
- ensure expenditures are within the budgeted amounts.
- monitor the budgets on an ongoing basis and ensure that appropriations are not overspent.
- develop a long-term (five-year) fiscal plan and update it annually.
- maintain a capital asset preservation plan.

**UPGRADES TO THE FACILITIES**

During the 2010-11 school year, the Northvale Board of Education applied for state funding for needed upgrades to the facilities. The following table identifies the approved project, projected cost, state share and local share of the projected cost.

**SUMMARY OF PROJECTS**

	<b>Project</b>	<b>Funding</b>	<b>Cost Project</b>	<b>of State Share</b>	<b>Local Share</b>	<b>Notes</b>
1	TJ Boiler Replacement	State Grant Capital Reserve	\$477,916	\$191,166	\$286,750	Start July 2011
2	TJ UniVent Replacement	State Grant Capital Reserve	\$372,980	\$149,192	\$223,788	Summer 2012
3	NH UniVent Replacement	State Grant Capital Reserve	\$372,787	\$149,115	\$223,672	Summer 2012
4	Interior Courtyard Windows	State Grant Capital Reserve	\$355,085	\$142,034	\$213,051	Fall 2011-12
5		<b>Totals</b>	<b>\$ 1,578,768</b>	<b>\$ 631,507</b>	<b>\$ 947,261</b>	

Source: District Records

Presently, the Northvale Public School District is in good financial condition. The district enjoys an extremely good working relationship with the Borough. They seize every opportunity to share services and resources. The community supports the Board's vision of what is needed to prepare students to be successful. The taxpayers of Northvale admire the Board's efforts to address the needs of aging facilities. The citizens of Northvale are proud of the fine reputation of its dedicated staff and administration to provide first rate educational programs, and the high regard of the district's financial planning, budgeting, and internal financial controls.

### **Contracting 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 ASSETS  
AS OF JUNE 30, 2011**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 1,890,077	\$ 2,407	\$ 1,892,484
Receivables, net			
Receivables from Other Governments	1,465,130	1,207	1,466,337
Other Accounts Receivable			-
Deferred Charges	86,001		86,001
Capital Assets, net			
Not Being Depreciated	643,626		643,626
Being Depreciated	<u>7,187,424</u>	<u>2,770</u>	<u>7,190,194</u>
Total Assets	<u>11,272,258</u>	<u>6,384</u>	<u>11,278,642</u>
 <b>LIABILITIES</b>			
Accounts Payable	100,871	653	101,524
Due to other Funds	73		73
Accrued Interest Payable	47,612		47,612
Unearned Revenue	634,507		634,507
Noncurrent Liabilities			
Due Within One Year	413,105		413,105
Due Beyond One Year	<u>4,146,974</u>	<u>-</u>	<u>4,146,974</u>
Total Liabilities	<u>5,343,142</u>	<u>653</u>	<u>5,343,795</u>
 <b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt Restricted for	3,628,051	2,770	3,630,821
Capital Projects	892,079		892,079
Debt Service	12,895		12,895
Unrestricted	<u>1,396,091</u>	<u>2,961</u>	<u>1,399,052</u>
Total Net Assets	<u>\$ 5,929,116</u>	<u>\$ 5,731</u>	<u>\$ 5,934,847</u>

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

**NORTHVALE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Instruction							
Regular	\$ 4,128,380		\$ 469,087		\$ (3,659,293)		\$ (3,659,293)
Special Education	1,011,215	513,555	345,087		(152,573)		(152,573)
Other Instruction	229,863		29,259		(200,604)		(200,604)
School Sponsored Activities and Athletics	88,703		9,402		(79,301)		(79,301)
Support Services							
Student and Instruction Related Services	1,313,544		19,715		(1,293,829)		(1,293,829)
General Administration Services	354,354				(354,354)		(354,354)
School Administration Services	255,669				(255,669)		(255,669)
Business/Central Services	429,188				(429,188)		(429,188)
Plant Operations and Maintenance	661,802		4,511		(657,291)		(657,291)
Pupil Transportation	46,759		2,372		(44,387)		(44,387)
Interest and Other Charges	151,333		-		(151,333)		(151,333)
Total Governmental Activities	8,670,810	513,555	879,433	-	(7,277,822)	-	(7,277,822)
Business-Type Activities							
Food Service	8,574	6,425	7,113	-	-	\$ 4,964	4,964
Total Business-Type Activities	8,574	6,425	7,113	-	-	4,964	4,964
Total Primary Government	\$ 8,679,384	\$ 519,980	\$ 886,546	\$ -	(7,277,822)	4,964	(7,272,858)
<b>General Revenues</b>							
Property Taxes:							
Levied for General Purposes					7,697,521		7,697,521
Levied for Debt Service					480,798		480,798
Investment Earnings					21,451	64	21,515
Debt Service Aid					50,808		50,808
Miscellaneous Income					4,444		4,444
Transfers					5,600	(5,600)	-
Total General Revenues and Transfers					8,260,622	(5,536)	8,255,086
Change in Net Assets							
Net Assets, Beginning of Year							
					982,800	(572)	982,228
					4,946,316	6,303	4,952,619
					\$ 5,929,116	\$ 5,731	\$ 5,934,847

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

**FUND FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2011**

	<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	\$ 981,430		\$ 908,647		\$ 1,890,077
Due from Other Funds	187,784				187,784
Receivables					
Taxes	601,394			\$ 80,132	681,526
Intergovernmental	13,844	\$ 120,270	631,507		765,621
Other	17,983	-	-	-	17,983
	<u>1,802,435</u>	<u>120,270</u>	<u>1,540,154</u>	<u>80,132</u>	<u>3,542,991</u>
Total Assets	<u>\$ 1,802,435</u>	<u>\$ 120,270</u>	<u>\$ 1,540,154</u>	<u>\$ 80,132</u>	<u>\$ 3,542,991</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 10,423		\$ 90,448		\$ 100,871
Due to Other Funds	73	\$ 117,270	3,277	\$ 67,237	187,857
Deferred Revenue	-	3,000	631,507	-	634,507
	<u>10,496</u>	<u>120,270</u>	<u>725,232</u>	<u>67,237</u>	<u>923,235</u>
Total Liabilities	<u>10,496</u>	<u>120,270</u>	<u>725,232</u>	<u>67,237</u>	<u>923,235</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve	77,157				77,157
Emergency Reserve	250,000				250,000
Maintenance Reserve	30,482				30,482
Excess Surplus	924,713				924,713
Excess Surplus - Designated for Subsequent Years Expenditures	251,891				251,891
Capital Projects			814,922		814,922
Debt Service Fund				12,895	12,895
<b>Assigned</b>					
Year-End Encumbrances	7,000				7,000
<b>Unassigned</b>					
General Fund	250,696	-	-	-	250,696
	<u>1,791,939</u>	<u>-</u>	<u>814,922</u>	<u>12,895</u>	<u>2,619,756</u>
Total Fund Balances	<u>1,791,939</u>	<u>-</u>	<u>814,922</u>	<u>12,895</u>	<u>2,619,756</u>
Total Liabilities and Fund Balances	<u>\$ 1,802,435</u>	<u>\$ 120,270</u>	<u>\$ 1,540,154</u>	<u>\$ 80,132</u>	

Amounts reported for governmental activities in the statement of net assets (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 \$12,140,342 and the accumulated depreciation is \$4,309,292. 7,831,050

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (47,612)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Bonds Payable	\$ 4,375,809	
Capital Leases	86,209	
Deferred Charges for Issuance Costs	(86,001)	
Compensated Absences	98,061	
	<u>4,474,078</u>	(4,474,078)

Net Assets of Governmental Activities \$ 5,929,116

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<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	\$ 7,697,521			\$ 480,798	\$ 8,178,319
Tuition	513,555				513,555
Interest	18,174		\$ 3,277		21,451
Miscellaneous	4,444	\$ 14,472	-	-	18,916
Total - Local Sources	<u>8,233,694</u>	<u>14,472</u>	<u>3,277</u>	<u>480,798</u>	<u>8,732,241</u>
State Sources	728,919			50,808	779,727
Federal Sources	-	136,042	-	-	136,042
Total Revenues	<u>8,962,613</u>	<u>150,514</u>	<u>3,277</u>	<u>531,606</u>	<u>9,648,010</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	4,018,757	32,222			4,050,979
Special Education Instruction	898,302	96,641			994,943
Other Instruction	224,256	1,936			226,192
School-Sponsored Activities and Athletics	86,121				86,121
Support Services					
Student and Instruction Related Services	1,263,742	19,715			1,283,457
General Administration Services	346,176				346,176
School Administration Services	243,222				243,222
Business/Central Services	415,616				415,616
Plant Operations and Maintenance	652,987				652,987
Pupil Transportation	46,532				46,532
Debt Service					
Principal	43,105			355,000	398,105
Interest and Other Charges				163,712	163,712
Payment to Refunding Bond Escrow Agent					-
Costs of Issuance of Refunding Bonds					-
Capital Outlay	16,193	-	135,078	-	151,271
Total Expenditures	<u>8,255,009</u>	<u>150,514</u>	<u>135,078</u>	<u>518,712</u>	<u>9,059,313</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>707,604</u>	<u>-</u>	<u>(131,801)</u>	<u>12,894</u>	<u>588,697</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds (Non-Budget)	129,314				129,314
Transfers In	8,877		950,000		958,877
Transfers Out	(950,000)	-	(3,277)	-	(953,277)
Total Other Financing Sources and (Uses)	<u>(811,809)</u>	<u>-</u>	<u>946,723</u>	<u>-</u>	<u>134,914</u>
Net Change in Fund Balances	(104,205)	-	814,922	12,894	723,611
Fund Balance, Beginning of Year	1,896,144	-	-	1	1,896,145
Fund Balance, End of Year	<u>\$ 1,791,939</u>	<u>\$ -</u>	<u>\$ 814,922</u>	<u>\$ 12,895</u>	<u>\$ 2,619,756</u>

The accompanying Notes to the Basic 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, 2011**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 723,611

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 depreciation exceeds capital outlay in the current period.

Capital Outlay	\$	151,271	
Depreciation Expense		<u>(229,303)</u>	
			(78,032)

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	56,051
----------------------------------	--------

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 assets and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt Issued			
Capital Leases			(129,314)
Principal Repayments			
Bonds Payable		355,000	
Capital Leases Paid		<u>43,105</u>	
			398,105

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

Bond Premium	9,645
Amortization of Issuance Costs	(9,298)

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.

Decrease in accrued interest	<u>12,032</u>
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**Change in net assets of governmental activities (Exhibit A-2)** **\$ 982,800**

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011**

		<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$	2,407
Intergovernmental Receivable Federal		<u>1,207</u>
Total Current Assets		<u>3,614</u>
Capital Assets		
Equipment		3,078
Less: Accumulated Depreciation		<u>(308)</u>
Total Capital Assets		<u>2,770</u>
Total Assets		<u>6,384</u>
<b>LIABILITIES</b>		
Accounts Payable		<u>653</u>
Total Liabilities		<u>653</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt Unrestricted		<u>2,770</u> <u>2,961</u>
Total Net Assets	\$	<u><u>5,731</u></u>

The accompanying Notes to the Basic 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 ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Non-Major Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 6,425
Total Operating Revenues	<u>6,425</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	8,369
Depreciation	<u>205</u>
Total Operating Expenses	<u>8,574</u>
Operating Loss	<u>(2,149)</u>
<b>NONOPERATING REVENUES</b>	
Interest Income	64
Federal Sources	
Special Milk Program	<u>7,113</u>
Total Nonoperating Revenues	<u>7,177</u>
Excess of Revenues Over Expenditures	<u>5,028</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer to Other Funds	<u>(5,600)</u>
Total Other Financing Sources and (Uses)	<u>(5,600)</u>
Change in Net Assets	(572)
Net Assets, Beginning of Year	<u>6,303</u>
Net Assets, End of Year	<u>\$ 5,731</u>

The accompanying Notes to the Basic 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, 2011**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 6,425
Cash Payments to Suppliers for Goods and Services	<u>(8,503)</u>
Net Cash Used by Operating Activities	<u>(2,078)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Paid to Other Funds	(5,600)
Cash Received from State and Federal Subsidy Reimbursements	<u>6,515</u>
Net Cash Provided by Noncapital Financing Activities	<u>915</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Deposits	<u>64</u>
Net Cash Provided by Investing Activities	<u>64</u>
Net decrease in Cash and Cash Equivalents	(1,099)
Cash and Cash Equivalents, Beginning of Year	<u>3,506</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,407</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ <u>(2,149)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Changes in Assets and Liabilities	
Depreciation	205
(Decrease) in Accounts Payable	<u>(134)</u>
Total Adjustments	<u>71</u>
Net Cash Used by Operating Activities	<u>\$ (2,078)</u>

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

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 113,808
Due from Other Funds	<u>73</u>
 Total Assets	 <u>\$ 113,881</u>
<b>LIABILITIES</b>	
Accrued Salaries	68,547
Payroll Deductions and Withholdings	1,184
Due to Student Groups	<u>44,150</u>
 Total Liabilities	 <u>\$ 113,881</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. 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 assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Basic Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all of its governmental to be major funds.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. 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.

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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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.

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.

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.

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

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**D. Assets, Liabilities and Net Assets or Equity**

***1. Deposits 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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables***

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".

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

*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 2009-2010 and 2010-2011 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.

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 revenues. 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. *Inventories***

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

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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.

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.

Property, plant, and equipment of the primary government, as well as the component units 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

**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 assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. *Fund Equity***

Beginning with fiscal year 2011, the District implemented GASB Statement 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.

**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, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 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.)

*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.

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

*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 assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**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.

**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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 2010/2011. During 2010/2011 the Board increased the original budget by \$143,640. The increase was funded by additional appropriated grant awards and aid 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.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**B. 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, 2011 is as follows:

Beginning balance	\$ 1,022,759
Increases:	
Interest Income	4,398
Decreases:	
Local Share - Capital Projects	<u>(950,000)</u>
Ending balance	<u>\$ 77,157</u>

The June 30, 2011 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.

**C. 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, 2011 is \$1,176,604. Of this amount, \$251,891 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$924,713 will be appropriated in the 2012/2013 original budget certified for taxes.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**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 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$2,006,292 and bank balances of the Board's cash and deposits amounted to \$2,182,770. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$ <u>2,182,770</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, 2011 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

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

As of June 30, 2011, 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.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**Investments (Continued)**

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

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2011 for the district’s individual major funds and nonmajor fund 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>Debt Services</u>	<u>Non-Major Food Service</u>	<u>Total</u>
Receivables:						
Taxes	\$ 601,394			\$ 80,132		\$ 681,526
Intergovernmental	13,844	\$ 120,270	\$ 631,507		\$ 1,207	766,828
Other	17,983	-	-	-	-	17,983
Gross Receivables	633,221	120,270	631,507	80,132	1,207	1,466,337
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 633,221</u>	<u>\$ 120,270</u>	<u>\$ 631,507</u>	<u>\$ 80,132</u>	<u>\$ 1,207</u>	<u>\$ 1,466,337</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 3,000
Capital Projects Fund	
Unrealized School Facility Grants	<u>631,507</u>
Total deferred revenue for governmental funds	<u>\$ 634,507</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 474,330			\$ 474,330
Construction In Progress	<u>34,218</u>	\$ 135,078	<u>-</u>	<u>169,296</u>
Total capital assets, not being depreciated	<u>508,548</u>	<u>135,078</u>	<u>-</u>	<u>643,626</u>
Capital assets, being depreciated:				
Land improvements	179,484			179,484
Buildings and building improvements	10,424,508			10,424,508
Machinery and equipment	<u>884,858</u>	16,193	\$ (8,327)	<u>892,724</u>
Total capital assets being depreciated	<u>11,488,850</u>	<u>16,193</u>	<u>(8,327)</u>	<u>11,496,716</u>
Less accumulated depreciation for:				
Land improvements	(174,111)	(430)		(174,541)
Buildings and building improvements	(3,337,977)	(204,088)		(3,542,065)
Machinery and equipment	<u>(576,228)</u>	<u>(24,785)</u>	<u>8,327</u>	<u>(592,686)</u>
Total accumulated depreciation	<u>(4,088,316)</u>	<u>(229,303)</u>	<u>8,327</u>	<u>(4,309,292)</u>
Total capital assets, being depreciated, net	<u>7,400,534</u>	<u>(213,110)</u>	<u>-</u>	<u>7,187,424</u>
Business-type activities capital assets, net	<u>\$ 7,909,082</u>	<u>\$ (78,032)</u>	<u>\$ -</u>	<u>\$ 7,831,050</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	<u>(103)</u>	\$ (205)	-	<u>(308)</u>
Total accumulated depreciation	<u>(103)</u>	<u>(205)</u>	<u>-</u>	<u>(308)</u>
Total capital assets, being depreciated, net	<u>2,975</u>	<u>(205)</u>	<u>-</u>	<u>2,770</u>
Business-type activities capital assets, net	<u>\$ 2,975</u>	<u>\$ (205)</u>	<u>\$ -</u>	<u>\$ 2,770</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction	
Regular	\$ 119,974
Special Education	21,477
Other	7,503
School Sponsored Activities and Athletics	<u>2,582</u>
Total Instruction	<u>151,536</u>
Support Services	
Student and Instruction Related Services	38,468
General Administration	8,178
School Administration	8,507
Business / Central Services	13,572
Plant Operation and Maintenance	8,815
Student Transportation	<u>227</u>
Total Support Services	<u>77,767</u>
Total Governmental Funds	<u>229,303</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 229,303</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 205</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 205</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Capital Assets (Continued)**

**Construction commitments**

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Thomas Jefferson Boiler Replacement	\$ 311,734
Window Replacement Project	<u>272,700</u>
 Total deferred revenue for governmental funds	 <u>\$ 584,434</u>

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

The composition of interfund balances as of June 30, 2011, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 117,270
General Fund	Capital Projects	3,277
General Fund	Debt Service	67,237
Agency Fund	General Fund	<u>73</u>
		<u>\$ 187,857</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 BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**Interfund transfers**

	<u>Transfer In:</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	
Transfer Out:			
General Fund		\$ 950,000	\$950,000
Capital Projects	\$ 3,277		3,277
Food Service Fund	5,600	-	5,600
Total Transfers Out	<u>\$ 8,877</u>	<u>\$ 950,000</u>	<u>\$958,877</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.

**E. Leases**

**Capital Leases**

The District is leasing computers totaling \$129,314 under a capital lease with no interest cost. The lease is for a term of 3 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 43,105
2013	43,104
Total minimum lease payments	<u>\$ 86,209</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$1,534,000, 2006 Bonds, due in annual installments of \$100,000 to \$139,000 through April 15, 2021, interest at 4.15% to 4.50%	\$1,184,000
\$3,140,000, 2010 Refunding Bonds, due in annual installments of \$250,000 to \$310,000 through March 1, 2022, interest at 2.250% to 5.000%	<u>3,105,000</u>
	<u>\$4,289,000</u>

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

**Governmental Activities:**

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 350,000	\$ 174,485	\$ 524,485
2013	355,000	164,710	519,710
2014	365,000	154,622	519,622
2015	380,000	141,710	521,710
2016	390,000	129,610	519,610
2017-2021	2,139,000	385,046	2,524,046
2022	<u>310,000</u>	<u>15,500</u>	<u>325,500</u>
	<u>\$ 4,289,000</u>	<u>\$ 1,165,683</u>	<u>\$ 5,454,683</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 30,712,812
Less: Net Debt	<u>4,289,000</u>
Remaining Borrowing Power	<u>\$ 26,423,812</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance July 1, 2010	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2011	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 4,644,000		\$ 355,000	\$ 4,289,000	\$ 350,000
Amortized Premium	96,454	-	9,645	86,809	-
	<u>4,740,454</u>	<u>-</u>	<u>364,645</u>	<u>4,375,809</u>	<u>350,000</u>
Capital Leases		\$ 129,314	43,105	86,209	43,105
Compensated absences	<u>154,112</u>	<u>3,940</u>	<u>59,991</u>	<u>98,061</u>	<u>20,000</u>
Governmental activity Long-term liabilities	<u>\$ 4,894,566</u>	<u>\$ 133,254</u>	<u>\$ 467,741</u>	<u>\$ 4,560,079</u>	<u>\$ 413,105</u>

For the governmental activities, 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 is on file with the School's Business Administrator.

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

**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, 2011, 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, 2011, 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 8 to 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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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.

**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.

**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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 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.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the June 30, 2009 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 (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% 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, 2011 for TPAF, which is a cost sharing plan with special funding situations, 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, 2011, 2010 and 2009 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2011	\$ 92,869	\$ 11,823
2010	67,013	14,098
2009	71,333	11,965

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$11,823, \$14,098 and \$11,965 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$270,790 during the year ended June 30, 2011 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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 June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 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 June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**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, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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, 2011, 2010 and 2009 were \$251,120, \$264,785 and \$228,256, 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.

**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, 2011**

	<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	\$ 7,697,521		\$ 7,697,521	\$ 7,697,521	
Tuition	344,863		344,863	513,555	\$ 168,692
Investment Income	12,000		12,000	13,534	1,534
Interest on Capital Reserve	1,500		1,500	4,398	2,898
Interest on Emergency Reserve	500		500	-	(500)
Interest on Maintenance Reserve	200		200	242	42
Miscellaneous	-	-	-	4,444	4,444
Total Local Sources	<u>8,056,584</u>	<u>-</u>	<u>8,056,584</u>	<u>8,233,694</u>	<u>177,110</u>
State Sources					
Extraordinary Aid				142,021	142,021
Additional Nonpublic Transportation Aid				696	696
On-behalf TPAF Pension System Payments - NCGI (Non-Budget)				11,823	11,823
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget)				251,120	251,120
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	270,790	270,790
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>676,450</u>	<u>676,450</u>
Total Revenues	<u>8,056,584</u>	<u>-</u>	<u>8,056,584</u>	<u>8,910,144</u>	<u>853,560</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	294,584	\$ 29,000	323,584	322,454	1,130
Grades 1-5	1,423,771	(158,445)	1,265,326	1,257,608	7,718
Grades 6-8	1,010,909	(38,029)	972,880	966,704	6,176
Regular Program - Home Instruction					
Salaries of Teachers	2,000	-	2,000	1,800	200
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	4,100	(200)	3,900	2,650	1,250
Purchased Technical Services		3,867	3,867	3,867	-
Other Purchased Services	19,500	4,776	24,276	24,274	2
General Supplies	136,000	146,133	282,133	270,562	11,571
Textbooks	67,000	-	67,000	66,500	500
Other Objects	400	295	695	695	-
Assets Acquired Under Capital Lease (Non-Budget)	-	-	-	129,314	(129,314)
Total Regular Programs	<u>2,958,264</u>	<u>(12,603)</u>	<u>2,945,661</u>	<u>3,046,428</u>	<u>(100,767)</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, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 132,771	-	\$ 132,771	\$ 130,205	\$ 2,566
Other Salaries for Instruction	71,572	-	71,572	70,186	1,386
General Supplies	2,800	-	2,800	1,534	1,266
Textbooks	1,200	-	1,200	808	392
<b>Total Learning and/or Language Disabilities</b>	<u>208,343</u>	<u>-</u>	<u>208,343</u>	<u>202,733</u>	<u>5,610</u>
 Multiple Disabilities					
Salaries of Teachers	76,560	\$ 6,500	83,060	78,277	4,783
Other Salaries for Instruction	35,890	-	35,890	35,193	697
General Supplies	2,500	-	2,500	1,373	1,127
Textbooks	350	-	350	-	350
<b>Total Multiple Disabilities</b>	<u>115,300</u>	<u>6,500</u>	<u>121,800</u>	<u>114,843</u>	<u>6,957</u>
 Resource Room/Resource Center					
Salaries of Teachers	125,993	31,493	157,486	142,380	15,106
Other Purchased Services	100	-	100	-	100
General Supplies	2,100	380	2,480	2,443	37
Textbooks	600	(380)	220	-	220
<b>Total Resource Room/Resource Center</b>	<u>128,793</u>	<u>31,493</u>	<u>160,286</u>	<u>144,823</u>	<u>15,463</u>
<b>Total Special Education</b>	<u>452,436</u>	<u>37,993</u>	<u>490,429</u>	<u>462,399</u>	<u>28,030</u>
 Basic Skills/Remedial					
Salaries of Teachers	91,086	17,600	108,686	99,708	8,978
Other Purchased Services	200	-	200	40	160
General Supplies	900	-	900	591	309
<b>Total Basic Skills/Remedial</b>	<u>92,186</u>	<u>17,600</u>	<u>109,786</u>	<u>100,339</u>	<u>9,447</u>
 Bilingual Education					
Salaries of Teachers	60,863	-	60,863	59,687	1,176
Other Purchased Services		65	65	60	5
General Supplies	1,500	(65)	1,435	787	648
Textbooks	500	-	500	500	-
<b>Total Bilingual Education</b>	<u>62,863</u>	<u>-</u>	<u>62,863</u>	<u>61,034</u>	<u>1,829</u>
 School Sponsored Cocurricular Activities					
Salaries	39,360	500	39,860	35,808	4,052
Supplies and Materials	1,700	-	1,700	1,221	479
Other Objects	5,850	-	5,850	5,706	144
<b>Total School Sponsored Cocurricular Activities</b>	<u>46,910</u>	<u>500</u>	<u>47,410</u>	<u>42,735</u>	<u>4,675</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, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
School Sponsored Cocurricular Act.-Athletics					
Salaries	\$ 19,766	\$ (500)	\$ 19,266	\$ 19,042	\$ 224
Purchased Services	2,725	-	2,725	2,500	225
Supplies and Materials	1,200	(75)	1,125	205	920
Total School Sponsored Cocurricular Activities	<u>23,691</u>	<u>(575)</u>	<u>23,116</u>	<u>21,747</u>	<u>1,369</u>
Total Instruction	<u>3,636,350</u>	<u>42,915</u>	<u>3,679,265</u>	<u>3,734,682</u>	<u>(55,417)</u>
Instruction					
Tuition to Other LEAs Within the State-Special	389,644	-	389,644	198,986	190,658
Tuition to Priv. Sch. for the Disabled					
Within the State	137,453	-	137,453	68,519	68,934
Tuition - Other	-	-	-	-	-
Total Instruction	<u>527,097</u>	<u>-</u>	<u>527,097</u>	<u>267,505</u>	<u>259,592</u>
Attendance and Social Work Services					
Salaries	21,388	-	21,388	21,388	-
Total Attendance and Social Work Services	<u>21,388</u>	<u>-</u>	<u>21,388</u>	<u>21,388</u>	<u>-</u>
Health Services					
Salaries	94,993	-	94,993	93,468	1,525
Purchased Professional and Technical Services	5,060	-	5,060	3,987	1,073
Other Purchased Services		55	55	53	2
Supplies and Materials	2,400	(55)	2,345	1,242	1,103
Total Health Services	<u>102,453</u>	<u>-</u>	<u>102,453</u>	<u>98,750</u>	<u>3,703</u>
Other Support Serv. Students - Related Serv.					
Salaries	85,956	-	85,956	71,108	14,848
Purchased Professional -Educational Services	87,200	-	87,200	79,561	7,639
Other Purchased Services	150	100	250	221	29
Supplies and Materials	2,000	-	2,000	1,673	327
Total Other Support Serv. Students - Related Serv.	<u>175,306</u>	<u>100</u>	<u>175,406</u>	<u>152,563</u>	<u>22,843</u>
Other Support Serv. Students - Extra Serv.					
Salaries	59,610	2,000	61,610	60,290	1,320
Purchased Professional -Educational Services	46,000	(2,400)	43,600	24,998	18,602
Supplies		400	400	357	43
Other Objects	400	-	400	-	400
Total Other Support Serv. Students - Extra Serv.	<u>106,010</u>	<u>-</u>	<u>106,010</u>	<u>85,645</u>	<u>20,365</u>
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	85,956	-	85,956	84,295	1,661
Other Purchased Services	250	-	250	-	250
Supplies and Materials	18,000	-	18,000	18,000	-
Total Other Support Services - Students - Guidance	<u>104,206</u>	<u>-</u>	<u>104,206</u>	<u>102,295</u>	<u>1,911</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, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final 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	\$ 220,417		\$ 220,417	\$ 214,171	\$ 6,246
Salaries of Secretarial and Clerical Assistants	61,653		61,653	60,461	1,192
Purchased Professional -Educational Services	35,000	\$ (1,400)	33,600	28,761	4,839
Other Purchased Services	1,400	(50)	1,350	68	1,282
Supplies and Materials	2,100	400	2,500	2,482	18
	<u>320,570</u>	<u>(1,050)</u>	<u>319,520</u>	<u>305,943</u>	<u>13,577</u>
Total Other Support Services - Students - Special Services					
Improvement of Instructional Services					
Salaries of Instructional Staff	105,837	-	105,837	99,561	6,276
Purchased Professional - Educational Services	31,500	-	31,500	27,700	3,800
	<u>137,337</u>	<u>-</u>	<u>137,337</u>	<u>127,261</u>	<u>10,076</u>
Total Improvement of Instructional Services					
Educational Media Services/School Library					
Salaries	93,222	16,000	109,222	107,421	1,801
Other Purchased Services	500	(50)	450	133	317
Supplies and Materials	9,000	1,050	10,050	9,207	843
Miscellaneous Expenditures	-	50	50	49	1
	<u>102,722</u>	<u>17,050</u>	<u>119,772</u>	<u>116,810</u>	<u>2,962</u>
Total Educational Media Serv./School Library					
Staff Training Services					
Salaries of Other Professional Staff	6,435	-	6,435	5,000	1,435
Purchased Professional/Educational Services	24,900	-	24,900	14,630	10,270
Other Purchased Services	2,000	(100)	1,900	979	921
Supplies and Materials	500	-	500	-	500
	<u>33,835</u>	<u>(100)</u>	<u>33,735</u>	<u>20,609</u>	<u>13,126</u>
Total Staff Training Services					
Support Services General Administration					
Salaries	173,733	-	173,733	173,733	-
Legal Services	48,000	-	48,000	34,313	13,687
Audit Fees	20,000	-	20,000	16,600	3,400
Other Purchased Professional Services	8,600	(1,660)	6,940	6,484	456
Communications/Telephone	42,240	(515)	41,725	31,298	10,427
Other Purchased Services	1,950	(1,950)	-	-	-
Miscellaneous Purchased Services	24,732	3,556	28,288	26,938	1,350
General Supplies	2,250	-	2,250	1,868	382
Miscellaneous Expenditures	1,975	(240)	1,735	742	993
BOE Membership Dues and Fees	5,700	-	5,700	4,775	925
	<u>329,180</u>	<u>(809)</u>	<u>328,371</u>	<u>296,751</u>	<u>31,620</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, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 115,263		\$ 115,263	\$ 114,763	\$ 500
Salaries of Secretarial and Clerical Assistants	67,433	\$ 1,500	68,933	65,949	2,984
Other Purchased Services	8,650	(2,375)	6,275	4,255	2,020
Supplies and Materials	8,820	-	8,820	3,658	5,162
Other Objects	4,125	-	4,125	3,184	941
<b>Total Support Services School Administration</b>	<b>204,291</b>	<b>(875)</b>	<b>203,416</b>	<b>191,809</b>	<b>11,607</b>
Central Services					
Salaries	214,910	-	214,910	195,757	19,153
Purchased Professional Services	14,300	70	14,370	14,370	-
Purchased Technical Services		-			-
Miscellaneous Purchased Services	1,900	(1,392)	508	387	121
Supplies and Materials	3,200	1,400	4,600	4,600	-
Miscellaneous Expenditures	1,600	(370)	1,230	787	443
<b>Total Central Services</b>	<b>235,910</b>	<b>(292)</b>	<b>235,618</b>	<b>215,901</b>	<b>19,717</b>
Admin. Info. Tech.					
Salaries	92,559	-	92,559	92,559	-
Purchased Professional Services	5,225	-	5,225	3,445	1,780
Purchased Technical Services	12,450	10,700	23,150	21,666	1,484
Other Purchased Services	500	-	500	22	478
Supplies and Materials	500	-	500	-	500
<b>Total Admin. Info. Tech.</b>	<b>111,234</b>	<b>10,700</b>	<b>121,934</b>	<b>117,692</b>	<b>4,242</b>
Interest Earned on Maintenance Reserve	200	-	200	-	200
Required Maintenance for School Facilities					
Salaries	67,948	-	67,948	67,948	-
Cleaning, Repair and Maintenance Services	28,650	-	28,650	28,650	-
Travel		1,171	1,171	361	810
Supplies and Materials	10,050	-	10,050	4,949	5,101
<b>Total Required Maintenance for School Fac.</b>	<b>106,648</b>	<b>1,171</b>	<b>107,819</b>	<b>101,908</b>	<b>5,911</b>
Other Operation & Maint. Of Plant					
Salaries	124,944	-	124,944	119,314	5,630
Purchased Prof. And Technical Serv.	1,100	40,000	41,100	28,695	12,405
Cleaning, Repair and Maint. Serv.	108,600	-	108,600	100,658	7,942
Other Purchased Property Services	5,500	-	5,500	3,778	1,722
Insurance	60,405	-	60,405	55,437	4,968
General Supplies	33,916	(550)	33,366	32,977	389
Energy (Electricity)	100,000	-	100,000	88,229	11,771
Other Objects	2,100	(1,170)	930	829	101
Salaries of Non-Instructional Aides	34,000	-	34,000	29,556	4,444
Energy (Natural Gas)	100,000	(40,000)	60,000	18,455	41,545
<b>Total Other Operation &amp; Maint. Of Plant</b>	<b>570,565</b>	<b>(1,720)</b>	<b>568,845</b>	<b>477,928</b>	<b>90,917</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, 2011**

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final To Actual</b>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 3,000	\$ 550	\$ 3,550	\$ 3,527	\$ 23
Supplies and Materials	2,200	-	2,200	1,667	533
Total Care and Upkeep of Grounds	5,200	550	5,750	5,194	556
Security					
Cleaning, Repair and Maintenance Services	15,322	-	15,322	14,683	639
Supplies and Materials	-	-	-	-	-
Total Care and Upkeep of Grounds	15,322	-	15,322	14,683	639
Student Transportation Services					
Salaries of Non-Instructional Aides	8,000	-	8,000	4,824	3,176
Cleaning, Repair and Maintenance Services	1,000	-	1,000	794	206
Contracted Services (Other Than HM/SC) - Vendors	10,200	-	10,200	3,725	6,475
Contracted Services (Home/School) -Joint Agreements	15,450	-	15,450	5,366	10,084
Contracted Services (Special Ed) -Joint Agreements	87,000	-	87,000	23,865	63,135
Misc. Purchased Serv. - Transportation	550	-	550	125	425
Supplies and Materials	6,500	-	6,500	6,461	39
Total Student Transportation Services	128,700	-	128,700	45,160	83,540
Interest Earned on Emergency Reserve	500	-	500	-	500
Unallocated Benefits - Employee Benefits					
Group Insurance	750	-	750	204	546
Social Security Contributions	99,000	10,500	109,500	107,903	1,597
Other Retirement Contributions - PERS	82,000	11,848	93,848	92,869	979
Unemployment Compensation	16,200	4,000	20,200	20,068	132
Workmen's Compensation	62,000	(4,000)	58,000	47,870	10,130
Health Benefits	1,001,200	(21,200)	980,000	873,218	106,782
Tuition Reimbursement	10,000	-	10,000	10,000	-
Other Employee Benefits	78,000	(11,848)	66,152	52,474	13,678
Total Unallocated Benefits - Employee Benefits	1,349,150	(10,700)	1,338,450	1,204,606	133,844
On-behalf TPAF Pension System Payments - NCGI (Non-Budget)				11,823	(11,823)
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget)				251,120	(251,120)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	270,790	(270,790)
Total Undistributed Expenditures	4,687,824	14,025	4,701,849	4,504,134	197,715
Total Current Expenditures	8,324,174	56,940	8,381,114	8,238,816	142,298

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, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	\$ 1,500	-	\$ 1,500	-	\$ 1,500
Equipment					
Undistributed Expenditures:					
Admin. Info. Tech.	-	\$ 16,193	16,193	\$ 16,193	-
Total Equipment	-	16,193	16,193	16,193	-
Total Capital Outlay	1,500	16,193	17,693	16,193	1,500
Transfer of Funds to Charter Schools	10,010	-	10,010	-	10,010
Total Expenditures	\$ 8,335,684	\$ 73,133	\$ 8,408,817	\$ 8,255,009	\$ 153,808
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(279,100)	(73,133)	(352,233)	655,135	1,007,368
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)				129,314	129,314
Transfers In				8,877	8,877
Transfers Out	-	-	-	(950,000)	(950,000)
Total Other Financing Sources (Uses)	-	-	-	(811,809)	(811,809)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(279,100)	(73,133)	(352,233)	(156,674)	195,559
Fund Balance, Beginning of Year	2,090,634	-	2,090,634	2,090,634	-
Fund Balance, End of Year	\$ 1,811,534	\$ (73,133)	\$ 1,738,401	\$ 1,933,960	\$ 195,559

**Recapitulation of Fund Balance**

Restricted Fund Balance:	
Capital Reserve	\$ 77,157
Maintenance Reserve	30,482
Emergency Reserve	250,000
Excess Surplus	924,713
Excess Surplus - Designated for Subsequent Years Expenditures	251,891
Assigned - Year End Encumbrances	7,000
Unassigned	392,717
Reconciliation to Governmental Funds Statements (GAAP):	1,933,960
Less: Certain State Aid Payments Not Recognized on GAAP Basis	(142,021)
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 1,791,939</u>

**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, 2011**

	<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	\$ 116,851	\$ 2,644	\$ 119,495	\$ 136,042	\$ 16,547
Local Sources					
Other	-	67,863	67,863	14,472	(53,391)
Total Revenues	<u>116,851</u>	<u>70,507</u>	<u>187,358</u>	<u>150,514</u>	<u>(36,844)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	99,809	-	99,809	96,641	3,168
General Supplies	17,042	20,792	37,834	34,158	3,676
Total Instruction	<u>116,851</u>	<u>20,792</u>	<u>137,643</u>	<u>130,799</u>	<u>6,844</u>
Support Services					
Other Purchased Services	-	19,715	19,715	19,715	-
Total Support Services	<u>-</u>	<u>19,715</u>	<u>19,715</u>	<u>19,715</u>	<u>-</u>
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Equipment	-	30,000	30,000	-	30,000
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Expenditures	<u>116,851</u>	<u>70,507</u>	<u>187,358</u>	<u>150,514</u>	<u>36,844</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, 2011**

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)	\$ 8,910,144	\$ 150,514
Difference - Budget to GAAP		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(142,021)	
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (prior year)	<u>194,490</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,962,613</u>	<u>\$ 150,514</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>\$ 8,255,009</u>	<u>\$ 150,514</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,255,009</u>	<u>\$ 150,514</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, 2011

	IDEA Part B Basic	IDEA Part B Preschool	IDEA ARRA Basic	NCLB Title III	NCLB Title III 09/10	Local Grants	Total
<b>REVENUES</b>							
Intergovernmental							
Federal	\$ 109,798	\$ 6,558	\$ 3,914	\$ 13,836	\$ 1,936	\$ 14,472	\$ 136,042
Other	-	-	-	-	-	-	14,472
Total Revenues	\$ 109,798	\$ 6,558	\$ 3,914	\$ 13,836	\$ 1,936	\$ 14,472	\$ 150,514
<b>EXPENDITURES</b>							
Instruction							
Tuition	\$ 90,083	\$ 6,558	\$ 3,914	\$ 13,836	\$ 1,936	\$ 14,472	\$ 96,641
General Supplies	-	-	-	-	-	-	34,158
Total Instruction	90,083	6,558	3,914	13,836	1,936	14,472	130,799
Support Services	19,715	-	-	-	-	-	19,715
Other Purchased Services	-	-	-	-	-	-	-
Total Support Services	19,715	-	-	-	-	-	19,715
<b>CAPITAL OUTLAY</b>							
Facilities Acquisition	-	-	-	-	-	-	-
and Construction Services	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-
Total Expenditures	\$ 109,798	\$ 6,558	\$ 3,914	\$ 13,836	\$ 1,936	\$ 14,472	\$ 150,514

**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Thomas Jefferson Boiler Replacement	\$ 477,916		\$ 107,515	\$ 370,401
Thomas Jefferson Unit Ventilator Replacement	372,980		7,800	365,180
Nathan Hale Unit Ventilator Replacement	372,787		7,800	364,987
Replacement of Interior Courtyard Windows	<u>355,085</u>	<u>-</u>	<u>11,963</u>	<u>343,122</u>
	<u>\$ 1,578,768</u>	<u>\$ -</u>	<u>\$ 135,078</u>	1,443,690
				Add: Excess Funds - Local Share 2,739
				Less: Deferred Revenue at June 30, 2011 <u>(631,507)</u>
				Fund Balance <u>\$ 814,922</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, 2011**

**Revenues and Other Financing Sources**

SDA Grant Proceeds	\$ 631,507
Interest Earned	3,277
	<hr/>
Total Revenues and Other Financing Sources	634,784

**Expenditures and Other Financing Uses**

Professional Services	25,610
Construction Services	109,468
	<hr/>
Total Expenditures and Other Financing Uses	135,078

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures  
and Other Financing Uses

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499,706

**Other Financing Sources (Uses)**

Transfer Out	(3,277)
Transfer In	950,000
	<hr/>
Total Other Financing Sources (Uses)	946,723

Net Changes in Fund Balance 1,446,429

Fund Balance - Beginning 

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-

Fund Balance- Ending 

---

\$ 1,446,429

**Reconciliation to GAAP**

Fund Balance - Budgetary \$ 1,446,429

Less:

Deferred Revenue at June 30, 2011 

---

(631,507)

Fund Balance - GAAP 

---

\$ 814,922

**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, 2011**

	<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>	<b>-</b>	<b>477,916</b>	<b>477,916</b>	<b>477,916</b>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services				15,685
Construction Services	-	107,515	107,515	462,231
<b>Total Expenditures and Other Financing Uses</b>	<b>-</b>	<b>107,515</b>	<b>107,515</b>	<b>477,916</b>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<b>\$ -</b>	<b>\$ 370,401</b>	<b>\$ 370,401</b>	<b>\$ -</b>

## 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	29.03%
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, 2011**

	<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
	-	372,980	372,980	372,980
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services		7,800	7,800	15,685
Construction Services	-	-	-	357,295
	-	7,800	7,800	372,980
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 365,180	\$ 365,180	\$ -

## 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	2.14%
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, 2011**

	<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>-</u>	<u>372,787</u>	<u>372,787</u>	<u>372,787</u>
<b>Total Revenues</b>	<b>-</b>	<b>372,787</b>	<b>372,787</b>	<b>372,787</b>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services		7,800	7,800	15,685
Construction Services	-	-	-	357,102
	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,102</u>
<b>Total Expenditures and Other Financing Uses</b>	<b>-</b>	<b>7,800</b>	<b>7,800</b>	<b>372,787</b>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<b>\$ -</b>	<b>\$ 364,987</b>	<b>\$ 364,987</b>	<b>\$ -</b>

## 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	2.14%
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, 2011**

	<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
<b>Total Revenues</b>	-	355,085	355,085	355,085
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services		10,010	10,010	15,684
Construction Services	-	1,953	1,953	339,401
<b>Total Expenditures and Other Financing Uses</b>	-	11,963	11,963	355,085
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	\$ -	\$ 343,122	\$ 343,122	\$ -

## 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
<b>Percentage Increase Over Original</b>	
Authorized Cost	0.00%
Percentage Completion	3.49%
Original Target Completion Date	11/12
Completion Date	N/A

**ENTERPRISE FUND**

**EXHIBIT G-1**

**NORTHVALE BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 44,150	\$ 69,658	\$ 113,808
Due from Other Funds	<u>-</u>	<u>73</u>	<u>73</u>
Total Assets	<u>\$ 44,150</u>	<u>\$ 69,731</u>	<u>\$ 113,881</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 68,547	\$ 68,547
Payroll Deductions and Withholdings		1,184	1,184
Due to Student Groups	<u>\$ 44,150</u>	<u>-</u>	<u>44,150</u>
Total Liabilities	<u>\$ 44,150</u>	<u>\$ 69,731</u>	<u>\$ 113,881</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
Nathan Hale School	\$ 27,750	\$ 85,378	\$ 83,900	\$ 29,228
Donated Class Funds	8,802	1,061	1,152	8,711
Linda Maloof Fund	4,323	1,345	100	5,568
Athletic Account	<u>507</u>	<u>2,510</u>	<u>2,374</u>	<u>643</u>
 Total All Schools	 <u>\$ 41,382</u>	 <u>\$ 90,294</u>	 <u>\$ 87,526</u>	 <u>\$ 44,150</u>

NORTHVALE BOARD OF EDUCATION  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance,</u> <u>July 1,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30,</u> <u>2011</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 1,709	\$ 2,362,815	\$ 2,363,396	\$ 1,128
Accrued Salaries and Wages	48,274	3,149,693	3,129,364	68,603
Due from Other Funds	(53)	1,114	1,134	(73)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 49,930	\$ 5,513,622	\$ 5,493,894	\$ 69,658
	<hr/>	<hr/>	<hr/>	<hr/>

**LONG-TERM DEBT**

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<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, 2010</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
Renovate, Construct, Furnish and Equip Additions to Thomas Jefferson and Nathan Hale Schools	3/1/2002	\$ 4,882,000				\$ 225,000	\$ 225,000	
Undertake Roof Replacements, Installations of Intercom System, and Drainage/Site Improvements at Thomas Jefferson and Nathan Hale Schools	4/15/2006	1,534,000	4/15/2012	\$ 100,000	4.150%			
			4/15/2013	105,000	4.250%			
			4/15/2014	105,000	4.250%			
			4/15/2015	110,000	4.250%			
			4/15/2016	115,000	4.250%			
			4/15/2017	120,000	4.250%			
			4/15/2018	125,000	4.250%			
			4/15/2019	130,000	4.250%			
			4/15/2020	135,000	4.300%			
			4/15/2021	139,000	4.500%	1,279,000	95,000	1,184,000
Refunding School Bonds	5/14/2010	3,140,000	3/1/2012	250,000	2.250%			
			3/1/2013	250,000	2.250%			
			3/1/2014	260,000	3.250%			
			3/1/2015	270,000	2.750%			
			3/1/2016	275,000	4.000%			
			3/1/2017	280,000	4.000%			
			3/1/2018	295,000	4.500%			
			3/1/2019	305,000	5.000%			
			3/1/2020	305,000	5.000%			
			3/1/2021	305,000	5.000%			
			3/1/2022	310,000	5.000%	3,140,000	35,000	3,105,000
						\$ 4,644,000	\$ 355,000	\$ 4,289,000

NORTHVALE BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
Purchase of Computers	0%	\$ 129,314	-	\$ 129,314	\$ 43,105	\$ 86,209
			\$ -	\$ 129,314	\$ 43,105	\$ 86,209

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<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	\$ 480,798		\$ 480,798	\$ 480,798	
Intergovernmental					
Debt Service Aid Type II	<u>50,808</u>	<u>-</u>	<u>50,808</u>	<u>50,808</u>	<u>-</u>
Total Revenues	<u>531,606</u>	<u>-</u>	<u>531,606</u>	<u>531,606</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	320,000	35,000	355,000	355,000	
Interest	<u>211,607</u>	<u>(35,000)</u>	<u>176,607</u>	<u>163,712</u>	<u>\$ 12,895</u>
Total Expenditures	<u>531,607</u>	<u>-</u>	<u>531,607</u>	<u>518,712</u>	<u>12,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	12,894	(12,895)
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,895</u>	<u>\$ (12,895)</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 ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 3,105,051	\$ 3,132,689	\$ 3,016,440	\$ 2,879,948	\$ 2,933,120	\$ 3,100,521	\$ 3,263,927	\$ 3,628,051
Restricted				1	145,001	667,421	1,022,760	904,974
Unrestricted	<u>235,593</u>	<u>197,539</u>	<u>(45,609)</u>	<u>119,927</u>	<u>498,121</u>	<u>447,417</u>	<u>659,629</u>	<u>1,396,091</u>
<b>Total Governmental Activities Net Assets</b>	<u>\$ 3,340,644</u>	<u>\$ 3,330,228</u>	<u>\$ 2,970,831</u>	<u>\$ 2,999,876</u>	<u>\$ 3,576,242</u>	<u>\$ 4,215,359</u>	<u>\$ 4,946,316</u>	<u>\$ 5,929,116</u>
<b>Business-Type Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 4,481	\$ 3,524	\$ 4,615	\$ 7,713	\$ 3,998	\$ 4,897	\$ 2,975	\$ 2,770
Unrestricted							<u>3,328</u>	<u>2,961</u>
<b>Total Business-Type Activities Net Assets</b>	<u>\$ 4,481</u>	<u>\$ 3,524</u>	<u>\$ 4,615</u>	<u>\$ 7,713</u>	<u>\$ 3,998</u>	<u>\$ 4,897</u>	<u>\$ 6,303</u>	<u>\$ 5,731</u>
<b>District-Wide</b>								
Invested in Capital Assets, Net of Related Debt	\$ 3,105,051	\$ 3,132,689	\$ 3,016,440	\$ 2,879,948	\$ 2,933,120	\$ 3,100,521	\$ 3,266,902	\$ 3,630,821
Restricted				1	145,001	667,421	1,022,760	904,974
Unrestricted	<u>240,074</u>	<u>201,063</u>	<u>(40,994)</u>	<u>127,640</u>	<u>502,119</u>	<u>452,314</u>	<u>662,957</u>	<u>1,399,052</u>
<b>Total District Net Assets</b>	<u>\$ 3,345,125</u>	<u>\$ 3,333,752</u>	<u>\$ 2,975,446</u>	<u>\$ 3,007,589</u>	<u>\$ 3,580,240</u>	<u>\$ 4,220,256</u>	<u>\$ 4,952,619</u>	<u>\$ 5,934,847</u>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
<b>Governmental Activities</b>								
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
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
Other Instruction	202,726	154,037	167,061	219,298	195,952	182,149	228,267	229,863
School Sponsored Activities And Athletics	64,097	72,696	64,782	82,329	83,881	87,532	92,923	88,703
Support Services:								
Student & Instruction Related Services	688,627	855,006	895,310	983,425	1,051,586	1,166,308	1,266,470	1,313,544
General Administration Services	330,480	280,240	302,685	341,787	356,166	393,963	363,430	354,354
School Administration Services	215,978	301,531	300,932	261,730	293,883	231,414	255,396	255,669
Business/ Central Services	315,775	325,539	343,168	360,697	371,035	411,382	415,262	429,188
Plant Operations And Maintenance	628,072	802,618	937,951	676,474	647,103	619,657	695,407	661,802
Pupil Transportation	85,904	115,825	81,504	55,810	65,930	44,430	75,245	46,759
Interest and Other Charges	211,075	217,423	204,682	255,766	247,622	239,752	223,385	151,333
<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>Business-Type Activities:</b>								
Food Service	15,173	17,200	14,607	11,805	16,933	10,816	10,707	8,574
<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>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>Program Revenues</b>								
<b>Governmental Activities:</b>								
Charges For Services:								
Regular Instruction	\$ 148,083	\$ 87,733	\$ 151,141	\$ 171,274	\$ 232,615	\$ 308,232	\$ 364,079	\$ 513,555
Special Education Instruction	284,370	180,604	7,071	15,014	-	-	-	-
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
Capital Grants And Contributions	1,090,602	117,102	8,100	2,030	831	-	-	-
<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>Business-Type Activities:</b>								
Charges For Services:								
Food Service	6,546	6,962	7,117	7,007	13,585	12,165	11,666	6,425
Operating Grants And Contributions	6,873	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>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>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)
Business-Type Activities	(1,754)	(957)	1,091	3,098	5,951	10,779	8,313	4,964
<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>General Revenues</b>								
<b>Governmental Activities:</b>								
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
Unrestricted State Aid	102,864	140,434	134,665	145,547	240,063	65,117	59,215	50,808
Investment Earnings	25,026	9,507	22,673	27,540	29,822	6,874	10,677	21,451
Miscellaneous Income	56,307	4,675	8,937	17,081	8,106	9,757	28,032	4,444
Donation of Capital Assets	-	-	-	-	8,000	-	-	-
Transfers	-	-	-	135	10,032	10,000	7,000	5,600
<b>Total Governmental Activities</b>	<b>5,892,180</b>	<b>6,244,202</b>	<b>6,444,212</b>	<b>6,998,110</b>	<b>7,632,754</b>	<b>7,719,417</b>	<b>8,057,816</b>	<b>8,260,622</b>
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,666)</b>	<b>(9,880)</b>	<b>(6,907)</b>	<b>(5,536)</b>
<b>Total District-Wide</b>	<b>\$ 5,892,180</b>	<b>\$ 6,244,202</b>	<b>\$ 6,444,212</b>	<b>\$ 6,998,110</b>	<b>\$ 7,623,088</b>	<b>\$ 7,709,537</b>	<b>\$ 8,050,909</b>	<b>\$ 8,255,086</b>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 1,367,276	\$ (10,416)	\$ (359,397)	\$ 29,045	\$ 576,366	\$ 639,117	\$ 730,957	\$ 982,800
Business-Type Activities	(1,754)	(957)	1,091	3,098	(3,715)	899	1,406	(572)
<b>Total District</b>	<b>\$ 1,365,522</b>	<b>\$ (11,373)</b>	<b>\$ (358,306)</b>	<b>\$ 32,143</b>	<b>\$ 572,651</b>	<b>\$ 640,016</b>	<b>\$ 732,363</b>	<b>\$ 982,228</b>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 217,771	\$ 218,885	\$ 44,285	\$ 73,638	\$ 486,778	\$ 1,254,591	\$ 1,770,227	
Unreserved	162,860	141,364	108,091	283,175	383,362	84,433	125,917	
Restricted								\$ 1,534,243
Assigned								7,000
Unassigned								250,696
Total General Fund	\$ 380,631	\$ 360,249	\$ 152,376	\$ 356,813	\$ 870,140	\$ 1,339,024	\$ 1,896,144	\$ 1,791,939
All Other Governmental Funds								
Reserved	\$ 98,106		\$ 632,358	\$ 1	\$ 1	\$ 1	\$ 1	
Unreserved	260,727	\$ 30,447	298,621	21,589	22,420			
Restricted								\$ 827,817
Total All Other Governmental Funds	\$ 358,833	\$ 30,447	\$ 930,979	\$ 21,590	\$ 22,421	\$ 1	\$ 1	\$ 827,817

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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 EIGHT FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<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
Tuition Charges	432,453	268,337	158,212	186,288	232,615	308,232	364,079	513,555
Interest Earnings	25,026	9,507	22,673	27,540	29,822	6,874	10,677	21,451
Miscellaneous	56,307	5,813	26,545	54,456	43,112	70,768	102,148	18,916
State Sources	1,930,847	1,027,102	1,038,776	1,283,089	1,365,663	960,475	1,019,179	779,727
Federal Sources	120,491	149,180	141,163	143,228	139,055	131,379	279,421	136,042
<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>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
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
Other Instruction	200,936	153,867	173,262	210,097	189,929	174,822	217,155	226,192
School Sponsored Activities and Athletics	64,097	72,696	64,782	79,184	81,531	84,377	90,193	86,121
<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
General Administration Services	327,911	277,900	293,999	335,449	348,396	381,868	355,026	346,176
School Administration Services	215,978	301,531	290,302	258,209	282,965	221,772	246,630	243,222
Business/ Central Services	315,775	325,539	343,168	342,356	357,159	394,828	400,759	415,616
Plant Operations And Maintenance	524,217	546,824	640,505	655,683	638,908	609,675	684,759	652,987
Pupil Transportation	79,466	109,387	75,066	49,114	65,597	44,181	75,092	46,532
Capital Outlay	4,228,166	454,154	601,782	920,138	46,471	140,862	112,558	151,271
<b>Debt Service:</b>								
Principal	170,000	175,000	180,000	190,000	284,714	324,695	300,000	398,105
Interest and Other Charges	213,484	219,901	238,607	255,806	247,732	240,404	224,132	163,712
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>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
<b>Other Financing Sources (Uses)</b>								
Bond Proceeds	-	-	1,534,000	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	\$ 44,409	-	-	\$ 129,314
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
Transfers Out	(25,026)	(7,016)	(16,531)	(14,143)	-	(22,420)	-	(953,277)
<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>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>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%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**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>
2002	\$ 375,807	\$ 5,423	\$ 2,114	\$ 383,344
2003	317,272	2,708	3,671	323,651
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

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2002	\$ 6,702,400	\$ 307,654,400			\$ 40,905,700	\$ 111,865,700		\$ 467,128,200	\$ 607,264	\$ 467,735,464	\$ 576,253,095	\$ 1.014
2003	5,630,600	312,312,500			41,954,600	111,001,500		470,899,200	711,403	471,610,603	601,606,082	1.163
2004	5,974,200	313,629,800			42,371,100	110,899,300		472,874,400	594,390	473,468,790	706,387,048	1.247
2005	5,809,500	316,692,200			42,365,600	110,541,300		475,408,600	453,087	475,861,687	803,165,469	1.299
2006	7,147,200	318,371,600			42,382,700	107,078,640		474,980,140	606,929	475,587,069	868,881,672	1.375
2007	14,898,400	692,867,700			75,958,300	179,635,500		963,359,900	566,929	963,926,829	952,930,025	0.744
2008	15,525,157	698,971,683			76,040,600	208,074,700		998,612,140	1,187,908	999,800,048	1,025,770,221	0.748
2009	13,857,186	702,140,418			76,938,900	202,138,500		995,095,004	1,412,505	996,507,509	1,066,218,181	0.781
2010	14,271,786	708,040,500			77,577,000	203,705,700		1,003,594,986	1,505,596	1,005,100,582	1,030,676,901	0.802
2011	10,940,800	575,722,200			75,443,800	187,824,400		849,931,208	1,104,701	851,035,901	861,608,907	0.968

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)**

<u>Calendar Year</u>	<u>Total Direct Tax Rate</u>	<u>Overlapping Rates</u>			<u>Total</u>
		<u>Regional High School District</u>	<u>Municipality</u>	<u>County</u>	
2002	\$ 1.014	\$ 0.640	\$ 0.794	\$ 0.267	\$ 2.715
2003	1.163	0.700	0.817	0.265	2.945
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

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	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Maxim Enterprises	\$ 27,500,000	3.23%		
Salvatore & Roselle Costa and SC Construction	13,135,000	1.54%		
MEM Union Street Assoc.	12,711,200	1.49%		
RIO Vista homes @ Northvale LLC.	11,936,100	1.40%		
Northvale 1197 & 2005 Assoc	10,959,200	1.29%		
Northvale Shopping Center Assoc.	9,995,600	1.17%		
Northvale Tire Tech Ctr. LP	7,405,600	0.87%		
Centrico	7,268,700	0.85%		
Northvale Holding CO. LLC	6,531,800	0.77%		
Matthew Realty LLC	6,442,300	0.76%		
	<u>113,885,500</u>	<u>13.38%</u>		
			<b>NOT AVAILABLE</b>	
			<u>-</u>	<u>-</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	
2002	\$ 4,369,840	\$ 4,369,840	100.00%	
2003	5,280,108	5,280,108	100.00%	
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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
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	4,807 (1)	966
2011	4,289,000	\$ 86,209	4,375,209	4,807 (1)	910

(1) - Estimated

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 seven 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  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SEVEN 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			
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%	966
2011	4,289,000		4,289,000	0.50%	892

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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 seven 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  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2010  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional High School Tax	\$ 1,980,055	\$ 1,980,055	
Borough of Northvale School District	4,644,000	4,644,000	
Borough of Northvale	<u>4,761,679</u>	<u>-</u>	<u>\$ 4,761,679</u>
	<u>\$ 11,385,734</u>	<u>\$ 6,624,055</u>	<u>4,761,679</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County (3)			6,480,211
Bergen County Utilities Authority (2)			<u>2,202,953</u>
			<u>8,683,164</u>
Total Direct and Overlapping Debt			<u>\$ 13,444,843</u>

## Sources:

- (1) Borough of Northvale Annual Debt Statement - December 31, 2010
- (2) BCUA 2010 audit.
- (3) Bergen County Annual Debt Statement - December 31, 2010

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

**Legal Debt Margin Calculation for Fiscal Year 2010**

Equalized valuation basis	\$ 1,005,203,311
2010	1,009,121,797
2009	1,056,956,118
2008	<u>\$ 3,071,281,226</u>
 Average equalized valuation of taxable property	 \$ 1,023,760,409
Debt limit (3% of average equalization value)	30,712,812
Total Net Debt Applicable to Limit	<u>(4,289,000)</u>
Legal debt margin	<u>\$ 26,423,812</u>

	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 20,699,054	\$ 23,415,166	\$ 25,840,442	\$ 27,727,971	\$ 29,711,500	\$ 30,436,121	\$ 30,712,812
Total net debt applicable to limit	<u>(4,375,716)</u>	<u>(5,730,216)</u>	<u>(5,540,216)</u>	<u>(5,265,216)</u>	<u>(4,974,000)</u>	<u>(4,644,000)</u>	<u>(4,289,000)</u>
Legal debt margin	<u>\$ 16,323,338</u>	<u>\$ 17,684,950</u>	<u>\$ 20,300,226</u>	<u>\$ 22,462,755</u>	<u>\$ 24,737,500</u>	<u>\$ 25,792,121</u>	<u>\$ 26,423,812</u>
Total net debt applicable to the limit as a percentage of debt limit	21.14%	24.47%	21.44%	18.99%	16.74%	15.26%	13.96%

Source: Annual Debt Statements

Note:  
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2005 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**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>	
2002	2.9%	\$ 51,931	4,502	
2003	2.8%	51,291	4,498	
2004	2.3%	54,669	4,509	
2005	2.3%	56,963	4,490	
2006	2.5%	63,021	4,467	
2007	2.5%	67,113	4,501	
2008	2.9%	68,541	4,693	
2009	5.2%	64,388	4,807	
2010	5.4%	N/A	4,807	(1)
2011	N/A	N/A	4,807	(1)

(1) Estimated Amount

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>Employer</u>	<u>2011</u>		<u>2002</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 SIX 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>
Instruction						
Regular	43.0	41.0	43.0	40.0	42.0	43.0
Special education	9.0	9.0	9.0	11.7	10.0	10.0
Support Services:						
Student and instruction related services	7.0	7.0	7.0	6.2	6.0	6.0
General administration Services	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
Central services	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
Total	<u>75</u>	<u>72</u>	<u>71</u>	<u>69.9</u>	<u>70.0</u>	<u>71.0</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 six 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	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School					
2002	544.0	\$ 5,406,615	\$ 9,939	-5.40%				544.1	522.4	8.02%	96.01%	
2003	553.0	5,987,614	10,828	8.94%				553.0	530.0	1.64%	95.84%	
2004	578.0	6,564,529	11,357	4.89%	56	14:00	16:70	578.0	550.0	4.52%	95.16%	
2005	579.0	7,062,880	12,198	7.41%	59	13:50	15:90	579.0	562.5	0.17%	97.15%	
2006	599.0	7,487,053	12,499	2.47%	61	13:00	14:00	599.0	581.0	3.45%	96.99%	
2007	587.0	7,850,269	13,374	6.99%	57	11:00	13:00	587.0	560.0	-2.00%	95.40%	
2008	604.0	8,116,364	13,438	0.48%	54	11:00	14:00	604.0	587.0	2.90%	97.19%	
2009	614.0	7,954,972	12,956	-3.58%	54	11:00	14:00	629.0	587.0	4.14%	93.32%	
2010	610.0	8,541,586	14,003	8.08%	56	11:00	14:00	617.0	595.3	-1.91%	96.48%	
2011	584.0	8,346,225	14,291	2.06%	56	11:00	14:00	587.3	561.9	-4.81%	95.68%	

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 Applicable

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<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
Capacity (students)	316	316	316	316	316	316
Enrollment	235	239	252	250	251	247
<b><u>Middle School</u></b>						
Nathan Hale						
Square Feet	45,162	45,162	45,162	45,162	45,162	45,162
Capacity (students)	532	532	532	532	532	532
Enrollment	364	348	352	364	366	337

Number of Schools at June 30, 2011

    Elementary = 1

    Middle School = 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 six 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  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
 (Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
School Facilities										
District Totals										
Nathan Hale	\$ 26,735	\$ 15,815	\$ 34,497	\$ 29,537	\$ 32,163	\$ 43,742	\$ 69,962	\$ 49,424	\$ 76,699	\$ 70,062
Thomas Jefferson	5,391	22,758	6,956	6,050	6,588	8,959	44,524	50,702	44,078	31,846
	<u>\$ 32,126</u>	<u>\$ 38,573</u>	<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>

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.

NORTHVALE BOARD OF EDUCATION  
 SCHEDULE OF INSURANCE  
 JUNE 30, 2011  
 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance Company		
Property - Blanket Buildings and Contents	\$ 17,934,020	\$ 5,000
Comprehensive General Liability (General Aggregate)	2,000,000	
Blanket Employee Dishonesty (Per Employee/Loss)	100,000/400,000	5,000
Automobile Liability	1,000,000	
Educator's Legal Liability - ACE American Insurance Company	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	
Boiler and Machinery - Selective Insurance Company		
Property Damage	100,000,000	1,000
Commercial Umbrella Excess (per occurrence and aggregate limit) - American Alternatives Insurance Co.	9,000,000	10,000

Source: School District's Records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, 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

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

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, 2011, which collectively comprise the Northvale Board of Education's basic financial statements and have issued our report thereon dated October 4, 2011. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Northvale Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Northvale Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northvale Board of Education's internal control over financial reporting.

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 Northvale Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Northvale Board of Education's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

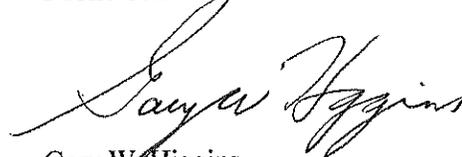
We also noted certain matters that we reported to management of the Northvale Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 4, 2011.

Northvale Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Northvale Board of Education's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.



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



Gary W. Higgins  
 Public School Accountant  
 PSA Number CS00814

Fair Lawn, New Jersey  
 October 4, 2011

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

**Independent Auditor's Report**

**NOT APPLICABLE**

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2010		Carryover	Cash Received	Budgetary Expenditures	Balance Cancelled	Deferred Revenue	June 30, 2011	
					Deferred Revenue (Accts. Receivable)	Due to Grantor						Accounts Receivable	Due to Grantor
<b>U.S. Department of Agriculture Passed-through State Department of Education</b>													
Special Milk Program	10.556	N/A	7/1/09-6/30/10	\$ 7,354	\$ (609)	-	\$ 609	\$ 7,113	-	-	-	\$ (1,207)	-
Special Milk Program	10.556	N/A	7/1/10-6/30/11	7,113	-	-	5,906	-	-	-	-	-	-
<b>Total U.S. Dept. of Agriculture</b>					<b>(609)</b>		<b>6,515</b>	<b>7,113</b>				<b>(1,207)</b>	
<b>U.S. Department of Education Passed-Through State Department of Education</b>													
I.D.E.A. Part B, Basic	84.027	IDEA373011	9/1/10-8/31/11	109,798	-	-	-	109,798	-	-	-	(109,798)	-
I.D.E.A. Part B, Preschool	84.173	IDEA373011	9/1/10-8/31/11	6,558	-	-	-	6,558	-	-	-	(6,558)	-
I.D.E.A. ARRA, Basic	84.391	ARRA2011	9/1/09-8/31/11	125,976	(4,931)	-	4,931	3,914	-	-	-	(3,914)	-
NCLB Title III	84.365A	NCLB373011	9/1/10-8/31/11	13,836	-	-	13,836	13,836	-	-	-	-	-
NCLB Title III, C/O	84.365A	NCLB373010	9/1/09-8/31/10	1,936	-	-	1,936	1,936	-	-	-	-	-
<b>Total U.S. Department of Education</b>					<b>(4,931)</b>		<b>20,703</b>	<b>136,042</b>				<b>(120,270)</b>	
<b>Total</b>					<b>\$ (5,540)</b>		<b>\$ 27,218</b>	<b>\$ 143,155</b>				<b>\$ (121,477)</b>	<b>\$ -</b>

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, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2010		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2011		MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	GAAP Receivable	Budgetary Total Expenditures
State Department of Education													
General Fund													
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	\$ 206,879	\$ (31,829)		\$ 31,829							
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	10,893	(1,676)	1,676								
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	29,321	(4,511)	4,511								
Extraordinary Aid	10-495-034-5120-473	7/1/09-6/30/10	156,474	(156,474)	156,474								
Extraordinary Aid	11-495-034-5120-473	7/1/10-6/30/11	142,021			\$ 142,021						\$ 142,021	
Additional Nonpublic Transportation Aid	N/A	7/1/09-6/30/10	1,128	(1,128)	1,128								
Additional Nonpublic Transportation Aid	N/A	7/1/10-6/30/11	696									(696)	696
TPAF Pension - NCGI	11-495-034-5095-007	7/1/10-6/30/11	11,823		11,823								11,823
TPAF Pension - PRM Contr.	11-495-034-5095-001	7/1/10-6/30/11	251,120		251,120								251,120
TPAF Social Security Contrib.	10-495-034-5095-002	7/1/09-6/30/10	290,547	(14,480)	14,480								
TPAF Social Security Contrib.	11-495-034-5095-002	7/1/10-6/30/11	270,790		257,642							(13,148)	270,790
Total General Fund				(210,098)	736,683		676,450			(155,865)		(13,844)	676,450
Debt Service Fund													
Debt Service Aid	11-495-034-5120-125	7/1/10-6/30/11	50,808		50,808								50,808
Total State Financial Assistance				(210,098)	781,491		727,238			(155,865)		(13,844)	727,238
State Financial Assistance													
Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF NCGI	10-495-034-5095-007	7/1/10-6/30/11	11,823		(11,823)		(11,823)						(11,823)
On-Behalf TPAF Post-Retirement Medical Contribution	10-495-034-5095-001	7/1/10-6/30/11	251,120		(251,120)		(251,120)						(251,120)
Total State Financial Assistance Subject to Single Audit				(210,098)	\$ 518,548		\$ 464,313			(155,865)		(13,844)	\$ 464,313

Note: This schedule was not subject to a State single audit in accordance with OMB 04-04.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an 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, 2011**

**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 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.

**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 \$52,469 for the general fund and \$-0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 728,919	\$ 728,919
Special Revenue Fund	\$ 136,042		136,042
Debt Service Fund		50,808	50,808
Food Service Fund	<u>7,113</u>	<u>-</u>	<u>7,113</u>
Total Financial Assistance	<u>\$ 143,155</u>	<u>\$ 779,727</u>	<u>\$ 922,882</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, 2011**

**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 \$270,790 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$11,823 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$251,120 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions as well as on-behalf School Development Authority Educational Facility Construction and Financing Act Program payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's 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, 2011**

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

**Financial Statement Section**

- |   |   |
|---|---|
| A) Type of auditors' report issued:   | <u>Unqualified Opinion</u>                |
| B) Internal control over financial reporting:   |   |
| 1) Material weakness(es) identified?  | _____ yes <u>  X  </u> no                 |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | <u>  X  </u> yes      _____ none reported |
| C) Noncompliance material to the basic financial statements noted?                              | <u>  X  </u> yes      _____ no            |

**Federal Awards Section**

**Not Applicable**

**State Awards Section**

**Not Applicable**

NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

**Finding 2011-1:**

The audit revealed encumbrances payable and accounts payable in the amounts of \$495,985 and \$90,448, respectively, were not recorded in the financial statements of the Capital Projects Fund.

**Criteria or Specific Requirement:**

State Department of Education's GAAP Technical Systems Manual.

**Condition:**

Encumbrances and accounts payable were not reported in the District's Capital Projects Fund financial statements at June 30, 2011.

**Questioned Cost:**

Not applicable.

**Context:**

Encumbrances and accounts payable in the amounts of \$495,985 and \$90,448, respectively, was not recorded at June 30, 2011.

**Effect:**

None, the financial statements have been adjusted accordingly.

**Cause:**

Oversight by management with respect to not recording the financial transactions in the fiscal year contracts were awarded versus the fiscal year construction was to be undertaken.

**Recommendation:**

It is recommended that all encumbrances and accounts payable be properly recorded in the District's Capital Projects Fund financial statements.

**Management's Response:**

Contracts for the Capital Projects Fund will be encumbered immediately after being awarded by the Board of Trustees.

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*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**

Not applicable

**NORTHVALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**

There were none.