

**NORTHVALE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Northvale, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Northvale Board of Education**

**Northvale, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**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

October 17, 2016

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, 2016. 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 this letter, an Organizational Chart of the School District, a roster of officials and a list of consultants and advisors.
- The Financial Section includes the Independent Auditor's Report, 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 was not required to undergo a single audit in conformity with the provisions of the U.S. Uniform Guidance. However, the district was required to undergo a single audit in accordance with 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 2015-2016 fiscal year with a total enrollment of 523 students, which represents an increase of 2.3% from the previous year's enrollment. The following chart details the changes in the average daily enrollment of the district over the last ten years.

**Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Average Daily Enrollment</b>	<b>Percent Change</b>
2015-2016	524	1.9%
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%)

**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 20<sup>th</sup> Century, Overviews of World War I, the Interwar Period, and World War II.

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

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

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

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

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

*Source: Michael Pinajian, Superintendent*

## **NORTHERN VALLEY REGIONAL OFFICE OF CURRICULUM AND INSTRUCTION**

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

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

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

*Source: Northern Valley Regional Curriculum Office Website*

### **PARENT/FACULTY ORGANIZATIONS**

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

During the 2015-16 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**

While generally trailing behind the rest of the nation, New Jersey's economic health significantly improved over the past year, according to the Wells Fargo August 2016 *New Jersey Economic Outlook*. There has been exceptional jobs growth, especially in the transportation and logistics industries. There had also been growth in the state's highways and bridges construction, until recently while political controversies slowed some of that work. The casino layoffs and closures have slowed even though the industry is still struggling. Overall the unemployment rate is substantially better than it was just two years ago, decreasing 1.5 percent from June 2014 to June 2016. While historically higher than the national average, the New Jersey current unemployment rate is now just .2% higher, currently at 5.10% in New Jersey and 4.9% nationwide as of June 2016.

There is unquestionably good news in the report, however, despite the improvements, economic problems from the Great Recession continue to inhibit the state. There are still higher than national average home mortgage defaults and foreclosures and there continues to be conflicts over the state's budgets and pension commitments. The housing market continues to struggle, with New Jersey being only one of two states with declining home values.

The overall economic growth continues in a positive direction in both the nation and New Jersey. Positive growth is evident in most key economic measures, including year over year real Gross Domestic Product (GDP) by state, which rose 2.7 percent in 2016 in New Jersey. This happened to exceed the U.S. increase of 2.1 during the same period. With 2016 as a presidential election year and New Jersey Governor Chris Christie proposing many changes in the state, the economic future is to some extent unpredictable.

*Source: Wells Fargo New Jersey Economic Outlook: August 2016*

### **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. 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 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 is 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*

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Mr. Michael Pinajian  
Superintendent

*Deborah Trainor*

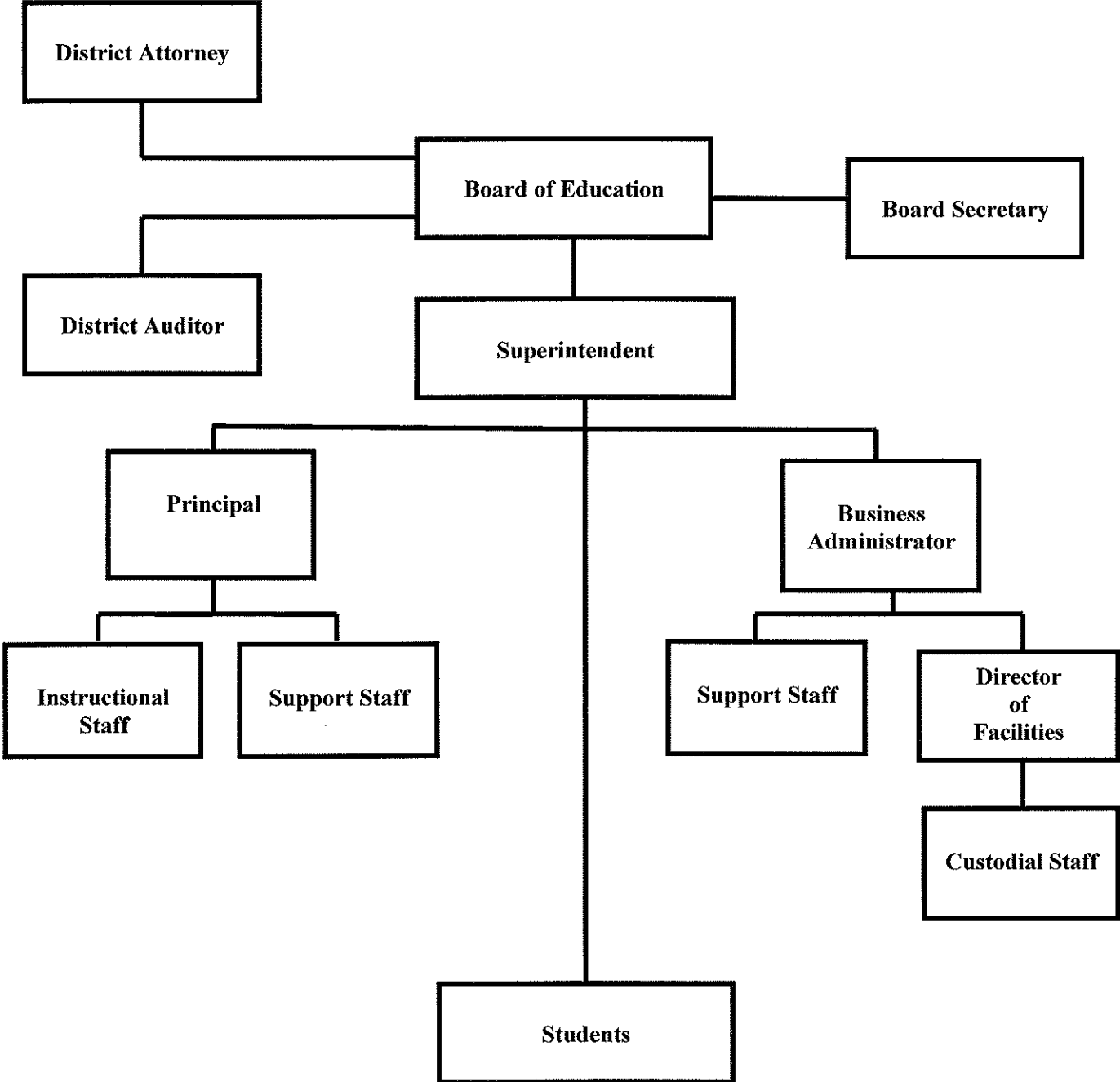
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Ms. Deborah Trainor  
Business Administrator/Board Secretary

**NORTHVALE BOARD OF EDUCATION**

**ORGANIZATIONAL CHART**

**(UNIT CONTROL)**



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

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires January</u></b>
Mr. Joseph E. McGuire, President	2018
Mrs. Johanna Bargisen, Vice President	2019
Mr. Robert Bargna	2019
Mrs. Jamie Corday	2018
Mrs. Margaret DeGennaro	2017

**Other Officials**

Mr. Michael Pinajian, Superintendent

Ms. Deborah Trainor, Interim Business Administrator/Board Secretary (7/1/15-6/30/16)

Ms. Dawn Delasandro, Assistant Business Administrator/Board Secretary (5/1/16-6/30/16)

Mr. Steven Linzenbold, Principal (7/1/15-11/25/15)

Mrs. Dianne Smith, Acting Principal (11/30/15-6/30/16)

Mrs. Suzanne Burroughs, Treasurer of School Monies

**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  
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**Official Depository**

Capital One  
710 Route 46 - 3<sup>rd</sup> 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  
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MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education, as of and for the fiscal year ended June 30, 2016 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

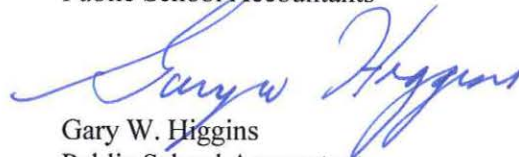


**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2016 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  
October 17, 2016

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- ◆ General revenues accounted for \$9,050,537 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,153,840 or 26% of total revenues of \$12,204,377.
- ◆ The school district had \$11,699,353 in expenses; only \$3,153,840 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$9,050,537 were adequate to provide for these programs.
- ◆ The General Fund had \$10,588,302 in revenues and other financing sources and \$10,532,392 in expenditures and other financing uses. The General Fund's fund balance increased \$55,910 or 1% over the fiscal year ended June 30, 2015.

**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, 2016?" 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, 2016 and 2015.

**Table 1  
Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Types</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current and other assets	\$ 3,956,596	\$ 4,086,916	\$ 626	\$ 1,545	\$ 3,957,222	\$ 4,088,461
Capital assets, net	9,241,538	8,965,283	1,231	1,539	9,242,769	8,966,822
Total Assets	<u>13,198,134</u>	<u>13,052,199</u>	<u>1,857</u>	<u>3,084</u>	<u>13,199,991</u>	<u>13,055,283</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Refunding of Debt	30,421	41,925			30,421	41,925
Deferred Amount on Net Pension Liability	303,673	65,382	-	-	303,673	65,382
Total Deferred Outflows of Resources	<u>334,094</u>	<u>107,307</u>	<u>-</u>	<u>-</u>	<u>334,094</u>	<u>107,307</u>
Total Assets and Deferred Outflows of Resources	<u>13,532,228</u>	<u>13,159,506</u>	<u>1,857</u>	<u>3,084</u>	<u>13,534,085</u>	<u>13,162,590</u>
<b>Liabilities</b>						
Long-term liabilities	4,986,263	5,128,746		363	4,986,263	5,129,109
Other liabilities	67,237	91,032	-	-	67,237	91,032
Total Liabilities	<u>5,053,500</u>	<u>5,219,778</u>	<u>-</u>	<u>363</u>	<u>5,053,500</u>	<u>5,220,141</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amount on Net Pension Liability	195,020	161,908	-	-	195,020	161,908
Total Deferred Inflows of Resources	<u>195,020</u>	<u>161,908</u>	<u>-</u>	<u>-</u>	<u>195,020</u>	<u>161,908</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,248,520</u>	<u>5,381,686</u>	<u>-</u>	<u>363</u>	<u>5,248,520</u>	<u>5,382,049</u>
<b>Net Position</b>						
Net Investment in Capital Assets	6,709,347	6,053,191	1,231	1,539	6,710,578	6,054,730
Restricted	2,097,412	1,996,497			2,097,412	1,996,497
Unrestricted	(523,051)	(271,868)	626	1,182	(522,425)	(270,686)
Total Net Position	<u>\$ 8,283,708</u>	<u>\$ 7,777,820</u>	<u>\$ 1,857</u>	<u>\$ 2,721</u>	<u>\$ 8,285,565</u>	<u>\$ 7,780,541</u>

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

Table 2 shows the changes in net position for fiscal years ended June 30, 2016 and 2015.

	<b>Governmental Types</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 498,097	\$ 473,307	\$ 7,943	\$ 7,607	\$ 506,040	\$ 480,914
Operating grants and contributions	2,643,671	2,192,543			2,643,671	2,192,543
Capital grants and contributions	4,129	91,751			4,129	91,751
General revenues						
Property Taxes	8,978,077	8,813,451			8,978,077	8,813,451
Grants and entitlements	60,115	59,383			60,115	59,383
Other revenues	12,332	11,182	13	17	12,345	11,199
<b>Total revenues</b>	<b>12,196,421</b>	<b>11,641,617</b>	<b>7,956</b>	<b>7,624</b>	<b>12,204,377</b>	<b>11,649,241</b>
<b>Program Expenses</b>						
Instruction	7,999,226	7,402,607			7,999,226	7,402,607
Support services						
Student and Instruction Related Svcs.	1,548,341	1,290,658			1,548,341	1,290,658
General administration, school						
administration, business/central services	991,476	960,702			991,476	960,702
Plant operation and Maintenance	894,123	935,937			894,123	935,937
Pupil Transportation	140,074	67,065			140,074	67,065
Interest and Other charges	115,793	133,682			115,793	133,682
Food service	-	-	10,320	8,846	10,320	8,846
<b>Total expenses</b>	<b>11,689,033</b>	<b>10,790,651</b>	<b>10,320</b>	<b>8,846</b>	<b>11,699,353</b>	<b>10,799,497</b>
Change in net position before transfers	507,388	850,966	(2,364)	(1,222)	505,024	849,744
Transfers	(1,500)	-	1,500	-	-	-
Change in net position	505,888	850,966	(864)	(1,222)	505,024	849,744
<b>Net Position, Beginning of Year</b>	<b>7,777,820</b>	<b>6,926,854</b>	<b>2,721</b>	<b>3,943</b>	<b>7,780,541</b>	<b>6,930,797</b>
<b>Net Position, End of Year</b>	<b>\$ 8,283,708</b>	<b>\$ 7,777,820</b>	<b>\$ 1,857</b>	<b>\$ 2,721</b>	<b>\$ 8,285,565</b>	<b>\$ 7,780,541</b>

**Governmental Activities**

The district's total revenues were \$12,196,421 and \$11,641,617 for the fiscal years ended June 30, 2016 and 2015, respectively. Property taxes made up 74% and 76% of revenues for governmental activities for the Northvale School District for fiscal years ended June 30, 2016 and 2015, respectively. Federal, state and local grants and aid accounted for another 22% and 20% for fiscal years ended June 30, 2016 and 2015, respectively.

The total cost of all program and services were \$11,689,033 and \$10,790,651, respectively. Instruction comprised 68% and 69% of total district expenses for the fiscal years ended June 30, 2016 and 2015, respectively.

**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 and transfers in by \$864.
- ◆ Charges for services represent \$7,943 of revenue, which are amounts paid by patrons for daily food services.

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

**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, 2016 and 2015. 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 7,999,226	\$ 7,402,607	\$ 4,873,405	\$ 4,754,391
Support services				
Student and Instruction Related Svcs.	1,548,341	1,290,658	1,548,341	1,290,658
General administration, school				
administration, business/central services	991,476	960,702	991,476	960,702
Plant operation and Maintenance	894,123	935,937	882,745	836,652
Pupil Transportation	140,074	67,065	131,376	56,965
Interest and Other charges	<u>115,793</u>	<u>133,682</u>	<u>115,793</u>	<u>133,682</u>
 Total Expenses	 <u>\$ 11,689,033</u>	 <u>\$ 10,790,651</u>	 <u>\$ 8,543,136</u>	 <u>\$ 8,033,050</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.

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 as a Whole (Continued)**

**Governmental Activities (Continued)**

**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 \$11,014,677 and \$10,740,705 and expenditures of \$11,184,012 and \$10,357,704 for the fiscal years ended June 30, 2016 and 2015, respectively. The net change in all fund balances for the year was a decrease of \$113,543. The revenue increase of \$273,972 is mainly the result of an increase in property taxes and an increase in federal and state aid. Expenditures increased \$826,308 mainly as of the net result of an increase in instruction, support services, undistributed costs and 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, 2016 and 2015.

	Year Ended <u>June 30, 2016</u>	Year Ended <u>June 30, 2015</u>	Increase/ <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources	\$ 9,493,769	\$ 9,298,939	\$ 194,830	2.10%
State Sources	1,396,527	1,325,577	70,950	5.35%
Federal Sources	<u>124,381</u>	<u>116,189</u>	<u>8,192</u>	7.05%
Total Revenues	<u>\$ 11,014,677</u>	<u>\$ 10,740,705</u>	<u>\$ 273,972</u>	2.55%

The following schedule presents a summary of the governmental funds expenditures for the fiscal years ended June 30, 2016 and 2015.

	Year Ended <u>June 30, 2016</u>	Year Ended <u>June 30, 2015</u>	Increase/ <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Current:				
Instruction	\$ 6,525,281	\$ 6,214,780	\$ 310,501	5.00%
Support Services and Undistributed Costs	3,405,581	3,141,124	264,457	8.42%
Capital Outlay	693,146	439,696	253,450	57.64%
Debt Service:				
Principal	429,200	417,939	11,261	2.69%
Interest and Other Charges	<u>130,804</u>	<u>144,165</u>	<u>(13,361)</u>	-9.27%
Total Expenditures	<u>\$ 11,184,012</u>	<u>\$ 10,357,704</u>	<u>\$ 826,308</u>	7.98%



## 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, 2016, 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, 2016 and 2015, the governmental activities of the school district had \$15,230,793 and \$14,563,127, respectively; invested in land, construction in progress, land improvements, building and building improvements, and machinery and equipment. Table 4 shows fiscal 2016 balances compared to 2015 net of depreciation.

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 474,330	\$ 474,330
Construction In Progress		1,964
Land Improvements	936,599	373,080
Buildings and Building Improvement	12,620,904	12,591,663
Machinery and Equipment	<u>1,198,940</u>	<u>1,122,090</u>
	15,230,773	14,563,127
Less Accumulated Depreciation	<u>(5,989,235)</u>	<u>(5,597,844)</u>
Total	<u>\$ 9,241,538</u>	<u>\$ 8,965,283</u>

Overall capital assets, net of depreciation increased \$276,255 from fiscal year 2015 to fiscal year 2016 as a result of current year capital acquisitions exceeding depreciation.

## Debt Administration

At June 30, 2016 and 2015, the school district had \$4,986,263 and \$5,128,746 as outstanding liabilities, respectively. Of this amount \$109,924 and \$95,502 is for compensated absences and \$2,505,320 and \$2,914,817 for bonds plus unamortized original issue premiums for school construction and \$57,292 and \$39,200 is for capital leases and \$2,313,727 and \$2,079,227 is for net pension liability, as of June 30, 2016 and 2015, respectively.

At June 30, 2016, the school district's overall legal debt margin was \$28,868,951 and the unutilized debt margin was \$26,419,951. 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, 2016</u>	<u>Balance, June 30, 2015</u>
Renovations & Additions to Nathan Hale and Thomas Jefferson Schools	4-15-06	\$ 1,534,000	\$ 649,000	\$ 764,000
Refunding School Bonds	5-14-10	3,140,000	<u>1,800,000</u>	<u>2,075,000</u>
			<u>\$ 2,449,000</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, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,813,878	\$ 626	\$ 3,814,504
Receivables, net			
Receivables from Other Governments	132,140		132,140
Other	10,578		10,578
Capital Assets, net			
Not Being Depreciated	474,330		474,330
Being Depreciated	8,767,208	1,231	8,768,439
Total Assets	<u>13,198,134</u>	<u>1,857</u>	<u>13,199,991</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	30,421		30,421
Deferred Amount on Net Pension Liability	303,673	-	303,673
Total Deferred Outflows of Resources	<u>334,094</u>	<u>-</u>	<u>334,094</u>
Total Assets and Deferred Outflows of Resources	<u>13,532,228</u>	<u>1,857</u>	<u>13,534,085</u>
<b>LIABILITIES</b>			
Accounts Payable	33,331		33,331
Accrued Interest Payable	32,075		32,075
Unearned Revenue	1,831		1,831
Noncurrent Liabilities			
Due Within One Year	410,529		410,529
Due Beyond One Year	4,575,734	-	4,575,734
Total Liabilities	<u>5,053,500</u>	<u>-</u>	<u>5,053,500</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	195,020	-	195,020
Total Deferred Inflows of Resources	<u>195,020</u>	<u>-</u>	<u>195,020</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,248,520</u>	<u>-</u>	<u>5,248,520</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,709,347	1,231	6,710,578
Restricted for			
Capital Projects	1,971,349		1,971,349
Other Purposes	126,063		126,063
Unrestricted	(523,051)	626	(522,425)
Total Net Position	<u>\$ 8,283,708</u>	<u>\$ 1,857</u>	<u>\$ 8,285,565</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, 2016**

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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 5,262,976	\$ 341,929	\$ 1,617,811		\$ (3,303,236)		\$ (3,303,236)
Special Education	2,283,825	156,168	863,530		(1,264,127)		(1,264,127)
Other Instruction	312,795		105,595		(207,200)		(207,200)
School Sponsored Activities and Athletics	139,630		40,788		(98,842)		(98,842)
Support Services							
Student and Instruction Related Services	1,548,341				(1,548,341)		(1,548,341)
General Administration Services	447,925				(447,925)		(447,925)
School Administration Services	128,676				(128,676)		(128,676)
Business/Central Services	414,875				(414,875)		(414,875)
Plant Operations and Maintenance	894,123		7,249	\$ 4,129	(882,745)		(882,745)
Pupil Transportation	140,074		8,698		(131,376)		(131,376)
Interest and Other Charges	115,793	-	-	-	(115,793)	-	(115,793)
<b>Total Governmental Activities</b>	<b>11,689,033</b>	<b>498,097</b>	<b>2,643,671</b>	<b>4,129</b>	<b>(8,543,136)</b>	<b>-</b>	<b>(8,543,136)</b>
<b>Business-Type Activities</b>							
Food Service	10,320	7,943	-	-	-	\$ (2,377)	(2,377)
<b>Total Business-Type Activities</b>	<b>10,320</b>	<b>7,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,377)</b>	<b>(2,377)</b>
<b>Total Primary Government</b>	<b>\$ 11,699,353</b>	<b>\$ 506,040</b>	<b>\$ 2,643,671</b>	<b>\$ 4,129</b>	<b>(8,543,136)</b>	<b>(2,377)</b>	<b>(8,545,513)</b>
<b>General Revenues</b>							
Property Taxes:							
Levied for General Purposes					8,508,749		8,508,749
Levied for Debt Service					469,328		469,328
Investment Earnings					10,186	13	10,199
State Aid - Restricted					50,282		50,282
State Aid - Unrestricted					9,833		9,833
Miscellaneous Income					2,146		2,146
Transfers					(1,500)	1,500	-
<b>Total General Revenues and Transfers</b>					<b>9,049,024</b>	<b>1,513</b>	<b>9,050,537</b>
Change in Net Position					505,888	(864)	505,024
Net Position, Beginning of Year					7,777,820	2,721	7,780,541
Net Position, End of Year					<b>\$ 8,283,708</b>	<b>\$ 1,857</b>	<b>\$ 8,285,565</b>

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

**FUND FINANCIAL STATEMENTS**

**NORTHVALE BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,813,878				\$ 3,813,878
Due from Other Funds	116,729				116,729
Receivables					
Intergovernmental	15,855	\$ 116,285			132,140
Other	8,303	-	\$ -	\$ -	8,303
	<u>3,954,765</u>	<u>116,285</u>	<u>-</u>	<u>-</u>	<u>4,071,050</u>
Total Assets	<u>\$ 3,954,765</u>	<u>\$ 116,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,071,050</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 33,331				\$ 33,331
Due to Other Funds		\$ 114,454			114,454
Unearned Revenue	-	1,831	\$ -	\$ -	1,831
	<u>33,331</u>	<u>116,285</u>	<u>-</u>	<u>-</u>	<u>149,616</u>
Total Liabilities	<u>33,331</u>	<u>116,285</u>	<u>-</u>	<u>-</u>	<u>149,616</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	1,533,349				1,533,349
Capital Reserve - Designated for Subsequent Years Expenditures	438,000				438,000
Emergency Reserve	250,000				250,000
Maintenance Reserve	126,063				126,063
Excess Surplus	652,529				652,529
Excess Surplus - Designated for Subsequent Years Expenditures	621,372				621,372
Assigned					
Year-End Encumbrances	64,395				64,395
Unassigned					
General Fund	235,726	-	-	-	235,726
	<u>3,921,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,921,434</u>
Total Fund Balances	<u>3,921,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,921,434</u>
Total Liabilities and Fund Balances	<u>\$ 3,954,765</u>	<u>\$ 116,285</u>	<u>\$ -</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, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 8,508,749			\$ 469,328	\$ 8,978,077
Tuition	498,097				498,097
Interest	10,186				10,186
Miscellaneous	2,146	\$ 5,263	-	-	7,409
Total - Local Sources	<u>9,019,178</u>	<u>5,263</u>	<u>-</u>	<u>469,328</u>	<u>9,493,769</u>
State Sources	1,342,116		\$ 4,129	50,282	1,396,527
Federal Sources	-	124,381	-	-	124,381
Total Revenues	<u>10,361,294</u>	<u>129,644</u>	<u>4,129</u>	<u>519,610</u>	<u>11,014,677</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	4,169,767	5,263			4,175,030
Special Education Instruction	1,875,390	116,285			1,991,675
Other Instruction	238,531	8,096			246,627
School-Sponsored Activities and Athletics	111,949				111,949
Support Services					
Student and Instruction Related Services	1,466,007				1,466,007
General Administration Services	424,130				424,130
School Administration Services	116,621				116,621
Business/Central Services	388,973				388,973
Plant Operations and Maintenance	872,347				872,347
Pupil Transportation	137,503				137,503
Debt Service					
Principal	39,200			390,000	429,200
Interest and Other Charges	1,194			129,610	130,804
Capital Outlay	689,280	-	3,866	-	693,146
Total Expenditures	<u>10,530,892</u>	<u>129,644</u>	<u>3,866</u>	<u>519,610</u>	<u>11,184,012</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(169,598)</u>	<u>-</u>	<u>263</u>	<u>-</u>	<u>(169,335)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds (Non-Budget)	57,292				57,292
Transfers In	169,716				169,716
Transfers Out	(1,500)	-	(169,716)	-	(171,216)
Total Other Financing Sources and (Uses)	<u>225,508</u>	<u>-</u>	<u>(169,716)</u>	<u>-</u>	<u>55,792</u>
Net Change in Fund Balances	55,910	-	(169,453)	-	(113,543)
Fund Balance, Beginning of Year	<u>3,865,524</u>	<u>-</u>	<u>169,453</u>	<u>-</u>	<u>4,034,977</u>
Fund Balance, End of Year	<u>\$ 3,921,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,921,434</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, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (113,543)

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	\$	693,146	
Depreciation Expense		<u>(416,891)</u>	276,255

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		(14,422)	
Increase in Pension Expense		<u>(29,321)</u>	(43,743)

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:

Debt Issued			
Leases			(57,292)
Principal Repayments			
Bonds Payable		390,000	
Capital Leases Paid		<u>39,200</u>	429,200

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		(11,504)	
Original Issuance Premium		<u>19,497</u>	7,993

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>7,018</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ 505,888**

**NORTHVALE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2016**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ <u>626</u>
Total Current Assets	<u>626</u>
Capital Assets	
Equipment	3,078
Less: Accumulated Depreciation	<u>(1,847)</u>
Total Capital Assets	<u>1,231</u>
Total Assets	<u>1,857</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,231
Unrestricted	<u>626</u>
Total Net Position	<u>\$ 1,857</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, 2016**

	<b>Non-Major Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Non-Reimbursable Programs	\$ 7,943
Total Operating Revenues	7,943
<b>OPERATING EXPENSES</b>	
Cost of Sales - Non-Reimbursable Programs	10,012
Depreciation	308
Total Operating Expenses	10,320
Operating Loss	(2,377)
<b>NONOPERATING REVENUES</b>	
Interest Income	13
Total Nonoperating Revenues	13
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,364)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfer from Other Funds	1,500
Total Other Financing Sources and (Uses)	1,500
Change in Net Position	(864)
Net Position, Beginning of Year	2,721
Net Position, End of Year	\$ 1,857

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, 2016**

	<b>Non-Major Enterprise Fund Totals</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 7,943
Cash Payments to Suppliers for Goods and Services	<u>(10,375)</u>
Net Cash Used by Operating Activities	<u>(2,432)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from Other Fund	<u>1,500</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,500</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Deposits	<u>13</u>
Net Cash Provided by Investing Activities	<u>13</u>
Net decrease in Cash and Cash Equivalents	(919)
Cash and Cash Equivalents, Beginning of Year	<u>1,545</u>
Cash and Cash Equivalents, End of Year	<u>\$ 626</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ <u>(2,377)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Changes in Assets and Liabilities	
Depreciation	308
(Decrease) in Accounts Payable	<u>(363)</u>
Total Adjustments	<u>(55)</u>
Net Cash Used by Operating Activities	<u>\$ (2,432)</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, 2016**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>124,111</u>
Total Assets	\$ <u>124,111</u>
<b>LIABILITIES</b>	
Accrued Salaries and Wages	\$ 104,603
Payroll Deductions and Withholdings	2,090
Due to Other Funds	2,275
Due to Student Groups	<u>15,143</u>
Total Liabilities	\$ <u>124,111</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, 2016**

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*, 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 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.

**NORTHALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

- GASB No. 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**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, 2016**

**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 considers its enterprise fund to be a nonmajor fund.

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.

**NORTHALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**Fund Financial Statements (Continued)**

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

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

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, 2016**

**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 Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. 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.

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**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.

**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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**6. *Pensions (Continued)***

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. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including applicable unamortized portion of the original issue bond premium.

**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.)

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

*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 – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

**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.



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Revenues and Expenditures/Expenses (Continued)**

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Revenues and Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**A. Budgetary Information (Continued)**

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.

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$209,542. The increase was funded by additional surplus appropriated, additional 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, 2016**

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

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Beginning balance		\$ 1,701,131
Increased by		
Interest Earned	\$ 502	
Unexpended Local Share of Capital Projects	169,716	
Deposits Approved in District Budget	25,000	
Deposits Approved by Board Resolution	<u>75,000</u>	
Total Increases		<u>270,218</u>
Ending balance		<u>\$ 1,971,349</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, 2016 is as follows:

Beginning balance	\$ 125,913
Increased by	
Interest Earned	<u>150</u>
Ending balance	<u>\$ 126,063</u>

The June 30, 2016 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, 2016**

**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, 2016 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 Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,273,901. Of this amount, \$621,372 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$652,529 will be appropriated in the 2017/2018 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances 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, 2016, the book value of the Board's deposits were \$3,938,615 and bank and brokerage firm balances of the Board's deposits amounted to \$4,241,550. 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>\$ 4,241,550</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**Cash Deposits (Continued)**

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, 2016 none of the Board’s bank balances were exposed to custodial credit risk.

**Investments**

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

As of June 30, 2016, the Board had no outstanding investments.

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

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

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

**B. Receivables**

Receivables as of June 30, 2016 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 15,855	\$ 116,285	\$ 132,140
Other	<u>8,303</u>	<u>-</u>	<u>\$ 8,303</u>
Gross Receivables	24,158	116,285	140,443
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 24,158</u>	<u>\$ 116,285</u>	<u>\$ 140,443</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Unearned Revenue**

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 1,683
Grant Draw Downs Reserved for Encumbrances	<u>148</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 1,831</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance, June 30, 2016
<b>Governmental activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 474,330				\$ 474,330
Construction In Progress	<u>1,964</u>	-	-	\$ (1,964)	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>476,294</u>	<u>-</u>	<u>-</u>	<u>(1,964)</u>	<u>474,330</u>
Capital Assets, Being Depreciated:					
Land Improvements	373,080	\$ 563,519			936,599
Buildings and Building Improvements	12,591,663	27,277		1,964	12,620,904
Machinery and Equipment	<u>1,122,090</u>	<u>102,350</u>	\$ (25,500)	-	<u>1,198,940</u>
Total Capital Assets Being Depreciated	<u>14,086,833</u>	<u>693,146</u>	<u>(25,500)</u>	<u>1,964</u>	<u>14,756,443</u>
Less Accumulated Depreciation for:					
Land Improvements	(200,460)	(24,198)			(224,658)
Buildings and Building Improvements	(4,580,916)	(318,030)			(4,898,946)
Machinery and Equipment	<u>(816,468)</u>	<u>(74,663)</u>	25,500	-	<u>(865,631)</u>
Total Accumulated Depreciation	<u>(5,597,844)</u>	<u>(416,891)</u>	<u>25,500</u>	<u>-</u>	<u>(5,989,235)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,488,989</u>	<u>276,255</u>	<u>-</u>	<u>1,964</u>	<u>8,767,208</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,965,283</u>	<u>\$ 276,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,241,538</u>

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Capital Assets (Continued)**

	Balance <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 3,078	-	-	\$ 3,078
Total Capital Assets Being Depreciated	<u>3,078</u>	<u>-</u>	<u>-</u>	<u>3,078</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(1,539)</u>	\$ (308)	-	<u>(1,847)</u>
Total Accumulated Depreciation	<u>(1,539)</u>	<u>(308)</u>	<u>-</u>	<u>(1,847)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,539</u>	<u>(308)</u>	<u>-</u>	<u>1,231</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,539</u>	<u>\$ (308)</u>	<u>\$ -</u>	<u>\$ 1,231</u>

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

**Governmental activities:**

Instruction		
Regular		\$ 212,036
Special Education		60,376
Other		12,820
School Sponsored Activities and Athletics		<u>5,363</u>
Total Instruction		<u>290,595</u>
Support Services		
Student and Instruction Related Services		61,567
General Administration		19,494
School Administration		4,882
Business / Central Services		19,511
Plant Operation and Maintenance		18,736
Student Transportation		<u>2,106</u>
Total Support Services		<u>126,296</u>
Total Governmental Funds		<u>416,891</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 416,891</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ 308</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 308</u>

**NORTHALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
Vestibule Door Replacement	\$ 23,900
Total	<u>\$ 23,900</u>

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

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 114,454
General Fund	Agency Fund	<u>2,275</u>
		<u>\$ 116,729</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 Out:</u>	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
General Fund		\$ 1,500	\$ 1,500
Capital Projects Fund	\$ 169,716	-	<u>169,716</u>
Total Transfers Out	<u>\$ 169,716</u>	<u>\$ 1,500</u>	<u>\$ 171,216</u>

The above transfers are the result of a General Fund transfer of revenues earned and/or other financing sources received to finance expenditures in the Food Service Fund and the return of funds previously transferred to the Capital Projects Fund that were no longer required for the intended purpose.



**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Leases**

**Capital Leases**

The District is leasing copiers totaling \$57,292 under capital lease with an interest rate of 4.15%. The lease is for a term of 5 years.

The capital assets acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 57,292
Less: Accumulated Depreciation	<u>(5,729)</u>
 Total	 <u>\$ 51,563</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 12,708
2018	12,708
2019	12,708
2020	12,708
2021	<u>12,708</u>
 Total Minimum Lease Payments	 63,540
Less: Amount Representing Interest	<u>6,248</u>
 Present Value of Minimum Lease Payments	 <u>\$ 57,292</u>

**NORTHALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**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, 2016 are comprised of the following issues:

\$1,534,000, 2006 Bonds, due in annual installments of \$120,000 to \$139,000 through April 15, 2021, interest at 4.25% to 4.50%	\$649,000
\$3,140,000, 2010 Bonds, due in annual installments of \$280,00 to \$310,000 through March 1, 2022, interest at 4.00% to 5.00%	<u>1,800,000</u>
Total	<u>\$2,449,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	444,000	37,005	481,005
2022	<u>310,000</u>	<u>15,500</u>	<u>325,500</u>
Totals	<u>\$ 2,449,000</u>	<u>\$ 400,546</u>	<u>\$ 2,849,546</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 28,868,951
Less: Net Debt	<u>(2,449,000)</u>
Remaining Borrowing Power	<u>\$ 26,419,951</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2016</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 2,839,000		\$ 390,000	\$ 2,449,000	\$ 400,000
Original Issue Premium	75,817	-	19,497	56,320	-
	<u>2,914,817</u>	-	<u>409,497</u>	<u>2,505,320</u>	<u>400,000</u>
Capital Leases	39,200	\$ 57,292	39,200	57,292	10,529
Compensated Absences	95,502	21,936	7,514	109,924	
Net Pension Liability	<u>2,079,227</u>	<u>323,113</u>	<u>88,613</u>	<u>2,313,727</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 5,128,746</u>	<u>\$ 402,341</u>	<u>\$ 544,824</u>	<u>\$ 4,986,263</u>	<u>\$ 410,529</u>

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 various risks.

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.

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**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**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.

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](http://www.state.nj.us/treasury/pensions).

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 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, 2014 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 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% 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, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 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>
2016	\$ 88,613	\$ 313,916	\$ 2,596
2015	91,551	209,528	1,194
2014	85,450	163,342	1,902

For fiscal years 2015/2016 and 2014/2015, the state contributed \$313,916 and \$209,528, 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 \$290,307 during the fiscal year ended June 30, 2016 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.

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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**

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$2,313,727 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportionate share was .01030 percent, which was a decrease of .00080 percent from its proportionate share measured as of June 30, 2014 of .01110 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$117,934 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 55,197	
Changes of Assumptions	248,476	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 37,200
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	157,820
Total	<u>\$ 303,673</u>	<u>\$ 195,020</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>	
2017	\$ 14,155
2018	14,155
2019	14,155
2020	45,133
2021	<u>21,055</u>
	<u>\$ 108,653</u>



**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

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, 2016**

**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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***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	4.90%

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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:

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 3.80%. 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 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>2,875,680</u>	\$ <u>2,313,727</u>	\$ <u>1,842,590</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. 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](http://www.state.nj.us/treasury/pensions).

**NORTHVALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,495,660 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, 2016 the State's proportionate share of the net pension liability attributable to the District is \$24,495,316. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .03875 percent, which was an increase of .00014 percent from its proportionate share measured as of June 30, 2014 of .03861 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**NORTHALE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 29,111,767</u>	<u>\$ 24,495,316</u>	<u>\$ 20,517,967</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 2015.

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](http://www.state.nj.us/treasury/pensions).

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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, 2014, 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 4.50 percent.



**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$373,788, \$332,624 and \$267,819 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**NORTHVALE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 8,508,749		\$ 8,508,749	\$ 8,508,749	
Tuition From Other LEAs Within the State	422,024		422,024	498,097	\$ 76,073
Interest Earned on Maintenance Reserve	150		150	150	
Interest Earned on Capital Reserve	200		200	502	302
Miscellaneous	8,029	-	8,029	11,680	3,651
<b>Total Local Sources</b>	<u>8,939,152</u>	<u>-</u>	<u>8,939,152</u>	<u>9,019,178</u>	<u>80,026</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				164,307	164,307
Additional 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				1,332	1,332
On-behalf TPAF Pension System Payments - Normal Costs (Non-Budget)				299,021	299,021
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				14,895	14,895
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution(Non-Budget)				373,788	373,788
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	290,307	290,307
<b>Total State Sources</b>	<u>227,727</u>	<u>-</u>	<u>227,727</u>	<u>1,371,377</u>	<u>1,143,650</u>
<b>Total Revenues</b>	<u>9,166,879</u>	<u>-</u>	<u>9,166,879</u>	<u>10,390,555</u>	<u>1,223,676</u>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	342,278	\$ (2,796)	339,482	337,358	2,124
Grades 1-5	1,314,108	3,129	1,317,237	1,314,342	2,895
Grades 6-8	947,986	(36,868)	911,118	905,983	5,135
Regular Program - Home Instruction					
Salaries of Teachers	7,000	(6,920)	80		80
Purchased Professional - Educational Services		2,770	2,770	2,743	27
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	4,000	(500)	3,500	3,500	-
Purchased Professional - Educational Services	2,100	5,399	7,499	7,499	-
Other Purchased Services	67,627	(6,859)	60,768	59,724	1,044
General Supplies	127,751	107,425	235,176	229,026	6,150
Textbooks	45,016	(26,413)	18,603	15,632	2,971
Other Objects	950	160	1,110	774	336
<b>Total Regular Programs</b>	<u>2,858,816</u>	<u>38,527</u>	<u>2,897,343</u>	<u>2,876,581</u>	<u>20,762</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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 165,528	\$ 30,585	\$ 196,113	\$ 196,113	
Other Salaries for Instruction	79,806	-	79,806	79,806	
General Supplies	2,146	775	2,921	2,745	\$ 176
Textbooks	200	400	600	364	236
<b>Total Learning and/or Language Disabilities</b>	<u>247,680</u>	<u>31,760</u>	<u>279,440</u>	<u>279,028</u>	<u>412</u>
Multiple Disabilities					
Salaries of Teachers	87,195	1,815	89,010	88,922	88
Other Salaries for Instruction	39,803	(39,803)			-
General Supplies	2,000	(1,200)	800	213	587
Textbooks	100	-	100	-	100
<b>Total Multiple Disabilities</b>	<u>129,098</u>	<u>(39,188)</u>	<u>89,910</u>	<u>89,135</u>	<u>775</u>
Resource Room/Resource Center					
Salaries of Teachers	331,525	33,066	364,591	364,445	146
Other Purchased Services	100	-	100		100
General Supplies	3,568	(1,365)	2,203	2,164	39
Textbooks	500	(500)	-	-	-
<b>Total Resource Room/Resource Center</b>	<u>335,693</u>	<u>31,201</u>	<u>366,894</u>	<u>366,609</u>	<u>285</u>
Home Instruction					
Salaries of Teachers	1,200	(1,150)	50	-	50
<b>Total Home Instruction</b>	<u>1,200</u>	<u>(1,150)</u>	<u>50</u>	<u>-</u>	<u>50</u>
<b>Total Special Education</b>	<u>713,671</u>	<u>22,623</u>	<u>736,294</u>	<u>734,772</u>	<u>1,522</u>
Basic Skills/Remedial					
Salaries of Teachers	83,149	(1,000)	82,149	82,062	87
General Supplies	1,039	5	1,044	1,041	3
<b>Total Basic Skills/Remedial</b>	<u>84,188</u>	<u>(995)</u>	<u>83,193</u>	<u>83,103</u>	<u>90</u>
Bilingual Education					
Salaries of Teachers	72,795	-	72,795	72,795	-
General Supplies	454	2,030	2,484	2,484	-
Textbooks	276	145	421	418	3
<b>Total Bilingual Education</b>	<u>73,525</u>	<u>2,175</u>	<u>75,700</u>	<u>75,697</u>	<u>3</u>
School Sponsored Cocurricular Activities					
Salaries	38,308	13	38,321	38,321	-
Supplies and Materials	1,153	2,498	3,651	3,651	-
Other Objects	6,000	(2,415)	3,585	3,585	-
<b>Total School Sponsored Cocurricular Activities</b>	<u>45,461</u>	<u>96</u>	<u>45,557</u>	<u>45,557</u>	<u>-</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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
School Sponsored Athletics					
Salaries	\$ 25,250	\$ 1,212	\$ 26,462	\$ 26,462	
Purchased Services	4,750	(291)	4,459	4,459	
Supplies and Materials	350	1,766	2,116	2,116	-
Total School Sponsored Athletics	<u>30,350</u>	<u>2,687</u>	<u>33,037</u>	<u>33,037</u>	<u>-</u>
Total Instruction	<u>3,806,011</u>	<u>65,113</u>	<u>3,871,124</u>	<u>3,848,747</u>	<u>\$ 22,377</u>
Instruction					
Tuition to Other LEAs Within the State-Special	766,956	122,568	889,524	741,278	148,246
Tuition to Priv. Sch. for the Disabled					
Within the State	58,000	3,755	61,755	38,376	23,379
Tuition - Other	-	-	-	-	-
Total Instruction	<u>824,956</u>	<u>126,323</u>	<u>951,279</u>	<u>779,654</u>	<u>171,625</u>
Attendance and Social Work Services					
Salaries	55,050	1	55,051	55,051	
Purchased Professional - Educational Services	-	7,725	7,725	7,717	8
Total Attendance and Social Work Services	<u>55,050</u>	<u>7,726</u>	<u>62,776</u>	<u>62,768</u>	<u>8</u>
Health Services					
Salaries	62,840	(1,900)	60,940	60,102	838
Purchased Professional and Technical Services	5,000	3,135	8,135	8,078	57
Other Purchased Services	375	275	650	637	13
Supplies and Materials	3,500	(1,510)	1,990	1,498	492
Total Health Services	<u>71,715</u>	<u>-</u>	<u>71,715</u>	<u>70,315</u>	<u>1,400</u>
Other Support Serv. Students - OT, PT & Related Serv.					
Salaries	89,515	-	89,515	89,515	-
Purchased Professional -Educational Services	120,000	22,600	142,600	142,415	185
Other Purchased Services		100	100		100
Supplies and Materials	2,196	(100)	2,096	1,759	337
Total Other Support Serv. Students - OT, PT & Related Serv.	<u>211,711</u>	<u>22,600</u>	<u>234,311</u>	<u>233,689</u>	<u>622</u>
Other Support Serv. Students - Extra Serv.					
Salaries	103,742	(34,213)	69,529	61,877	7,652
Purchased Professional -Educational Services	30,000	128,350	158,350	158,342	8
Other Objects	200	-	200	-	200
Total Other Support Serv. Students - Extra Serv.	<u>133,942</u>	<u>94,137</u>	<u>228,079</u>	<u>220,219</u>	<u>7,860</u>
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	91,413	8,322	99,735	99,725	10
Other Purchased Services	250	(225)	25	22	3
Supplies and Materials	2,746	233	2,979	2,978	1
Total Other Support Services - Students - Guidance	<u>94,409</u>	<u>8,330</u>	<u>102,739</u>	<u>102,725</u>	<u>14</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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services-Students-Child Study Team					
Salaries of Other Professional Staff	\$ 207,575	\$ (40,405)	\$ 167,170	\$ 167,120	\$ 50
Salaries of Secretarial and Clerical Assistants	39,325	-	39,325	39,322	3
Purchased Professional -Educational Services	42,500	37,800	80,300	78,308	1,992
Misc. Purchased Services	6,000	(455)	5,545	3,759	1,786
Supplies and Materials	4,500	(10)	4,490	4,148	342
<b>Total Other Support Services - Child Study Team</b>	<b>299,900</b>	<b>(3,070)</b>	<b>296,830</b>	<b>292,657</b>	<b>4,173</b>
Improvement of Instructional Services					
Salaries of Facilitators, Math & Literacy Coaches	98,000	(770)	97,230	96,900	330
Purchased Professional - Educational Services	25,500	-	25,500	24,842	658
<b>Total Improvement of Instructional Services</b>	<b>123,500</b>	<b>(770)</b>	<b>122,730</b>	<b>121,742</b>	<b>988</b>
Educational Media Services/School Library					
Salaries	75,770	(100)	75,670	74,057	1,613
Other Purchased Services	200	100	300	199	101
Supplies and Materials	18,409	-	18,409	16,915	1,494
<b>Total Educational Media Serv./School Library</b>	<b>94,379</b>	<b>-</b>	<b>94,379</b>	<b>91,171</b>	<b>3,208</b>
Staff Training Services					
Purchased Professional - Educational Services	20,000	1,560	21,560	21,556	4
Other Purchased Services	2,500	(1,040)	1,460	1,137	323
Supplies and Materials	250	250	500	487	13
<b>Total Staff Training Services</b>	<b>22,750</b>	<b>770</b>	<b>23,520</b>	<b>23,180</b>	<b>340</b>
Support Services General Administration					
Salaries	217,251	18,222	235,473	235,473	-
Legal Services	26,000	-	26,000	11,371	14,629
Audit Fees	21,500	-	21,500	18,830	2,670
Architectural/Engineering Services	7,500	-	7,500	4,031	3,469
Other Purchased Professional Services	7,500	14,425	21,925	5,345	16,580
Communications/Telephone	25,000	10,335	35,335	34,540	795
BOE Other Purchased Services	2,700	-	2,700	459	2,241
Miscellaneous Purchased Services	5,500	6,700	12,200	12,110	90
General Supplies	2,200	-	2,200	1,606	594
Judgments Against the School District	12,500	(10,700)	1,800	-	1,800
Miscellaneous Expenditures	2,000	-	2,000	1,065	935
BOE Membership Dues and Fees	6,200	(60)	6,140	6,060	80
<b>Total Support Services General Administration</b>	<b>335,851</b>	<b>38,922</b>	<b>374,773</b>	<b>330,890</b>	<b>43,883</b>

**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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 119,500	\$ (30,692)	\$ 88,808	\$ 55,474	\$ 33,334
Salaries of Other Professional Staff	3,500		3,500	3,500	
Salaries of Secretarial and Clerical Assistants	28,842	1,801	30,643	28,620	2,023
Other Purchased Services	3,475	13,240	16,715	299	16,416
Supplies and Materials	4,500	(1,195)	3,305	1,906	1,399
Other Objects	6,000	1,195	7,195	7,192	3
<b>Total Support Services School Administration</b>	<b>165,817</b>	<b>(15,651)</b>	<b>150,166</b>	<b>96,991</b>	<b>53,175</b>
Central Services					
Salaries	219,853	(21,700)	198,153	187,677	10,476
Purchased Professional Services	24,000	27,750	51,750	50,458	1,292
Miscellaneous Purchased Services	5,000	(2,650)	2,350	1,841	509
Supplies and Materials	4,000	12,475	16,475	16,474	1
Miscellaneous Expenditures	2,500	(2,075)	425	425	-
<b>Total Central Services</b>	<b>255,353</b>	<b>13,800</b>	<b>269,153</b>	<b>256,875</b>	<b>12,278</b>
Admin. Info. Tech.					
Salaries		48,000	48,000	48,000	-
Purchased Professional Services	2,000	150	2,150	1,900	250
Purchased Technical Services	5,500	1,200	6,700	6,508	192
Other Purchased Services	68,750	(57,575)	11,175	-	11,175
<b>Total Admin. Info. Tech.</b>	<b>76,250</b>	<b>(8,225)</b>	<b>68,025</b>	<b>56,408</b>	<b>11,617</b>
Required Maintenance for School Facilities					
Salaries	80,020	2,552	82,572	82,564	8
Cleaning, Repair and Maintenance Services	42,000	17,883	59,883	52,928	6,955
General Supplies	11,000	6,390	17,390	17,385	5
<b>Total Required Maintenance for School Fac.</b>	<b>133,020</b>	<b>26,825</b>	<b>159,845</b>	<b>152,877</b>	<b>6,968</b>
Custodial Services					
Salaries	131,789	(3,920)	127,869	123,962	3,907
Salaries of Non-Instructional Aides	18,255	1,527	19,782	19,781	1
Purchased Prof. And Technical Serv.	7,150	1,060	8,210	8,207	3
Cleaning, Repair and Maint. Serv.	178,880	27,090	205,970	205,964	6
Other Purchased Property Services	8,200	(1,340)	6,860	5,498	1,362
Insurance	98,600	(1,525)	97,075	96,060	1,015
Miscellaneous Purchased Services	1,650	(270)	1,380	545	835
General Supplies	60,000	(34,901)	25,099	25,096	3
Energy (Natural Gas)	30,000	(2,465)	27,535	19,903	7,632
Energy (Electricity)	80,000	(9,900)	70,100	67,231	2,869
Other Objects	350	450	800	794	6
<b>Total Custodial Services</b>	<b>614,874</b>	<b>(24,194)</b>	<b>590,680</b>	<b>573,041</b>	<b>17,639</b>

**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, 2016**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	\$ 29,300	\$ (21,620)	\$ 7,680	\$ 6,090	\$ 1,590
Cleaning, Repair and Maintenance Services	7,300	37,355	44,655	39,964	4,691
Supplies and Materials	5,950	1,875	7,825	7,825	-
Total Care and Upkeep of Grounds	42,550	17,610	60,160	53,879	6,281
Security					
Cleaning, Repair and Maintenance Services	64,394	(49,400)	14,994	14,796	198
General Supplies	1,500	(1,000)	500	-	500
Total Care and Upkeep of Grounds	65,894	(50,400)	15,494	14,796	698
Student Transportation Services					
Salaries of Non-Instructional Aides	8,000	1,385	9,385	9,380	5
Salaries for Pupil Trans. (Bet. Home & Sch.) - Reg.	16,060	-	16,060	16,057	3
Cleaning, Repair and Maintenance Services	2,500	2,130	4,630	4,624	6
Lease Purchase Payments School Buses	11,230	-	11,230	11,227	3
Contracted Services (Other Than HM/SC) - Vendors	6,000	5,475	11,475	11,475	-
Contracted Services (Home/School) -Joint Agreements	10,000	670	10,670	8,090	2,580
Contracted Services (Special Ed) -Joint Agreements	65,000	14,225	79,225	79,209	16
Misc. Purchased Serv. - Transportation	250	(125)	125	125	-
Transportation Supplies	1,000	(920)	80	76	4
Total Student Transportation Services	120,040	22,840	142,880	140,263	2,617
Unallocated Benefits - Employee Benefits					
Group Insurance	500	-	500	199	301
Social Security Contributions	110,000	-	110,000	81,579	28,421
Other Retirement Contributions - PERS	110,000	-	110,000	88,613	21,387
Unemployment Compensation	18,000	-	18,000	17,995	5
Workmen's Compensation	57,500	(2,750)	54,750	32,930	21,820
Health Benefits	1,352,900	(166,225)	1,186,675	1,075,870	110,805
Tuition Reimbursement	10,000	-	10,000	9,999	1
Other Employee Benefits	27,000	15,000	42,000	15,333	26,667
Unused Sick Payment to Terminated/Retired Staff	15,000	(15,000)	-	-	-
Total Unallocated Benefits - Employee Benefits	1,700,900	(168,975)	1,531,925	1,322,518	209,407
On-behalf TPAF Pension System Payments -					
Normal Costs (Non-Budget)				299,021	(299,021)
On-behalf TPAF Pension System Payments -				14,895	(14,895)
NCGI Premium(Non-Budget)				373,788	(373,788)
On-behalf TPAF Pension System Payments -				-	-
Post Retirement Medical Contribution(Non-Budget)				290,307	(290,307)
On-behalf TPAF Social Security Payments				-	-
(Non-Budget)				-	-
Total Undistributed Expenditures	5,443,011	108,598	5,551,609	5,974,669	(423,060)
Interest Deposit to Maintenance Reserve	150	-	150	-	150
Total Current Expenditures	9,249,022	173,711	9,422,733	9,823,416	(400,683)



**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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5		\$ 1,835	\$ 1,835	\$ 1,835	
Grades 6-8		1,835	1,835	1,835	
Undistributed Expenditures:					
Instruction	\$ 14,500		14,500		\$ 14,500
Required Maintenance for School Facilities	91,500		91,500	37,321	54,179
Security	27,950	-	27,950	19,980	7,970
Total Equipment	<u>133,950</u>	<u>3,670</u>	<u>137,620</u>	<u>60,971</u>	<u>76,649</u>
Facilities Acquisition and Construction Services					
Legal Services	18,050		18,050		18,050
Architectural/Engineering Services	35,400		35,400	29,579	5,821
Other Purchased Prof. and Tech. Services	8,000		8,000		8,000
Construction Services	544,402	18,685	563,087	539,125	23,962
Other Objects	21,690	(13,500)	8,190	5,650	2,540
Assessment for Debt Service on SDA Funding	14,859	-	14,859	14,859	-
Total Facilities Acquisition and Const. Serv.	<u>642,401</u>	<u>5,185</u>	<u>647,586</u>	<u>589,213</u>	<u>58,373</u>
Assets Acquired Under Capital Leases (Non-Budget)					
Undistributed Expenditures					
Copiers	-	-	-	57,292	(57,292)
Total Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	57,292	(57,292)
Interest Deposit to Capital Reserve	200	-	200	-	200
Total Interest	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
Increase in Capital Reserve	25,000	-	25,000	-	25,000
Total Increase to Capital Reserve	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Capital Outlay	<u>801,551</u>	<u>8,855</u>	<u>810,406</u>	<u>707,476</u>	<u>102,930</u>
Total Expenditures	<u>10,050,573</u>	<u>182,566</u>	<u>10,233,139</u>	<u>10,530,892</u>	<u>(297,753)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(883,694)</u>	<u>(182,566)</u>	<u>(1,066,260)</u>	<u>(140,337)</u>	<u>925,923</u>
Other Financing Sources (Uses)					
Capital Lease Proceeds (Non-Budget)				57,292	57,292
Transfers In from Capital Projects				169,716	169,716
Transfers Out to Milk Fund	-	(1,500)	(1,500)	(1,500)	-
Total Other Financing Sources (Uses)	-	<u>(1,500)</u>	<u>(1,500)</u>	<u>225,508</u>	<u>227,008</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(883,694)</u>	<u>(184,066)</u>	<u>(1,067,760)</u>	<u>85,171</u>	<u>1,152,931</u>
Fund Balance, Beginning of Year	<u>4,016,176</u>	<u>-</u>	<u>4,016,176</u>	<u>4,016,176</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,132,482</u>	<u>\$ (184,066)</u>	<u>\$ 2,948,416</u>	<u>\$ 4,101,347</u>	<u>\$ 1,152,931</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, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 1,533,349	
Capital Reserve - Designated for Subsequent Years Expenditures				438,000	
Maintenance Reserve				126,063	
Emergency Reserve				250,000	
Excess Surplus				652,529	
Excess Surplus - Designated for Subsequent Years Expenditures				621,372	
Assigned - Year End Encumbrances				64,395	
Unassigned				<u>415,639</u>	
Reconciliation to Governmental Funds Statements (GAAP):				4,101,347	
Less: Certain State Aid Payments Not Recognized on GAAP Basis				<u>(179,913)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,921,434</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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 106,000	\$ 18,381	\$ 124,381	\$ 124,381	
Local Sources					
Other	-	7,095	7,095	5,411	\$ (1,684)
Total Revenues	<u>106,000</u>	<u>25,476</u>	<u>131,476</u>	<u>129,792</u>	<u>(1,684)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	94,500	21,785	116,285	116,285	
General Supplies	11,500	3,691	15,191	13,507	1,684
Total Instruction	<u>106,000</u>	<u>25,476</u>	<u>131,476</u>	<u>129,792</u>	<u>1,684</u>
Total Expenditures	<u>106,000</u>	<u>25,476</u>	<u>131,476</u>	<u>129,792</u>	<u>1,684</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
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, 2016**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 10,390,555	\$ 129,792
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations June 30, 2016		(148)
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(179,913)	
State Aid payments recognized for GAAP Statements, not recognized for budgetary purposes (prior year)	<u>150,652</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 10,361,294</u>	<u>\$ 129,644</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 10,530,892	\$ 129,792
Difference - Budget to GAAP		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes June 30, 2016	<u>-</u>	<u>(148)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 10,530,892</u>	<u>\$ 129,644</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 Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01030 %	0.01110 %	0.01134 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,313,727</u>	<u>\$ 2,079,227</u>	<u>\$ 2,167,437</u>
District's Covered-Employee Payroll	<u>\$ 620,706</u>	<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	373%	315%	304%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 88,613	\$ 91,551	\$ 85,450
Contributions in Relation to the Contractually Required Contributions	<u>88,613</u>	<u>91,551</u>	<u>85,450</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 620,706</u>	<u>\$ 659,891</u>	<u>\$ 713,868</u>
Contributions as a Percentage of Covered-Employee Payroll	14.28%	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 Three Fiscal Years \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 24,495,316</u>	<u>\$ 20,636,556</u>	<u>\$ 18,711,144</u>
Total	<u>\$ 24,495,316</u>	<u>\$ 20,636,556</u>	<u>\$ 18,711,144</u>
District's Covered-Employee Payroll	<u>\$ 3,818,305</u>	<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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	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, 2016**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**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, 2016**

	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>NCLB Title III</u>	<u>Local Grants</u>	<u>Total</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 109,124	\$ 7,161	\$ 8,096		\$ 124,381
Other	-	-	-	\$ 5,411	5,411
	<hr/>	<hr/>	<hr/>		<hr/>
Total Revenues	<u>\$ 109,124</u>	<u>\$ 7,161</u>	<u>\$ 8,096</u>	<u>\$ 5,411</u>	<u>\$ 129,792</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	\$ 109,124	\$ 7,161			\$ 116,285
General Supplies	-	-	\$ 8,096	\$ 5,411	13,507
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction	<u>109,124</u>	<u>7,161</u>	<u>8,096</u>	<u>5,411</u>	<u>129,792</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 109,124</u>	<u>\$ 7,161</u>	<u>\$ 8,096</u>	<u>\$ 5,411</u>	<u>\$ 129,792</u>

**NORTHVALE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

NORTHVALE BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Balance, June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Exterior Fire Wall Repairs	\$ 301,350	\$ 128,413		\$ 172,937	
Media Center Window Replacement	<u>81,364</u>	<u>44,776</u>	\$ 3,866	<u>32,722</u>	\$ -
	<u>\$ 382,714</u>	<u>\$ 173,189</u>	<u>\$ 3,866</u>	<u>\$ 205,659</u>	<u>\$ -</u>



**NORTHVALE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Expenditures and Other Financing Uses**

Expenditures:		
Construction Services	\$	3,866
Other Financing Uses:		
Transfers to General Fund - Capital Reserve		169,716
Prior Year SDA Grants Cancelled		<u>35,943</u>
 Total Expenditures and Other Financing Uses		 <u>209,525</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		  (209,525)
 Fund Balance - Beginning		  <u>209,525</u>
 Fund Balance- Ending	  \$	  <u>-</u>

**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, 2016**

	<u>Prior Periods</u>	<u>Current Year (Cancelled)</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant Proceeds	\$ 86,100	\$ (33,627)	\$ 52,473	\$ 52,473
Local Share - Capital Reserve	<u>215,250</u>	<u>(139,310)</u>	<u>75,940</u>	<u>75,940</u>
Total Revenues	<u>301,350</u>	<u>(172,937)</u>	<u>128,413</u>	<u>128,413</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services	1,770		1,770	1,770
Construction Services	126,310		126,310	126,310
Other Objects	<u>333</u>	<u>-</u>	<u>333</u>	<u>333</u>
Total Expenditures and Other Financing Uses	<u>128,413</u>	<u>-</u>	<u>128,413</u>	<u>128,413</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 172,937</u>	<u>\$ (172,937)</u>	<u>\$ -</u>	<u>\$ -</u>

## 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)	(172,937)
Revised Authorized Cost	128,413

## 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, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
SDA Grant Proceeds	\$ 23,247	\$ (2,316)	\$ 20,931	\$ 20,931
Local Share - Capital Reserve	<u>58,117</u>	<u>(30,406)</u>	<u>27,711</u>	<u>27,711</u>
Total Revenues	<u>81,364</u>	<u>(32,722)</u>	<u>48,642</u>	<u>48,642</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES</b>				
Professional Services	3,091		3,091	3,091
Construction Services	<u>41,685</u>	<u>3,866</u>	<u>45,551</u>	<u>45,551</u>
Total Expenditures and Other Financing Uses	<u>44,776</u>	<u>3,866</u>	<u>48,642</u>	<u>48,642</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 36,588</u>	<u>\$ (36,588)</u>	<u>\$ -</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	(32,722)
Revised Authorized Cost	48,642

## 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, 2016**

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, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,143	\$ 108,968	\$ 124,111
Total Assets	<u>\$ 15,143</u>	<u>\$ 108,968</u>	<u>\$ 124,111</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 104,603	\$ 104,603
Payroll Deductions and Withholdings		2,090	2,090
Due to Other Funds		2,275	2,275
Due to Student Groups	<u>\$ 15,143</u>	<u>-</u>	<u>15,143</u>
Total Liabilities	<u>\$ 15,143</u>	<u>\$ 108,968</u>	<u>\$ 124,111</u>

**NORTHVALE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2016</u>
General Account	\$ 14,390	\$ 109,991	\$ 117,979	\$ 6,402
Donated Class Funds	8,212	1,026	1,080	8,158
Linda Maloof Fund		20	20	-
Athletic Account	<u>332</u>	<u>3,963</u>	<u>3,712</u>	<u>583</u>
 Total All Schools	 <u>\$ 22,934</u>	 <u>\$ 115,000</u>	 <u>\$ 122,791</u>	 <u>\$ 15,143</u>



NORTHVALE BOARD OF EDUCATION  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2016</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 3,143	\$ 2,497,988	\$ 2,499,041	\$ 2,090
Accrued Salaries and Wages	92,570	3,125,704	3,113,671	104,603
Due from Other Funds	<u>1,750</u>	<u>525</u>	<u>-</u>	<u>2,275</u>
 Total	 <u>\$ 97,463</u>	 <u>\$ 5,624,217</u>	 <u>\$ 5,612,712</u>	 <u>\$ 108,968</u>

**LONG-TERM DEBT**

**NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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, 2015</u>	<u>Retired</u>	<u>Balance, June 30, 2016</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	4/15/2017	\$ 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%			
						\$ 764,000	\$ 115,000	\$ 649,000
Refunding School Bonds	3/14/2010	3,140,000	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>2,075,000</u>	<u>275,000</u>	<u>1,800,000</u>
						<u>\$ 2,839,000</u>	<u>\$ 390,000</u>	<u>\$ 2,449,000</u>

NORTHVALE BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Acquisition of a School Bus	3.392%	\$ 51,342	\$ 10,920		\$ 10,920	
Purchase of Technology Equipment	3.078%	127,055	28,280		28,280	
Purchase of Copiers	4.150%	57,292	-	<u>\$ 57,292</u>	-	<u>\$ 57,292</u>
			<u>\$ 39,200</u>	<u>\$ 57,292</u>	<u>\$ 39,200</u>	<u>\$ 57,292</u>

NORTHVALE BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 469,328		\$ 469,328	\$ 469,328	
Intergovernmental					
Debt Service Aid Type II	<u>50,282</u>	<u>-</u>	<u>50,282</u>	<u>50,282</u>	<u>-</u>
 Total Revenues	 <u>519,610</u>	 <u>-</u>	 <u>519,610</u>	 <u>519,610</u>	 <u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	390,000	-	390,000	390,000	
Interest	<u>129,610</u>	<u>-</u>	<u>129,610</u>	<u>129,610</u>	<u>-</u>
 Total Expenditures	 <u>519,610</u>	 <u>-</u>	 <u>519,610</u>	 <u>519,610</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 -	 -	 -	 -	 -
 Fund Balance, Beginning of Year	 <u>-</u>	 <u>\$ -</u>	 <u>-</u>	 <u>-</u>	 <u>\$ -</u>
 Fund Balance, End of Year	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	2007	2008	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 6,709,347
Restricted	1	145,001	667,421	1,022,760	904,974	542,559	801,923	1,594,000	1,996,497	2,097,412
Unrestricted	<u>119,927</u>	<u>498,121</u>	<u>447,417</u>	<u>659,629</u>	<u>1,396,091</u>	<u>2,128,323</u>	<u>2,566,486</u>	<u>(237,631)</u>	<u>(271,868)</u>	<u>(523,051)</u>
<b>Total Governmental Activities Net Position</b>	<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>	<u>\$ 8,283,708</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets				\$ 2,975	\$ 2,770	\$ 2,462	\$ 2,155	\$ 1,847	\$ 1,539	\$ 1,231
Unrestricted	<u>\$ 7,713</u>	<u>\$ 3,998</u>	<u>\$ 4,897</u>	<u>3,328</u>	<u>2,961</u>	<u>6,011</u>	<u>7,679</u>	<u>2,096</u>	<u>1,189</u>	<u>626</u>
<b>Total Business-Type Activities Net Position</b>	<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>	<u>\$ 1,857</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 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	\$ 6,710,578
Restricted	1	145,001	667,421	1,022,760	904,974	542,559	801,923	1,594,000	1,996,497	2,097,412
Unrestricted	<u>127,640</u>	<u>502,119</u>	<u>452,314</u>	<u>662,957</u>	<u>1,399,052</u>	<u>2,134,334</u>	<u>2,574,165</u>	<u>(235,535)</u>	<u>(270,679)</u>	<u>(522,425)</u>
<b>Total District Net Position</b>	<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>	<u>\$ 8,285,565</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)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 5,262,976
Special Education	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	2,283,825
Other Instruction	219,298	195,952	182,149	228,267	229,863	231,204	237,516	305,141	358,468	312,795
School Sponsored Activities And Athletics	82,329	83,881	87,532	92,923	88,703	87,279	98,980	96,596	132,857	139,630
<b>Support Services:</b>										
Student & Instruction Related Services	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	1,548,341
General Administration Services	341,787	356,166	393,963	363,430	354,354	414,776	433,586	409,064	391,277	447,925
School Administration Services	261,730	293,883	231,414	255,396	255,669	255,951	216,253	198,796	214,226	128,676
Business/ Central Services	360,697	371,035	411,382	415,262	429,188	392,267	371,786	401,104	355,199	414,875
Plant Operations And Maintenance	676,474	647,103	619,657	695,407	661,802	654,738	714,891	787,089	935,937	894,123
Pupil Transportation	55,810	65,930	44,430	75,245	46,759	64,249	95,510	88,222	67,065	140,074
Interest and Other Charges	255,766	247,622	239,752	223,385	151,333	169,619	151,528	139,563	133,682	115,793
<b>Total Governmental Activities Expenses</b>	<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>	<u>11,689,033</u>
<b>Business-Type Activities:</b>										
Food Service	11,805	16,933	10,816	10,707	8,574	7,560	8,095	14,273	8,846	10,320
<b>Total Business-Type Activities Expense</b>	<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>	<u>10,320</u>
<b>Total District Expenses</b>	<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>	<u>\$ 11,699,353</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Regular Instruction	\$ 171,274	\$ 232,615	\$ 308,232	\$ 364,079	\$ 513,555	\$ 428,441	\$ 398,345	\$ 330,991	\$ 283,553	\$ 341,929
Special Education Instruction	15,014							124,644	189,754	156,168
Operating Grants And Contributions	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	2,643,671
Capital Grants And Contributions	2,030	831	-	-	-	331,662	71,512	4,311	91,751	4,129
<b>Total Governmental Activities Program Revenues</b>	<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>	<u>3,145,897</u>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	7,007	13,585	12,165	11,666	6,425	10,258	9,402	8,346	7,607	7,943
Operating Grants And Contributions	7,896	9,299	9,430	7,354	7,113	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<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>	<u>7,943</u>
<b>Total District Program Revenues</b>	<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>	<u>\$ 3,153,840</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (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)	\$ (8,543,136)
<b>Business-Type Activities</b>	3,098	5,951	10,779	8,313	4,964	2,698	1,307	(5,927)	(1,239)	(2,377)
<b>Total District-Wide Net Expense</b>	<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>	<u>\$ (8,545,513)</u>



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues</b>										
Governmental Activities:										
Property Taxes Levied	\$ 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	\$ 8,978,077
Unrestricted State Aid	145,547	240,063	65,117	59,215	50,808	51,216	51,505	49,989	9,213	9,833
Restricted State Aid									50,170	50,282
Investment Earnings	27,540	29,822	6,874	10,677	21,451	8,794	11,822	13,125	9,884	10,186
Miscellaneous Income	17,081	8,106	9,757	28,032	4,444	9,105	40,546	5,767	1,298	2,146
Donation of Capital Assets			8,000				146,500			
Transfers	135	10,032	10,000	7,000	5,600	-	-	-	-	(1,500)
<b>Total Governmental Activities</b>	<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>	<u>9,049,024</u>
<b>Total Business-Type Activities</b>	<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>	<u>1,513</u>
<b>Total District-Wide</b>	<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>	<u>\$ 9,050,537</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 29,045	\$ 576,366	\$ 639,117	\$ 730,957	\$ 982,800	\$ 1,150,669	\$ 1,161,983	\$ 924,463	\$ 850,966	\$ 505,888
Business-Type Activities	3,098	(3,715)	899	1,406	(572)	2,742	1,361	(5,891)	(1,222)	(864)
<b>Total District</b>	<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>	<u>\$ 505,024</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 73,638	\$ 486,778	\$ 1,254,591	\$ 1,770,227						
Unreserved	283,175	383,362	84,433	125,917						
Restricted					\$ 1,534,243	\$ 2,064,186	\$ 2,158,518	\$ 3,052,455	\$ 3,582,110	\$ 3,621,313
Committed							692,293	21,600	-	
Assigned					7,000	204,290	90,548	1,469	45,808	64,395
Unassigned	-	-	-	-	250,696	236,390	231,084	231,213	237,606	235,726
<b>Total General Fund</b>	<b>\$ 356,813</b>	<b>\$ 870,140</b>	<b>\$ 1,339,024</b>	<b>\$ 1,896,144</b>	<b>\$ 1,791,939</b>	<b>\$ 2,504,866</b>	<b>\$ 3,172,443</b>	<b>\$ 3,306,737</b>	<b>\$ 3,865,524</b>	<b>\$ 3,921,434</b>
All Other Governmental Funds										
Reserved	\$ 1	\$ 1	\$ 1	\$ 1						
Unreserved	21,589	22,420								
Committed						\$ 170,619				
Restricted	-	-	-	-	\$ 827,817	294,783	\$ 345,239	\$ 345,239	\$ 169,453	\$ -
<b>Total All Other Governmental Funds</b>	<b>\$ 21,590</b>	<b>\$ 22,421</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 827,817</b>	<b>\$ 465,402</b>	<b>\$ 345,239</b>	<b>\$ 345,239</b>	<b>\$ 169,453</b>	<b>\$ -</b>

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 8,978,077
Tuition Charges	186,288	232,615	308,232	364,079	513,555	428,441	398,345	455,635	473,307	498,097
Interest Earnings	27,540	29,822	6,874	10,677	21,451	8,794	11,822	13,125	9,884	10,186
Miscellaneous	54,456	43,112	70,768	102,148	18,916	12,685	40,883	5,767	2,297	7,409
State Sources	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	1,396,527
Federal Sources	143,228	139,055	131,379	279,421	136,042	138,893	137,398	111,754	116,189	124,381
<b>Total Revenue</b>	<b>8,502,408</b>	<b>9,154,998</b>	<b>9,097,397</b>	<b>9,728,396</b>	<b>9,648,010</b>	<b>10,215,880</b>	<b>10,425,340</b>	<b>10,296,317</b>	<b>10,740,705</b>	<b>11,014,677</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	4,175,030
Special Education Instruction	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	1,991,675
Other Instruction	210,097	189,929	174,822	217,155	226,192	223,704	228,063	291,138	292,351	246,627
School Sponsored Activities and Athletics	79,184	81,531	84,377	90,193	86,121	84,595	95,386	92,526	110,482	111,949
<b>Support Services:</b>										
Student and Inst. Related Services	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	1,466,007
General Administration Services	335,449	348,396	381,868	355,026	346,176	405,393	420,242	394,135	373,334	424,130
School Administration Services	258,209	282,965	221,772	246,630	243,222	247,658	206,858	192,809	202,279	116,621
Business/ Central Services	342,356	357,159	394,828	400,759	415,616	380,499	355,385	385,701	338,006	388,973
Plant Operations And Maintenance	655,683	638,908	609,675	684,759	652,987	643,595	700,234	771,814	916,187	872,347
Pupil Transportation	49,114	65,597	44,181	75,092	46,532	64,006	94,061	86,550	65,198	137,503
Capital Outlay	920,148	46,471	140,862	112,558	151,271	800,170	333,018	706,201	439,696	693,146
<b>Debt Service:</b>										
Principal	190,000	284,714	324,695	300,000	398,105	422,105	433,643	401,719	417,939	429,200
Interest and Other Charges	255,806	247,732	240,404	224,132	163,712	174,485	164,710	158,407	144,165	130,804
Payment to Refunding Bond Escrow Agent	-	-	-	138,803	-	-	-	-	-	-
Costs of Issuance of Refunding Bonds	-	-	-	66,454	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>9,207,505</b>	<b>8,695,281</b>	<b>8,660,933</b>	<b>9,383,533</b>	<b>9,059,313</b>	<b>10,043,765</b>	<b>9,877,926</b>	<b>10,162,023</b>	<b>10,357,704</b>	<b>11,184,012</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(705,097)</b>	<b>459,717</b>	<b>436,464</b>	<b>344,863</b>	<b>588,697</b>	<b>172,115</b>	<b>547,414</b>	<b>134,294</b>	<b>383,001</b>	<b>(169,335)</b>
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds										
Capital Lease Proceeds		44,409			129,314	178,397				57,292
Premium on Bond Sale										
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	14,278	10,032	32,420	7,000	958,877	1,939	283		641,082	169,716
Transfers Out	(14,143)	-	(22,420)	-	(953,277)	(1,939)	(283)	-	(641,082)	(171,216)
<b>Total Other Financing Sources (Uses)</b>	<b>135</b>	<b>54,441</b>	<b>10,000</b>	<b>212,257</b>	<b>134,914</b>	<b>178,397</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,792</b>
<b>Net Change in Fund Balances</b>	<b>\$ (704,962)</b>	<b>\$ 514,158</b>	<b>\$ 446,464</b>	<b>\$ 557,120</b>	<b>\$ 723,611</b>	<b>\$ 350,512</b>	<b>\$ 547,414</b>	<b>\$ 134,294</b>	<b>\$ 383,001</b>	<b>\$ (113,543)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.38%</b>	<b>6.16%</b>	<b>6.63%</b>	<b>7.87%</b>	<b>6.31%</b>	<b>6.45%</b>	<b>6.27%</b>	<b>5.92%</b>	<b>5.67%</b>	<b>5.34%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

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

<b><u>Fiscal Year Ended June 30</u></b>	<b><u>Tuition</u></b>	<b><u>Interest</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
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
2016	498,097	10,186	2,146	510,429

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
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
2016	10,641,100	576,988,300			81,392,200	185,749,300		854,770,900	908,803	855,679,703	947,649,798	1.059

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 year 2011.

**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>		
2007	\$ 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 (A)	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	
2016	1.059	0.636	0.709	0.272	2.676	

## Note:

(A) 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	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Maxim Enterprises	\$ 26,729,600	3.12%		
1554 Union Street Assoc.	12,400,000	1.45%		
Northvale Shopping Center Assoc.	9,504,700	1.11%	\$ 10,521,600	1.09%
GEA Mechanical Equipment	7,268,700	0.85%		
S & R Costa Realty LP	6,252,400	0.73%	13,826,500	1.43%
Cho Dae Presbyterian Church	6,120,200	0.72%		
Northvale Holding CO. LLC	6,094,000	0.71%	6,875,600	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			11,510,900	1.19%
MEM Company			13,380,200	1.39%
273 Livingston St. Assoc.			9,256,000	0.96%
Centrico			7,651,300	0.79%
RIO Vista Homes @ Northvale LLC			6,922,100	0.72%
Matthew Realty LLC			6,442,300	0.67%
Northvale Tire Tech			5,910,900	0.61%
	<u>90,618,000</u>	<u>10.59%</u>	<u>92,297,400</u>	<u>9.56%</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	
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%	
2016	8,978,077	8,978,077	100.00%	



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

<u>Governmental Activities</u>					
Fiscal Year Ended June 30,	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
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	4,654	998
2011	4,289,000	\$ 86,209	4,375,209	4,695	914
2012	3,939,000	192,501	4,131,501	4,720	835
2013	3,584,000	113,858	3,697,858	4,780	750
2014	3,219,000	77,139	3,296,139	4,797	671
2015	2,839,000	39,200	2,878,200	4,859	584
2016	2,449,000	57,292	2,506,292	4,859 (1)	504

(1) - Estimated

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
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%	998
2011	4,289,000		4,289,000	0.50%	914
2012	3,939,000		3,939,000	0.46%	835
2013	3,584,000		3,584,000	0.42%	750
2014	3,219,000		3,219,000	0.38%	671
2015	2,839,000		2,839,000	0.33%	584
2016	2,449,000		2,449,000	0.29%	504

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, 2015  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Regional High School Tax	\$ 1,310,832	\$ 1,310,832	
Borough of Northvale School District	2,839,000	2,839,000	
Borough of Northvale	<u>6,930,080</u>	<u>-</u>	<u>\$ 6,930,080</u>
	<u>\$ 11,079,912</u>	<u>\$ 4,149,832</u>	<u>6,930,080</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County (3)			5,349,531
Bergen County Utilities Authority (2)			<u>1,681,908</u>
			<u>7,031,439</u>
Total Direct and Overlapping Debt			<u>\$ 13,961,519</u>

## Sources:

- (1) Borough of Northvale Annual Debt Statement - December 31, 2015
- (2) BCUA 2015 audit.
- (3) Bergen County Annual Debt Statement - December 31, 2015

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2015	\$ 1,071,522,470
2014	901,223,245
2013	914,149,431
	<u>\$ 2,886,895,146</u>
Average equalized valuation of taxable property	<u>\$ 962,298,382</u>
Debt limit (3% of average equalization)	28,868,951
Total Net Debt Applicable to Limit	<u>(2,449,000)</u>
Legal debt margin	<u>\$ 26,419,951</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>	<u>2016</u>
Debt limit	\$ 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	\$ 28,868,951
Total net debt applicable to limit	<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>	<u>(2,449,000)</u>
Legal debt margin	<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>	<u>\$ 26,419,951</u>
Total net debt applicable to the limit as a percentage of debt limit	21.44%	18.99%	16.74%	15.26%	13.96%	13.23%	12.41%	11.51%	10.38%	8.48%

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>
2007	2.5%	\$ 68,147	4,501
2008	2.9%	68,548	4,693
2009	5.2%	64,571	4,807
2010	5.4%	65,275	4,654
2011	5.3%	68,244	4,695
2012	5.4%	71,380	4,720
2013	7.1%	70,498	4,780
2014	4.3%	73,536	4,797
2015	4.2%	73,536 (1)	4,859
2016	N/A	73,536 (1)	4,859 (1)

N/A - Not Available

(1) Estimated

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>2016</u>		<u>2007</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)**

<u>Function/Program</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>	<u>2016</u>
Instruction										
Regular	41.0	43.0	40.0	42.0	43.0	46.0	46.0	46.0	46.0	36.0
Special education	9.0	9.0	11.7	10.0	10.0	10.0	10.0	10.0	10.0	13.0
Support Services:										
Student and instruction related services	7.0	7.0	6.2	6.0	6.0	6.0	6.0	6.0	6.0	12.0
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	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total</b>	<u>72</u>	<u>71</u>	<u>69.9</u>	<u>70.0</u>	<u>71.0</u>	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>	<u>73.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Staff	Elementary	Middle School				
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%
2016	523.0	9,930,862	18,988	3.71%	49	17.78	20.36	523.7	503.5	1.93%	96.15%

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Thomas Jefferson										
Square Feet	25,931	25,931	25,931	25,931	25,931	25,931	25,931			
Capacity (students)	316	316	316	316	316	316	316			
Enrollment	239	252	250	251	247	209				
<b><u>Middle School</u></b>										
Nathan Hale										
Square Feet	45,162	45,162	45,162	45,162	45,162	45,162	45,162			
Capacity (students)	532	532	532	532	532	532	532			
Enrollment	348	352	364	359	337	359				
<b><u>Northvale School District</u></b>										
Square Feet							71,093	71,093	71,093	71,093
Capacity (students)							848	848	848	848
Enrollment							508	512	511	523

Number of Schools at June 30, 2016  
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>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>	<u>2016</u>
School Facilities										
District Totals										
Nathan Hale	\$ 43,742	\$ 69,962	\$ 49,424	\$ 76,699	\$ 70,062	\$ 51,156				
Thomas Jefferson	8,959	44,524	50,702	44,078	31,846	58,884				
Northvale School District	-	-	-	-	-	-	\$ 112,611	\$ 114,133	\$ 177,642	\$ 152,877
<b>Grand Total</b>	<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>	<u>\$ 152,877</u>

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, 2016  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Company		
Property - Blanket Buildings and Contents	\$ 18,466,939	\$ 5,000
Comprehensive General Liability (General Aggregate)	2,000,000	15,000
Public Employee Dishonesty (Per Employee/Loss)	100,000/400,000	5,000/100,000
Automobile Liability	1,000,000	
Educator's Legal Liability - Darwin	1,000,000	
Computers and Scheduled Equipment - Great American Insurance Company		
Miscellaneous Equipment	250,000	
Valuable Papers and Records	4,925,000	
Computer Equipment	5,000,000	
Accounts Receivable	25,000	
Commercial Umbrella Excess (per occurrence/aggregate limit) - Great American Insurance Company	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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLSI, CPA  
ROBERT AMPONSAH, CPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northvale Board of Education as of and for the fiscal year ended June 30, 2016 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 October 17, 2016.

#### **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.

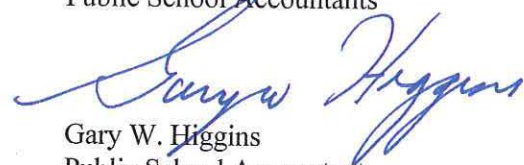
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Northvale Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 17, 2016.

### **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  
October 17, 2016





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 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, 2016. 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

### **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 the 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 the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

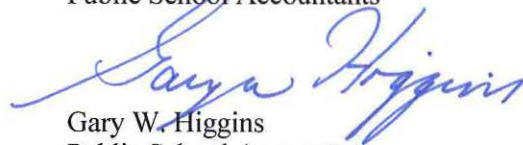


## Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

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, 2016 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 October 17, 2016, 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  
October 17, 2016

**NORTHVALE BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015	Due to Grantor	Canvover	Cash Received	Budgetary Expenditures	Balance at June 30, 2016		Due to Grantor	GAAP Receivable				
											Accounts Receivable	Deferred Revenue						
<b>U.S. Department of Education Passed-Through State Department of Education</b>																		
<b>General Fund</b>																		
<b>Special Revenue Fund</b>																		
I.D.E.A. Part B, Basic	84.027	H027A150100	IDEA373016	7/1/15-6/30/16	\$109,124				\$ 109,124	\$	(109,124)			\$ (109,124)				
I.D.E.A. Part B, Preschool	84.173	H173A150114	IDEA373016	7/1/15-6/30/16	7,161				7,161		(7,161)			(7,161)				
Total Special Education Cluster (IDEA)											116,285							
NCLB Title III	84.365A	S365A150030	NCLB373016	7/1/15-6/30/16	8,096	\$ -	\$ -	\$ -	\$ 8,096	8,096	-	\$ -	\$ -	-				
Total Special Revenue Fund												(116,285)		(116,285)				
Total Federal Financial Assistance										\$ -	\$ -	\$ -	\$ 8,096	\$ 124,381	\$ (116,285)	\$ -	\$ -	\$ (116,285)

Note: This schedule was not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance

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, 2016**

Balance, June 30, 2015

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, 2016			MEMO	
											(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Budgetary Total Expenditures
<b>State Department of Education</b>															
<b>General Fund</b>															
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 203,208				\$ 189,282	\$ 203,208			\$ (13,926)			\$ 203,208	
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	203,208	\$ (13,340)			13,340								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	7,270				6,773	7,270			(497)			7,270	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	7,270	(476)			476								
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1				1	1						1	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	4,930				4,592	4,930			(338)			4,930	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	4,930	(324)			324								
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	4,930				4,592	4,930			(338)			4,930	
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	4,930	(324)			324	-						-	
Total State Aid Public Cluster								220,339						220,339	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	7,388				6,881	7,388			(507)			7,388	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	7,388	(485)			485								
Additional Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	1,332					1,332			(1,332)		\$ (1,332)	1,332	
Additional Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	2,555	(2,555)			2,555	-						-	
Total Transportation Aid Cluster								8,720						8,720	
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	164,307					164,307			(164,307)			164,307	
Extraordinary Aid	15-495-034-5120-473	7/1/14-6/30/15	135,703	(135,703)			135,703								
TPAF Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	14,895				14,895	14,895						14,895	
TPAF Pension - Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	299,021				299,021	299,021						299,021	
TPAF Pension PRM Contr.	16-495-034-5094-001	7/1/15-6/30/16	373,788				373,788	373,788						373,788	
TPAF Social Security Contrib.	16-495-034-5094-003	7/1/15-6/30/16	290,307	-	-	-	275,784	290,307			(14,523)	-	-	(14,523) 290,307	
Total General Fund				(153,207)	-	-	1,328,816	1,371,377			(195,768)	-	-	(15,855) 1,371,377	
<b>Capital Projects Fund</b>															
NJ Economic Development Facilities Grant Program	3730-050-14-1002	7/1/14-6/30/15	86,100	(86,100)	\$ 34,735		52,473		\$ 33,627	\$ 1,108				52,473	
NJ Economic Development Facilities Grant Program	3730-050-14-1005	7/1/14-6/30/15	23,247	(23,247)	5,337		20,931	1,546	2,316	1,475				20,931	
Total SDA Cluster								1,546		2,583				1,546	
Total Capital Projects				(109,347)	40,072	-	73,404	1,546	35,943	2,583	-	-	-	1,546	
<b>Debt Service Fund</b>															
Debt Service Aid	16-495-034-5120-075	7/1/15-6/30/16	50,282	-	-	-	50,282	50,282						50,282	
Total State Financial Assistance				(262,554)	40,072	-	1,452,502	1,423,205	35,943	2,583	(195,768)	-	-	(15,855) 1,423,205	
<b>State Financial Assistance</b>															
<b>Not Subject to Single Audit Determination</b>															
<b>General Fund</b>															
TPAF Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	14,895				(14,895)	(14,895)						(14,895)	
TPAF Pension - Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	299,021				(299,021)	(299,021)						(299,021)	
TPAF Pension PRM Contr.	16-495-034-5094-001	7/1/15-6/30/16	373,788				(373,788)	(373,788)						(373,788)	
Total State Financial Assistance Subject to Single Audit				\$ (262,554)	\$ 40,072	\$ -	\$ 764,798	\$ 735,501	\$ 35,943	\$ 2,583	\$ (195,768)	\$ -	\$ -	\$ (15,855) \$ 735,501	

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

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$29,261 for the general fund and a decrease of \$148 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		\$ 1,342,116	\$ 1,342,116
Special Revenue Fund	\$ 124,381		124,381
Capital Projects Fund		4,129	4,129
Debt Service Fund	-	50,282	50,282
	<u>          </u>	<u>          </u>	<u>          </u>
Total Financial Assistance	<u>\$ 124,381</u>	<u>\$ 1,396,527</u>	<u>\$ 1,520,908</u>

**NORTHVALE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 \$290,307 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$313,916 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$373,788 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**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, 2016**

*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, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not applicable.

**CURRENT YEAR STATE AWARDS**

There are none.



**NORTHVALE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

No prior year findings were reported.