

NORTHVALE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Northvale, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Northvale Board of Education

Northvale, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION

NORTHVALE PUBLIC SCHOOL DISTRICT

441 TAPPAN ROAD
NORTHVALE, NEW JERSEY 07647
201-768-8484 ext. 30230

Mr. Michael Pinajian
Superintendent

Ms. Deborah Trainor
Business Administrator/
Board Secretary

December 16, 2015

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, 2015. 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, including the Notes, providing an overview of the school district's financial position and operating results and supplementary schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, financial trends, and the fiscal capacity of the school district, generally presented on a multi-year basis;
- The Single Audit Section – The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Treasury Circular Letter NJOMB 15-08,

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

1) **REPORTING ENTITY AND ITS SERVICES**

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

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

The Northvale Public School District provides a full range of educational services appropriate for grade levels K through 8. These services include regular, as well as special education for handicapped youngsters. The district completed the 2014-2015 fiscal year with a total enrollment of 495 students, which represents an increase of 3.4% 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

| Fiscal Year | Average Daily Enrollment | Percent Change |
|--------------------|---------------------------------|-----------------------|
| 2014-2015 | 514 | (2.1%) |
| 2013-2014 | 525 | (2.2%) |
| 2012-2013 | 537 | (5.8%) |
| 2011-2012 | 570 | (3.0%) |
| 2010-2011 | 587 | (4.8%) |
| 2009-2010 | 617 | (1.9%) |
| 2008-2009 | 629 | 4.1% |
| 2007-2008 | 604 | 2.9% |
| 2006-2007 | 587 | (2.0%) |
| 2005-2006 | 599 | 3.5% |

Source: District Records

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

School districts in New Jersey are legally classified as Type I or Type II. The Northvale Public School District is a Type II school district and one of sixty-four districts classified by the New

Jersey Department of Education as operating under an organizational structure of Kindergarten through Eighth Grade. Northvale has an elected board of education. Trustees are elected for terms of three years. During its meetings, the board determines district goals and priorities and conducts the business of the board of education. Board meetings are open to the public and begin at 6:30 P.M.

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

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

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

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

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

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

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

At the sixth through eighth grade levels students travel to different classrooms for each subject area.

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

Education Center for a hands-on approach to outdoor-environmental education.

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

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

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

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

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

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

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

Source: Michael Pinajian, Superintendent

NORTHERN VALLEY REGIONAL OFFICE OF CURRICULUM AND INSTRUCTION

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

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

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

Source: Northern Valley Regional Curriculum Office Website

PARENT/FACULTY ORGANIZATIONS

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

During the 2013-14 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

- ✓ Trunk or Treat
- ✓ Casino Night
- ✓ Ice Cream Social
- ✓ Eight Grade Promotion Awards/Bonds

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

Source: District Records

DISTRICT TECHNOLOGY PLAN

The state mandatory, Three-Year District Technology Plan 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. It is expected that the funding for these initiatives will be through local sources and when available, federal and state funds will be sought.

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

Source: District Records

NORTHVALE CHILD STUDY TEAM

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

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

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

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

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

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

Source: District Records

NORTHERN VALLEY REGIONAL OFFICE OF SPECIAL EDUCATION REGION III

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

Responding to this the Bergen County Superintendents Council almost 25 years ago, divided and reorganized the county into seven regions for special education. Bergen County Region III is comprised of nine participating districts: Alpine, Closter, Demarest, Harrington Park, Haworth, Northern Valley Regional High School District, Northvale, Norwood, and Old Tappan.

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

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

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

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

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

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

Source: Northern Valley Office of Special Education Region III Website

2) ECONOMIC CONDITION AND OUTLOOK

After recent years of mostly meager results, New Jersey's economic recovery gained considerable momentum during 2013 and the first half of 2014.

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

The state's unemployment rate has fallen 0.9 percentage points over the past year to 8.7 percent. Repairs and rebuilding efforts following Superstorm Sandy are clearly adding to recent gains, creating jobs in construction, building products and miscellaneous services. Sandy has forced

residents to consume more and rebuild at a time when consumption and construction likely would have been more modest.

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

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

3) MAJOR INITIATIVES

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

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

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft, or misuse. In addition, district administration must ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control including that portion related to major federal and state financial award

programs, as well as to determine that the district has complied with applicable laws and regulations, contracts and grants.

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue, and the debt service funds. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

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 and account groups. These funds are explained in "Notes to the 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 Financial Statements". The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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 the Notes to the 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific, required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Northvale Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,

Michael Pinajian

Mr. Michael Pinajian
Superintendent

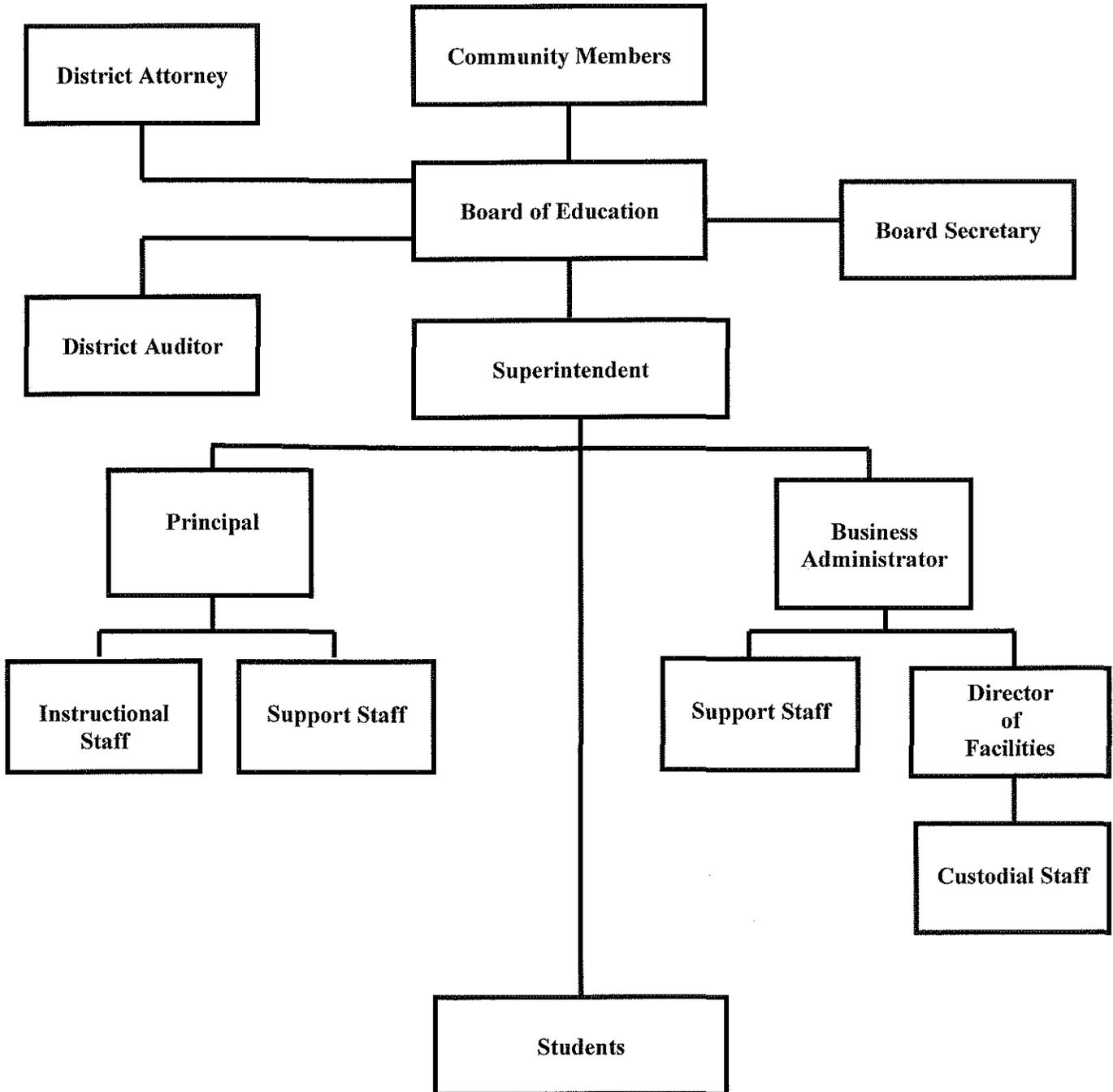
Deborah Trainor

Ms. Deborah Trainor
Business Administrator/Board Secretary

NORTHVALE BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



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

**ROSTER OF OFFICIALS
JUNE 30, 2015**

| | <u>Term Expires January</u> |
|---|--|
| <u>Members of the Board of Education</u> | |
| Mr. Joseph E. McGuire, President | 2018 |
| Mrs. Johanna Bargisen, Vice President | 2016 |
| Mr. Robert Bargna | 2016 |
| Mrs. Jamie Corday | 2018 |
| Mrs. Margaret DeGennaro | 2017 |

Other Officials

Mr. Michael Pinajian, Superintendent
Ms. Deborah Trainor, Business Administrator/Board Secretary
Mr. Steven Linzenbold, Principal
Mrs. Suzanne Burroughs, Treasurer of School Monies
Mr. Stephen R. Fogarty, Attorney

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 & Hara Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One
710 Route 46 - 3rd Floor
Fairfield NJ 07004

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Northvale Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northvale Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Northvale Board of Education.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

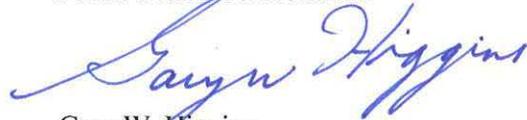
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2015 on our consideration of the Northvale Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Northvale Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015. 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 financial statements and financial statements which comprise the basic 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ◆ General revenues accounted for \$8,884,033 in revenue or 76% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,765,208 or 24% of total revenues of \$11,649,241.
- ◆ The school district had \$10,799,497 in expenses; only \$2,765,208 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,884,033 were adequate to provide for these programs.
- ◆ The General Fund had \$10,010,056 in revenues and \$9,545,617 in expenditures. The General Fund's fund balance increased \$558,787 or 17% over the fiscal year ended June 30, 2014.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year ending June 30, 2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Enterprise Fund

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

The School District as a Whole

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

Table 1 provides a summary of the school district's net position as of June 30, 2015 and 2014.

**Table 1
Net Position**

| | Governmental Types | | Business-Type Activities | | Total | |
|---|-------------------------------|----------------------------|-------------------------------------|-----------------|---------------------|----------------------------|
| | 2015 | 2014 (Restated) | 2015 | 2014 | 2015 | 2014 (Restated) |
| Assets | | | | | | |
| Current and other assets | \$ 4,086,916 | \$ 3,908,283 | \$ 1,545 | \$ 2,096 | \$ 4,088,461 | \$ 3,910,379 |
| Capital assets, net | <u>8,965,283</u> | <u>8,910,680</u> | <u>1,539</u> | <u>1,847</u> | <u>8,966,822</u> | <u>8,912,527</u> |
| Total Assets | <u>13,052,199</u> | <u>12,818,963</u> | <u>3,084</u> | <u>3,943</u> | <u>13,055,283</u> | <u>12,822,906</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amount on Refunding of Debt | 41,925 | | | | 41,925 | - |
| Deferred Amount on Net Pension Liability | <u>65,382</u> | <u>56,551</u> | <u>-</u> | <u>-</u> | <u>65,382</u> | <u>56,551</u> |
| Total Deferred Outflows of Resources | <u>107,307</u> | <u>56,551</u> | <u>-</u> | <u>-</u> | <u>107,307</u> | <u>56,551</u> |
| Total Assets and Deferred Outflows of Resources | <u>13,159,506</u> | <u>12,875,514</u> | <u>3,084</u> | <u>3,943</u> | <u>13,162,590</u> | <u>12,879,457</u> |
| Liabilities | | | | | | |
| Long-term liabilities | 5,128,746 | 5,652,941 | 363 | | 5,129,109 | 5,652,941 |
| Other liabilities | <u>91,032</u> | <u>295,719</u> | <u>-</u> | <u>-</u> | <u>91,032</u> | <u>295,719</u> |
| Total Liabilities | <u>5,219,778</u> | <u>5,948,660</u> | <u>363</u> | <u>-</u> | <u>5,220,141</u> | <u>5,948,660</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amount on Net Pension Liability | <u>161,908</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>161,908</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>161,908</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>161,908</u> | <u>-</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>5,381,686</u> | <u>5,948,660</u> | <u>363</u> | <u>-</u> | <u>5,382,049</u> | <u>5,948,660</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 6,053,191 | 5,570,485 | 1,539 | 1,847 | 6,054,730 | 5,572,332 |
| Restricted | 1,996,497 | 1,594,000 | | | 1,996,497 | 1,594,000 |
| Unrestricted | <u>(271,868)</u> | <u>(237,631)</u> | <u>1,182</u> | <u>2,096</u> | <u>(270,686)</u> | <u>(235,535)</u> |
| Total Net Position | <u>\$ 7,777,820</u> | <u>\$ 6,926,854</u> | <u>\$ 2,721</u> | <u>\$ 3,943</u> | <u>\$ 7,780,541</u> | <u>\$ 6,930,797</u> |

The School District as a Whole (Continued)

Table 2 shows the changes in net position for fiscal years ended June 30, 2015 and 2014.

| | Governmental Types | | Business-Type Activities | | Total | |
|---|-----------------------|---------------------|-----------------------------|-----------------|---------------------|---------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Revenues and Transfers | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 473,307 | \$ 455,635 | \$ 7,607 | \$ 8,346 | \$ 480,914 | \$ 463,981 |
| Operating grants and contributions | 2,192,543 | 1,157,235 | | | 2,192,543 | 1,157,235 |
| Capital grants and contributions | 91,751 | 4,311 | | | 91,751 | 4,311 |
| General revenues | | | | | | |
| Property Taxes | 8,813,451 | 8,610,255 | | | 8,813,451 | 8,610,255 |
| Grants and entitlements | 59,383 | 49,989 | | | 59,383 | 49,989 |
| Other revenues | 11,182 | 18,892 | 17 | 36 | 11,199 | 18,928 |
| Total revenues | <u>11,641,617</u> | <u>10,296,317</u> | <u>7,624</u> | <u>8,382</u> | <u>11,649,241</u> | <u>10,304,699</u> |
| Program Expenses | | | | | | |
| Instruction | 7,402,607 | 6,130,457 | | | 7,402,607 | 6,130,457 |
| Support services | | | | | | |
| Student and Instruction Related Svcs. | 1,290,658 | 1,217,559 | | | 1,290,658 | 1,217,559 |
| General administration, school administration, business/central services | 960,702 | 1,008,964 | | | 960,702 | 1,008,964 |
| Plant operation and Maintenance | 935,937 | 787,089 | | | 935,937 | 787,089 |
| Pupil Transportation | 67,065 | 88,222 | | | 67,065 | 88,222 |
| Interest and Other charges | 133,682 | 139,563 | | | 133,682 | 139,563 |
| Food service | - | - | 8,846 | 14,273 | 8,846 | 14,273 |
| Total expenses | <u>10,790,651</u> | <u>9,371,854</u> | <u>8,846</u> | <u>14,273</u> | <u>10,799,497</u> | <u>9,386,127</u> |
| Change in net position | <u>850,966</u> | <u>924,463</u> | <u>(1,222)</u> | <u>(5,891)</u> | <u>849,744</u> | <u>918,572</u> |
| Net Position, Beginning of Year | <u>6,926,854</u> | <u>8,169,828</u> | <u>3,943</u> | <u>9,834</u> | <u>6,930,797</u> | <u>8,179,662</u> |
| Prior Period Adjustment | <u>-</u> | <u>(2,167,437)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,167,437)</u> |
| Net Position, End of Year | <u>\$ 7,777,820</u> | <u>\$ 6,926,854</u> | <u>\$ 2,721</u> | <u>\$ 3,943</u> | <u>\$ 7,780,541</u> | <u>\$ 6,930,797</u> |

During the 2014/15 school year, the District implemented Government Accounting Standards Board (“GASB”) Statement No. 68, “Accounting and Financial Reporting of Pensions”. In conjunction with the implementation, the District was required to restate the June 30, 2014 financial statements.

Governmental Activities

The district’s total revenues were \$11,641,617 and \$10,296,317 for the fiscal years ended June 30, 2015 and 2014, respectively. Property taxes made up 76% and 84% of revenues for governmental activities for the Northvale School District for fiscal years ended June 30, 2015 and 2014, respectively. Federal, state and local grants and aid accounted for another 20% and 12% for fiscal years ended June 30, 2015 and 2014, respectively.

The total cost of all program and services were \$10,790,651 and \$9,371,854, respectively. Instruction comprised 69% and 65% of total district expenses for the fiscal years ended June 30, 2015 and 2014, respectively.

In the District-wide financial statements, State Aid and Instructional Expenses increased significantly in the 2014/15 fiscal year, due to the full accrual of TPAF on-behalf pension expense to comply with GASB 68.

The School District as a Whole (Continued)

Business-Type Activities

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

- ◆ Food service expenses exceeded revenues by \$1,222.
- ◆ Charges for services represent \$7,607 of revenue, which are amounts paid by patrons for daily food services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the fiscal years ended June 30, 2015 and 2014. The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

Table 3

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|--|-------------------------------|-------------------------|-----------------------------|-------------------------|
| | <u>2015</u> | <u>2014</u> | <u>2015</u> | <u>2014</u> |
| Instruction | \$ 7,402,607 | \$ 6,130,457 | \$ 4,754,391 | \$ 4,547,534 |
| Support services | | | | |
| Student and Instruction Related Svcs. | 1,290,658 | 1,217,559 | 1,290,658 | 1,199,480 |
| General administration, school administration, business/central services | 960,702 | 1,008,964 | 960,702 | 1,008,964 |
| Plant operation and Maintenance | 935,937 | 787,089 | 836,652 | 779,819 |
| Pupil Transportation | 67,065 | 88,222 | 56,965 | 79,313 |
| Interest and Other charges | <u>133,682</u> | <u>139,563</u> | <u>133,682</u> | <u>139,563</u> |
| Total Expenses | <u>\$ 10,790,651</u> | <u>\$ 9,371,854</u> | <u>\$ 8,033,050</u> | <u>\$ 7,754,673</u> |

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

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

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

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

The School District as a Whole (Continued)

Governmental Activities (Continued)

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

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

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general, special revenue, capital projects and debt service funds presented in the fund-based statements) had total revenues of \$10,740,705 and \$10,296,317 and expenditures of \$10,357,704 and \$10,162,023 for the fiscal years ended June 30, 2015 and 2014, respectively. The net change in all fund balances for the year was an increase of \$383,001. The revenue increase of \$444,388 is mainly the result of an increase in property taxes and an increase in federal and state aid. Expenditures increased \$195,681 mainly as of the net result of an increase in instruction, support services and undistributed costs and a decrease in capital outlay.

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibility for sound financial management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2015 and 2014.

| | Year Ended <u>June 30, 2015</u> | Year Ended <u>June 30, 2014</u> | Amount of <u>Decrease</u> | Percent Increase (Decrease) |
|-----------------|------------------------------------|------------------------------------|------------------------------|-----------------------------------|
| Local Sources | \$ 9,298,939 | \$ 9,084,782 | \$ 214,157 | 2.36% |
| State Sources | 1,325,577 | 1,099,781 | 225,796 | 20.53% |
| Federal Sources | <u>116,189</u> | <u>111,754</u> | <u>4,435</u> | 3.97% |
| Total Revenues | <u>\$ 10,740,705</u> | <u>\$ 10,296,317</u> | <u>\$ 444,388</u> | 4.32% |

The following schedule presents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2015 and 2014.

| | Year Ended <u>June 30, 2015</u> | Year Ended <u>June 30, 2014</u> | Amount of <u>Decrease</u> | Percent Increase (Decrease) |
|--|------------------------------------|------------------------------------|------------------------------|-----------------------------------|
| Current: | | | | |
| Instruction | \$ 6,214,780 | \$ 5,884,226 | \$ 330,554 | 5.62% |
| Support Services and Undistributed Costs | 3,141,124 | 3,011,470 | 129,654 | 4.31% |
| Capital Outlay | 439,696 | 706,201 | (266,505) | -37.74% |
| Debt Service: | | | | |
| Principal | 417,939 | 401,719 | 16,220 | 4.04% |
| Interest and Other Charges | <u>144,165</u> | <u>158,407</u> | <u>(14,242)</u> | -8.99% |
| Total Expenditures | <u>\$ 10,357,704</u> | <u>\$ 10,162,023</u> | <u>\$ 195,681</u> | 1.93% |

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, 2015, 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, 2015 and 2014, the governmental activities of the school district had \$14,563,127 and \$14,123,431, respectively; invested in land, construction in progress, land improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal 2015 balances compared to 2014 net of depreciation.

Table 4
Capital Assets

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|------------------------------------|----------------------|----------------------|
| Land | \$ 474,330 | \$ 474,330 |
| Construction In Progress | 1,964 | |
| Land Improvements | 373,080 | 373,080 |
| Buildings and Building Improvement | 12,591,663 | 12,164,482 |
| Machinery and Equipment | <u>1,122,090</u> | <u>1,111,539</u> |
| | 14,563,127 | 14,123,431 |
| Less Accumulated Depreciation | <u>(5,597,844)</u> | <u>(5,212,751)</u> |
| Total | <u>\$ 8,965,283</u> | <u>\$ 8,910,680</u> |

Overall capital assets, net of depreciation increased \$54,603 from fiscal year 2014 to fiscal year 2015 as a result of current year capital acquisitions exceeding depreciation.

Debt Administration

At June 30, 2015 and 2014, the school district had \$5,128,746 and \$5,652,941 as outstanding liabilities, respectively. Of this amount \$95,502 and \$88,758 is for compensated absences and \$2,914,817 and \$3,319,607 for bonds plus unamortized original issue premiums for school construction and \$39,200 and \$77,139 is for capital leases and \$2,079,227 and \$2,167,437 is for net pension liability.

At June 30, 2015, the school district's overall legal debt margin was \$27,355,878 and the unutilized debt margin was \$24,516,878. 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, 2014</u> | <u>Balance, June 30, 2015</u> |
|---|----------------------|---------------------------------|-------------------------------|-------------------------------|
| Renovations & Additions to Nathan Hale and Thomas Jefferson Schools | 4-15-06 | \$ 1,534,000 | \$ 874,000 | \$ 764,000 |
| Refunding School Bonds | 5-14-10 | 3,140,000 | <u>2,345,000</u> | <u>2,075,000</u> |
| | | | <u>\$ 3,219,000</u> | <u>\$ 2,839,000</u> |

FACTORS BEARING ON THE DISTRICT'S ECONOMIC FUTURE

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

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

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Northvale Board of Education Office located at 441 Tappan Road, Northvale, New Jersey.

BASIC FINANCIAL STATEMENTS

**NORTHVALE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 3,972,265 | \$ 1,545 | \$ 3,973,810 |
| Receivables, net | | | |
| Receivables from Other Governments | 111,902 | | 111,902 |
| Other | 999 | | 999 |
| Due from Other Funds | 1,750 | | 1,750 |
| Capital Assets, net | | | |
| Not Being Depreciated | 476,294 | | 476,294 |
| Being Depreciated | <u>8,488,989</u> | <u>1,539</u> | <u>8,490,528</u> |
| Total Assets | <u>13,052,199</u> | <u>3,084</u> | <u>13,055,283</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amount on Refunding of Debt | 41,925 | | 41,925 |
| Deferred Amount on Net Pension Liability | <u>65,382</u> | <u>-</u> | <u>65,382</u> |
| Total Deferred Outflows of Resources | <u>107,307</u> | <u>-</u> | <u>107,307</u> |
| Total Assets and Deferred Outflows of Resources | <u>13,159,506</u> | <u>3,084</u> | <u>13,162,590</u> |
| LIABILITIES | | | |
| Accounts Payable | 5,771 | 363 | 6,134 |
| Accrued Interest Payable | 39,093 | | 39,093 |
| Unearned Revenue | 46,168 | | 46,168 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 517,813 | | 517,813 |
| Due Beyond One Year | <u>4,610,933</u> | <u>-</u> | <u>4,610,933</u> |
| Total Liabilities | <u>5,219,778</u> | <u>363</u> | <u>5,220,141</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amount on Net Pension Liability | <u>161,908</u> | <u>-</u> | <u>161,908</u> |
| Total Deferred Inflows of Resources | <u>161,908</u> | <u>-</u> | <u>161,908</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>5,381,686</u> | <u>363</u> | <u>5,382,049</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 6,053,191 | 1,539 | 6,054,730 |
| Restricted for | | | |
| Capital Projects | 1,870,584 | | 1,870,584 |
| Other Purposes | 125,913 | | 125,913 |
| Unrestricted | <u>(271,868)</u> | <u>1,182</u> | <u>(270,686)</u> |
| Total Net Position | <u>\$ 7,777,820</u> | <u>\$ 2,721</u> | <u>\$ 7,780,541</u> |

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

**NORTHVALE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|--|-----------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities | | | | | | | |
| Instruction | | | | | | | |
| Regular | \$ 5,061,730 | \$ 283,553 | \$ 1,341,631 | | \$ (3,436,546) | | \$ (3,436,546) |
| Special Education | 1,849,552 | 189,754 | 697,445 | | (962,353) | | (962,353) |
| Other Instruction | 358,468 | | 102,737 | | (255,731) | | (255,731) |
| School Sponsored Activities and Athletics | 132,857 | | 33,096 | | (99,761) | | (99,761) |
| Support Services | | | | | | | |
| Student and Instruction Related Services | 1,290,658 | | | | (1,290,658) | | (1,290,658) |
| General Administration Services | 391,277 | | | | (391,277) | | (391,277) |
| School Administration Services | 214,226 | | | | (214,226) | | (214,226) |
| Business/Central Services | 355,199 | | | | (355,199) | | (355,199) |
| Plant Operations and Maintenance | 935,937 | | 7,534 | \$ 91,751 | (836,652) | | (836,652) |
| Pupil Transportation | 67,065 | | 10,100 | | (56,965) | | (56,965) |
| Interest and Other Charges | 133,682 | - | - | - | (133,682) | - | (133,682) |
| Total Governmental Activities | 10,790,651 | 473,307 | 2,192,543 | 91,751 | (8,033,050) | - | (8,033,050) |
| Business-Type Activities | | | | | | | |
| Food Service | 8,846 | 7,607 | - | - | - | \$ (1,239) | (1,239) |
| Total Business-Type Activities | 8,846 | 7,607 | - | - | - | (1,239) | (1,239) |
| Total Primary Government | \$ 10,799,497 | \$ 480,914 | \$ 2,192,543 | \$ 91,751 | (8,033,050) | (1,239) | (8,034,289) |
| General Revenues | | | | | | | |
| Property Taxes: | | | | | | | |
| Levied for General Purposes | | | | | 8,341,911 | | 8,341,911 |
| Levied for Debt Service | | | | | 471,540 | | 471,540 |
| Investment Earnings | | | | | 9,884 | 17 | 9,901 |
| State Aid - Restricted | | | | | 50,170 | | 50,170 |
| State Aid - Unrestricted | | | | | 9,213 | | 9,213 |
| Miscellaneous Income | | | | | 1,298 | - | 1,298 |
| Total General Revenues | | | | | 8,884,016 | 17 | 8,884,033 |
| Change in Net Position | | | | | 850,966 | (1,222) | 849,744 |
| Net Position, Beginning of Year (Restated) | | | | | 6,926,854 | 3,943 | 6,930,797 |
| Net Position, End of Year | | | | | \$ 7,777,820 | \$ 2,721 | \$ 7,780,541 |

FUND FINANCIAL STATEMENTS

**NORTHVALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,924,366 | \$ 5,097 | \$ 42,802 | | \$ 3,972,265 |
| Due from Other Funds | 1,750 | | 57,546 | | 59,296 |
| Receivables | | | | | |
| Intergovernmental | 2,555 | | 109,347 | | 111,902 |
| Other | - | 999 | - | \$ - | 999 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 3,928,671</u> | <u>\$ 6,096</u> | <u>\$ 209,695</u> | <u>\$ -</u> | <u>\$ 4,144,462</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 5,601 | | \$ 170 | | \$ 5,771 |
| Due to Other Funds | 57,546 | | | | 57,546 |
| Unearned Revenue | - | \$ 6,096 | 40,072 | \$ - | 46,168 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>63,147</u> | <u>6,096</u> | <u>40,242</u> | <u>-</u> | <u>109,485</u> |
| Fund Balances | | | | | |
| Restricted Fund Balance | | | | | |
| Capital Reserve | 1,701,131 | | | | 1,701,131 |
| Emergency Reserve | 250,000 | | | | 250,000 |
| Maintenance Reserve | 125,913 | | | | 125,913 |
| Excess Surplus | 621,372 | | | | 621,372 |
| Excess Surplus - Designated for Subsequent Years Expenditures | 883,694 | | | | 883,694 |
| Capital Projects | | | 169,453 | | 169,453 |
| Assigned | | | | | |
| Year-End Encumbrances | 45,808 | | | | 45,808 |
| Unassigned | | | | | |
| General Fund | 237,606 | - | - | - | 237,606 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>3,865,524</u> | <u>-</u> | <u>169,453</u> | <u>-</u> | <u>4,034,977</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | <u>\$ 3,928,671</u> | <u>\$ 6,096</u> | <u>\$ 209,695</u> | <u>\$ -</u> | |

**NORTHVALE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Tax Levy | \$ 8,341,911 | | | \$ 471,540 | \$ 8,813,451 |
| Tuition | 473,307 | | | | 473,307 |
| Interest | 9,884 | | | | 9,884 |
| Miscellaneous | 1,298 | \$ 999 | - | - | 2,297 |
| Total - Local Sources | <u>8,826,400</u> | <u>999</u> | <u>-</u> | <u>471,540</u> | <u>9,298,939</u> |
| State Sources | | | | | |
| Federal Sources | 1,183,656 | | \$ 91,751 | 50,170 | 1,325,577 |
| | - | 116,189 | - | - | 116,189 |
| Total Revenues | <u>10,010,056</u> | <u>117,188</u> | <u>91,751</u> | <u>521,710</u> | <u>10,740,705</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Regular Instruction | 4,143,606 | 999 | | | 4,144,605 |
| Special Education Instruction | 1,556,095 | 111,247 | | | 1,667,342 |
| Other Instruction | 287,409 | 4,942 | | | 292,351 |
| School-Sponsored Activities and Athletics | 110,482 | | | | 110,482 |
| Support Services | | | | | |
| Student and Instruction Related Services | 1,246,120 | - | | | 1,246,120 |
| General Administration Services | 373,334 | | | | 373,334 |
| School Administration Services | 202,279 | | | | 202,279 |
| Business/Central Services | 338,006 | | | | 338,006 |
| Plant Operations and Maintenance | 916,187 | | | | 916,187 |
| Pupil Transportation | 65,198 | | | | 65,198 |
| Debt Service | | | | | |
| Principal | 37,939 | | | 380,000 | 417,939 |
| Interest and Other Charges | 2,455 | | | 141,710 | 144,165 |
| Capital Outlay | 266,507 | - | 173,189 | - | 439,696 |
| Total Expenditures | <u>9,545,617</u> | <u>117,188</u> | <u>173,189</u> | <u>521,710</u> | <u>10,357,704</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>464,439</u> | <u>-</u> | <u>(81,438)</u> | <u>-</u> | <u>383,001</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 367,715 | | 273,367 | | 641,082 |
| Transfers Out | (273,367) | - | (367,715) | - | (641,082) |
| Total Other Financing Sources and (Uses) | <u>94,348</u> | <u>-</u> | <u>(94,348)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 558,787 | - | (175,786) | - | 383,001 |
| Fund Balance, Beginning of Year | <u>3,306,737</u> | <u>-</u> | <u>345,239</u> | <u>-</u> | <u>3,651,976</u> |
| Fund Balance, End of Year | <u>\$ 3,865,524</u> | <u>\$ -</u> | <u>\$ 169,453</u> | <u>\$ -</u> | <u>\$ 4,034,977</u> |

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

**NORTHVALE BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 383,001

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

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

| | | | |
|----------------------|----|------------------|--------|
| Capital Outlay | \$ | 439,696 | |
| Depreciation Expense | | <u>(385,093)</u> | 54,603 |

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

| | | | |
|----------------------------------|--|----------------|----------|
| Increase in Compensated Absences | | (6,744) | |
| Increase in Pension Expense | | <u>(8,316)</u> | (15,060) |

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

| | | | |
|----------------------|--|---------------|---------|
| Principal Repayments | | | |
| Bonds Payable | | 380,000 | |
| Capital Leases Paid | | <u>37,939</u> | 417,939 |

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

| | | | |
|--------------------------------------|--|---------------|--------|
| Deferred Amount on Refunding on Debt | | (14,626) | |
| Original Issuance Premium | | <u>24,790</u> | 10,164 |

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>319</u> |
|------------------------------|--|--|------------|

Change in net position of governmental activities (Exhibit A-2) **\$ 850,966**

NORTHVALE BOARD OF EDUCATION
PROPRIETARY FUND
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

| | Non-Major Enterprise Fund <u>Totals</u> |
|----------------------------------|--|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ <u>1,545</u> |
| Total Current Assets | <u>1,545</u> |
| Capital Assets | |
| Equipment | 3,078 |
| Less: Accumulated Depreciation | <u>(1,539)</u> |
| Total Capital Assets | <u>1,539</u> |
| Total Assets | <u>3,084</u> |
| LIABILITIES | |
| Accounts Payable | <u>363</u> |
| Total Liabilities | <u>363</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 1,539 |
| Unrestricted | <u>1,182</u> |
| Total Net Position | <u>\$ 2,721</u> |

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

**NORTHVALE BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | Non-Major Enterprise Fund <u>Totals</u> |
|---------------------------------|--|
| OPERATING REVENUES | |
| Charges for Services | |
| Daily Sales | \$ 7,607 |
| | 7,607 |
| Total Operating Revenues | 7,607 |
| OPERATING EXPENSES | |
| Cost of Sales | 8,538 |
| Depreciation | 308 |
| | 8,846 |
| Total Operating Expenses | 8,846 |
| Operating Loss | (1,239) |
| NONOPERATING REVENUES | |
| Interest Income | 17 |
| | 17 |
| Total Nonoperating Revenues | 17 |
| Change in Net Position | (1,222) |
| Net Position, Beginning of Year | 3,943 |
| Net Position, End of Year | \$ 2,721 |

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

**NORTHVALE BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | | Non-Major Enterprise Fund <u>Totals</u> |
|--|----|--|
| Cash Flows from Operating Activities | | |
| Cash Received from Customers | \$ | 7,607 |
| Cash Payments to Suppliers for Goods and Services | | <u>(8,175)</u> |
| Net Cash Used by Operating Activities | | <u>(568)</u> |
| Cash Flows from Investing Activities | | |
| Interest on Deposits | | <u>17</u> |
| Net Cash Provided by Investing Activities | | <u>17</u> |
| Net decrease in Cash and Cash Equivalents | | (551) |
| Cash and Cash Equivalents, Beginning of Year | | <u>2,096</u> |
| Cash and Cash Equivalents, End of Year | \$ | <u>1,545</u> |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities | | |
| Operating Loss | \$ | <u>(1,239)</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities | | |
| Changes in Assets and Liabilities | | |
| Depreciation | | 308 |
| Increase in Accounts Payable | | <u>363</u> |
| Total Adjustments | | <u>671</u> |
| Net Cash Used by Operating Activities | \$ | <u>(568)</u> |

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

NORTHVALE BOARD OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2015

| | <u>Agency Fund</u> |
|-------------------------------------|-----------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ <u>120,397</u> |
| Total Assets | \$ <u>120,397</u> |
| LIABILITIES | |
| Accrued Salaries and Wages | 92,570 |
| Payroll Deductions and Withholdings | 3,143 |
| Due to Other Funds | 1,750 |
| Due to Student Groups | <u>22,934</u> |
| Total Liabilities | \$ <u>120,397</u> |

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

**NORTHVALE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

NOTES TO THE FINANCIAL STATEMENTS

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Northvale Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District’s enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

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

3. Capital Assets

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

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.

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital Assets (Continued)

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick and personal leave benefits. A long-term liability of accumulated sick and personal 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. *Pensions*

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

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

7. *Long-Term Obligations*

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

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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.

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.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On May 21, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$165,779. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

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

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

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

| | | |
|--|----------------|---------------------|
| Beginning balance | | \$ 1,122,998 |
| Increased by | | |
| Interest Earned | \$ 200 | |
| Unexpended Local Share of Capital Projects | 367,715 | |
| Deposits Approved in District Budget | 10,218 | |
| Deposits Approved by Board Resolution | <u>200,000</u> | |
| Total Increases | | <u>578,133</u> |
| Ending balance | | <u>\$ 1,701,131</u> |

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

| | |
|-------------------|-------------------|
| Beginning balance | \$ 125,763 |
| Increased by | |
| Interest Earned | <u>150</u> |
| Ending balance | <u>\$ 125,913</u> |

The June 30, 2015 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$406,652.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2015 is as follows:

| | |
|-------------------|-------------------|
| Beginning balance | \$ <u>250,000</u> |
|-------------------|-------------------|

| | |
|----------------|-------------------|
| Ending balance | \$ <u>250,000</u> |
|----------------|-------------------|

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2015 is \$1,505,066. Of this amount, \$883,694 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$621,372 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$4,094,207 and bank and brokerage firm balances of the Board's deposits amounted to \$4,215,575. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>Bank Balance</u> |
|---------------------------|-------------------------|
| Insured | \$ <u>4,215,575</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, 2015 none of the Board's bank balances were exposed to custodial credit risk as follows:

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, 2015, the Board had no outstanding investments.

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

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

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

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | Capital <u>Projects</u> | <u>Total</u> |
|---------------------------------------|-----------------|----------------------------|-------------------|
| Receivables: | | | |
| Intergovernmental | \$ 2,555 | \$ 109,347 | \$ 111,902 |
| Gross Receivables | 2,555 | 109,347 | 111,902 |
| Less: Allowance for Uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Total Receivables | <u>\$ 2,555</u> | <u>\$ 109,347</u> | <u>\$ 111,902</u> |

C. Unearned Revenue

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

| | <u>Unearned</u> |
|---|----------------------|
| Special Revenue Fund | |
| Unencumbered Grant Draw Downs | \$ 6,096 |
| Capital Projects Fund | |
| Unrealized School Facility Grants | <u>40,072</u> |
| Total Deferred Revenue for Governmental Funds | <u>\$ 46,168</u> |

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

| | Balance <u>July 1, 2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance, <u>June 30, 2015</u> |
|--|--------------------------------|------------------|------------------|----------------------------------|
| Governmental activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 474,330 | | | \$ 474,330 |
| Construction In Progress | - | \$ 1,964 | - | 1,964 |
| Total Capital Assets, Not Being Depreciated | <u>474,330</u> | <u>1,964</u> | <u>-</u> | <u>476,294</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 373,080 | | | 373,080 |
| Buildings and Building Improvements | 12,164,482 | 427,181 | | 12,591,663 |
| Machinery and Equipment | 1,111,539 | 10,551 | - | 1,122,090 |
| Total Capital Assets Being Depreciated | <u>13,649,101</u> | <u>437,732</u> | <u>-</u> | <u>14,086,833</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (190,350) | (10,110) | | (200,460) |
| Buildings and Building Improvements | (4,274,427) | (306,489) | | (4,580,916) |
| Machinery and Equipment | (747,974) | (68,494) | - | (816,468) |
| Total Accumulated Depreciation | <u>(5,212,751)</u> | <u>(385,093)</u> | <u>-</u> | <u>(5,597,844)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>8,436,350</u> | <u>52,639</u> | <u>-</u> | <u>8,488,989</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 8,910,680</u> | <u>\$ 54,603</u> | <u>\$ -</u> | <u>\$ 8,965,283</u> |
| | | | | |
| | Balance <u>July 1, 2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance, <u>June 30, 2015</u> |
| Business-Type Activities: | | | | |
| 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 | (1,231) | \$ (308) | - | (1,539) |
| Total Accumulated Depreciation | <u>(1,231)</u> | <u>(308)</u> | <u>-</u> | <u>(1,539)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>1,847</u> | <u>(308)</u> | <u>-</u> | <u>1,539</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 1,847</u> | <u>\$ (308)</u> | <u>\$ -</u> | <u>\$ 1,539</u> |

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

| | |
|--|-------------------|
| Instruction | |
| Regular | \$ 205,838 |
| Special Education | 45,570 |
| Other | 15,015 |
| School Sponsored Activities and Athletics | <u>5,081</u> |
| Total Instruction | <u>271,504</u> |
| Support Services | |
| Student and Instruction Related Services | 53,009 |
| General Administration | 16,784 |
| School Administration | 11,175 |
| Business / Central Services | 13,424 |
| Plant Operation and Maintenance | 17,451 |
| Student Transportation | <u>1,746</u> |
| Total Support Services | <u>113,589</u> |
| Total Governmental Funds | <u>385,093</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 385,093</u> |
| Business-Type Activities: | |
| Food Service Fund | <u>\$ 308</u> |
| Total Depreciation Expense-Business-Type Activities | <u>\$ 308</u> |

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|------------------|
| General Fund | Agency Fund | 1,750 |
| Capital Projects | General Fund | <u>57,546</u> |
| | | <u>\$ 59,296</u> |

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

| | <u>Transfer In:</u> | | |
|-----------------------|---------------------|------------------------------|-------------------|
| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Total</u> |
| <u>Transfer Out:</u> | | | |
| General Fund | | \$ 273,367 | \$ 273,367 |
| Capital Projects Fund | \$ 367,715 | <u>-</u> | <u>367,715</u> |
| Total Transfers Out | <u>\$ 367,715</u> | <u>\$ 273,367</u> | <u>\$ 641,082</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.

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing a bus totaling \$51,342 under capital leases with an interest rate of 3.392%. The lease is for a term of 5 years. The District is also leasing technology equipment totaling \$127,055 under capital leases with an interest rate of 3.0784%. The lease is for a term of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2016 | <u>\$ 40,503</u> |
| Total Minimum Lease Payments | 40,503 |
| Less: Amount Representing Interest | <u>1,303</u> |
| Present Value of Minimum Lease Payments | <u>\$ 39,200</u> |

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2015 are comprised of the following issues:

| | |
|--|--------------------|
| \$1,534,000, 2006 Bonds, due in annual installments of \$115,000 to \$139,000 through April 15, 2021, interest at 4.25% to 4.50% | \$764,000 |
| \$3,140,000, 2010 Bonds, due in annual installments of \$275,000 to \$310,000 through March 1, 2022, interest at 4.00% to 5.00% | <u>2,075,000</u> |
| Total | <u>\$2,839,000</u> |

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Governmental Activities:

| Fiscal Year Ending June 30, | <u>Serial Bonds</u> | | <u>Total</u> |
|-----------------------------------|---------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2016 | \$ 390,000 | \$ 129,610 | \$ 519,610 |
| 2017 | 400,000 | 113,723 | 513,723 |
| 2018 | 420,000 | 97,423 | 517,423 |
| 2019 | 435,000 | 78,835 | 513,835 |
| 2020 | 440,000 | 58,060 | 498,060 |
| 2021-2022 | <u>754,000</u> | <u>52,505</u> | <u>806,505</u> |
| Totals | <u>\$ 2,839,000</u> | <u>\$ 530,156</u> | <u>\$ 3,369,156</u> |

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

| | |
|---|----------------------|
| 3% of Equalized Valuation Basis (Municipal) | \$ 27,355,878 |
| Less: Net Debt | <u>(2,839,000)</u> |
| Remaining Borrowing Power | <u>\$ 24,516,878</u> |

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

| | Balance July 1, 2014 (Restated) | Additions | Reductions | Balance June 30, 2015 | Due Within One Year |
|--|---------------------------------------|------------------|-------------------|--------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 3,219,000 | | \$ 380,000 | \$ 2,839,000 | \$ 390,000 |
| Original Issue Premium | 100,607 | - | 24,790 | 75,817 | - |
| | 3,319,607 | - | 404,790 | 2,914,817 | 390,000 |
| Capital Leases | 77,139 | | 37,939 | 39,200 | 39,200 |
| Compensated Absences | 88,758 | 18,877 | 12,133 | 95,502 | |
| Net Pension Liability | 2,167,437 | - | 88,210 | 2,079,227 | 88,613 |
| Governmental Activity Long-Term Liabilities | <u>\$ 5,652,941</u> | <u>\$ 18,877</u> | <u>\$ 543,072</u> | <u>\$ 5,128,746</u> | <u>\$ 517,813</u> |

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

B. Contingent Liabilities

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, 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, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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.

Basis of Accounting

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

Investment Valuation

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

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 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 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended <u>June 30,</u> | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|---|-------------|--------------------------|-------------|
| 2015 | \$ 91,551 | \$ 209,528 | \$ 1,194 |
| 2014 | 85,450 | 163,342 | 1,902 |
| 2013 | 101,218 | 239,224 | 1,835 |

For fiscal years 2014/2015 and 2012/2013, the state contributed \$209,528 and \$239,224, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$163,342 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$281,028 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$2,079,227 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was .01110 percent, which was a decrease of .00024 percent from its proportionate share measured as of June 30, 2013.

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$99,867 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Changes of Assumptions | \$ 65,382 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | \$ 123,911 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | - | 37,997 |
| Total | <u>\$ 65,382</u> | <u>\$ 161,908</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| Fiscal Year Ending <u>June 30,</u> | <u>Total</u> |
|--|--------------------|
| 2016 | \$ (25,944) |
| 2017 | (25,944) |
| 2018 | (25,944) |
| 2019 | (25,944) |
| 2020 | 5,034 |
| Thereafter | <u>2,216</u> |
| | <u>\$ (96,526)</u> |

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>PERS</u> |
|--------------------------------|----------------|
| Inflation Rate | 3.01% |
| Salary Increases: | |
| 2012-2021 | 2.15-4.40% |
| | Based on Age |
| Thereafter | 3.15-5.40% |
| | Based on Age |
| Investment Rate of Return | 7.90% |
| Mortality Rate Table | RP-2000 |
| Period of Actuarial Experience | July 1, 2008 - |
| Study Upon Which Actuarial | June 30, 2011 |
| Assumptions were Based | |

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

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash | 6.00% | 0.80% |
| Core Bonds | 1.00% | 2.49% |
| Intermediate-Term Bonds | 11.20% | 2.26% |
| Mortgages | 2.50% | 2.17% |
| High Yield Bonds | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 2.50% | 3.51% |
| Broad US Equities | 25.90% | 8.22% |
| Developed Foreign Equities | 12.70% | 8.12% |
| Emerging Market Equities | 6.50% | 9.91% |
| Private Equity | 8.25% | 13.02% |
| Hedge Funds/Absolute Return | 12.25% | 4.92% |
| Real Estate (Property) | 3.20% | 5.80% |
| Commodities | 2.50% | 5.35% |

Discount Rate

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

| <u>Plan</u> | <u>Discount Rate</u> |
|-------------|----------------------|
| PERS | 5.39% |

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

PERS

| | |
|--|----------------------------------|
| Period of Projected Benefit Payments for which the Following Rates were Applied: | |
| Long-Term Expected Rate of Return | Through June 30, 2033 |
| Municipal Bond Rate * | From July 1, 2033 and Thereafter |

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

| | 1% Decrease <u>(4.39%)</u> | Current Discount Rate <u>(5.39%)</u> | 1% Increase <u>(6.39%)</u> |
|--|---|---|---|
| District's Proportionate Share of the PERS Net Pension Liability | <u>\$ 2,615,730</u> | <u>\$ 2,079,227</u> | <u>\$ 1,628,700</u> |

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**NORTHVALE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,110,440 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$20,636,556. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>TPAF</u> |
|--------------------------------|-------------------------------|
| Inflation Rate | 2.50% |
| Salary Increases: | |
| 2012-2021 | Varies based on experience |
| Thereafter | Varies based on experience |
| Investment Rate of Return | 7.90% |
| Mortality Rate Table | RP-2000 |
| Period of Actuarial Experience | July 1, 2009 - |
| Study Upon Which Actuarial | June 30, 2012 |
| Assumptions were Based | |

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

**NORTHALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash | 6.00% | 0.50% |
| Core Fixed Income | 0.00% | 2.19% |
| Core Bonds | 1.00% | 1.38% |
| Short-Term Bonds | 0.00% | 1.00% |
| Intermediate-Term Bonds | 11.20% | 2.60% |
| Long-Term Bonds | 0.00% | 3.23% |
| Mortgages | 2.50% | 2.84% |
| High Yield Bonds | 5.50% | 4.15% |
| Non-US Fixed Income | 0.00% | 1.41% |
| Inflation-Indexed Bonds | 2.50% | 1.30% |
| Broad US Equities | 25.90% | 5.88% |
| Large Cap US Equities | 0.00% | 5.62% |
| Mid Cap US Equities | 0.00% | 6.39% |
| Small Cap US Equities | 0.00% | 7.39% |
| Developed Foreign Equities | 12.70% | 6.05% |
| Emerging Market Equities | 6.50% | 8.90% |
| Private Equity | 8.25% | 9.15% |
| Hedge Funds/Absolute Return | 12.25% | 3.85% |
| Real Estate (Property) | 3.20% | 4.43% |
| Real Estate (REITS) | 0.00% | 5.58% |
| Commodities | 2.50% | 3.60% |
| Long Credit Bonds | 0.00% | 3.74% |

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 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 includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$332,624, \$267,819 and \$270,503, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2014, the Northvale Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Northvale Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$2,167,437. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$9,094,291 as originally reported to \$6,926,854 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget To Actual</u> |
|--|----------------------------|--------------------|-------------------------|-------------------|--|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 8,341,911 | | \$ 8,341,911 | \$ 8,341,911 | |
| Tuition | 406,914 | | 406,914 | 473,307 | \$ 66,393 |
| Interest Earned on Maintenance Reserve | 150 | | 150 | 150 | |
| Interest Earned on Capital Reserve | 200 | | 200 | 200 | |
| Miscellaneous | 7,500 | - | 7,500 | 10,832 | 3,332 |
| Total Local Sources | <u>8,756,675</u> | <u>-</u> | <u>8,756,675</u> | <u>8,826,400</u> | <u>69,725</u> |
| State Sources | | | | | |
| Categorical Special Education Aid | 203,208 | | 203,208 | 203,208 | - |
| Transportation Aid | 7,388 | | 7,388 | 7,388 | - |
| Security Aid | 7,270 | | 7,270 | 7,270 | - |
| Extraordinary Aid | | | | 135,703 | 135,703 |
| Adjustment Aid | 1 | | 1 | 1 | - |
| PARCC Readiness Aid | 4,930 | | 4,930 | 4,930 | - |
| Per Pupil Growth Aid | 4,930 | | 4,930 | 4,930 | - |
| Additional Nonpublic Transportation Aid | | | | 2,555 | 2,555 |
| On-behalf TPAF Pension System Payments - Normal Costs (Non-Budget) | | | | 195,465 | 195,465 |
| On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget) | | | | 14,063 | 14,063 |
| On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget) | | | | 332,624 | 332,624 |
| On-behalf TPAF Social Security Payments (Non-Budget) | - | - | - | 281,028 | 281,028 |
| Total State Sources | <u>227,727</u> | <u>-</u> | <u>227,727</u> | <u>1,189,165</u> | <u>961,438</u> |
| Total Revenues | <u>8,984,402</u> | <u>-</u> | <u>8,984,402</u> | <u>10,015,565</u> | <u>1,031,163</u> |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Kindergarten | 339,625 | (7,700) | 331,925 | 328,150 | 3,775 |
| Grades 1-5 | 1,276,874 | 28,630 | 1,305,504 | 1,288,891 | 16,613 |
| Grades 6-8 | 1,000,767 | (20,525) | 980,242 | 960,312 | 19,930 |
| Regular Program - Home Instruction | | | | | |
| Salaries of Teachers | 7,000 | 18,550 | 25,550 | 18,464 | 7,086 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 4,000 | (430) | 3,570 | 3,500 | 70 |
| Purchased Professional/Educational Services | 3,000 | 1,330 | 4,330 | 4,327 | 3 |
| Other Purchased Services | 69,660 | 575 | 70,235 | 69,690 | 545 |
| General Supplies | 120,000 | 34,590 | 154,590 | 154,560 | 30 |
| Textbooks | 25,000 | 20,935 | 45,935 | 45,934 | 1 |
| Other Objects | 950 | 775 | 1,725 | 1,691 | 34 |
| Total Regular Programs | <u>2,846,876</u> | <u>76,730</u> | <u>2,923,606</u> | <u>2,875,519</u> | <u>48,087</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, 2015

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|--|--------------------|-------------|-----------------|------------|---------------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Special Education | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | \$ 145,500 | | \$ 145,500 | \$ 145,500 | |
| Other Salaries for Instruction | 77,940 | | 77,940 | 77,940 | |
| General Supplies | 1,200 | \$ 15 | 1,215 | 1,184 | \$ 31 |
| Textbooks | 1,000 | (15) | 985 | - | 985 |
| Total Learning and/or Language Disabilities | 225,640 | - | 225,640 | 224,624 | 1,016 |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 100,913 | 6,953 | 107,866 | 107,781 | 85 |
| Other Salaries for Instruction | 39,070 | (1,953) | 37,117 | 7,814 | 29,303 |
| General Supplies | 2,000 | - | 2,000 | 1,131 | 869 |
| Textbooks | 100 | - | 100 | - | 100 |
| Total Multiple Disabilities | 142,083 | 5,000 | 147,083 | 116,726 | 30,357 |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | 224,995 | 21,350 | 246,345 | 236,418 | 9,927 |
| Other Purchased Services | 100 | - | 100 | - | 100 |
| General Supplies | 4,600 | 150 | 4,750 | 4,701 | 49 |
| Textbooks | 300 | (150) | 150 | - | 150 |
| Total Resource Room/Resource Center | 229,995 | 21,350 | 251,345 | 241,119 | 10,226 |
| Home Instruction | | | | | |
| Salaries of Teachers | 1,000 | - | 1,000 | - | 1,000 |
| Total Home Instruction | 1,000 | - | 1,000 | - | 1,000 |
| Total Special Education | 598,718 | 26,350 | 625,068 | 582,469 | 42,599 |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | 128,768 | (775) | 127,993 | 119,174 | 8,819 |
| Other Purchased Services | 100 | - | 100 | - | 100 |
| General Supplies | 500 | 920 | 1,420 | 1,349 | 71 |
| Textbooks | 100 | (40) | 60 | - | 60 |
| Total Basic Skills/Remedial | 129,468 | 105 | 129,573 | 120,523 | 9,050 |
| Bilingual Education | | | | | |
| Salaries of Teachers | 70,438 | - | 70,438 | 70,437 | 1 |
| General Supplies | 500 | 1,040 | 1,540 | 1,536 | 4 |
| Textbooks | 200 | 95 | 295 | 282 | 13 |
| Total Bilingual Education | 71,138 | 1,135 | 72,273 | 72,255 | 18 |
| School Sponsored Cocurricular Activities | | | | | |
| Salaries | 35,000 | 3,824 | 38,824 | 38,309 | 515 |
| Supplies and Materials | 1,100 | 840 | 1,940 | 1,935 | 5 |
| Other Objects | 5,850 | (4,470) | 1,380 | 252 | 1,128 |
| Total School Sponsored Cocurricular Activities | 41,950 | 194 | 42,144 | 40,496 | 1,648 |

**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, 2015**

| | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|---|--------------------|-------------|-----------------|-----------|---------------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures | | | | | |
| School Sponsored Athletics | | | | | |
| Salaries | \$ 20,000 | \$ 6,101 | \$ 26,101 | \$ 25,860 | \$ 241 |
| Purchased Services | 3,500 | 820 | 4,320 | 4,177 | 143 |
| Supplies and Materials | 1,000 | 6,930 | 7,930 | 7,924 | 6 |
| Total School Sponsored Athletics | 24,500 | 13,851 | 38,351 | 37,961 | 390 |
| Total Instruction | 3,712,650 | 118,365 | 3,831,015 | 3,729,223 | 101,792 |
| Instruction | | | | | |
| Tuition to Other LEAs Within the State-Special | 651,286 | (39,315) | 611,971 | 611,702 | 269 |
| Tuition to Priv. Sch. for the Disabled | | | | | |
| Within the State | 60,000 | 26,115 | 86,115 | 86,111 | 4 |
| Tuition - Other | 5,000 | - | 5,000 | - | 5,000 |
| Total Instruction | 716,286 | (13,200) | 703,086 | 697,813 | 5,273 |
| Attendance and Social Work Services | | | | | |
| Salaries | 53,760 | - | 53,760 | 53,752 | 8 |
| Total Attendance and Social Work Services | 53,760 | - | 53,760 | 53,752 | 8 |
| Health Services | | | | | |
| Salaries | 60,645 | - | 60,645 | 59,832 | 813 |
| Purchased Professional and Technical Services | 5,600 | (1,525) | 4,075 | 3,312 | 763 |
| Other Purchased Services | 300 | 41 | 341 | 340 | 1 |
| Supplies and Materials | 2,500 | 3,535 | 6,035 | 6,032 | 3 |
| Total Health Services | 69,045 | 2,051 | 71,096 | 69,516 | 1,580 |
| Other Support Serv. Students - OT, PT & Related Serv. | | | | | |
| Salaries | 87,685 | - | 87,685 | 87,571 | 114 |
| Purchased Professional -Educational Services | 116,100 | 4,175 | 120,275 | 119,717 | 558 |
| Supplies and Materials | 1,600 | 25 | 1,625 | 1,620 | 5 |
| Total Other Support Serv. Students - OT, PT & Related Serv. | 205,385 | 4,200 | 209,585 | 208,908 | 677 |
| Other Support Serv. Students - Extra Serv. | | | | | |
| Salaries | 101,408 | (42,125) | 59,283 | 43,165 | 16,118 |
| Purchased Professional -Educational Services | 31,000 | 51,125 | 82,125 | 82,063 | 62 |
| Supplies | 400 | - | 400 | 304 | 96 |
| Other Objects | 200 | - | 200 | - | 200 |
| Total Other Support Serv. Students - Extra Serv. | 133,008 | 9,000 | 142,008 | 125,532 | 16,476 |
| Other Support Services-Students-Guidance | | | | | |
| Salaries of Other Professional Staff | 90,913 | - | 90,913 | 90,913 | - |
| Other Purchased Services | 250 | - | 250 | 11 | 239 |
| Supplies and Materials | 4,000 | - | 4,000 | 1,853 | 2,147 |
| Total Other Support Services - Students - Guidance | 95,163 | - | 95,163 | 92,777 | 2,386 |

**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, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget To Actual</u> |
|--|----------------------------|--------------------|-------------------------|----------------|--|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Other Support Services-Students-Child Study Team | | | | | |
| Salaries of Other Professional Staff | \$ 238,483 | \$ (30,250) | \$ 208,233 | \$ 163,443 | \$ 44,790 |
| Salaries of Secretarial and Clerical Assistants | 51,840 | (12,375) | 39,465 | 38,400 | 1,065 |
| Purchased Professional -Educational Services | 35,000 | 8,025 | 43,025 | 43,006 | 19 |
| Misc. Purchased Services | 6,250 | (1,770) | 4,480 | 3,793 | 687 |
| Supplies and Materials | 2,500 | 5,295 | 7,795 | 7,775 | 20 |
| Total Other Support Services - Child Study Team | 334,073 | (31,075) | 302,998 | 256,417 | 46,581 |
| Improvement of Instructional Services | | | | | |
| Salaries of Facilitators, Math & Literacy Coaches | 98,333 | (13,000) | 85,333 | 59,485 | 25,848 |
| Purchased Professional - Educational Services | 25,000 | - | 25,000 | 24,643 | 357 |
| Total Improvement of Instructional Services | 123,333 | (13,000) | 110,333 | 84,128 | 26,205 |
| Educational Media Services/School Library | | | | | |
| Salaries | 72,445 | 395 | 72,840 | 72,840 | - |
| Other Purchased Services | 200 | - | 200 | 129 | 71 |
| Supplies and Materials | 16,500 | 1,469 | 17,969 | 17,164 | 805 |
| Total Educational Media Serv./School Library | 89,145 | 1,864 | 91,009 | 90,133 | 876 |
| Staff Training Services | | | | | |
| Purchased Professional/Educational Services | 20,000 | - | 20,000 | 19,041 | 959 |
| Other Purchased Services | 2,500 | - | 2,500 | 537 | 1,963 |
| Supplies and Materials | 250 | - | 250 | 145 | 105 |
| Total Staff Training Services | 22,750 | - | 22,750 | 19,723 | 3,027 |
| Support Services General Administration | | | | | |
| Salaries | 209,114 | 7,837 | 216,951 | 211,952 | 4,999 |
| Legal Services | 28,000 | (1,575) | 26,425 | 11,164 | 15,261 |
| Audit Fees | 20,000 | 3,000 | 23,000 | 17,780 | 5,220 |
| Architectural/Engineering Services | 10,000 | 5,000 | 15,000 | 700 | 14,300 |
| Other Purchased Professional Services | 5,000 | 8,000 | 13,000 | 4,870 | 8,130 |
| Communications/Telephone | 22,700 | 4,000 | 26,700 | 18,359 | 8,341 |
| BOE Other Purchased Services | 2,700 | (60) | 2,640 | 697 | 1,943 |
| Miscellaneous Purchased Services | 2,500 | 3,035 | 5,535 | 5,522 | 13 |
| General Supplies | 2,200 | 150 | 2,350 | 2,328 | 22 |
| Judgments Against the School District | 12,000 | (3,837) | 8,163 | - | 8,163 |
| Miscellaneous Expenditures | 2,575 | 1,450 | 4,025 | 1,175 | 2,850 |
| BOE Membership Dues and Fees | 6,500 | - | 6,500 | 6,280 | 220 |
| Total Support Services General Administration | 323,289 | 27,000 | 350,289 | 280,827 | 69,462 |

**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, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget To Actual</u> |
|---|----------------------------|--------------------|-------------------------|----------------|--|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Support Services School Administration | | | | | |
| Salaries of Principal/Asst. Principals | \$ 107,100 | \$ 8,525 | \$ 115,625 | \$ 113,784 | \$ 1,841 |
| Salaries of Secretarial and Clerical Assistants | 28,250 | 3,000 | 31,250 | 27,338 | 3,912 |
| Other Purchased Services | 4,500 | (525) | 3,975 | 135 | 3,840 |
| Supplies and Materials | 4,500 | - | 4,500 | 4,451 | 49 |
| Other Objects | 5,500 | - | 5,500 | 4,871 | 629 |
| Total Support Services School Administration | <u>149,850</u> | <u>11,000</u> | <u>160,850</u> | <u>150,579</u> | <u>10,271</u> |
| Central Services | | | | | |
| Salaries | 214,082 | 7,000 | 221,082 | 169,521 | 51,561 |
| Purchased Professional Services | 20,000 | 5,000 | 25,000 | 16,480 | 8,520 |
| Miscellaneous Purchased Services | 5,000 | 2,500 | 7,500 | 284 | 7,216 |
| Supplies and Materials | 4,000 | 2,500 | 6,500 | 4,050 | 2,450 |
| Miscellaneous Expenditures | 2,100 | - | 2,100 | 375 | 1,725 |
| Total Central Services | <u>245,182</u> | <u>17,000</u> | <u>262,182</u> | <u>190,710</u> | <u>71,472</u> |
| Admin. Info. Tech. | | | | | |
| Purchased Professional Services | 2,000 | - | 2,000 | 1,075 | 925 |
| Purchased Technical Services | 17,800 | 4,680 | 22,480 | 16,797 | 5,683 |
| Other Purchased Services | 67,000 | 320 | 67,320 | 67,320 | - |
| Total Admin. Info. Tech. | <u>86,800</u> | <u>5,000</u> | <u>91,800</u> | <u>85,192</u> | <u>6,608</u> |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 76,719 | 2,400 | 79,119 | 79,119 | - |
| Cleaning, Repair and Maintenance Services | 42,000 | 76,100 | 118,100 | 84,991 | 33,109 |
| General Supplies | 11,000 | 2,700 | 13,700 | 13,532 | 168 |
| Total Required Maintenance for School Fac. | <u>129,719</u> | <u>81,200</u> | <u>210,919</u> | <u>177,642</u> | <u>33,277</u> |
| Custodial Services | | | | | |
| Salaries | 140,940 | (3,050) | 137,890 | 122,451 | 15,439 |
| Salaries of Non-Instructional Aides | 17,802 | 1,000 | 18,802 | 18,802 | - |
| Purchased Prof. And Technical Serv. | 7,000 | (800) | 6,200 | 4,993 | 1,207 |
| Cleaning, Repair and Maint. Serv. | 124,500 | 31,200 | 155,700 | 153,171 | 2,529 |
| Other Purchased Property Services | 8,000 | - | 8,000 | 6,052 | 1,948 |
| Insurance | 95,079 | (1,300) | 93,779 | 91,789 | 1,990 |
| Miscellaneous Purchased Services | 1,650 | - | 1,650 | 916 | 734 |
| General Supplies | 60,000 | (11,900) | 48,100 | 44,341 | 3,759 |
| Energy (Natural Gas) | 30,000 | 700 | 30,700 | 28,036 | 2,664 |
| Energy (Electricity) | 80,000 | (7,200) | 72,800 | 61,467 | 11,333 |
| Other Objects | 300 | 300 | 600 | 599 | 1 |
| Total Custodial Services | <u>565,271</u> | <u>8,950</u> | <u>574,221</u> | <u>532,617</u> | <u>41,604</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, 2015**

| EXPENDITURES | Original Budget | Adjustments | Final Budget | Actual | Variance Final Budget To Actual |
|--|--------------------|-------------|-----------------|-----------|---------------------------------------|
| CURRENT EXPENDITURES (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Care and Upkeep of Grounds | | | | | |
| Cleaning, Repair and Maintenance Services | \$ 6,500 | \$ 34,065 | \$ 40,565 | \$ 22,265 | \$ 18,300 |
| Supplies and Materials | 5,500 | (825) | 4,675 | 4,672 | 3 |
| Total Care and Upkeep of Grounds | 12,000 | 33,240 | 45,240 | 26,937 | 18,303 |
| Security | | | | | |
| Cleaning, Repair and Maintenance Services | 16,000 | - | 16,000 | 14,061 | 1,939 |
| General Supplies | 100 | - | 100 | - | 100 |
| Total Care and Upkeep of Grounds | 16,100 | - | 16,100 | 14,061 | 2,039 |
| Student Transportation Services | | | | | |
| Salaries of Non-Instructional Aides | 8,000 | - | 8,000 | 6,527 | 1,473 |
| Salaries for Pupil Trans. (Bet. Home & Sch.) - Reg. | 15,519 | - | 15,519 | 15,519 | - |
| Cleaning, Repair and Maintenance Services | 2,000 | 3,850 | 5,850 | 4,314 | 1,536 |
| Lease Purchase Payments School Buses | 11,230 | - | 11,230 | 11,227 | 3 |
| Contracted Services (Other Than HM/SC) - Vendors | 6,000 | 4,175 | 10,175 | 10,174 | 1 |
| Contracted Services (Home/School) -Joint Agreements | 10,000 | 2,100 | 12,100 | 12,096 | 4 |
| Contracted Services (Special Ed) -Joint Agreements | 65,000 | (21,000) | 44,000 | 8,298 | 35,702 |
| Misc. Purchased Serv. - Transportation | 250 | - | 250 | 150 | 100 |
| Transportation Supplies | 1,000 | (375) | 625 | 43 | 582 |
| Total Student Transportation Services | 118,999 | (11,250) | 107,749 | 68,348 | 39,401 |
| Unallocated Benefits - Employee Benefits | | | | | |
| Group Insurance | 750 | - | 750 | 200 | 550 |
| Social Security Contributions | 110,000 | (3,325) | 106,675 | 86,032 | 20,643 |
| Other Retirement Contributions - PERS | 110,000 | (5,000) | 105,000 | 91,551 | 13,449 |
| Unemployment Compensation | 22,000 | (6,340) | 15,660 | 15,658 | 2 |
| Workmen's Compensation | 57,500 | (14,535) | 42,965 | 41,365 | 1,600 |
| Health Benefits | 1,362,550 | (72,720) | 1,289,830 | 1,115,132 | 174,698 |
| Tuition Reimbursement | 10,000 | 1,000 | 11,000 | 11,000 | - |
| Other Employee Benefits | 42,000 | - | 42,000 | 41,101 | 899 |
| Total Unallocated Benefits - Employee Benefits | 1,714,800 | (100,920) | 1,613,880 | 1,402,039 | 211,841 |
| On-behalf TPAF Pension System Payments - Normal Costs (Non-Budget) | | | | | |
| | | | | 195,465 | (195,465) |
| On-behalf TPAF Pension System Payments - NCGI Premium(Non-Budget) | | | | | |
| | | | | 14,063 | (14,063) |
| On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget) | | | | | |
| | | | | 332,624 | (332,624) |
| On-behalf TPAF Social Security Payments (Non-Budget) | | | | | |
| | - | - | - | 281,028 | (281,028) |
| Total Undistributed Expenditures | 5,204,108 | 31,060 | 5,235,168 | 5,450,831 | (215,663) |
| Interest Deposit to Maintenance Reserve | 150 | - | 150 | - | 150 |
| Total Current Expenditures | 8,916,758 | 149,425 | 9,066,183 | 9,180,054 | (113,871) |

**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, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget To Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|--|
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grades 1-5 | \$ 12,000 | \$ (8,350) | \$ 3,650 | | \$ 3,650 |
| Grades 6-8 | 12,000 | (7,925) | 4,075 | | 4,075 |
| Undistributed Expenditures: Required Maintenance for School Facilities | 25,000 | 16,275 | 41,275 | \$ 41,259 | 16 |
| Total Equipment | 49,000 | - | 49,000 | 41,259 | 7,741 |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 68,000 | - | 68,000 | 15,727 | 52,273 |
| Other Facilities Acq. And Construction Services | 322,000 | - | 322,000 | 293,718 | 28,282 |
| Assessment for Debt Service on SDA Funding | 14,859 | - | 14,859 | 14,859 | - |
| Total Facilities Acquisition and Const. Serv. | 404,859 | - | 404,859 | 324,304 | 80,555 |
| Interest Deposit to Capital Reserve | 200 | - | 200 | - | 200 |
| Total Interest | 200 | - | 200 | - | 200 |
| Increase in Capital Reserve | 10,218 | - | 10,218 | - | 10,218 |
| Total Increase to Capital Reserve | 10,218 | - | 10,218 | - | 10,218 |
| Total Capital Outlay | 464,277 | - | 464,277 | 365,563 | 98,714 |
| Total Expenditures | 9,381,035 | 149,425 | 9,530,460 | 9,545,617 | (15,157) |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | (396,633) | (149,425) | (546,058) | 469,948 | 1,016,006 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In from Capital Projects | | | | 367,715 | 367,715 |
| Transfers Out to Capital Projects | (273,367) | - | (273,367) | (273,367) | - |
| Total Other Financing Sources (Uses) | (273,367) | - | (273,367) | 94,348 | 367,715 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses | (670,000) | (149,425) | (819,425) | 564,296 | 1,383,721 |
| Fund Balance, Beginning of Year | 3,451,880 | - | 3,451,880 | 3,451,880 | - |
| Fund Balance, End of Year | \$ 2,781,880 | \$ (149,425) | \$ 2,632,455 | \$ 4,016,176 | \$ 1,383,721 |

Recapitulation of Fund Balance

| | |
|---|---------------------|
| Restricted Fund Balance: | |
| Capital Reserve | \$ 1,701,131 |
| Maintenance Reserve | 125,913 |
| Emergency Reserve | 250,000 |
| Excess Surplus | 621,372 |
| Excess Surplus - Designated for Subsequent Years Expenditures | 883,694 |
| Assigned - Year End Encumbrances | 45,808 |
| Unassigned | 388,258 |
| Reconciliation to Governmental Funds Statements (GAAP): | 4,016,176 |
| Less: Certain State Aid Payments Not Recognized on GAAP Basis | (150,652) |
| Fund Balance Per Governmental Funds (GAAP) | <u>\$ 3,865,524</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, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|----------------|--|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Federal | \$ 107,000 | \$ 9,259 | \$ 116,259 | \$ 116,189 | \$ (70) |
| Local Sources | | | | | |
| Other | - | 7,095 | 7,095 | 999 | (6,096) |
| Total Revenues | <u>107,000</u> | <u>16,354</u> | <u>123,354</u> | <u>117,188</u> | <u>(6,166)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Tuition | 76,000 | 35,247 | 111,247 | 111,247 | - |
| General Supplies | <u>14,000</u> | <u>(1,893)</u> | <u>12,107</u> | <u>5,941</u> | <u>6,166</u> |
| Total Instruction | <u>90,000</u> | <u>33,354</u> | <u>123,354</u> | <u>117,188</u> | <u>6,166</u> |
| Support Services | | | | | |
| Other Purchased Services | <u>17,000</u> | <u>(17,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Support Services | <u>17,000</u> | <u>(17,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>107,000</u> | <u>16,354</u> | <u>123,354</u> | <u>117,188</u> | <u>6,166</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**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, 2015**

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.

| | General Fund | Special Revenue Fund |
|---|-------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2) | \$ 10,015,565 | \$ 117,188 |
| Difference - Budget to GAAP | | |
| State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year) | (150,652) | |
| State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (prior year) | <u>145,143</u> | <u>-</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 10,010,056</u> | <u>\$ 117,188</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2) | <u>\$ 9,545,617</u> | <u>\$ 117,188</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 9,545,617</u> | <u>\$ 117,188</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**NORTHVALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years ***

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| District's Proportion of the Net Position Liability (Asset) | 0.01110 % | 0.01134 % |
| District's Proportionate Share of the Net Pension Liability (Asset) | <u>\$ 2,079,227</u> | <u>\$ 2,167,437</u> |
| District's Covered-Employee Payroll | <u>\$ 659,891</u> | <u>\$ 713,868</u> |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 315% | 304% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 52.08% | 48.72% |

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTHVALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years**

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| Contractually Required Contribution | \$ 91,551 | \$ 85,450 |
| Contributions in Relation to the Contractually Required Contributions | <u>91,551</u> | <u>85,450</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered- Employee Payroll | <u>\$ 659,891</u> | <u>\$ 713,868</u> |
| Contributions as a Percentage of Covered-Employee Payroll | 13.87% | 11.97% |

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTHVALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND
Last Two Fiscal Years ***

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| District's Proportion of the Net Position Liability (Asset) | 0 % | 0 % |
| District's Proportionate Share of the Net Pension Liability (Asset) | 0 % | 0 % |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>\$ 20,636,556</u> | <u>\$ 18,711,144</u> |
| Total | <u>\$ 20,636,556</u> | <u>\$ 18,711,144</u> |
| District's Covered-Employee Payroll | <u>\$ 3,999,195</u> | <u>\$ 3,856,673</u> |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 0% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 33.64% | 33.76% |

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**NORTHVALE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms:

None.

Change of Assumptions:

The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

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, 2015**

| | IDEA Part B <u>Basic</u> | IDEA Part B <u>Preschool</u> | NCLB <u>Title III</u> | Local <u>Grants</u> | <u>Total</u> |
|---------------------|---|---|----------------------------------|--------------------------------|---------------------|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Federal | \$ 104,217 | \$ 7,030 | \$ 4,942 | | \$ 116,189 |
| Other | - | - | - | \$ 999 | 999 |
| | <u> </u> | <u> </u> | <u> </u> | | |
| Total Revenues | <u>\$ 104,217</u> | <u>\$ 7,030</u> | <u>\$ 4,942</u> | <u>\$ 999</u> | <u>\$ 117,188</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Tuition | \$ 104,217 | \$ 7,030 | | | \$ 111,247 |
| General Supplies | - | - | \$ 4,942 | \$ 999 | 5,941 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | |
| Total Instruction | <u>104,217</u> | <u>7,030</u> | <u>4,942</u> | <u>999</u> | <u>117,188</u> |
| | | | | | |
| Total Expenditures | <u>\$ 104,217</u> | <u>\$ 7,030</u> | <u>\$ 4,942</u> | <u>\$ 999</u> | <u>\$ 117,188</u> |

**NORTHVALE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**NORTHVALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Issue/Project Title</u> | <u>Appropriation</u> | <u>Expenditures to Date</u> | | <u>Cancellations</u> | <u>Balance, June 30, 2015</u> |
|--|----------------------|-----------------------------|---------------------|----------------------|-----------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Thomas Jefferson Boiler Replacement | \$ 477,916 | \$ 333,200 | | \$ 144,716 | |
| Thomas Jefferson Unit Ventilator Replacement | 372,980 | 175,005 | | 197,975 | |
| Nathan Hale Unit Ventilator Replacement | 372,787 | 216,700 | | 156,087 | |
| Replacement of Interior Courtyard Windows | 355,085 | 283,030 | | 72,055 | |
| Exterior Fire Wall Repairs | 301,350 | | 128,413 | | \$ 172,937 |
| Media Center Window Replacement | <u>81,364</u> | <u>-</u> | <u>44,776</u> | <u>-</u> | <u>36,588</u> |
| | <u>\$ 1,961,482</u> | <u>\$ 1,007,935</u> | <u>\$ 173,189</u> | <u>\$ 570,833</u> | <u>209,525</u> |

Reconciliation to GAAPLess: Deferred Revenue at June 30, 2015 (40,072)Fund Balance - GAAP \$ 169,453**Recapitulation of Fund Balance**

Restricted for Capital Projects
 Year End Encumbrances \$ 5,466
 Available for Capital Projects 163,987

Total Fund Balance - Restricted for Capital Projects \$ 169,453

**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, 2015**

| | |
|---|-----------------------|
| Revenues and Other Financing Sources | |
| State Sources - SDA Grant | \$ 109,347 |
| Transfer from General Fund - Capital Outlay | <u>273,367</u> |
| Total Revenues | <u>382,714</u> |
| Expenditures and Other Financing Uses | |
| Expenditures: | |
| Professional Services | 4,861 |
| Construction Services | 167,995 |
| Other Objects | 333 |
| Other Financing Uses: | |
| Transfers to General Fund - Capital Reserve | 367,715 |
| Prior Year SDA Grants Cancelled | <u>205,857</u> |
| Total Expenditures and Other Financing Uses | <u>746,761</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (364,047) |
| Fund Balance - Beginning | <u>\$ 573,572</u> |
| Fund Balance- Ending | <u>\$ 209,525</u> |
| <u>Reconciliation to GAAP</u> | |
| Fund Balance - Budgetary | \$ 209,525 |
| Less: | |
| Deferred Revenue at June 30, 2015 | <u>(40,072)</u> |
| Fund Balance - GAAP | <u>\$ 169,453</u> |

**NORTHVALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
THOMAS JEFFERSON BOILER REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Year (Cancelled)</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|---|----------------------|-------------------------------------|----------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant Proceeds | \$ 191,166 | \$ (35,666) | \$ 155,500 | \$ 155,500 |
| Local Share - Capital Reserve | 286,750 | (109,050) | 177,700 | 177,700 |
| | <u>477,916</u> | <u>(144,716)</u> | <u>333,200</u> | <u>333,200</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Professional Services | \$ 7,414 | | 7,414 | 7,414 |
| Construction Services | 325,786 | - | 325,786 | 325,786 |
| | <u>333,200</u> | <u>-</u> | <u>333,200</u> | <u>333,200</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 144,716</u> | <u>\$ (144,716)</u> | <u>\$ -</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|--|------------------|
| Project Number | 3730-060-10-1001 |
| Grant Date | 2/23/11 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SCC Grant Authorized | \$ 191,166 |
| Local Share - Capital Reserve Authorized | 286,750 |
| Original Authorized Cost | 477,916 |
| Additional Authorized Cost/(Cancelled) | (144,716) |
| Revised Authorized Cost | 333,200 |

Percentage Increase Over Original

| | |
|---------------------------------|---------|
| Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 11/12 |
| Completion Date | 11/12 |

**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, 2015**

| | <u>Prior Periods</u> | <u>Current Year (Cancelled)</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|---|-----------------------|-------------------------------------|--------------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant Proceeds | \$ 149,192 | \$ (80,329) | \$ 68,863 | \$ 68,863 |
| Local Share - Capital Reserve | <u>223,788</u> | <u>(117,646)</u> | <u>106,142</u> | <u>106,142</u> |
| Total Revenues | <u>372,980</u> | <u>(197,975)</u> | <u>175,005</u> | <u>175,005</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Professional Services | 15,600 | \$ - | 15,600 | 15,600 |
| Construction Services | <u>159,405</u> | <u>-</u> | <u>159,405</u> | <u>159,405</u> |
| Total Expenditures and Other Financing Uses | <u>175,005</u> | <u>-</u> | <u>175,005</u> | <u>175,005</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 197,975</u> | <u>\$ (197,975)</u> | <u>\$ -</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3730-060-10-1002 |
| Grant Date | 8/10/10 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SCC Grant Authorized | \$ 149,192 |
| Local Share - Capital Reserve Authorized | 223,788 |
| Original Authorized Cost | 372,980 |
| Additional Authorized Cost/(Cancellation) | (197,975) |
| Revised Authorized Cost | 175,005 |
| Percentage Increase Over Original | |
| Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 12/13 |
| Completion Date | 12/13 |

**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, 2015**

| | <u>Prior Periods</u> | <u>Current Year (Cancelled)</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|---|----------------------|-------------------------------------|----------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant Proceeds | \$ 149,115 | \$ (62,240) | \$ 86,875 | \$ 86,875 |
| Local Share - Capital Reserve | <u>223,672</u> | <u>(93,847)</u> | <u>129,825</u> | <u>129,825</u> |
| Total Revenues | <u>372,787</u> | <u>(156,087)</u> | <u>216,700</u> | <u>216,700</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Professional Services | 15,600 | \$ - | 15,600 | 15,600 |
| Construction Services | <u>201,100</u> | <u>-</u> | <u>201,100</u> | <u>201,100</u> |
| Total Expenditures and Other Financing Uses | <u>216,700</u> | <u>-</u> | <u>216,700</u> | <u>216,700</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 156,087</u> | <u>\$ (156,087)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | 3730-050-10-1003 | | | |
| Grant Date | 2/23/11 | | | |
| Bond Authorization Date | N/A | | | |
| Bonds Authorized | N/A | | | |
| Bonds Issued | N/A | | | |
| SCC Grant Authorized | \$ 149,115 | | | |
| Local Share - Capital Reserve Authorized | 223,672 | | | |
| Original Authorized Cost | 372,787 | | | |
| Additional Authorized Cost/(Cancellation) | (156,087) | | | |
| Revised Authorized Cost | 216,700 | | | |
| Percentage Increase Over Original | | | | |
| Authorized Cost | 0.00% | | | |
| Percentage Completion | 100.00% | | | |
| Original Target Completion Date | 12/13 | | | |
| Completion Date | 12/13 | | | |

**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, 2015**

| | <u>Prior Periods</u> | <u>Current Year (Cancelled)</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|---|----------------------|-------------------------------------|--------------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant Proceeds | \$ 142,034 | \$ (27,622) | \$ 114,412 | \$ 114,412 |
| Local Share - Capital Reserve | <u>213,051</u> | <u>(44,433)</u> | <u>168,618</u> | <u>168,618</u> |
| Total Revenues | <u>355,085</u> | <u>(72,055)</u> | <u>283,030</u> | <u>283,030</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Professional Services | 13,010 | \$ - | 13,010 | 13,010 |
| Construction Services | <u>270,020</u> | <u>-</u> | <u>270,020</u> | <u>270,020</u> |
| Total Expenditures and Other Financing Uses | <u>283,030</u> | <u>-</u> | <u>283,030</u> | <u>283,030</u> |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 72,055</u> | <u>\$ (72,055)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Additional Project Information: | | | | |
| Project Number | 3730-050-10-1004 | | | |
| Grant Date | 9/14/10 | | | |
| Bond Authorization Date | N/A | | | |
| Bonds Authorized | N/A | | | |
| Bonds Issued | N/A | | | |
| SCC Grant Authorized | \$ 142,034 | | | |
| Local Share - Capital Reserve Authorized | 213,051 | | | |
| Original Authorized Cost | 355,085 | | | |
| Additional Authorized Cost/(Cancellation) | (72,055) | | | |
| Revised Authorized Cost | 283,030 | | | |
| Percentage Increase Over Original | | | | |
| Authorized Cost | 0.00% | | | |
| Percentage Completion | 100.00% | | | |
| Original Target Completion Date | 11/12 | | | |
| Completion Date | 11/12 | | | |

**NORTHVALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
EXTERIOR FIRE WALL REPAIRS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|---|----------------------|---------------------|---------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant Proceeds | | \$ 86,100 | \$ 86,100 | \$ 86,100 |
| Local Share - Capital Outlay | - | 215,250 | 215,250 | 215,250 |
| | - | 301,350 | 301,350 | 301,350 |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Professional Services | | \$ 1,770 | 1,770 | 20,000 |
| Construction Services | | 126,310 | 126,310 | 278,600 |
| Other Objects | - | 333 | 333 | 2,750 |
| | - | 128,413 | 128,413 | 301,350 |
| Excess (deficiency) of Revenues over (under) Expenditures | \$ - | \$ 172,937 | \$ 172,937 | \$ - |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 3730-050-14-1002 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SCC Grant Authorized | \$ 86,100 |
| Local Share - Capital Reserve Authorized | 215,250 |
| Original Authorized Cost | 301,350 |
| Additional Authorized Cost/(Cancellation) | |
| Revised Authorized Cost | 301,350 |
| Percentage Increase Over Original | |
| Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 14/15 |
| Completion Date | 14/15 |

**NORTHVALE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
MEDIA CENTER WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|--|----------------------|---------------------|------------------|----------------------------|
| REVENUES AND OTHER FINANCING SOURCES | | | | |
| SDA Grant Proceeds | | \$ 23,247 | \$ 23,247 | \$ 23,247 |
| Local Share - Capital Outlay | - | 58,117 | 58,117 | 58,117 |
| Total Revenues | - | 81,364 | 81,364 | 81,364 |
| EXPENDITURES AND OTHER FINANCING SOURCES | | | | |
| Professional Services | | \$ 3,091 | 3,091 | 20,000 |
| Construction Services | - | 41,685 | 41,685 | 61,364 |
| Total Expenditures and Other Financing Uses | - | 44,776 | 44,776 | 81,364 |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ -</u> | <u>\$ 36,588</u> | <u>\$ 36,588</u> | <u>\$ -</u> |

Additional Project Information:

| | |
|--|------------------|
| Project Number | 3730-050-14-1005 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| SCC Grant Authorized | \$ 23,247 |
| Local Share - Capital Reserve Authorized | 58,117 |
| Original Authorized Cost | 81,364 |
| Additional Authorized Cost | |
| Revised Authorized Cost | 81,364 |
| Percentage Increase Over Original | |
| Authorized Cost | 0.00% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 14/15 |
| Completion Date | 15/16 |

ENTERPRISE FUND

EXHIBIT G-1

**NORTHVALE BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**NORTHVALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

| | <u>Student Activity</u> | <u>Payroll</u> | <u>Total Agency Funds</u> |
|-------------------------------------|-----------------------------|------------------|-------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 22,934 | \$ 97,463 | \$ 120,397 |
| Total Assets | <u>\$ 22,934</u> | <u>\$ 97,463</u> | <u>\$ 120,397</u> |
| LIABILITIES | | | |
| Accrued Salaries and Wages | | \$ 92,570 | \$ 92,570 |
| Payroll Deductions and Withholdings | | 3,143 | 3,143 |
| Due to Other Funds | | 1,750 | 1,750 |
| Due to Student Groups | <u>\$ 22,934</u> | <u>-</u> | <u>22,934</u> |
| Total Liabilities | <u>\$ 22,934</u> | <u>\$ 97,463</u> | <u>\$ 120,397</u> |

**NORTHVALE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Balance,</u> <u>July 1, 2014</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance,</u> <u>June 30, 2015</u> |
|---------------------|--|-------------------|----------------------|---|
| General Account | \$ 29,941 | \$ 98,678 | \$ 114,229 | \$ 14,390 |
| Donated Class Funds | 8,323 | 1,016 | 1,127 | 8,212 |
| Linda Maloof Fund | 7,398 | 100 | 7,498 | - |
| Athletic Account | 452 | 3,798 | 3,918 | 332 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total All Schools | <u>\$ 46,114</u> | <u>\$ 103,592</u> | <u>\$ 126,772</u> | <u>\$ 22,934</u> |

**NORTHVALE BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | Balance, July 1, <u>2014</u> | <u>Additions</u> | <u>Deletions</u> | Balance, June 30, <u>2015</u> |
|-------------------------------------|---|-------------------------|-------------------------|--|
| LIABILITIES | | | | |
| Payroll Deductions and Withholdings | \$ 431 | \$ 2,504,457 | \$ 2,501,745 | \$ 3,143 |
| Accrued Salaries and Wages | 92,732 | 3,117,832 | 3,117,994 | 92,570 |
| Due from Other Funds | <u>1,241</u> | <u>509</u> | <u>-</u> | <u>1,750</u> |
| Total | <u>\$ 94,404</u> | <u>\$ 5,622,798</u> | <u>\$ 5,619,739</u> | <u>\$ 97,463</u> |

LONG-TERM DEBT

**NORTHVALE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance, July 1, 2014</u> | <u>Retired</u> | <u>Balance, June 30, 2015</u> |
|---|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|---------------------|-------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Undertake Roof Replacements, Installations of Intercom System, and Drainage/Site Improvements at Thomas Jefferson and Nathan Hale Schools | 4/15/2006 | \$ 1,534,000 | 4/15/2016 | 115,000 | 4.25% | \$ 874,000 | \$ 110,000 | \$ 764,000 |
| | | | 4/15/2017 | 120,000 | 4.25% | | | |
| | | | 4/15/2018 | 125,000 | 4.25% | | | |
| | | | 4/15/2019 | 130,000 | 4.25% | | | |
| | | | 4/15/2020 | 135,000 | 4.30% | | | |
| | | | 4/15/2021 | 139,000 | 4.50% | | | |
| Refunding School Bonds | 3/14/2010 | 3,140,000 | 3/1/2016 | 275,000 | 4.00% | <u>2,345,000</u> | <u>270,000</u> | <u>2,075,000</u> |
| | | | 3/1/2017 | 280,000 | 4.00% | | | |
| | | | 3/1/2018 | 295,000 | 4.50% | | | |
| | | | 3/1/2019 | 305,000 | 5.00% | | | |
| | | | 3/1/2020 | 305,000 | 5.00% | | | |
| | | | 3/1/2021 | 305,000 | 5.00% | | | |
| | | | 3/1/2022 | 310,000 | 5.00% | | | |
| | | | | | <u>\$ 3,219,000</u> | <u>\$ 380,000</u> | <u>\$ 2,839,000</u> | |

**NORTHVALE BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <u>Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance, July 1, 2014</u> | <u>Retired</u> | <u>Balance, June 30, 2015</u> |
|----------------------------------|--------------------------|---|----------------------------------|------------------|-----------------------------------|
| Acquisition of a School Bus | 3.392% | 51,342 | \$ 21,441 | 10,521 | \$ 10,920 |
| Purchase of Technology Equipment | 3.078% | 127,055 | <u>55,698</u> | <u>27,418</u> | <u>28,280</u> |
| | | | <u>\$ 77,139</u> | <u>\$ 37,939</u> | <u>\$ 39,200</u> |

**NORTHVALE BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|-------------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 471,540 | | \$ 471,540 | \$ 471,540 | |
| Intergovernmental | | | | | |
| Debt Service Aid Type II | 50,170 | - | 50,170 | 50,170 | - |
| | | | | | |
| Total Revenues | 521,710 | - | 521,710 | 521,710 | - |
| | | | | | |
| EXPENDITURES | | | | | |
| Regular Debt Service | | | | | |
| Principal | 380,000 | - | 380,000 | 380,000 | |
| Interest | 141,710 | - | 141,710 | 141,710 | - |
| | | | | | |
| Total Expenditures | 521,710 | - | 521,710 | 521,710 | - |
| | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| | | | | | |
| Fund Balance, Beginning of Year | - | - | - | - | - |
| | | | | | |
| Fund Balance, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - |

STATISTICAL SECTION

This part of the Northvale Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (Restated) | 2012 | 2013 | 2014 (Restated) | 2015 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 3,016,440 | \$ 2,879,948 | \$ 2,933,120 | \$ 3,100,521 | \$ 3,263,927 | \$ 3,556,111 | \$ 4,336,963 | \$ 4,801,419 | \$ 5,570,485 | \$ 6,053,191 |
| Restricted | | 1 | 145,001 | 667,421 | 1,022,760 | 904,974 | 542,559 | 801,923 | 1,594,000 | 1,996,497 |
| Unrestricted | (45,609) | 119,927 | 498,121 | 447,417 | 659,629 | 1,396,091 | 2,128,323 | 2,566,486 | (237,631) | (271,868) |
| Total Governmental Activities Net Position | <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>\$ 5,857,176</u> | <u>\$ 7,007,845</u> | <u>\$ 8,169,828</u> | <u>\$ 6,926,854</u> | <u>\$ 7,777,820</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | | | | | \$ 2,975 | \$ 2,770 | \$ 2,462 | \$ 2,155 | \$ 1,847 | \$ 1,539 |
| Unrestricted | \$ 4,615 | \$ 7,713 | \$ 3,998 | \$ 4,897 | 3,328 | 2,961 | 6,011 | 7,679 | 2,096 | 1,189 |
| Total Business-Type Activities Net Position | <u>\$ 4,615</u> | <u>\$ 7,713</u> | <u>\$ 3,998</u> | <u>\$ 4,897</u> | <u>\$ 6,303</u> | <u>\$ 5,731</u> | <u>\$ 8,473</u> | <u>\$ 9,834</u> | <u>\$ 3,943</u> | <u>\$ 2,728</u> |
| District-Wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 3,016,440 | \$ 2,879,948 | \$ 2,933,120 | \$ 3,100,521 | \$ 3,266,902 | \$ 3,558,881 | \$ 4,339,425 | \$ 4,803,574 | \$ 5,572,332 | \$ 6,054,730 |
| Restricted | | 1 | 145,001 | 667,421 | 1,022,760 | 904,974 | 542,559 | 801,923 | 1,594,000 | 1,996,497 |
| Unrestricted | (40,994) | 127,640 | 502,119 | 452,314 | 662,957 | 1,399,052 | 2,134,334 | 2,574,165 | (235,535) | (270,679) |
| Total District Net Position | <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>\$ 5,862,907</u> | <u>\$ 7,016,318</u> | <u>\$ 8,179,662</u> | <u>\$ 6,930,797</u> | <u>\$ 7,780,548</u> |

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

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

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 3,484,544 | \$ 3,814,051 | \$ 3,997,331 | \$ 3,829,852 | \$ 4,244,043 | \$ 4,128,380 | \$ 4,103,236 | \$ 4,310,526 | \$ 4,139,635 | \$ 5,061,730 |
| Special Education | 1,242,879 | 1,422,131 | 1,278,175 | 1,269,841 | 1,144,611 | 1,011,215 | 1,412,519 | 1,571,735 | 1,589,085 | 1,849,552 |
| Other Instruction | 167,061 | 219,298 | 195,952 | 182,149 | 228,267 | 229,863 | 231,204 | 237,516 | 305,141 | 358,468 |
| School Sponsored Activities And Athletics | 64,782 | 82,329 | 83,881 | 87,532 | 92,923 | 88,703 | 87,279 | 98,980 | 96,596 | 132,857 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 895,310 | 983,425 | 1,051,586 | 1,166,308 | 1,266,470 | 1,313,544 | 1,279,373 | 1,207,546 | 1,217,559 | 1,290,658 |
| General Administration Services | 302,685 | 341,787 | 356,166 | 393,963 | 363,430 | 354,354 | 414,776 | 433,586 | 409,064 | 391,277 |
| School Administration Services | 300,932 | 261,730 | 293,883 | 231,414 | 255,396 | 255,669 | 255,951 | 216,253 | 198,796 | 214,226 |
| Business/ Central Services | 343,168 | 360,697 | 371,035 | 411,382 | 415,262 | 429,188 | 392,267 | 371,786 | 401,104 | 355,199 |
| Plant Operations And Maintenance | 937,951 | 676,474 | 647,103 | 619,657 | 695,407 | 661,802 | 654,738 | 714,891 | 787,089 | 935,937 |
| Pupil Transportation | 81,504 | 55,810 | 65,930 | 44,430 | 75,245 | 46,759 | 64,249 | 95,510 | 88,222 | 67,065 |
| Interest and Other Charges | 204,682 | 255,766 | 247,622 | 239,752 | 223,385 | 151,333 | 169,619 | 151,528 | 139,563 | 133,682 |
| Total Governmental Activities Expenses | <u>8,025,498</u> | <u>8,473,498</u> | <u>8,588,664</u> | <u>8,476,280</u> | <u>9,004,439</u> | <u>8,670,810</u> | <u>9,065,211</u> | <u>9,409,857</u> | <u>9,371,854</u> | <u>10,790,651</u> |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 14,607 | 11,805 | 16,933 | 10,816 | 10,707 | 8,574 | 7,560 | 8,095 | 14,273 | 8,846 |
| Total Business-Type Activities Expense | <u>14,607</u> | <u>11,805</u> | <u>16,933</u> | <u>10,816</u> | <u>10,707</u> | <u>8,574</u> | <u>7,560</u> | <u>8,095</u> | <u>14,273</u> | <u>8,846</u> |
| Total District Expenses | <u>\$ 8,040,105</u> | <u>\$ 8,485,303</u> | <u>\$ 8,605,597</u> | <u>\$ 8,487,096</u> | <u>\$ 9,015,146</u> | <u>\$ 8,679,384</u> | <u>\$ 9,072,771</u> | <u>\$ 9,417,952</u> | <u>\$ 9,386,127</u> | <u>\$ 10,799,497</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Regular Instruction | \$ 151,141 | \$ 171,274 | \$ 232,615 | \$ 308,232 | \$ 364,079 | \$ 513,555 | \$ 428,441 | \$ 398,345 | \$ 330,991 | \$ 283,553 |
| Special Education Instruction | 7,071 | 15,014 | | | | | | 124,644 | 189,754 | 189,754 |
| Operating Grants And Contributions | 1,055,577 | 1,316,115 | 1,298,830 | 1,087,748 | 1,313,501 | 879,433 | 1,085,393 | 1,415,300 | 1,157,235 | 2,192,543 |
| Capital Grants And Contributions | 8,100 | 2,030 | 831 | - | - | - | 331,662 | 71,512 | 4,311 | 91,751 |
| Total Governmental Activities Program Revenues | <u>1,221,889</u> | <u>1,504,433</u> | <u>1,532,276</u> | <u>1,395,980</u> | <u>1,677,580</u> | <u>1,392,988</u> | <u>1,845,496</u> | <u>1,885,157</u> | <u>1,617,181</u> | <u>2,757,601</u> |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Food Service | 7,117 | 7,007 | 13,585 | 12,165 | 11,666 | 6,425 | 10,258 | 9,402 | 8,346 | 7,607 |
| Operating Grants And Contributions | 8,581 | 7,896 | 9,299 | 9,430 | 7,354 | 7,113 | - | - | - | - |
| Total Business Type Activities Program Revenues | <u>15,698</u> | <u>14,903</u> | <u>22,884</u> | <u>21,595</u> | <u>19,020</u> | <u>13,538</u> | <u>10,258</u> | <u>9,402</u> | <u>8,346</u> | <u>7,607</u> |
| Total District Program Revenues | <u>\$ 1,237,587</u> | <u>\$ 1,519,336</u> | <u>\$ 1,555,160</u> | <u>\$ 1,417,575</u> | <u>\$ 1,696,600</u> | <u>\$ 1,406,526</u> | <u>\$ 1,855,754</u> | <u>\$ 1,894,559</u> | <u>\$ 1,625,527</u> | <u>\$ 2,765,208</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (6,803,609) | \$ (6,969,065) | \$ (7,056,388) | \$ (7,080,300) | \$ (7,326,859) | \$ (7,277,822) | \$ (7,219,715) | \$ (7,524,700) | \$ (7,754,673) | \$ (8,033,050) |
| Business-Type Activities | 1,091 | 3,098 | 5,951 | 10,779 | 8,313 | 4,964 | 2,698 | 1,307 | (5,927) | (1,239) |
| Total District-Wide Net Expense | <u>\$ (6,802,518)</u> | <u>\$ (6,965,967)</u> | <u>\$ (7,050,437)</u> | <u>\$ (7,069,521)</u> | <u>\$ (7,318,546)</u> | <u>\$ (7,272,858)</u> | <u>\$ (7,217,017)</u> | <u>\$ (7,523,393)</u> | <u>\$ (7,760,600)</u> | <u>\$ (8,034,289)</u> |

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

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied | \$ 6,277,937 | \$ 6,807,807 | \$ 7,344,731 | \$ 7,619,669 | \$ 7,952,892 | \$ 8,178,319 | \$ 8,301,269 | \$ 8,436,310 | \$ 8,610,255 | \$ 8,813,451 |
| Unrestricted State Aid | 134,665 | 145,547 | 240,063 | 65,117 | 59,215 | 50,808 | 51,216 | 51,505 | 49,989 | 9,213 |
| Restricted State Aid | | | | | | | | | | 50,170 |
| Investment Earnings | 22,673 | 27,540 | 29,822 | 6,874 | 10,677 | 21,451 | 8,794 | 11,822 | 13,125 | 9,884 |
| Miscellaneous Income | 8,937 | 17,081 | 8,106 | 9,757 | 28,032 | 4,444 | 9,105 | 40,546 | 5,767 | 1,298 |
| Donation of Capital Assets | | | | 8,000 | | | | 146,500 | | |
| Transfers | - | 135 | 10,032 | 10,000 | 7,000 | 5,600 | - | - | - | - |
| Total Governmental Activities | <u>6,444,212</u> | <u>6,998,110</u> | <u>7,632,754</u> | <u>7,719,417</u> | <u>8,057,816</u> | <u>8,260,622</u> | <u>8,370,384</u> | <u>8,686,683</u> | <u>8,679,136</u> | <u>8,884,016</u> |
| Total Business-Type Activities | <u>-</u> | <u>-</u> | <u>(9,666)</u> | <u>(9,880)</u> | <u>(6,907)</u> | <u>(5,536)</u> | <u>44</u> | <u>54</u> | <u>36</u> | <u>17</u> |
| Total District-Wide | <u>\$ 6,444,212</u> | <u>\$ 6,998,110</u> | <u>\$ 7,623,088</u> | <u>\$ 7,709,537</u> | <u>\$ 8,050,909</u> | <u>\$ 8,255,086</u> | <u>\$ 8,370,428</u> | <u>\$ 8,686,737</u> | <u>\$ 8,679,172</u> | <u>\$ 8,884,033</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ (359,397) | \$ 29,045 | \$ 576,366 | \$ 639,117 | \$ 730,957 | \$ 982,800 | \$ 1,150,669 | \$ 1,161,983 | \$ 924,463 | \$ 850,966 |
| Business-Type Activities | 1,091 | 3,098 | (3,715) | 899 | 1,406 | (572) | 2,742 | 1,361 | (5,891) | (1,222) |
| Total District | <u>\$ (358,306)</u> | <u>\$ 32,143</u> | <u>\$ 572,651</u> | <u>\$ 640,016</u> | <u>\$ 732,363</u> | <u>\$ 982,228</u> | <u>\$ 1,153,411</u> | <u>\$ 1,163,344</u> | <u>\$ 918,572</u> | <u>\$ 849,744</u> |

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 44,285 | \$ 73,638 | \$ 486,778 | \$ 1,254,591 | \$ 1,770,227 | | | | | |
| Unreserved | 108,091 | 283,175 | 383,362 | 84,433 | 125,917 | | | | | |
| Restricted | | | | | | \$ 1,534,243 | \$ 2,064,186 | \$ 2,158,518 | \$ 3,052,455 | \$ 3,582,110 |
| Committed | | | | | | | | 692,293 | 21,600 | - |
| Assigned | | | | | | 7,000 | 204,290 | 90,548 | 1,469 | 45,808 |
| Unassigned | - | - | - | - | - | 250,696 | 236,390 | 231,084 | 231,213 | 237,606 |
| Total General Fund | \$ 152,376 | \$ 356,813 | \$ 870,140 | \$ 1,339,024 | \$ 1,896,144 | \$ 1,791,939 | \$ 2,504,866 | \$ 3,172,443 | \$ 3,306,737 | \$ 3,865,524 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 632,358 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | | | | | |
| Unreserved | 298,621 | 21,589 | 22,420 | | | | | | | |
| Committed | | | | | | | \$ 170,619 | | | |
| Restricted | - | - | - | - | - | \$ 827,817 | 294,783 | 345,239 | 345,239 | 169,453 |
| Total All Other Governmental Funds | \$ 930,979 | \$ 21,590 | \$ 22,421 | \$ 1 | \$ 1 | \$ 827,817 | \$ 465,402 | \$ 345,239 | \$ 345,239 | \$ 169,453 |

Note:

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

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 6,277,937 | \$ 6,807,807 | \$ 7,344,731 | \$ 7,619,669 | \$ 7,952,892 | \$ 8,178,319 | \$ 8,301,269 | \$ 8,436,310 | \$ 8,610,255 | \$ 8,813,451 |
| Tuition Charges | 158,212 | 186,288 | 232,615 | 308,232 | 364,079 | 513,555 | 428,441 | 398,345 | 455,635 | 473,307 |
| Interest Earnings | 22,673 | 27,540 | 29,822 | 6,874 | 10,677 | 21,451 | 8,794 | 11,822 | 13,125 | 9,884 |
| Miscellaneous | 26,545 | 54,456 | 43,112 | 70,768 | 102,148 | 18,916 | 12,685 | 40,883 | 5,767 | 2,297 |
| State Sources | 1,038,776 | 1,283,089 | 1,365,663 | 960,475 | 1,019,179 | 779,727 | 1,325,798 | 1,400,582 | 1,099,781 | 1,325,577 |
| Federal Sources | 141,163 | 143,228 | 139,055 | 131,379 | 279,421 | 136,042 | 138,893 | 137,398 | 111,754 | 116,189 |
| Total Revenue | 7,665,306 | 8,502,408 | 9,154,998 | 9,097,397 | 9,728,396 | 9,648,010 | 10,215,880 | 10,425,340 | 10,296,317 | 10,740,705 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 3,467,777 | 3,614,017 | 3,868,014 | 3,691,118 | 4,125,474 | 4,050,979 | 3,977,829 | 4,134,430 | 3,955,871 | 4,144,605 |
| Special Education Instruction | 1,242,395 | 1,368,155 | 1,259,174 | 1,234,877 | 1,121,252 | 994,943 | 1,385,224 | 1,532,139 | 1,544,691 | 1,667,342 |
| Other Instruction | 173,262 | 210,997 | 189,929 | 174,822 | 217,155 | 226,192 | 223,704 | 228,063 | 291,138 | 292,351 |
| School Sponsored Activities and Athletics | 64,782 | 79,184 | 81,531 | 84,377 | 90,193 | 86,121 | 84,595 | 95,386 | 92,526 | 110,482 |
| Support Services: | | | | | | | | | | |
| Student and Inst. Related Services | 895,797 | 929,287 | 1,024,691 | 1,117,454 | 1,225,246 | 1,283,457 | 1,234,502 | 1,179,757 | 1,180,461 | 1,246,120 |
| General Administration Services | 293,999 | 335,449 | 348,396 | 381,868 | 355,026 | 346,176 | 405,393 | 420,242 | 394,135 | 373,334 |
| School Administration Services | 290,302 | 258,209 | 282,965 | 221,772 | 246,630 | 243,222 | 247,658 | 206,858 | 192,809 | 202,279 |
| Business/ Central Services | 343,168 | 342,356 | 357,159 | 394,828 | 400,759 | 415,616 | 380,499 | 355,385 | 385,701 | 338,006 |
| Plant Operations And Maintenance | 640,505 | 655,683 | 638,908 | 609,675 | 684,759 | 652,987 | 643,595 | 700,234 | 771,814 | 916,187 |
| Pupil Transportation | 75,066 | 49,114 | 65,597 | 44,181 | 75,092 | 46,532 | 64,006 | 94,061 | 86,550 | 65,198 |
| Capital Outlay | 601,782 | 920,148 | 46,471 | 140,862 | 112,558 | 151,271 | 800,170 | 333,018 | 706,201 | 439,696 |
| Debt Service: | | | | | | | | | | |
| Principal | 180,000 | 190,000 | 284,714 | 324,695 | 300,000 | 398,105 | 422,105 | 433,643 | 401,719 | 417,939 |
| Interest and Other Charges | 238,607 | 255,806 | 247,732 | 240,404 | 224,132 | 163,712 | 174,485 | 164,710 | 158,407 | 144,165 |
| Payment to Refunding Bond Escrow Agent | - | - | - | - | 138,803 | - | - | - | - | - |
| Costs of Issuance of Refunding Bonds | - | - | - | - | 66,454 | - | - | - | - | - |
| Total Expenditures | 8,507,442 | 9,207,505 | 8,695,281 | 8,660,933 | 9,383,533 | 9,059,313 | 10,043,765 | 9,877,926 | 10,162,023 | 10,357,704 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (842,136) | (705,097) | 459,717 | 436,464 | 344,863 | 588,697 | 172,115 | 547,414 | 134,294 | 383,001 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bond Proceeds | 1,534,000 | | | | | | | | | |
| Capital Lease Proceeds | | | \$ 44,409 | | | \$ 129,314 | \$ 178,397 | \$ - | \$ - | \$ - |
| Premium on Bond Sale | 795 | | | | | | | | | |
| Payment to Refunding Bond Escrow Agent | | | | | (3,170,000) | | | | | |
| Refunding Bond Proceeds | | | | | 3,140,000 | | | | | |
| Premium on Issuance of Refunding Bonds | | | | | 235,257 | | | | | |
| Transfers In | 16,531 | 14,278 | 10,032 | 32,420 | 7,000 | 958,877 | 1,939 | 283 | | 641,082 |
| Transfers Out | (16,531) | (14,143) | - | (22,420) | - | (953,277) | (1,939) | (283) | - | (641,082) |
| Total Other Financing Sources (Uses) | 1,534,795 | 135 | 54,441 | 10,000 | 212,257 | 134,914 | 178,397 | - | - | - |
| Net Change in Fund Balances | \$ 692,659 | \$ (704,962) | \$ 514,158 | \$ 446,464 | \$ 557,120 | \$ 723,611 | \$ 350,512 | \$ 547,414 | \$ 134,294 | \$ 383,001 |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | 5.30% | 5.38% | 6.16% | 6.63% | 7.87% | 6.31% | 6.45% | 6.27% | 5.92% | 5.67% |

* Noncapital expenditures are total expenditures less capital outlay.

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

| <u>Fiscal Year Ended June 30</u> | <u>Tuition</u> | <u>Interest</u> | <u>Miscellaneous</u> | <u>Total</u> |
|---|-----------------------|------------------------|-----------------------------|---------------------|
| 2006 | \$ 158,212 | \$ 6,937 | \$ 8,142 | \$ 173,291 |
| 2007 | 186,288 | 13,397 | 17,081 | 216,766 |
| 2008 | 232,615 | 29,822 | 8,106 | 270,543 |
| 2009 | 308,232 | 6,874 | 9,757 | 324,863 |
| 2010 | 364,079 | 10,677 | 28,032 | 402,788 |
| 2011 | 513,555 | 18,174 | 4,444 | 536,173 |
| 2012 | 428,441 | 6,855 | 9,105 | 444,401 |
| 2013 | 398,345 | 11,539 | 40,546 | 450,430 |
| 2014 | 455,635 | 13,125 | 5,767 | 474,527 |
| 2015 | 473,307 | 9,884 | 1,298 | 484,489 |

**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 ^a |
|----------------------------|--------------|----------------|-----------|-------|---------------|----------------|-----------|----------------------|------------------|-----------------------|---|---|
| 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 | | | 76,958,900 | 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 | | 849,931,200 | 1,104,701 | 851,035,901 | 861,608,907 | 0.968 |
| 2012 | 10,447,800 | 577,248,700 | | | 76,057,200 | 188,365,500 | | 852,119,200 | 908,803 | 853,028,003 | 974,575,740 | 0.982 |
| 2013 | 10,277,900 | 576,719,800 | | | 77,344,700 | 187,827,700 | | 852,170,100 | - | 852,170,100 | 929,610,243 | 1.001 |
| 2014 | 10,277,900 | 575,935,300 | | | 77,344,700 | 187,827,700 | | 851,385,600 | 908,803 | 852,294,403 | 923,036,029 | 1.023 |
| 2015 | 10,049,700 | 576,016,200 | | | 81,420,700 | 186,088,200 | | 853,574,800 | 908,803 | 854,483,603 | 913,012,611 | 1.041 |

N/A - not available

Source: County Abstract of Ratables

a 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 (1)</u> | <u>County</u> | | |
| 2006 | \$ 1.375 | \$ 0.812 | \$ 0.900 | \$ 0.333 | \$ 3.420 | |
| 2007 (A) | 0.744 | 0.408 | 0.462 | 0.176 | 1.790 | |
| 2008 | 0.748 | 0.402 | 0.460 | 0.191 | 1.801 | |
| 2009 | 0.781 | 0.425 | 0.491 | 0.205 | 1.902 | |
| 2010 | 0.802 | 0.454 | 0.513 | 0.201 | 1.970 | |
| 2011 (B) | 0.968 | 0.582 | 0.229 | 0.665 | 2.444 | |
| 2012 | 0.982 | 0.594 | 0.251 | 0.662 | 2.489 | |
| 2013 | 1.001 | 0.600 | 0.663 | 0.251 | 2.515 | |
| 2014 | 1.023 | 0.634 | 0.663 | 0.253 | 2.573 | |
| 2015 | 1.041 | 0.639 | 0.696 | 0.257 | 2.633 | |

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.

(1) Includes Library Tax

Source: Tax Duplicate, Borough of Northvale

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

| Taxpayer | 2015 | | 2006 | |
|----------------------------------|------------------------------|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Maxim Enterprises | \$ 26,729,600 | 3.13% | | |
| 1554 Union Street Assoc. | 12,711,200 | 1.49% | | |
| Northvale Shopping Center Assoc. | 9,504,700 | 1.11% | \$ 6,203,900 | 1.30% |
| GEA Mechanical Equipment | 7,268,700 | 0.85% | | |
| Roselle Costa | 6,252,400 | 0.73% | 7,029,500 | 1.48% |
| Cho Dae Presbyterian Church | 6,120,200 | 0.72% | | |
| Northvale Holding CO. LLC | 6,094,000 | 0.71% | | |
| Northvale 1997 Assoc., LLC | 5,492,300 | 0.64% | | |
| Klaus Rexroth Incorporated | 5,466,900 | 0.64% | | |
| Northvale Technical Center | 5,289,200 | 0.62% | | |
| Northvale 1197 & 2005 Assoc | | | 6,956,800 | 1.46% |
| MEM Company | | | 6,750,000 | 1.42% |
| 273 Livingston St. Assoc. | | | 5,240,800 | 1.10% |
| Centrico | | | 4,003,900 | 0.84% |
| RID Vista Homes @ Northvale LLC | | | 4,004,400 | 0.84% |
| George Kessel Associates | | | 3,319,600 | 0.70% |
| Northvale Tire Tech | | | 4,857,600 | 1.02% |
| GVDB Ventures | | | 3,595,900 | 0.76% |
| | <u>90,929,200</u> | <u>10.64%</u> | <u>51,962,400</u> | <u>10.92%</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 | |
| 2006 | \$ 6,277,937 | \$ 6,277,937 | 100.00% | |
| 2007 | 6,807,807 | 6,807,807 | 100.00% | |
| 2008 | 7,344,731 | 7,344,731 | 100.00% | |
| 2009 | 7,619,669 | 7,619,669 | 100.00% | |
| 2010 | 7,952,892 | 7,952,892 | 100.00% | |
| 2011 | 8,178,319 | 7,496,793 | 91.67% | \$ 681,526 |
| 2012 | 8,301,269 | 8,301,269 | 100.00% | |
| 2013 | 8,436,310 | 8,436,310 | 100.00% | |
| 2014 | 8,610,255 | 8,610,255 | 100.00% | |
| 2015 | 8,813,451 | 8,813,451 | 100.00% | |

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

| Fiscal Year Ended June 30, | <u>Governmental Activities</u> | | <u>Total District</u> | <u>Population</u> | <u>Per Capita</u> |
|----------------------------------|---------------------------------|-----------------------|-----------------------|-------------------|-------------------|
| | <u>General Obligation Bonds</u> | <u>Capital Leases</u> | | | |
| 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 | 4,647 | 999 |
| 2011 | 4,289,000 | \$ 86,209 | 4,375,209 | 4,676 | 936 |
| 2012 | 3,939,000 | 192,501 | 4,131,501 | 4,732 | 873 |
| 2013 | 3,584,000 | 113,858 | 3,697,858 | 4,755 | 778 |
| 2014 | 3,219,000 | 77,139 | 3,296,139 | 4,771 | 691 |
| 2015 | 2,839,000 | 39,200 | 2,878,200 | 4,771 (1) | 603 |

(1) - Estimated

Source: District records

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | | | |
| 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% | 999 |
| 2011 | 4,289,000 | | 4,289,000 | 0.50% | 917 |
| 2012 | 3,939,000 | | 3,939,000 | 0.46% | 832 |
| 2013 | 3,584,000 | | 3,584,000 | 0.42% | 753 |
| 2014 | 3,219,000 | | 3,219,000 | 0.38% | 674 |
| 2015 | 2,839,000 | | 2,839,000 | 0.33% | 595 |

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**NORTHVALE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|---|----------------------|---------------------|----------------------|
| Municipal Debt: (1) | | | |
| Regional High School Tax | \$ 1,407,942 | \$ 1,407,942 | |
| Borough of Northvale School District | 3,219,000 | 3,219,000 | |
| Borough of Northvale | <u>6,280,664</u> | <u>-</u> | \$ 6,280,664 |
| | <u>\$ 10,907,606</u> | <u>\$ 4,626,942</u> | <u>6,280,664</u> |
| Overlapping Debt Apportioned to the Municipality: | | | |
| Bergen County (3) | | | 5,308,544 |
| Bergen County Utilities Authority (2) | | | <u>1,809,897</u> |
| | | | <u>7,118,441</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 13,399,105</u> |

Sources:

- (1) Borough of Northvale Annual Debt Statement - December 31, 2014
- (2) BCUA 2014 audit.
- (3) Bergen County Annual Debt Statement - December 31, 2014

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

Legal Debt Margin Calculation for Fiscal Year 2014

| | |
|---|-------------------------|
| Equalized valuation basis | |
| 2014 | \$ 901,223,245 |
| 2013 | 914,149,431 |
| 2012 | <u>920,215,119</u> |
| | <u>\$ 2,735,587,795</u> |
| Average equalized valuation of taxable property | |
| | <u>\$ 911,862,598</u> |
| Debt limit (3% of average equalization) | 27,355,878 |
| Total Net Debt Applicable to Limit | <u>(2,839,000)</u> |
| Legal debt margin | <u>\$ 24,516,878</u> |

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 23,415,166 | \$ 25,840,442 | \$ 27,727,971 | \$ 29,711,500 | \$ 30,436,121 | \$ 30,712,812 | \$ 29,763,299 | \$ 28,874,232 | \$ 27,963,693 | \$ 27,355,878 |
| Total net debt applicable to limit | <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> | <u>(3,939,000)</u> | <u>(3,584,000)</u> | <u>(3,219,000)</u> | <u>(2,839,000)</u> |
| Legal debt margin | <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> | <u>\$ 25,824,299</u> | <u>\$ 25,290,232</u> | <u>\$ 24,744,693</u> | <u>\$ 24,516,878</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 24.47% | 21.44% | 18.99% | 16.74% | 15.26% | 13.96% | 13.23% | 12.41% | 11.51% | 10.38% |

Source: Annual Debt Statements

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

| <u>Year Ended December 31,</u> | <u>Unemployment Rate</u> | <u>Per Capita Income</u> | <u>Population</u> |
|------------------------------------|------------------------------|------------------------------|-------------------|
| 2006 | 2.5% | \$ 63,103 | 4,467 |
| 2007 | 2.5% | 67,544 | 4,501 |
| 2008 | 2.9% | 67,331 | 4,693 |
| 2009 | 5.2% | 63,874 | 4,807 |
| 2010 | 5.4% | 63,885 | 4,647 |
| 2011 | 5.3% | 67,248 | 4,676 |
| 2012 | 5.4% | 69,281 | 4,732 |
| 2013 | 7.1% | 69,495 | 4,755 |
| 2014 | 4.3% | N/A | 4,771 |
| 2015 | N/A | N/A | N/A |

N/A - Not Available

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

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

| | <u>2015</u> | | <u>2006</u> | |
|-----------------|------------------|---|------------------|---|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Percentage of Total Municipal Employment</u> |

INFORMATION NOT AVAILABLE

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

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 43.0 | 41.0 | 43.0 | 40.0 | 42.0 | 43.0 | 46.0 | 46.0 | 46.0 | 46.0 |
| Special education | 9.0 | 9.0 | 9.0 | 11.7 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Support Services: | | | | | | | | | | |
| Student and instruction related services | 7.0 | 7.0 | 7.0 | 6.2 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| General administration Services | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| School administration Services | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Central services | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Administrative Information Technology | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | | |
| Plant operations and maintenance | 7.0 | 6.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Total | 75 | 72 | 71 | 69.9 | 70.0 | 71.0 | 73.0 | 73.0 | 73.0 | 73.0 |

Source: District Personnel Records

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

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|---------------------|------------|---------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | Staff | Elementary | Middle School | | | | |
| 2006 | 599.0 | \$ 7,487,053 | \$ 12,499 | 2.47% | 61 | N/A | N/A | 599.0 | 581.0 | 3.45% | 96.99% |
| 2007 | 587.0 | 7,850,269 | 13,374 | 6.99% | 57 | N/A | N/A | 587.0 | 560.0 | -2.00% | 95.40% |
| 2008 | 604.0 | 8,116,364 | 13,438 | 0.48% | 54 | N/A | N/A | 604.0 | 587.0 | 2.90% | 97.19% |
| 2009 | 614.0 | 7,954,972 | 12,956 | -3.58% | 54 | N/A | N/A | 629.0 | 587.0 | 4.14% | 93.32% |
| 2010 | 610.0 | 8,541,586 | 14,003 | 8.08% | 56 | N/A | N/A | 617.0 | 595.3 | -1.91% | 96.48% |
| 2011 | 584.0 | 8,346,225 | 14,291 | 2.06% | 56 | N/A | N/A | 587.3 | 561.9 | -4.81% | 95.68% |
| 2012 | 568.0 | 8,647,005 | 15,224 | 6.52% | 56 | N/A | N/A | 569.7 | 548.4 | -3.00% | 96.26% |
| 2013 | 508.0 | 8,946,555 | 17,611 | 15.68% | 53 | 17.50 | 15.90 | 536.6 | 513.7 | -5.81% | 95.73% |
| 2014 | 512.0 | 8,895,696 | 17,374 | -1.35% | 53 | 17.50 | 15.90 | 525.2 | 507.5 | -7.81% | 96.63% |
| 2015 | 511.0 | 9,355,904 | 18,309 | 5.38% | 53 | 17.50 | 15.90 | 513.8 | 496.2 | -2.17% | 96.57% |

Sources: District records

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

N/A - Not Available

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

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| Thomas Jefferson | | | | | | | | | | |
| Square Feet | 25,931 | 25,931 | 25,931 | 25,931 | 25,931 | 25,931 | 25,931 | | | |
| Capacity (students) | 316 | 316 | 316 | 316 | 316 | 316 | 316 | | | |
| Enrollment | 235 | 239 | 252 | 250 | 251 | 247 | 209 | | | |
| <u>Middle School</u> | | | | | | | | | | |
| Nathan Hale | | | | | | | | | | |
| Square Feet | 45,162 | 45,162 | 45,162 | 45,162 | 45,162 | 45,162 | 45,162 | | | |
| Capacity (students) | 532 | 532 | 532 | 532 | 532 | 532 | 532 | | | |
| Enrollment | 364 | 348 | 352 | 364 | 359 | 337 | 359 | | | |
| <u>Northvale School District</u> | | | | | | | | | | |
| Square Feet | | | | | | | | 71,093 | 71,093 | 71,093 |
| Capacity (students) | | | | | | | | 848 | 848 | 848 |
| Enrollment | | | | | | | | 508 | 512 | 511 |

Number of Schools at June 30, 2015

 Northvale School District = 1

Source: District Records

Note:

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| School Facilities | | | | | | | | | | |
| District Totals | | | | | | | | | | |
| Nathan Hale | \$ 32,163 | \$ 43,742 | \$ 69,962 | \$ 49,424 | \$ 76,699 | \$ 70,062 | \$ 51,156 | | | |
| Thomas Jefferson | 6,588 | 8,959 | 44,524 | 50,702 | 44,078 | 31,846 | 58,884 | | | |
| Northvale School District | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 112,611</u> | <u>\$ 114,133</u> | <u>\$ 177,642</u> |
| Grand Total | <u>\$ 38,751</u> | <u>\$ 52,701</u> | <u>\$ 114,486</u> | <u>\$ 100,126</u> | <u>\$ 120,777</u> | <u>\$ 101,908</u> | <u>\$ 110,040</u> | <u>\$ 112,611</u> | <u>\$ 114,133</u> | <u>\$ 177,642</u> |

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

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

**NORTHVALE BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

| | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| School Package Policy - Selective Way Insurance Company | | |
| Property - Blanket Buildings and Contents | \$ 18,461,939 | \$ 5,000 |
| Comprehensive General Liability (General Aggregate) | 2,000,000 | 15,000 |
| Public Employee Dishonesty (Per Employee/Loss) | 100,000/400,000 | 5,000 |
| Automobile Liability | 1,000,000 | |
| Educator's Legal Liability - Darwin | 1,000,000 | |
| Computers and Scheduled Equipment - Selectiveway Insurance Company | | |
| Miscellaneous Equipment | 250,000 | |
| Valuable Papers and Records | 5,000,000 | |
| Computer Equipment | 2,500,000 | |
| Accounts Receivable | 100,000 | |
| Commercial Umbrella Excess (per occurrence/aggregate limit) - Selective Way Insurance Co. | 9,000,000 | |
| Commercial Umbrella Excess (per occurrence/aggregate limit) - Firemen's Fund Insurance Co. | 50,000,000 | |

Source: School District's Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Northvale Board of Education’s basic financial statements and have issued our report thereon dated December 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northvale Board of Education’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Northvale Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Northvale Board of Education’s internal control.

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

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

Compliance and Other Matters

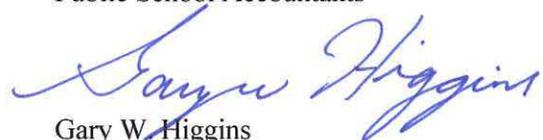
As part of obtaining reasonable assurance about whether the Northvale Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northvale Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Northvale Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 16, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Northvale Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Northvale Board of Education's major state programs for the fiscal year ended June 30, 2015. The Northvale Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Northvale Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Northvale Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Northvale Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Northvale Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Northvale Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northvale Board of Education's internal control over compliance.

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

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

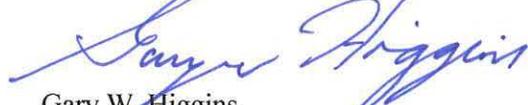
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants
Public School Accountants



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 16, 2015

**NORTHVALE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| Federal/Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Award Amount | Balance, June 30, 2014 | | Due to Grantor | Carryover | Cash Received | Budgetary Expenditures | June 30, 2015 | | Due to Grantor | GAAP Receivable |
|--|---------------------------|----------------------------------|-----------------|-----------------|------------------------|------------------|-------------------|-----------|------------------|---------------------------|------------------------|---------------------|-------------------|--------------------|
| | | | | | (Accts. Receivable | Unearned Revenue | | | | | Accounts Receivable | Deferred Revenue | | |
| U.S. Department of Education Passed-Through State Department of Education | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | | | | | |
| I.D.E.A. Part B, Basic | 84.027 | IDEA373015 | 7/1/14-6/30/15 | 104,217 | | | | | \$ 104,217 | \$ 104,217 | | | | |
| I.D.E.A. Part B, Preschool | 84.173 | IDEA373015 | 7/1/14-6/30/15 | 7,030 | | | | | 7,030 | 7,030 | | | | |
| NCLB Title III | 84.365A | NCLB373015 | 7/1/14-6/30/15 | 5,012 | \$ - | - | - | - | 4,942 | 4,942 | (70) | 70 | - | - |
| Total Special Revenue Fund | | | | | - | - | - | - | 116,189 | 116,189 | (70) | 70 | - | - |
| Total Federal Financial Assistance | | | | | \$ - | \$ - | \$ - | \$ - | \$ 116,189 | \$ 116,189 | \$ (70) | \$ 70 | \$ - | \$ - |

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, 2015**

Balance, June 30, 2014

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | (Accounts Receivable) | Deferred Revenue | Due to Grantor | Cash Received | Budgetary Expenditures | Cancelled | Adjustment (1) | Balance, June 30, 2015 | | | MEMO | | |
|---|-------------------------------|----------------|--------------|-----------------------|-------------------|----------------|---------------------|------------------------|-------------|--------------------|------------------------|------------------|----------------|---------------------|------------------------------|--|
| | | | | | | | | | | | (Accounts Receivable) | Deferred Revenue | Due to Grantor | GAAP Receivable | Budgetary Total Expenditures | |
| State Department of Education | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | |
| Special Education Categorical Aid | 14-495-034-5120-089 | 7/1/13-6/30/14 | \$ 203,208 | \$ (18,942) | | | \$ 18,942 | | | | | | | | | |
| Special Education Categorical Aid | 15-495-034-5120-089 | 7/1/14-6/30/15 | 203,208 | | | | 189,868 | \$ 203,208 | | | \$ (13,340) | | | | \$ 203,208 | |
| Security Aid | 14-495-034-5120-084 | 7/1/13-6/30/14 | 7,270 | \$ (677) | | | 677 | | | | | | | | | |
| Security Aid | 15-495-034-5120-084 | 7/1/14-6/30/15 | 7,270 | | | | 6,794 | 7,270 | | | (476) | | | | 7,270 | |
| Additional Adjustment Aid | 15-495-034-5120-085 | 7/1/14-6/30/15 | 1 | | | | 1 | 1 | | | | | | | 1 | |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 7/1/14-6/30/15 | 4,930 | | | | 4,606 | 4,930 | | | (324) | | | | 4,930 | |
| PARCC Readiness | 15-495-034-5120-098 | 7/1/14-6/30/15 | 4,930 | | | | 4,606 | 4,930 | | | (324) | | | | 4,930 | |
| Extraordinary Aid | 14-495-034-5120-473 | 7/1/13-6/30/14 | 124,835 | (124,835) | | | 124,835 | | | | | | | | | |
| Extraordinary Aid | 15-495-034-5120-473 | 7/1/14-6/30/15 | 135,703 | | | | | 135,703 | | | (135,703) | | | | 135,703 | |
| Transportation Aid | 14-495-034-5120-014 | 7/1/13-6/30/14 | 7,388 | (689) | | | 689 | | | | | | | | | |
| Transportation Aid | 15-495-034-5120-014 | 7/1/14-6/30/15 | 7,388 | | | | 6,903 | 7,388 | | | (485) | | | | 7,388 | |
| Additional Nonpublic Transportation Aid | 14-495-034-5120-014 | 7/1/13-6/30/14 | 1,521 | (1,521) | | | 1,521 | | | | | | | | | |
| Additional Nonpublic Transportation Aid | 15-495-034-5120-015 | 7/1/14-6/30/15 | 2,555 | | | | | 2,555 | | | (2,555) | | | | | |
| TPAF Pension - NCGI Premium | 15-495-034-5094-007 | 7/1/14-6/30/15 | 14,063 | | | | 14,063 | 14,063 | | | | | | \$ (2,555) | 14,063 | |
| TPAF Pension - Normal Costs | 15-495-034-5094-006 | 7/1/14-6/30/15 | 195,465 | | | | 195,465 | 195,465 | | | | | | | 195,465 | |
| TPAF Pension PRM Contr. | 15-495-034-5094-001 | 7/1/14-6/30/15 | 332,624 | | | | 332,624 | 332,624 | | | | | | | 332,624 | |
| TPAF Social Security Contrib. | 14-495-034-5095-002 | 7/1/13-6/30/14 | 301,961 | (16,070) | | | 16,070 | | | | | | | | | |
| TPAF Social Security Contrib. | 15-495-034-5094-003 | 7/1/14-6/30/15 | 281,028 | | | | 281,028 | 281,028 | | | | | | | 281,028 | |
| Total General Fund | | | | (162,734) | - | - | 1,198,692 | 1,189,165 | - | - | (153,207) | - | - | (2,555) | 1,189,165 | |
| Capital Projects Fund | | | | | | | | | | | | | | | | |
| NJ Economic Development Facilities Grant Program | 3730-060-10-1001 | 7/1/11-6/30/12 | 191,166 | (191,166) | \$ 57,886 | | 155,500 | | | | (22,220) | | | | 155,500 | |
| NJ Economic Development Facilities Grant Program | 3730-060-10-1002 | 7/1/11-6/30/12 | 149,192 | (149,192) | 79,190 | | 68,863 | | | | 1,139 | | | | 68,863 | |
| NJ Economic Development Facilities Grant Program | 3730-050-10-1003 | 7/1/11-6/30/12 | 149,115 | (149,115) | 62,435 | | 86,875 | | | | (195) | | | | 86,875 | |
| NJ Economic Development Facilities Grant Program | 3730-050-10-1004 | 7/1/11-6/30/12 | 142,034 | (142,034) | 28,822 | | 114,412 | | | | (1,200) | | | | 114,412 | |
| NJ Economic Development Facilities Grant Program | 3730-050-14-1002 | 7/1/14-6/30/15 | 86,100 | | | | | 51,365 | | | (86,100) | 34,735 | | (86,100) | 51,365 | |
| NJ Economic Development Facilities Grant Program | 3730-050-14-1005 | 7/1/14-6/30/15 | 23,247 | | | | | 17,910 | | | (23,247) | 5,337 | | (23,247) | 17,910 | |
| Total Capital Projects | | | | (631,507) | 228,333 | - | 425,650 | 69,275 | - | (22,476) | (109,347) | 40,072 | - | (109,347) | 494,925 | |
| Debt Service Fund | | | | | | | | | | | | | | | | |
| Debt Service Aid | 15-495-034-5120-075 | 7/1/14-6/30/15 | 50,170 | | | | 50,170 | 50,170 | | | | | | | 50,170 | |
| Total State Financial Assistance | | | | (794,241) | 228,333 | - | 1,674,512 | 1,308,610 | - | (22,476) | (262,554) | 40,072 | - | (111,902) | 1,734,260 | |
| State Financial Assistance Not Subject to Single Audit Determination | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | |
| TPAF Pension - NCGI Premium | 15-495-034-5094-007 | 7/1/14-6/30/15 | 14,063 | | | | (14,063) | (14,063) | | | | | | | (14,063) | |
| TPAF Pension - Normal Costs | 15-495-034-5094-006 | 7/1/14-6/30/15 | 195,465 | | | | (195,465) | (195,465) | | | | | | | (195,465) | |
| TPAF Pension PRM Contr. | 15-495-034-5094-001 | 7/1/14-6/30/15 | 332,624 | | | | (332,624) | (332,624) | | | | | | | (332,624) | |
| Total State Financial Assistance Subject to Single Audit | | | | \$ (794,241) | \$ 228,333 | \$ - | \$ 1,132,360 | \$ 766,458 | \$ - | \$ (22,476) | \$ (262,554) | \$ 40,072 | \$ - | \$ (111,902) | \$ 1,192,108 | |

(1) - To adjust deferred revenue balance and reclassify prior years expenditures

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

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 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 schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$5,509 for the general fund. There is no adjustment from the budgetary to the GAAP Basis for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------|----------------|------------------|------------------|
| General Fund | | \$ 1,183,656 | \$ 1,183,656 |
| Special Revenue Fund | \$ 116,189 | | 116,189 |
| Capital Projects Fund | | 91,751 | 91,751 |
| Debt Service Fund | - | 50,170 | 50,170 |
| | <u>116,189</u> | <u>1,325,577</u> | <u>1,441,766</u> |
| Total Financial Assistance | \$ 116,189 | \$ 1,325,577 | \$ 1,441,766 |

**NORTHVALE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$281,028 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$209,528 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$332,624 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's 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, 2015

Part I – Summary of Auditor’s Results

Financial Statement Section

A) Type of auditors' report issued: Unmodified

B) Internal control over financial reporting:

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

 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

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

State Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of State Program or Cluster</u> |
|----------------------------|--|
| <u>15-495-034-5120-089</u> | <u>Special Education Categorical Aid</u> |
| <u>15-495-034-5120-084</u> | <u>Security Aid</u> |
| <u>15-495-034-5120-085</u> | <u>Additional Adjustment Aid</u> |
| <u>15-495-034-5120-097</u> | <u>Per Pupil Growth Aid</u> |
| <u>15-495-034-5120-098</u> | <u>PARCC Readiness Aid</u> |

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

Auditee qualified as low-risk auditee? X yes no

Federal Awards Section

NOT APPLICABLE

**NORTHVALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**NORTHVALE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

CURRENT YEAR FEDERAL AWARDS

Not applicable.

CURRENT YEAR STATE AWARDS

There are none.

**NORTHVALE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

No prior year findings were reported.